

National Stock Exchange of India Limited

Circular

Department: CAPITAL MARKET SEGMENT	
Download Ref No: NSE/CMTR/56945	Date: June 02, 2023
Circular Ref. No: 67/2023	

All Members,

Special Pre-open session for first day trading of IPO and Re-listed securities – Update

This is in reference with SEBI Circular Ref. No: SEBI/HO/MRD-TPD1/CIR/P/2023/55 dated April 11, 2023 regarding Formulation of price bands for the first day of trading pursuant to Initial Public Offering (IPO), re-listing etc. in normal trading session and in reference of chapter 1.2 of Exchange consolidate circular reference NSE/CMTR/44481 dated May 27, 2020.

With respect to trading on first day of IPO or re-listing (including re-listing on account of scheme of arrangement but excluding scrips for which derivative contracts are available) the following shall be applicable:

- Call Auction session would continue to be conducted separately on individual exchanges and orders would be matched by respective exchanges after computation of equilibrium price.
- If there is difference in the equilibrium price between Exchanges in percentage terms (i.e. absolute difference/minimum of equilibrium prices, expressed as %) is more than the applicable price band for the scrip, a Common Equilibrium Price (CEP) would be computed by exchanges. The CEP shall be volume weighted average of equilibrium prices on individual exchanges as determined by the Call Auction.
- The Exchanges shall set the aforesaid CEP in their trading systems and apply uniform price bands based on the CEP, as applicable.
- Only unexecuted pending orders from Call Auction session within the aforesaid price band shall be carried forward to the normal market segment.

Illustration of the aforesaid is provided below:

Consider the following details for a scrip after completion of Call Auction session on two Exchanges with applicable price band as 5% for the day:

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Exchange 1				Exchange 2			
Equilibrium Price	Qty	Lowest bid/ask price	Highest bid/ask price	Equilibrium Price	Qty	Lowest bid/ask price	Highest bid/ask price
120	300	100	140	100	500	80	130

As percentage difference in the two equilibrium prices (i.e. 100 and 120) is more than the applicable price band (i.e. 20% against 5%), CEP would be calculated viz. $(120 \times 300 + 100 \times 500) / 800 = \text{Rs}107.50$.

Further, the lower and upper price band on both exchanges would be 5% around the aforesaid price of Rs 107.50 and the unexecuted pending orders of the Call Auction session, lying within this price band, would be carried to normal session.

The above mechanism shall be effective from trade date June 12, 2023.

Members are requested to take note of the above.

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

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