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NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : FINANCE AND ACCOUNTS	
Download Ref.No.: NSE/FA/33987	**Date : January 10, 2017**
Circular Ref.No.: 1 /2017	

To all the Trading Members

<u>Sub: Extension of Market Making Scheme in Debt Segment</u>

The Exchange vide its Circular No. NSE/FA/33113 dated August 31, 2016, had issued the broad framework for the market making scheme in Debt Segment of the Exchange for a period of two months from September 01, 2016 to October 31, 2016 and had extended the same for further period of one month from November 01, 2016 to November 30, 2016.

In order to further encourage wider participation in Debt Segment, Exchange has proposed to introduce a revised market making scheme in Debt Segment.

The broad framework for the market making scheme is as follows:

- The scheme is applicable for all securities traded in Retail as well as Institutional Segment of Debt Segment Order Matching Platform.
- Trading members of Debt Segment willing to do market making will need to register as Market Maker with Exchange in a format mentioned in Annexure 1.
- Registered market maker will intimate to Exchange about the details of security / securities for market making and the period of market making.
- Exchange will disseminate the details of market maker in public domain who are registered with Exchange by providing a duly filled form as mentioned in Annexure 1.
- Market Maker has to fulfill obligations for the following parameters to retain its qualification as Market Maker after registration with Exchange:
    - Two-way quotes in selected securities to be within top 5 bid-ask
    - Availability of quote at least 75% during the day
    - Minimum quote size Rs. 100000 for retail segment and 1 lot for institutional segment.
    - The market maker should fulfill above condition at least 50% of the trading days in a month.
- Market Maker has to provide a minimum notice period of one month to the Exchange as per format mentioned in Annexure 2 to discontinue/deregistered from the Market Making scheme.
- Market maker can be disqualified as Market Maker by Exchange based on non-fulfillment of obligation as mentioned above, default in settlement or any other condition as specified by Exchange from time to time.
- Exchange may in certain exceptional scenarios, may provide exception to Market Makers while fulfilling their market making obligations. Exchange will disseminate such exceptional scenarios to market participants.
- Qualified market makers were incentivized based on the counter party with which the trade got executed. The incentives were as follows:

Rebate Side 1	Side 1	Side 2	Rebate Side 2
Zero	Non Market Maker	Non Market Maker	Zero
Zero	Non Market Maker	Market Maker	Rs.0.50 per lakh of turnover subject to max of Rs.50/- per trade
Rs.0.50 per lakh of turnover subject to max. of Rs.50/- per trade	Market Maker	Non Market Maker	Zero
Rs.0.25 per lakh of turnover subject to max of Rs.25/- per trade.	Market Maker	Market Maker	Rs.0.25 per lakh of turnover subject to max of Rs.25/- per trade.

- Total incentive payable by Exchange to Market Maker for the month could not exceed Rs. 25 lacs. In case, the incentive payable exceeds Rs. 25 lacs for any month, the said incentive would be paid to the Market Makers on pro-rata basis.

- In order to maintain market integrity, no incentives shall be provided on trades with same counterparties i.e., same Unique client code (UCC) on both sides.

The scheme shall be effective and valid for a period commencing from January 11, 2017 to June 30, 2017.

For and on behalf of
National Stock Exchange of India Limited

Yatrik Vin
Chief Financial Officer – Group A/c & Finance

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Annexure 1 < On Company Letter Head>

Date:

To,
Member Service Department,
National Stock Exchange of India Limited (NSE)
Exchange Plaza,
BKC, Bandra (East), Mumbai

Dear Sir,

<u>Sub: Registration as Market Maker in Debt Segment</u>

I/We ______________________________ (name of Trading Member) hereby request to register me/ us as Market Maker for the in accordance to the terms and conditions stated in circular reference ________________________ dated ____________ and any another circular issue in this regards.

We agree to fulfil all the market making obligations as mentioned in the above mentioned circular and any other circular issued in this regards.

We also undertake that we have proper system in place to ensure market making obligations.

We also undertake that we will maintain market integrity at all times in absence of which NSE has the right to disqualify for further market making and take penal actions against me/ us.

We also understand that NSE has the right to revised or discontinue the scheme at its discretion in accordance with the SEBI guidelines.

Please find below the list of security / securities and market making period in which we undertake to do market making.

Sr.No.	ISIN	Security Details	Retail / Institutional Platform	Market Making Period

Contact details of the designated person from our organization for market making related activity is given below:-

Name:
Designation:
Contact Details:

Yours Sincerely,

For ________________________

Director / Authorized Person

Name: _________________________________ ____________

(Signature / Stamp of the company)

Place Date

Note: Board resolution shall be requited for corporate entity

Annexure 2 < On Company Letter Head>

Date:

To,
Member Service Department,
National Stock Exchange of India Limited (NSE)
Exchange Plaza,
BKC, Bandra E, Mumbai

Dear Sir,

<u>Sub: De-Registration as Market Maker in Debt Segment</u>

I/ We ______________________________ (name of Trading Member) vide letter dated _________ has registered with Exchange as market maker in debt segment. We request Exchange to de-register me/ us as Market Maker for the purpose of market making scheme in debt segment as per the details given below:

Sr. No.	ISIN	Security Details	Retail / Institutional Platform	Date of De-Registration

Yours Sincerely,

For ________________________

Director / Authorised Person

Name: _________________________________ ____________

(Signature / Stamp of the company)

Place Date