

National Stock Exchange of India Limited

Circular

Department: FUTURES & OPTIONS	
Download Ref No: NSE/FAOP/59475	Date: November 22, 2023
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All Members,

Pre-Trade risk controls - Market Price Protection for Future & Options contracts - Update

This is in partial modification to item 1.15.B of Exchange consolidated circular [NSE/FAOP/57264](#) dated June 23, 2022 regarding Pre-trade risk controls on Market Price Protection (MPP) mechanism, applicable to Index and Stock Futures & Options contracts.

Members are requested to note the below additional enhancement (highlighted in bold) to arrive at the mark-up/down w.r.t. handling of Market Orders:

- The Mark-up/down of X% above/below LTP, shall be subject to prevailing High / Low of Limit Price Protection (LPP) range for the respective contract.
- Accordingly, buy market order shall be allowed to trade up to minimum of:
 - (1+X%) of LTP*,
 - **Prevailing High LPP limit.**
- Accordingly, sell market order shall be allowed to trade up to maximum of:
 - (1-X%) of LTP*,
 - Prevailing Low LPP limit.

(*where mark-up/down of X% above/below LTP, shall also be subject to minimum absolute value in Rs.)

- Please refer Annexure for the illustration.

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 circular, shall remain unchanged.

These aforesaid changes shall be effective in Live from December 04, 2023 and shall be available for testing in mock being conducted on December 02, 2023.

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.

National Stock Exchange of India Limited

For and on behalf of
National Stock Exchange of India Limited

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Annexure

Please find below illustration of sample scenarios:

Sr. No.	LTP	MPP limit for Buy Market order as per existing mechanism	MPP limit for Sell Market order as per existing mechanism	Prevailing High LPP limit	Prevailing Low LPP limit	MPP limit for Buy Market order as per revised mechanism	MPP limit for Sell Market order as per revised mechanism
		(a)	(b)	(c)	(d)	(e) = Min(a,c)	(f) = Max(b,d)
1	100	120	80	112	48	112	80
2	100	120	80	196	84	120	84
3	30	40	20	32	0.05	32	20
4	30	40	20	67	27	40	27

(Assumption: Mark-up/down of X% above/below LTP for MPP, is 20% subject to minimum absolute value of Rs. 10)