

Member FAQs on Price Band/ Operating Range flex

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Background:

Exchange defines a price range for each security/contract which is pre-defined percentage of the base price of the security/ contract. The operating range mechanism is implemented in order to prevent erroneous order entry by market participants beyond operating range.

There is no operating range in respect of securities, for which derivative products are available. However in order to prevent members from entering orders at non-genuine prices in such securities based on Pre-trade risk control guidelines, the Exchange has set the dummy circuit (dynamic operating range) filter (operating range) at 10%.

1. What is price band/ operating range flexing?

1. In case of securities for which derivatives products are available, when the market price or Last Traded Price (LTP) approaches the upper or lower band, Exchange relaxes the operating range.
2. Once relaxed, the members can place orders in the particular security/contract at prices up to the revised upper or lower band.
3. Relaxation of the operating range of contract is known as “Flexing”.

2. How does **Exchange’s** flexing mechanism works?

The process of flexing is system driven. In the event of a market trend movement in either direction, the dynamic price band shall be relaxed by 5% at a time in the direction of the price movement during the day in co-ordination with the other Exchange as follows:

1. If the dynamic price band of the underlying security has been relaxed OR
2. If the last trade in the contract occurs at 9.90% and more of the base price AND
3. A minimum of 25 trades have been executed with 5 different UCCs on each side of the trade at or above 9.90% or more of the base price. This process shall be repeated as the price trend moves in the same direction.
4. In exceptional circumstances, all the Exchanges shall consult and relax the dynamic price band.

3. Which factors are considered by the Exchange while undertaking flexing of price bands/operating range?

Flexing of price bands/ operating range is undertaken by the Exchange by taking into consideration various factors like movement in underlying price, surveillance actions etc.

4. Flexing of price bands/ operating range is applicable for which instruments/segments?

Flexing of price bands/ operating range on members request is applicable for:

1. Options contracts in F&O segment (Index options and Stock options)
2. Options contracts in CD segment
3. SLBM (Borrow / Lend / Recall / Repay).

5. When can I place the request with the Exchange for flexing of price bands/ operating range?

Members can place the request for flexing of price bands/ operating range during the normal trading hours of the relevant segment.

6. How can I place a request with the Exchange for flexing of price bands/ operating range?

Members can place their request for flexing of price bands/ operating range through any of the following options:

Mode	Details
Phone	1800 266 00 50 (Option 1)
Email	msm@nse.co.in

7. What details do we need to provide while placing a request with the Exchange for flexing of pricebands/ operating range?

Members need to provide the following details while placing a request with the Exchange for flexing of price bands/ operating range:-

For FO & CD:

Symbol	Strike	Type	Expiry	Existing Price	*New Price
		CE/PE	DD-MMM-YYYY		

For SLB:

Symbol	Series	Existing price	*New Price

*New Price – Till what price range should be opened.

8. How will I know whether the flexing of price bands/ operating range is completed and by what percentage?

Upon completion of request for flexing of price band/ operating range, a message is broadcast on the trading system informing members about the same in the following format:

Segment	Message broadcast on Exchange Trading System
Futures & Options	The revised price range for <instrument> <symbol> <expiry date> <strike> <call/put> : <revised relaxed range>
Currency Derivatives	The revised price range for OPTCUR <symbol> <expiry date> <strike> CE/PE is: <revised relaxed range>
Security Lend and Borrowing Market	The UPPER/LOWER price range of the security <security name> <series> <expiry date> in Securities Lending Borrowing Market is being relaxed now from the existing range of <Existing price> to revised range of <revised price>

9. In the new flexed price band/ operating range applicable for all members or to requesting members only?

The new flexed price band/ operating range is applicable for all members.

10. Where can I see the applicable price bands/operating range for next trading day?

The applicable price bands/ operating range can be viewed in the respective database files for the segment which are provided to members at end of day:

Segment	File name	Nomenclature
FO	contract.gz	Contract.txt
CD	cd_contract.gz	Contract.txt
SLB	security_slb.gz	Security.txt



Once the latest database files are loaded for the day same can be viewed on frontend.

11. In what case my flexing request will not be processed?

If the requested flexing price is already relaxed/flexed or the price is within the range, then in such cases Exchange will not process the flexing request.