Circular

Department: CAPITAL MARKET SEGMENT	
Download Ref No: NSE/CMTR/64994	Date: November 08, 2024
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All Members,

Enhancement of Dynamic Price Bands for scrips in the Derivatives segment - Sliding price band & Cancellation of orders beyond new price band in underlying scrips.

This is in reference to SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2024/58 dated May 24, 2024 and Exchange circular NSE/CMTR/64626 dated October 18, 2024, with respect to implementation of SEBI circular para (D) Sliding price band on account of flexing and in partial modification to Exchange consolidated circular NSE/CMTR/61813 dated April 29, 2024 - PART C - ITEM 3, 3.1.(Price Band) Point C (No Price Band), the Exchange hereby notifies the below update for enhancement of dynamic price bands.

Updates	Existing Criteria	Revised Criteria
1. **Sliding price band on account of flexing as mentioned in Para (D) of SEBI/HO/MRD/TPD-1/P/CIR/2024/58 dated May 24, 2024**	Price band shall be flexed only in the direction in which the price has moved (in the manner as specified in NSE/CMTR/63404 dated August 14, 2024$^{\$\$}$) and met the criteria (as per circular NSE/CMTR/62237 dated May 29, 2024$^{\wedge\wedge}$). Thus, price band expands in the direction of the price movement.	Whenever the price band of a scrip is flexed in the direction of price movement (in the manner as specified in NSE/CMTR/63404 dated August 14, 2024) on meeting the objective criteria of flexing (i.e. 50 trades to be executed with 10 different UCCs and 3 trading members on each side of the trade as defined in NSE/CMTR/62237 dated May 29, 2024$^{\wedge\wedge}$), the price band on the other side (i.e. lower band in case of upward price movement and higher band in case of downward price movement) would also be flexed concurrently by equivalent amount in the direction of price movement. Thus, ensuring that the price band slides in the direction of price movement instead of expanding. Pending orders with limit prices which are not within the new price band would be cancelled by the Exchange. **(Details in Annexure A)**

The above shall be effective in Live from **November 18, 2024** and shall be available for testing in mock being conducted on **November 16, 2024**.

National Stock Exchange of India Limited

For and on behalf of
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Annexure A

1. **Sliding price band on account of flexing as mentioned in Para (D) of SEBI/HO/MRD/TPD-1/P/CIR/2024/58 dated May 24, 2024:**

   1.1. Illustration of sliding band

   Upward flex scenario (Table 1.1.1)

Stock	Close price on (T-1 day)	Price band applicable on (T Day) start of day	Lower Band	Upper Band	If Upper price band Flexed to	Price Band as per existing framework	Price Band as per revised framework
A	Rs 100	10%	Rs 90	Rs 110	Rs 115	Rs 90-Rs 115	Rs 95-Rs 115

   Downward flex scenario (Table 1.1.2)

Stock	Close price on (T-1 day)	Price band applicable on (T Day) start of day	Lower Band	Upper Band	If Lower price band Flexed to	Price Band as per existing framework	Price Band as per revised framework
A	Rs 100	10%	Rs 90	Rs 110	Rs 85	Rs 85-Rs 110	Rs 85-Rs 105

   1.2. Consequently, for upward flex scenario (Table 1.1.1), all pending orders in RL (Regular Lot / Main order book) with limit prices between Rs. 90 to Rs. 95 which will now be outside the new price band, would be cancelled by Exchange system automatically, with appropriate intimation (details in point 4). However outstanding Stop Loss (SL) orders falling outside of such new price band shall not be cancelled. On trigger of the stop loss order, while releasing the order to the RL (Regular Lot / Main order book) book, only such orders with limit price within the prevailing price band shall be accepted by the Exchange system in RL (Regular Lot / Main order book) book (as per extant mechanism). Similar treatment would be given in the scenario of downward flexing (Table 1.1.2).

   1.3. Subsequently with respect to scenario mentioned in Table 1.1.1, if the price trends downwards on the same day and hits the new lower band i.e. Rs. 95 in the above illustration, the new price band after flexing will be Rs. 90 to Rs.110, provided the objective criteria of flexing is satisfied.

