

FAQ'S On PAN based Self Trade Prevention Check (STPC) Mechanisms

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Background:

Self-trades are trades executed on the stock market in which the same entity is both buyer and seller. These trades do not represent a real change in beneficial ownership of the security. Accordingly, a mechanism for Self-Trade Prevention has been implemented by the Exchange.

FAQs:**1. For which segments the STPC mechanism been implemented by the Exchange?**

STPC mechanism has been implemented by the Exchange in the Capital Markets (CM), Futures & Options (FO), Currency Derivatives (CD), Commodity Derivatives (CO), Securities Lending and Borrowing Scheme (SLBM) Segments.

2. For which trading sessions is STPC applicable for CM segment?

STPC is applicable to all orders entered in continuous session (Normal Market & Block Window) and closing session. The mechanism shall be applicable during matching during the session.

STP check shall also be implemented for all other market types i.e. pre-open, special pre-open, and call auction session. The mechanism shall be applicable during order entry period where on encountering a potential self-trade, the active order shall be cancelled by default irrespective of option set in the active order.

3. For which trading sessions is STPC applicable for F&O, CD, COM, and SLB segments?

STPC is applicable to all orders entered in continuous session. The mechanism shall be applicable during matching during the session.

4. Is the PAN Field modifiable?

The PAN number provided at the time of original order entry is a non-modifiable field. Members will not be able to modify the PAN no. using the option of order modification / order cancellation.

5. Is STPC mechanism applicable for Pro as well as Cli order messages?

Yes, STPC mechanism is applicable for PRO as well as CLI - Custodial Participant (CP) and Non-Custodial Participant (Non-CP) orders.

6. Where can user set condition whether active or passive order is to be cancelled if resulting in self-trade?**In NEAT/NEAT Plus application-**

Self Trade Prevention Option can be set from the "Order Entry Defaults" This window can be invoked from Menu Option of Dialog. Alternatively user can press [Alt + D + E] keys to invoke this window. The Self Trade Prevention Option will be set to "Cancel Passive Order" by default. The User can change the Self Trade Prevention Option to "Cancel Passive Order" or "Cancel Active Order" by clicking on respective radio button.

For NNF application-

Members are required to set the STP bit in the order structure while sending orders to the Exchange. Kindly refer API specs for details.

7. In case an order is resulting in a self-trade, which order shall be cancelled: active order or passive order?

In case an order is resulting in a self-trade, the condition for cancellation as set in the active order shall be considered and accordingly the relevant order shall be cancelled.

8. How will the member/broker get to know that his order is cancelled due to STPC?

The rejection message for orders cancelled due to STPC shall be "Order cancelled by the System - The order could have resulted in self-trade" (For 2L/3L orders refer point 10).

9. How does STPC mechanism work for PRO and Non-CP CLI orders?

If an active PRO / CLI (Non-CP) order is likely to match with any passive order (PRO / Non-CP CLI / CP-CLI) having the same PAN (Permanent Account Number) in the same order book; then the active or passive order (full or partial as the case may be) as per the option set in order entry by the active order shall be cancelled by the Exchange with rejection message "Order cancelled by the System - The order could have resulted in Self- trade".

10. How does STPC mechanism work for PRO and Non-CP CLI orders?

Example 1:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/CLI	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.0025
C1	11111	Buy	Cli	ABCDE1111F		10	64.0000
C1	11111	Buy	Cli	ABCDE1111F		10	63.0075
C1	11111	Buy	Cli	GHIJK1111L		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (client order): Same PAN but different member

Contract	Member Code	Buy/Sell	Pro/CLI	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	GHIJK1111L		50	63.0075

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- For the 4th passive order since the Client PAN is the same as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/CLI	PAN	Participant Code	Quantity	Price
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C1	11111	Buy	Cli	GHIJK1111L		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Example 2:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	code	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.0025
C1	11111	Buy	Cli	ABCDE1111F		10	64.0000
C1	11111	Buy	Cli	ABCDE1111F		10	63.0075
C1	11111	Buy	Cli	GHIJK1111L		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (**client order**):

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	GHIJK1111L		50	63.0075

Instruction set in active order: **Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- The 4th passive buy order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade.
- The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty
- The remaining 10 qty of the active sell order shall remain open in the book
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	GHIJK1111L		10	63.0075

Example 3:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Cli	ABCDE1111F		10	64.0025
C1	11111	Buy	Cli	GHIJK1111L		10	64.0000
C1	11111	Buy	Cli	GHIJK1111L		10	63.0075
C1	11111	Buy	Pro	UVWXY1234Z		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (**Pro order**):

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Sell	Pro	UVWXY1234Z		50	63.0075

