



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

CIR/MRD/DP/118/2017

October 26, 2017

To

All Stock Exchanges (Except for Commodity Derivative Exchanges)

Dear Sir/Madam,

Sub: Review of Block Deal Window Mechanism.

1. SEBI vide circular MRD/DoP/SE/Cir-19/2005 dated September 02, 2005 prescribed guidelines for execution of large size trades through a single transaction. In order to facilitate execution of such large trades, the stock exchanges were permitted to provide a separate trading window. A trade executed on this separate trading window was termed as 'block deal'.
2. SEBI has been receiving suggestions from market participants to review the block deal framework. The suggestions received from market participants were examined and deliberated in the Secondary Market Advisory Committee ("SMAC").
3. Based on the deliberations, it has been decided to revise the framework for block deals by providing two block deal windows as follows:
 - 3.1. **Morning Block Deal Window:** This window shall operate between 08:45 AM to 09:00 AM. The reference price for execution of block deals in this window shall be the previous day closing price of the stock. The stock exchanges shall set their trading hours between 08:45AM to 5:00 PM with a stipulation that between 08:45AM and 09:00AM, the stock exchanges shall operate only for executing trades in the block deal window.
 - 3.2. **Afternoon Block Deal Window:** This window shall operate between 02:05 PM to 2:20 PM. The reference price for block deals in this window shall be



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the volume weighted average market price (VWAP) of the trades executed in the stock in the cash segment between 01:45 PM to 02:00 PM. Between the period 02:00 pm to 02:05 pm, the stock exchanges shall calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals in the Afternoon block deal window.

5. The orders placed shall be within $\pm 1\%$ of the applicable reference price in the respective windows as stated above.
6. The minimum order size for execution of trades in the Block deal window shall be Rs.10 Crore.
7. Every trade executed in the block deal windows must result in delivery and shall not be squared off or reversed.
8. The stock exchanges shall disseminate the information on block deals such as the name of the scrip, name of the client, quantity of shares bought/sold, traded price, etc. to the general public on the same day, after the market hours.
9. The stock exchanges shall ensure that all appropriate trading and settlement practices as well as surveillance and risk containment measures, etc., as applicable to the normal trading segment are made applicable and implemented in respect of the block deal windows also.
10. This circular shall come into force with effect from January 01, 2018. The SEBI circular no MRD/DoP/SE/Cir-19/05 dated September 2, 2005 shall stand withdrawn with effect from January 01, 2018. The circular no SEBI/DNPD/Cir-47/2009 dated October 23, 2009 shall stand modified accordingly to enable opening of morning block deal window.
11. Stock Exchanges are advised to:
 - a. take necessary steps and put in place necessary systems for implementation of the above.



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- b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- c. bring the provisions of this circular to the notice of the member brokers of the stock exchange and also to disseminate the same on the website.

12. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Susanta Kumar Das
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