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NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : FINANCE AND ACCOUNTS	
Download Ref.No.: NSE/FA/21156	Date : June 29, 2012
Circular Ref.No.: 3/2012	

To the trading members in the F&O and CD segments

Sub : Levy of charges for High Order to Trade Ratio

In continuation of Exchange Circular.No:NSE/CMTR/20662 dated April 30, 2012 on additional SEBI guidelines governing decision Support Tools / Algorithm for trading through Non-Neat front end and as directed by SEBI, Trading Members are hereby informed that the following charges will be levied for high algo order to trade ratio with effect from July 02, 2012. The said charges will be computed at member level on a daily basis and will be collected on a monthly basis, after reckoning all algo orders and trades of the member:

Daily algo Order to Trade Ratio	Charges (per algo orders)
Less than 50	Nil
50 to less than 250 (on incremental basis)	1 paise
250 to less than 500 (on incremental basis)	5 paise
500 or more than 500 (on incremental basis) *	5 paise

** In case the ratio is 500 or more than 500 during a trading day, the concerned member shall not be permitted to place any orders for the first 15 minutes on the next trading day(in the continuous trading session) as a cooling off action. However, the trading member shall be permitted to enter transactions in risk reducing mode in the respective segments during such a cooling off period.*

Members may note that 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.

It may further be noted that,

a) if the orders entered and/ or modified are within 1% of the last traded price (LTP) of the respective security/ contract ((Absolute (Limit price – LTP)/LTP) <= 1%), such algo orders will not be included in the calculation of the aforesaid Order-to-Trade ratio.
b) all other types of algo orders i.e. spread contracts/ Spread IOC/ combination orders and all order cancellation requests will be included.
c) all algo orders and trades of the Members which are covered under the Liquidity enhancement scheme will not be included in the calculation of the aforesaid Order-to-Trade ratio.

This circular overrides all our earlier circulars in this regard.

Members are requested to take note of the above and ensure compliance.

For and on behalf of
National Stock Exchange of India Limited

Yatrik Vin
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