NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : DEBT SEGMENT	
Download Ref No : NSE/DS/24832	Date : October 25, 2013
Circular Ref. No :040 /2013	

All Members

Pursuant to exchange circular NSE/DS/23367 dated May 8 2013 and SEBI circular CIR/MRD/DP27/2013 dated September 12 2013, the Exchange notifies the changes in Debt Market segment, given at Annexure I. The updated trading parameters and market timings are given at Annexure II.

The effective date of the changes shall be communicated separately.

For and on behalf of
National Stock Exchange of India Limited

Suprabhat Lala
Vice President

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Annexure - 1

Changes in Debt market segment

1. Debt securities in Retail platform shall be available for trading with settlement day as T1 instead of T2

2. Institutional platform shall provide for trading in publicly issued debt instruments in addition to non-publicly (privately) issued debt instruments. Debt securities in Institutional platform shall be available for trading with settlement day as T1.

3. In Institutional platform, the lot size for institutional odd lot shall be revised to Rs. 10 lakhs

4. A Negotiated trade Platform shall be made available. The Debt securities in Negotiated platform shall be available with settlement day of T0 and T1 and settlement shall be done as per the terms of the trade.

5. The market timings for Negotiated trade platform with settlement day as T0, shall be available on all trading days upto 3 pm only.

Annexure II

- **Securities that shall trade in the debt segment**

The security descriptor for the Debt security shall consist of the following parameters:

- Instrument Type
- Symbol
- Issue Date
- Expiry Date and
- Option Type

Security Descriptor	Parameters	Valid Values
Instrument type	Market segment (2 digits) - Issuer Type(2 digits) + Bond Type (2 digits)	First 2 digits - denotes Market e.g. RD for Retail, IQ for Institutional Normal Lot & OQ for Institutional Odd Lot 3rd & 4th digits - denotes issuer type e.g. CG for central government, CO for Corporate etc. 5th & 6th digits - denotes type of bond
Symbol	Symbol + Coupon	Issuer Name e.g. HDFC9.75
Issue Date	Issue Date	Issue Date of Bond e.g. 7.2013 for Bond issued in July 2013
Expiry Date	Maturity Date	Maturity Date – e.g. 15JUL2014
Option Type	Settlement Day	T0, T1

- **Trading parameters**

1. Retail Platform

Security Information: Retail Platform order matching shall be the platform for trading of publicly issued debt instruments (First two digits of instrument type =‘RD’). Debt securities in Retail platform shall be available for trading with settlement day as T1

Permitted lot size:

The publicly issued debt instrument shall be available for trading in permitted lot size as follows:

Description	Lot size
Retail Debt	1

Price Step for Debt Securities

The price step in respect of the publicly issued debt security admitted to dealings on the Exchange shall be as follows:

Description	Price steps
Retail Debt	1 Paise i.e. Rs 0.01

Interest Rate – Day Count Convention

The day count convention of Actual / Actual shall be followed for calculating accrued interest.

Price Quotes

The trading and price quotes for publicly issued debt instruments shall be on the basis of clean price in face value terms.

Quantity Freeze

The Quantity Freeze in respect of the publicly issued debt security admitted to dealings on the Exchange shall be as follows:

Description	Quantity Freeze
Quantity freeze	Quantity derived by dividing Rs. 10 lacs by face value of Debt Security

Order type/Order book/Order attribute

- Regular lot order
- Stop loss order
- Immediate or cancel

Base Price & operating ranges applicable to the Debt security

Base price of the debt security in Retail platform on the first day shall be the previous day's closing price for the debt security in the capital market segment. The base price of the debt security in Retail platform on subsequent trading days shall be the daily closing price of the debt security in the debt segment.

Price ranges of Debt security

The daily price ranges applicable to Debt securities in Retail platform shall be kept at +/-1% of the base price. In respect of orders which have come under price freeze, the members would be required to confirm to the Exchange that there is no inadvertent error in the order entry and that the order is genuine. On such confirmation, the Exchange may take appropriate action.

Trade Modification requests

Trading members shall be permitted to modify trades with respect to Client Codes. Order level trade modification facility for modifying client codes associated with all trades of the order shall be available.

Trade cancellation requests

Requests for trade cancellation, if any, permitted by the Exchange shall be allowed on the same trading day during the Normal Market Hours.

2. Institutional Platform

Security Information: Institutional Platform Order Matching shall be the platform for trading specified list of privately placed and publicly issued corporate bonds as determined by the Exchange based on criteria specified by SEBI/Exchange from time to time. (For institutional Normal lot first two digits of instrument type =‘IQ’ and for institutional Odd lot first two digits of instrument type =‘OQ’). Debt securities in Institutional platform shall be available for trading with settlement day as T1.

