



Metropolitan Stock Exchange of India Limited

Department: Market Operations - Surveillance and Risk

Segment: Equity Derivatives Segment

Circular No: MSE/SURV/7318/2019

Date : February 11, 2019

Subject: Operating ranges applicable to Stock Futures contracts.

To All Members,

This is further to SEBI circular no. CIR/MRD/DP/34/2012 dated December 13, 2012 regarding "PreTrade Risk Controls" and the Exchange circular no. MCX-SX/SURV/909/2012 dated December 14, 2012 and circular no. MCX-SX/SURV/1923/2014 dated May 12, 2014. It has been decided, in consultation with Secondary Market Advisory Committee (SMAC) of SEBI to review the mechanism for relaxation of the operating ranges applicable to Stock Futures. Members are requested to note the below mentioned changes.

There shall be no fixed price band applicable for Stock Futures contracts. However, in order to prevent erroneous order entry, a dynamic price band for futures contract shall be kept at certain percentage of the base price as defined by the Exchange from time to time.

In the event of a market trend in either direction, the dynamic price bands may be relaxed by 5% at a time in the direction of the price movement during the day in co-ordination with the other Exchanges as follows:

- If the dynamic price band of the underlying security has been relaxed OR
- If the last trade in the contract occurs at 9.90% and more of the base price **AND** A minimum of 25 trades has been executed with 5 different UCCs on each side of the trade at or above 9.90% or more of the base price.
- In exceptional circumstances, all the exchanges shall consult and relax the dynamic price band.

Further, please note that all other provisions except as mentioned above shall remain unchanged. The effective date of implementation of the above provisions shall be intimated separately.

Members are requested to take note of the above.



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For any clarifications kindly contact Surveillance & Risk Management Department on 022-61129060/61 or send an email to surveillance@msei.in.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

**Shailendra Singh
Sr. Manager**