

Annexure - Call auction Trading in Special Pre-open Session for IPOs & Re-listed Scrips

With reference to SEBI Circular Nos. CIR/MRD/DP/01/2012 & CIR/MRD/DP/02/2012 dated January 20, 2012 regarding Call Auction in Pre-open session & Trade Controls in normal trading session for **Initial Public Offerings (IPO) and other category of scrips** and Exchange circular no. 20120123-26, dated January 23, 2012 on the same subject, it has been decided to enable call auction trading in the special pre-open session (SPOS) for IPOs & Re-listed scrips on the first day of trading/ re-commencement of trading as applicable.

Salient Features of Special Pre-open Session (SPOS) for IPOs/ Re-listed Scrips

1. This session shall be conducted for IPO scrips only on the first day of trading, i.e. day of listing of the scrip on the Exchange. Similarly, it shall be conducted for Re-listed scrips only on the day of re-commencement of trading of that scrip on the Exchange.
2. SPOS shall be for duration of 60 minutes from 9:00am – 10:00am for scrips participating in that session and shall be followed by continuous trading session. In other words, while the continuous trading session is on for all other scrips, SPOS for those IPO/Re-listed scrips shall go on concurrently.
3. From the next trading day onwards, trading of the scrips mentioned in point 1 above shall follow the normal trading cycle of existing pre-open session (from 9:00 – 9:15am) followed by continuous trading session.

4. Special pre-open timings

Session	Time	Action
Order Entry Period	9:00am - 9:45am	Order Entry/Modification/Cancellation Allowed <i>Random stoppage between 9:44am – 9:45am</i> Dissemination of Indicative Price, Cumulative Buy & Sell quantity
Order matching and Confirmation Period	9:45am – 9:55am	Order matching, trade confirmation & Opening price determination <i>Order Entry/Modification/Cancellation NOT Allowed</i>
Buffer Period	9:55am – 10:00am	Buffer time between Pre-Open and Continuous session to ensure that Continuous session starts at a defined time

Additional Information on Sessions

- The continuous trading session for all special pre-open session stocks shall commence only after the special pre-open session ends at 10:00am and subject to certain conditions after price discovery.

- Block deal trading session shall not be held for the set of scrips participating in the special pre-open session on day 1 of trading for IPO scrips and similarly on re-commencement of trading for Re-listed scrips till the day of 1st order matching & resultant price discovery. These set of scrips shall be enabled for participating in the regular block deal session held daily, from the next trading day onwards.

5. Order Management

- Only limit orders will be permitted during the special pre-open session.
- Market orders will not be accepted during the special pre-open session.
- IOC flag will be applicable to limit orders.
- All orders will be disclosed in full quantity, i.e. orders where revealed quantity function is enabled, will not be allowed during the special pre-open session.

6. Order Matching & Equilibrium Price Computation

The equilibrium price computation will follow the same volume maximization logic based on aggregated demand & supply of orders, which is currently followed for the existing pre-open session.

All orders entered in the system for particular scrip will be matched at the same price, i.e. the equilibrium price or the market opening price, if they qualify as match-able.

7. Treatment of Unmatched orders & Equilibrium Price discovery

- IPO scrips:
 - » All unmatched limit orders in the pre-open session will be shifted to the order book of the continuous trading session at their limit price on PRICE-time priority basis, irrespective of whether the equilibrium price has been discovered or not.

In case the limit price of any unmatched order that is shifted to the continuous trading session is beyond the applicable price band for that scrip, then such outstanding orders shall be returned.

- Re-listed scrips:
 - » Equilibrium price discovered: All unmatched orders entered during the special pre-open session shall be shifted to the continuous trading session at their limit price.
 - » Equilibrium price NOT discovered: All orders shall be CANCELLED by the system at the end of the special pre-open session.

8. Information dissemination

The following information shall be disseminated to the market at regular intervals during the order entry period of the special pre-open session –

Detailed Note on Special Pre-open Session

- Indicative market opening price, populated in the 'LTP' field
- Match-able quantity at the indicative market opening price, populated in the 'LTQ' field
- If the indicative opening price/match-able quantity at the indicative opening price is not available then the 'LTP'/'LTQ' field is left blank.
- Total buy /sell depth of the book will be populated in the 'Buy /Sell depth' fields
- Percentage change in the indicative price from the previous day's closing price
- High/ Low prices will be disseminated based on the indicative opening prices
- The 'Open' field in the BOLT system will be populated only when the actual opening price has been determined in the order matching and confirmation period.

The market depth would display:

- The indicative opening price + next best 4 bids and offers. If the indicative opening price is not determined, then the best bids and offers shall be displayed
- The cumulative quantities at each of these price points

9. Risk Management

A. Price Bands: The following price bands shall be applicable for the IPO/Re-listed scrips on the first day of trading/ re-commencement of trading respectively -

Type of Scrip	Special Pre-Open Session	Continuous Trading Session
IPO - Issue size GREATER than Rs.250 cr.	NO Price Bands	• Equilibrium Price discovered – 20% of Equilibrium Price • Equilibrium Price NOT discovered – 20% of Issue Price
IPO - Issue size LESS than Rs.250 cr.	NO Price Bands	• Equilibrium Price discovered – 5% of Equilibrium Price • Equilibrium Price NOT discovered – 5% of Issue Price
Re-listed Scrips	NO Price Bands	• Equilibrium Price discovered – 5% of Equilibrium Price

B. Margins: The following margins shall be applicable for the IPO/Re-listed scrips during the special pre-open session & continuous trading session respectively -

Type of Scrip	Special Pre-Open Session	Continuous Trading Session
IPO - Issue size GREATER than Rs.250 cr.	Order level checking and blocking of upfront margins as applicable	As per existing practice
IPO - Issue size LESS than Rs.250 cr. & Re-listed Scrips	Order level checking and blocking of upfront margins equivalent to 100% of the order value	• TFT (Trade for Trade) segment for first 10 days from the date of commencement of trading - Trade level adjustment of upfront margins equivalent to 100% of the traded value • From the 11th trading day onwards – As per existing practice

For more information on the specifications related to the call auction trading mechanism in the special pre-open session, please refer to BSE India website – “Pre-open” section under the “Markets” tab on the homepage of the website.