

NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : FUTURES & OPTIONS**

Download Ref No : NSE/FAOP/26439	Date : April 11, 2014
Circular Ref. No : 035/2014	

All Members,

Trade Execution

Exchange has taken several order and risk management measures including limits and controls. To further strengthen orderly trading, the exchange is putting in place the following mechanism –

- 1) Orders shall be matched and trades shall take place only if the trade price is within the reference price and execution range.
- 2) Reference price for each contract shall be computed as follows:
 - At market open – it shall be the theoretical price based on the underlying price
 - During trading hours – it shall be the simple average of trade prices of that contract in the last 5 minutes
 - For contracts that have traded in the last 5 minutes, the reference price shall be revised throughout the day on a rolling basis at 1 minute intervals
 - For all other contracts the reference price shall be the theoretical price based on the latest available underlying price and shall be revised throughout the day at 30 minute intervals.
- 3) Execution range is the range on both sides of the reference price as given below:

Segment	Reference Price (Rs.)	% of Reference Price	Minimum absolute Range (Rs.)
Futures	All	5%	-
Options	0.05 to 25	-	5
	25.05 to 100	20%	10
	>100	10%	20

- 4) There is no change to the existing applicable operating ranges for valid order entry and all orders that are within the operating range shall be accepted as is being done currently.
- 5) Any incoming order, if it results in execution of a trade outside the reference price and execution range, such an order (full or partial as the case may be) shall be automatically cancelled by the Exchange.
- 6) The Exchange may modify the execution range as and when necessary.
- 7) This circular shall initially be applicable to mid and far month futures and options contracts only.
- 8) Trade Execution range shall not be applicable to India VIX futures and long term Option contracts on NIFTY.
- 9) This circular shall come into effect from May 05, 2014.

For and on behalf of
National Stock Exchange of India Limited

Suprabhat Lala
Vice President

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