Permitted lot size:

The debt instrument in institutional platform shall be available for trading in 2 permitted lot sizes as follows:

Description	Lot size
Institutional Normal Lot	Quantity derived by dividing Rs. 5 Crore by face value of Debt Security
Institutional Odd Lot	Quantity derived by dividing Rs. 10 lakhs by face value of Debt Security

Price Step for Debt Securities

The price step in respect of the debt instrument in institutional platform admitted to dealings on the Exchange shall be as follows:

Description	Price steps
Institutional Normal Lot	Hundredth of a paise Rs. 0.0001
Institutional Odd Lot	Hundredth of a paise Rs. 0.0001

Interest Rate – Day Count Convention

The day count convention of Actual / Actual shall be followed for calculating accrued interest.

Price Quotes

The trading and price quotes for debt instruments in institutional platform shall be on the basis of clean price adjusted to Rs. 100

Quantity Freeze

The Quantity Freeze in respect debt instruments in institutional platform admitted to dealings on the Exchange shall be as follows:

Description	**Quantity Freeze**
Institutional Normal Lot	Quantity derived by dividing Rs. 25 Crores by face value of Debt Security
Institutional Odd Lot	Quantity derived by dividing Rs. 50 lakhs by face value of Debt Security

Order type/Order book/Order attribute

- Regular lot order
- Stop loss order
- Immediate or cancel

Base Price & operating ranges applicable to the Debt security on the first day.

Base price of the debt instrument in Institutional Platform on the first day shall be the previous day's closing price for the debt security in corporate bond reporting platform. The base price of the debt security in Institutional Platform on subsequent trading days shall be the daily closing price of the debt security in the debt segment.

Price ranges of Debt security

The daily price ranges applicable to debt securities in Institutional Platform shall be kept at +/-1% of the base price for debt security. In respect of orders which have come under price freeze, the members would be required to confirm to the Exchange that there is no inadvertent error in the order entry and that the order is genuine. On such confirmation, the Exchange may take appropriate action.

Trade Modification requests

Trading members shall be permitted to modify trades with respect to Client Codes. Order level trade modification facility for modifying client codes associated with all trades of the order shall be available.

Trade cancellation requests

Requests for trade cancellation, if any, permitted by the Exchange shall be allowed on the same trading day during the Normal Market Hours.

3. Negotiated Platform

a. For reporting by member:

Security Information: Negotiate Platform is provided in Debt Segment to member to report negotiated trades (similar to Wholesale Debt Market segment [WDM]). Members are advised to report the trade with in stipulated time from trade execution as specified by SEBI/ Exchange from time to time. The securities eligible for Negotiated platform (DVP-1 mechanism) shall be as specified by the Exchange from time to time. Order Matching shall not be applicable in the debt securities available in the Negotiated Platform. The Debt securities in Negotiated platform shall be available with settlement day of T0 and T1 and settlement shall be done as per the terms of the trade.

This is an enhanced version of existing WDM segment. This version will concurrently exist with the current version for some time.

Permitted lot size:

The debt instruments in Negotiated platform shall be available in permitted lot size as follows:

Description	Lot size
Negotiated lot	Quantity derived by dividing Rs. 1 lakh by face value of Debt Security

Price Step for Debt Securities

The price step in respect of the debt security in Negotiated platform of the Exchange shall be as follows:

Description	Price steps
Negotiated Lot	Hundredth of a paise Rs. 0.0001

Interest Rate – Day Count Convention

The day count convention of Actual / Actual shall be followed for calculating accrued interest.

Price Quotes

The trading and price quotes for debt instruments in Negotiated platform shall be on the basis of clean price adjusted to Rs. 100

Quantity Freeze

No quantity freeze shall be applicable in respect debt instruments in Negotiated platform

Order type/Order book/Order attribute

- Negotiated Order (NT)

Base Price & operating ranges applicable to the Debt security on the first day.

Base price of the debt security in Negotiated Platform on the first day shall be the previous day's closing price for the debt security in corporate bond reporting platform. The base price of the debt security in Negotiated Platform on subsequent trading days shall be the daily closing price of the debt security in the debt segment.

Price ranges of Debt security

The daily price ranges applicable to debt securities in Negotiated Platform shall be kept at +/-1% of the base price for debt security. In respect of orders which have come under price freeze, the members would be required to confirm to the Exchange that there is no inadvertent error in the order entry and that the order is genuine. On such confirmation, the Exchange may take appropriate action.

Trade Modification requests

Trading members shall be permitted to modify trades with respect to Client Codes. Order level trade modification facility for modifying client codes associated with all trades of the order shall be available.

Trade cancellation requests

Requests for trade cancellation, if any, permitted by the Exchange shall be allowed on the same trading day during the Normal Market Hours.

Unique Client Code

Member should ensure unique client code (provided by NSCCL) entered during the order entry for seamless settlement

b. For reporting direct trades by non-members:

Facility has been provided to non-members to report direct deals on Corporate Bond Reporting Platform (CBRICS).

- **Market Timings**

In pursuance of the Trading Regulations of the Exchange, trading hours for the Debt Segment are given below:

Trading Hours

- For T+0

Monday to Friday: 9.00 A.M. to 03.00 P.M.

- For T+1

Monday to Friday: 9.00 A.M. to 05.00 P.M.

Extension of Market hours

The Exchange may extend the trading hours on any day for any reason that the Exchange may deem fit.