   (Table 1.3.1)

Stock	Close price on (T-1 day)	Current Lower Band	Current Upper Band	If lower price band Flexed to	Revised price band after flexing
A	Rs 100	Rs 95	Rs 115	Rs 90	Rs 90-Rs 110

2. In exceptional scenarios of highly volatile price movement in a scrip / current month (i.e. near month) futures contracts in the opposite direction within the cooling off period (for cooling off period refer NSE/CMTR/63404 dated August 14, 2024), the impending flex would be cancelled if such price

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movement breaches the midpoint of the price band (and also satisfies the objective criteria ^^ of flexing as per circular NSE/CMTR/62237 dated May 29, 2024, at or beyond the midpoint) during the cooling off period, before such impending flex is applied. Examples of such scenario are as under:

2.1. **For upward flex** – With reference to the example in Table 1.1.1, if price moves upwards at say 14:00 hrs and the new impending price band is Rs.95 to Rs.115 (existing band Rs.90 to Rs.110) with cooling off period - 14:00 hrs to 14:15 hrs. (NSE/CMTR/63404 dated August 14, 2024) and the underlying scrip price moves in the opposite direction(downwards) within this cooling off period and breaches Rs.100 (i.e. midpoint of existing price band – ("(Rs.90+Rs110)/2") and also meets objective criteria of flexing (i.e. 50 trades to be executed with 10 different UCCs and 3 trading members on each side of the trade as defined in NSE/CMTR/62237 dated May 29, 2024) at such price(Rs.100 or below). In such scenario, the impending actions of price flex in CM and FAO (NSE/CMTR/63404 dated August 14, 2024), i.e. sliding of price band and resultant order cancellation at 14:15 hrs shall be aborted. As a result of the above, the price band of the scrip will remain at Rs.90 to Rs.110 even after 14:15 hrs.

2.2. **For downward flex** – With reference to example in Table 1.1.2, if price moves downwards at say 14:00 hrs and the new impending price band is Rs.85 to Rs.105 (existing band Rs.90 to Rs.110) with cooling off period - 14:00 hrs to 14:15 hrs. (NSE/CMTR/63404 dated August 14, 2024) and the underlying scrip price moves in the opposite direction(upwards) within this cooling off period and breaches Rs.100 (i.e. midpoint of existing price band – ("(Rs.90+Rs110)/2") and also meets objective criteria of flexing (i.e. 50 trades to be executed with 10 different UCCs and 3 trading members on each side of the trade - as defined in NSE/CMTR/62237 dated May 29, 2024) at such price(Rs.100 or above). In such scenario, the impending actions of price flex in CM and FAO (NSE/CMTR/63404 dated August 14, 2024) i.e. sliding of price band and resultant order cancellation at 14:15 hrs shall be aborted. As a result of the above, the price band of the scrip will remain at Rs.90 to Rs.110 even after 14:15 hrs.

2.3. Illustration

2.3.1. In case of Upward Flex trigger - When current Band is Rs.90-Rs.110 and the impending revised band is Rs.95-Rs.115, and the LTP is < = 100 (if the objective conditions as per ^^ are met) then flex won't be initiated.

2.3.2. In case of Downward Flex trigger - When current Band is Rs.90-Rs.110 and the impending revised band is Rs.85-Rs.105, and the LTP is > = 100 (if the objective conditions as per ^^ are met) then flex won't be initiated.

2.3.3. Mid-Point = (High Band + Low Band)/2 – (Rs.90+Rs110)/2 = Rs.100.

3. Please note all other details as mentioned in the aforesaid circulars shall remain unchanged.

4. Message dissemination details are provided as below:

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Particulars	For NEAT+ users	For NNF Users
Error message upon cancellation of outstanding orders for being outside the revised price band/range	*"Order price is outside the revised price range"*	*NNF error code **16521** - Order price is outside the revised price range*
Message disseminated upon flexing of price band/range	*"The revised price range for <Security symbol> is: Rs.<Min price> - Rs.<Max price>"*	*NNF Transcode 18720 - BCAST_SECURITY_MSTR_CHG*

Following is the summary of important earlier releases pertaining to the Sebi Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/58 dated May 24, 2024.

Sr. No	Particulars	Subject	Download reference no.	Date
1	SEBI Circular Forwarded by Exchange	Enhancement of Dynamic Price Bands for scrips in the Derivatives segment	NSE/FAOP/62199	27-May-24
2	(A) Enhancing conditions precedent before flexing price band	Market Parameters - Price Band - Update	NSE/CMTR/62237	29-May-24
3	(B) Aligning price bands between underlying and its futures contracts. (C) Strengthening Volatility/Risk Management and minimizing information asymmetry for extreme price movement.	Market Parameters - Price Band - Update	NSE/CMTR/63404	14-Aug-24