

NOTICES

Notice No.	20180622-41	Notice Date	22 Jun 2018
Category	Trading	Segment	Equity
Subject	High Order to Trade Ratio (OTR) in equity segment.		
Content			

Trading members are requested to refer to SEBI Circular No. SEBI/HO/MRD/DP/CIR/P/2018/62 dated April 09, 2018 regarding Measures to Strengthen Algorithmic Trading and Co-location / Proximity Hosting framework, wherein Para 14 of the circular provides for Penalty for Order to Trade Ratio.

Trading members are hereby informed that along with Equity Derivatives & Currency Derivatives Segment, charges for High Order to Trade Ratio shall also be levied in Equity segment with effect from June 29, 2018. The said charges shall be computed at member level on a daily basis and shall be collected on a monthly basis, after reckoning all algo orders and algo trades of the member:

High order to trade ratio charges and actions in equity segment -

Daily Algo Order to Trade Ratio	Charges (per algo order)
Less than 50	Nil
50 to less than 250 (on incremental basis)	2 paise
250 to less than 500 (on incremental basis)	10 paise
500 or more than 500 (on incremental basis)	10 paise*

*In case the order to trade ratio is 500 or more than 500 during a trading day, the concerned trading member shall not be permitted to place any orders for the first 15 minutes on the next trading day as a cooling off action and shall be able to place orders only after 15 minutes of the normal market open in equity segment.

In order to discourage repetitive instances of high daily order-to-trade ratio, there will be an additional penalty in form of suspension of proprietary trading right of the trading member for the first trading hour on the next trading day in case a trading member is penalised for maintaining high daily order to trade ratio, provided penalty was imposed on the trading member on more than ten occasions in the previous thirty trading days on rolling basis.

Trading members are requested to note the details of order to trade ratio (OTR) framework as follows –

1. Orders placed in the Equity segment and orders placed under the liquidity enhancement schemes shall be brought under the order to trade framework.
2. For the purpose of calculation of Daily Order-to-Trade ratio all algo orders, i.e., order entry, order modifications and order cancellations will be considered.
3. If the orders entered and/ or modified are within 0.75% of the last traded price (LTP) of the respective security/ contract ((Absolute (Limit price – LTP)/LTP) <= 0.75%), such algo orders will not be included in the calculation of the aforesaid Order-to-Trade ratio.
4. In Equity Segment, securities which are part of SME, ETF and securities in which market making is done shall be excluded for computation of OTR.
5. Orders placed in Odd Lot Market, Auction Market, Block Trading Session, Pre-open session, Post Close Session, Periodic Call Action session and Call auction in Pre-open session for Initial Public Offering (IPO) and other category of Scrip’s shall also be excluded for the computation of OTR.
6. For cooling of session of 15 mins (for OTR violation of 500:1) and 1 hour pro-trading (for more than 10 instances out of previous 30 trading days on rolling basis where penalty has been levied), following sessions are covered:

i. For 15 mins

a) Pre-open session

- 9.00 am to 9.15 am

b) Special Pre-open Session

- 9.00 am to 9.30 am

c) Continuous session

- 9.15 am to 9.30 am

ii. For 1 hour proprietary trading

a) Pre-open session

- 9.00 am to 9.15 am

b) Special Pre-open Session

- 9.00 am to 9.45 am

c) Continuous session

- 9.15 am to 10.15 am

Members are advised to take note of the above and ensure compliance. In case of any further clarification the trading members may contact their respective Relationship Manager.

For and on behalf of BSE Ltd,

Gopalkrishnan Iyer	Ketan Jantre
Sr.GM-Membership Compliance & Broker Supervision	GM-Trading Operations