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- For the 4th passive order since the PAN No. is the same as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	63.0075
C1	22222	Buy	cli	ABCDE1111F		10	63.0075

Example 4:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Cli	ABCDE1111F		10	64.0025
C1	11111	Buy	Cli	GHIJK1111L		10	64.0000
C1	11111	Buy	Cli	GHIJK1111L		10	63.0075
C1	11111	Buy	Pro	UVWXY1234Z		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (**Pro order**):

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Sell	Pro	UVWXY1234Z		50	63.0075

Instruction set in active order: **Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- The 4th passive order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade
- The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Sell	Pro	UVWXY1234Z		10	63.0075

11. How does STPC mechanism work for CP orders (orders having CP code)?

- a) If an active CP code order is likely to match with a passive CP code order having the same CP code (excluding CP code "INST" for CM segment) in the same order book; Or
 - b) If an active CP code order is likely to match with a passive PRO / Client (Non CP code) order having the same PAN (Permanent Account Number) in the same order book;
- Then the active or passive order (full or partial as the case may be) as per the option set in the in order entry by the active order shall be cancelled by the Exchange with rejection message "Order cancelled by the System - The order could have resulted in Self- trade".

12. Please explain with examples how STPC mechanism will function for CP orders.

The self-trade prevention check in case of custodial participant (CP) orders shall be done at same CP code across members.

Example 1:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.003
C1	11111	Buy	Cli	ABCDE1111F		10	64
C1	11111	Buy	Cli	ABCDE1111F		10	63.008
C1	11111	Buy	Cli	PQRST1234U	CP0000000001	10	63.008
C1	22222	Buy	Cli	ABCDE1111F		10	63.008

Active (CP order):

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PQRST1234U	CP0000000001	50	63.008

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

The active order shall get partially traded (30 qty) against first three orders

Since the 4th passive order has the CP Code as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade.

The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Cli	PQRST1234U	CP0000000001	10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Example 2:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.0025
C1	11111	Buy	Cli	ABCDE1111F		10	64
C1	11111	Buy	Cli	ABCDE1111F		10	63.0075
C1	11111	Buy	Cli	PQRST1234U	CP0000000001	10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (CP order):

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PQRST1234U	CP0000000001	50	63.0075

Instruction set in active order: **Cancel Passive order**

The STP logic shall be as below:

The active order shall get partially traded (30 qty) against first three orders

The 4th passive order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade.

The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty

The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PQRST1234U	CP0000000001	10	63.0075

13. Is STPC applicable for all symbols/ contracts?

Yes, STPC is applicable on all symbols and contracts, including spread contracts.

14. For which order types is self-trade prevention check (STPC) applicable?

STPC is applicable for all orders including the following conditions:

Time conditions: Day and IOC

Price conditions: Limit, market, stop loss, spread and 2L, 3L.

15. How does STPC mechanism work in case of stop loss orders?

In case of stop loss orders, once the order is triggered or is modified such that it gets triggered, it becomes an active limit / market order. Accordingly, STPC mechanism as explained above shall become applicable.

16. How does STPC mechanism work for 2L and 3L orders?

If any one leg of the 2L / 3L order is resulting in self-trade then orders in both the legs shall get rejected after partial executing in both the legs as per the ratio to the extent possible. However, members may kindly note that for 2L/3L orders, if the orders are being rejected for STPC, the members will receive rejection reason for IOC and not STPC in the Exchange response messages.

17. How does STPC mechanism work in case of order modification?

If a passive order is modified it becomes an active limit / market order and the STPC mechanism as explained above shall become applicable. Members should ensure that the instruction to cancel active or passive order during order modification shall be same as set during order entry else the order modification request shall be rejected with message “CFO request rejected - The Order cannot be modified”.

18. How does STPC mechanism work during trade modification?

STPC mechanism shall not be applicable during trade modification. Members need to take due precaution to prevent self-trade while performing trade modification. Members shall be solely responsible for the correctness of PAN provided in orders.

19. There is an individual client who is exempted by Income TAX authority for holding PAN. What is to be populated in the PAN No. for the said client?

In cases where the investor is exempt from PAN, the member will need to mandatorily send ‘PAN_EXEMPT’ in the PAN Field. Members may however note that STPC shall be applicable even for “PAN_EXEMPT” clients. i.e. in case orders of 2 different “PAN_EXEMPT” clients is likely to match in the same order book; then the active or passive order (full or partial as the case may be) as per the option set in order entry shall be cancelled by the Exchange with rejection message “Order cancelled by the System – The order could have resulted in Self-trade”.

20. Please explain with examples how STPC mechanism will function for PAN exempt category of client.

Client A and Client B two different clients and are both exempt from PAN. Both clients A and B are trading through different members of the Exchange.

