National Stock Exchange of India Limited

Circular

Department: FUTURES & OPTIONS SEGMENT	
Download Ref No: NSE/FAOP/56930	Date: June 02, 2023
Circular Ref. No:87/2023	

All Members,

Pre-Trade risk controls - Limit Price Protection - Update

As per circulars NSE/FAOP/54242 dated October 28, 2022, NSE/FAOP/55396 dated January 27, 2023 and NSE/FAOP/55488 dated February 03, 2023 regarding Pre-trade risk controls on Limit Price Protection (LPP) mechanism, LPP mechanisms were made applicable for all Index and Stock Futures contracts.

In addition to the above circulars, members are required to note the below:

A) Revised parameters for computation of LPP range for Index and Stock Futures contracts:

Instruments	Reference Price (in Rs)	Minimum Absolute Range (Rs.)	% Of Reference price
FUTIDX and FUTSTK	<=50	1.5	-
	>50	-	3%

LPP range shall be flexed in the corresponding direction in which the criteria are met.

B) Criteria for flexing of LPP for futures contracts:

➢ Minimum 10 orders are rejected on account of LPP validation, between two LPP revision events; AND
➢ Such rejected orders involve,
  o Minimum 5 unique UCCs; AND
  o Minimum of 3 unique trading members

The Exchange may review the aforesaid mechanism and various applicable parameters from time to time based on the experience gained and inputs received from market participants / regulator.

All other provisions mentioned in the aforesaid circulars, shall remain unchanged.

Members are requested to note that the abovementioned changes shall made effective in Live from June 05, 2023 and shall be available for testing in mock being conducted on June 03, 2023.

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Members should trade responsibly and cautiously, as trading away from normal prices and misleading or causing any disruptions in normal trading may result in inquiry, investigation, and regulatory actions.

For and on behalf of
National Stock Exchange of India Limited

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