

FAQ'S On Sliding Price Band on Account of Flexing

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FAQs:
1. What happens if the dynamic price band of a futures contract is flexed in one direction?

If the dynamic price band of a futures contract is flexed in one direction, the price band on the other side is also flexed by an equivalent amount in the direction of price movement. Hence price band will be sliding instead of expanding price band mechanism. Orders pending with limit prices beyond the new price band will be cancelled by the Exchange.

2. Can you explain the upward and downward flex scenarios with an illustration?
Upward Flex Scenario:
Table 2.1

Contract/Scrip	Base price	Price band Applicable on start of day	Lower Band	Upper Band	If Upper price band Flexed to	Price Band as per expanding framework	Price Band as per revised framework (sliding)
A	Rs 100	10%	Rs 90	Rs 110	Rs 115	Rs 90-Rs 115	Rs 95-Rs 115

Downward Flex Scenario:
Table 2.2

Contract/Scrip	Base price	Price band Applicable on start of day	Lower Band	Upper Band	If lower price band Flexed to	Price Band as per expanding framework	Price Band as per revised framework (sliding)
A	Rs 100	10%	Rs 90	Rs 110	Rs 85	Rs 85-Rs 110	Rs 85-Rs 105

3. What happens to pending orders with limit prices outside the new price band in an upward flex scenario?

For an upward flex scenario (based on table 2.1), all pending orders with limit prices between ₹90 to ₹95, which are outside the new price band, will be automatically cancelled by the Exchange system with appropriate intimation.

4. What happens to pending orders with limit prices outside the new price band in a downward flex scenario?

For a downward flex scenario (based on table 2.2), all pending orders with limit prices between ₹105 to ₹110, which are outside the new price band, will be automatically cancelled by the Exchange system with appropriate intimation.

5. What happens in highly volatile scenarios during the cooling off period?

In exceptional scenarios of highly volatile price movements in the opposite direction within the cooling off period, the impending flex will be cancelled if the price movement breaches the midpoint of the price band and meets the objective criteria of flexing before the impending flex is applied.

6. What are some specific scenarios where the impending flex is aborted?

Upward Flex Example (based on table in 2.1): -

If the price moves upward at 14:00 hrs and the new impending price band is ₹95 to ₹115 with a cooling off period from 14:00 hrs to 14:15 hrs, and the price moves downward within this period

and breaches ₹100 (the midpoint), meeting the objective criteria of flexing, the impending flex will be aborted. The price band will remain ₹90 to ₹110.

Downward Flex Example (based on table 2.2): -

If the price moves downward at 14:00 hrs and the new impending price band is ₹85 to ₹105 with a cooling off period from 14:00 hrs to 14:15 hrs, and the price moves upward within this period and breaches ₹100 (the midpoint), meeting the objective criteria of flexing, the impending flex will be aborted. The price band will remain ₹90 to ₹110.

7. How are messages disseminated for users?

Details are provided below: -

Cash Segment

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

F&O Segment

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 16020 - Order price is outside the revised price range
Message disseminated upon flexing of price band/range	“The revised price range for <Instrument> <Symbol> <Expiry date> is: Rs.<Min price> - Rs.<Max price>”	NNF Transcode 7305 - BCAST_SECURITY_MSTR_CHG

8. Which is the latest circular issued?

Please refer circular: -

- NSE/CMTR/64994 issued on November 08, 2024
- NSE/FAOP/64995 issued on November 08, 2024