As per Exchange circular, in cases where the investor is exempt from PAN, it will be mandatory to provide ‘PAN_EXEMPT’ in the PAN Field.

Example 1:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.0025
C1	11111	Buy	Cli	ABCDE1111F		10	64.0000
C1	11111	Buy	Cli	ABCDE1111F		10	63.0075

C1	11111	Buy	Cli	PAN_EXEMPT		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (client order): Different Clients, both Exempt from PAN entering orders from different members

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PAN_EXEMPT		50	63.0075

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- For the 4th passive order since the PAN is the same i.e. "PAN_EXEMPT" as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade even if the clients are different for both the orders.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Cli	PAN_EXEMPT		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Example 2:

Consider the below orders:

Passive:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	11111	Buy	Pro	UVWXY1234Z		10	64.0025
C1	11111	Buy	Cli	ABCDE1111F		10	64.0000
C1	11111	Buy	Cli	ABCDE1111F		10	63.0075
C1	11111	Buy	Cli	PAN_EXEMPT		10	63.0075
C1	22222	Buy	Cli	ABCDE1111F		10	63.0075

Active (client order): Different Clients, both Exempt from PAN, entering orders from different members

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PAN_EXEMPT		50	63.0075

Instruction set in active order: **Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- The 4th passive buy order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade even if the clients are different for both the orders.
- The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty
- The remaining 10 qty of the active sell order shall remain open in the book
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	PAN	Participant Code	Quantity	Price
C1	33333	Sell	Cli	PAN_EXEMPT		10	63.0075

21. Please provide client-type wise applicability of STPC in CM segment.

The client-type wise applicability of STPC in CM segment is as tabulated below:

Sr No	Segment	Passive order	Active order	STPC Applicability	STPC based on
1	CM	PRO	PRO	Yes	PAN No.
2	CM	PRO	CLI Non-CP	Yes	PAN No.
3	CM	PRO	CLI CP (other than INST)	Yes	PAN No.
4	CM	PRO	CLI CP (INST)	Yes	PAN No.
5	CM	CLI Non-CP	PRO	Yes	PAN No.
6	CM	CLI Non-CP	CLI Non-CP	Yes	PAN No.
7	CM	CLI Non-CP	CLI CP (other than INST)	Yes	PAN No.
8	CM	CLI Non-CP	CLI CP (INST)	Yes	PAN No.
9	CM	CLI CP (INST)	PRO	Yes	PAN No.
10	CM	CLI CP (INST)	CLI Non-CP	Yes	PAN No.
11	CM	CLI CP (INST)	CLI CP (other than INST)	No	-
12	CM	CLI CP (INST)	CLI CP (INST)	No	-
13	CM	CLI CP (other than INST)	PRO	Yes	PAN No.
14	CM	CLI CP (other than INST)	CLI Non-CP	Yes	PAN No.
15	CM	CLI CP (Other than INST)	CLI CP (other than INST)	Yes	Participant Id
16	CM	CLI CP (Other than INST)	CLI CP (INST)	No	-

22. Please provide client-type wise applicability of STPC in F&O, CD, SLB and COM segments.

The client-type wise applicability of STPC in F&O, CD, COM, and SLB segments is as tabulated below:

SR No	Segment	Passive order	Active order	STPC Applicability	STPC based on
1	FO/CD/COM/SLB	PRO	CLI Non-CP	Yes	PAN No.
2	FO/CD/COM/SLB	PRO	CLI CP	Yes	PAN No.
3	FO/CD/COM/SLB	PRO	PRO	Yes	PAN No.
4	FO/CD/COM/SLB	CLI Non-CP	CLI Non-CP	Yes	PAN No.
5	FO/CD/COM/SLB	CLI Non-CP	CLI CP	Yes	PAN No.
6	FO/CD/COM/SLB	CLI Non-CP	PRO	Yes	PAN No.
7	FO/CD/COM/SLB	CLI CP	CLI Non-CP	Yes	PAN No.
8	FO/CD/COM/SLB	CLI CP	CLI CP	Yes	Participant Id

9	FO/CD/COM/SLB	CLI CP	PRO	Yes	PAN No.
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23. Which are the latest circulars which I can refer regarding STPC?

The STPC mechanism has been updated over a period of time and the latest update was as per following circulars in the respective segment with the applicable dates:

Segment	Exchange Circular	Effective Date
CM	NSE/CMTR/40132 dated February 05, 2019	April 8, 2019
FO	NSE/ FAOP/40133 dated February 05, 2019	April 8, 2019
CD	NSE/CD/40134 dated February 05, 2019	March 11, 2019
COM	NSE/COM/40716 dated April 10, 2019	May 06, 2019
SLB	NCL/CMPT/54469 dated November 16, 2022	January 09, 2023.