

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : SURVEILLANCE	
Download Ref. No.: NSE/SURV/38122	Date: June 22, 2018
Circular Ref. No.:- 161/2018	

To All NSE Members

Sub: High Order to Trade Ratio (OTR).

This has reference to SEBI Circular No. SEBI/HO/MRD/DP/CIR/P/2018/62 dated April 09, 2018 regarding *Measures to Strengthen Algorithmic Trading and Co-location / Proximity Hosting framework*, wherein Para 14 of the circular provides for Penalty for Order to Trade Ratio. Accordingly members attention is drawn to the partial modifications made to NSE circular no. NSE/INVG/23505 dated May 24, 2013, regarding levy of charges for High Order to Trade Ratio.

Members are hereby informed that along with Equity Derivatives & Currency Derivatives Segment, charges for High Order to Trade Ratio shall also be levied in Equity segment with effect from June 29, 2018. The said charges shall be computed at member level on a daily basis and shall be collected on a monthly basis, after reckoning all algo orders and algo trades of the member:

Penal Charges and Actions:-

Daily Algo Order to Trade Ratio	Charges (per algo order)
Less than 50	Nil
50 to less than 250 (on incremental basis)	2 paise
250 to less than 500 (on incremental basis)	10 paise
500 or more than 500 (on incremental basis)	10 paise

In case the ratio is 500 or more than 500 during a trading day, the concerned member shall not be permitted to place any orders for the first 15 minutes on the next trading day as a cooling off action, however in Equity derivatives and Currency derivative segment, the current mechanism of permitting to enter orders in risk reduction mode shall continue however in Equity segment member shall be able to place orders only after 15 minutes of the normal market open.

In order to discourage repetitive instances of high daily order-to-trade ratio, there will be an additional penalty in form of suspension of proprietary trading right of the trading member for the first trading hour on the next trading day in case a trading member is penalized for maintaining high daily order to trade ratio, provided penalty was imposed on the trading member on more than ten occasions in the previous thirty trading days (on rolling basis).

Trading members are also hereby informed that the data pertaining to their respective order to trade ratio shall be made available on daily basis in the following folders on Member Portal for Equity, Equity Derivatives and Currency Derivatives Segment:

<Member folder>/Investigation/Dnld

For other important information regarding the details of OTR framework, kindly refer to **Annexure I**

Members are requested to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Ashish Tiwari (Extn: 22403), Ms. Snehal Bhide (Extn: 24352) or Ms. Jahnvi Oza (Extn: 22406)
Direct No: 022-26598166/129
Board Line No: 022-26598100

**Yours Faithfully,
For National Stock Exchange of India Limited**

**Avishkar Naik
Vice President
Surveillance & Investigation**

Encl.: Annexure I

Annexure I

1. Orders placed in the Equity segment and orders placed under the liquidity enhancement schemes shall be brought under the order to trade framework.
2. For the purpose of calculation of Daily Order-to-Trade ratio all algo orders, i.e., order entry, order modifications and order cancellations will be considered.
3. If the orders entered and/ or modified are within 0.75% of the last traded price (LTP) of the respective security/ contract ($(\text{Absolute (Limit price - LTP)}/\text{LTP}) \leq 0.75\%$), such algo orders will not be included in the calculation of the aforesaid Order-to-Trade ratio.
4. In Equity Segment, securities in SME, ETF and securities with designated market makers shall be excluded for computation of OTR.
5. Orders placed in Odd Lot Market, Auction Market, Block Trading Session, Pre-open session, Post Close Session, Periodic Call Action session and Call auction in Pre-open session for Initial Public Offering (IPO) and other category of Scrip's shall also be excluded for the computation of OTR
6. In Equity Segment, cooling of session of 15 mins (for OTR violation of 500:1) and 1 hour pro-trading (for more than 10 instances out of previous 30 rolling trading days where penalty has been levied), it should cover the following sessions:
 - i. For 15 mins
 - a) Pre-open session - 9.00 to 9.15 am
 - b) Special Pre-open Session - 9.00 to 9.30 am
 - c) Continuous session - 9.15 to 9.30 am
 - ii. For 1 hour proprietary trading
 - a) Pre-open session - 9.00 to 9.15 am
 - b) Special Pre-open Session - 9.00 to 9.45 am
 - c) Continuous session - 9.15 to 10.15 am