BSE Limited

Futures & Options Segment

Date: 07 October 2011

Sub: Consolidated Master Circular (Trading) for BSE F&O Segment

Members of the Futures & Options (F&O) segment of the Exchange are hereby informed that the Exchange has launched the Liquidity Enhancement Incentive Programme Scheme (LEIPS) in its F&O segment with effect from 28 September 2011. On this background, the Exchange has consolidated trading operations and policy related circulars issued from time to time to release master circular document for trading.

This circular is in partial modification / replacement / consolidation of all the previous circulars issued in the items given below.

This circular shall be effective with immediate effect.

For any further clarifications, members are advised to contact following Exchange officials -

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**For and on behalf of
BSE Limited.**

**Rajesh Saraf
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1. CONTRACT SPECIFICATIONS AND ELIGIBILITY OF UNDERLYING ASSETS

1.1 Contract Specifications

In pursuance of the Exchange Bye-Laws, Rules and Regulations for F&O segment, following asset classes are available for dealing on the F&O segment of the Exchange -

Product Type	Asset Class	Settlement Style	Option Style
Futures	Index	Cash	
	Equity (Stock)	Physical	
Options	Index	Cash	European
	Equity (Stock)	Physical	European

The contracts admitted for dealing have been standardized with pre-determined strike intervals, expirations, option types (Call/Put) as follows -

	Index Futures	Index Options
Duration of the Contract	1, 2, 3 Month and 3 Spread Contracts	• Weekly • Monthly (3 rolling series) • Quarterly (3 Fixed) • Semi Annual (8 Fixed so as to cover period of 5 years)
Contract Multiplier	Based on the price of underlying	Based on the price of the underlying
Tick Size	Rs. 1.00	Rs. 0.25
Lot Size	Refer to section 1.4(2)	Refer to section 1.4(2)
Last Trading/ Expiration day	Thursday falling two weeks prior to the last Thursday of each contract maturity month. If it is a holiday, then the immediately preceding trading day.	Thursday falling two weeks prior to the last Thursday of each contract maturity month. If it is a holiday, then the immediately preceding trading day.
Final Settlement	Cash settlement, based on the closing price of the underlying index on the last trading day.	Cash Settlement, based on the closing price of the underlying index on the last trading day.

Exercise Style	NA	European
Premium Quotation	NA	Rs per contract
Strike Price Intervals	NA	Flexible based on the price of the underlying (as mentioned in section 1.3)
Number of strikes	NA	At least 3 in-the-money, 1 at-the-money, 3out-of-the-money each for Call and Put

	Stock Futures	Stock Options
Contract Duration	1, 2, 3 Month	1, 2, 3 Month and Weekly
Contract Multiplier	Based on the price of underlying	Based on the price of the underlying
Tick Size	Slab based (based on the price of underlying stock)*	Rs. 0.25
Lot Size	Underlying specific (min contract value of at least Rs. 2 Lacs at the time of introduction)	Underlying specific (min contract value of at least Rs. 2 Lacs at the time of introduction)
Last Trading/ Expiration day	Thursday falling two weeks prior to the last Thursday of each contract maturity month. If it is a holiday, then the immediately preceding trading day.	Thursday falling two weeks prior to the last Thursday of each contract maturity month. If it is a holiday, then the immediately preceding trading day. The weekly series contracts expire on Thursday of each week. When the first week series for an underlying for the near week expires, a new weekly option series is generated in the EOD operations of the weekly expiry day. If expiry day of weekly contract coincides with near month contract expiry day then relevant new weekly contract is not generated.
Final Settlement	Delivery-based settlement- On E + 3 day (i.e. expiry day + 3rd working day) the	Delivery-based settlement On E + 3 day (i.e. expiry day + 3rd working day) the delivery position shall be

	delivery position shall be settled	settled
Exercise Style	NA	European
Premium Quotation	NA	Rs per share
Strike Price Intervals	NA	Flexible based on the price of the underlying index (as mentioned in section 1.3)
Number of strikes	NA	At least 3 in-the-money, 1 at-the-money, 3out-of-the-money each for Call and Put

All contracts are traded in currency Indian Rupees (INR).

* Tick size for single stock futures is as follows –

Price range of underlying stock (in Rs.)	Old tick size (in Rs.)	New tick size (in Rs.)
0-50	0.05	0.25
51-800	0.05	0.50
801-1600	0.05	1.00
1601 and higher	0.05	2.00

1.2 Contract Nomenclature

The Exchange uses specific nomenclature for various contracts available for trading on F&O segment as follows -

a) Index and Stock Futures

Format	Underlying Series Identifier	Month	Year	Total
No of characters	3 characters for Index and 4 characters for Stock	3	4	10/11
Example – For Sensex	BSX	SEP	2011	BSXSEP2011
Example – For Reliance	RELI	SEP	2011	RELISEP2011

b) Future Spread

Format	Underlying Series Identifier	Month	Year	Total
No of characters	3 characters for Index and 3 characters for Stock	6	2	11
Example – For Sensex	BSX	SEP OCT	11	BSXSEPOCT11

Example – For Reliance	REL	SEP OCT	11	RELSEPOCT11

c) Index Options and Stock Options (Monthly and Weekly Series)

Monthly and Long Dated Series						
Format	**Underlying Series Identifier**	**Year[1]**	**Month[2]**	**Option Type**	**Strike Price**	**Total**
No of characters	3 characters for Index and 4 characters for Stock	1	1	1	5 digits for Index and 4 digits for stock	11
Example – For Stock	BOSC	1	9	C	7000	BOSC19C7000
Example – For Sensex	BSX	1	9	C	17000	BSX19C17000
Weekly Series						
Format	**Underlying Series Identifier**	**Week[3]**	**Month**	**Option Type**	**Strike Price**	**Total**
No of characters	3 characters for Index and 4 characters for Stock	1	1	1	5 digits for Index and 4 digits for stock[4]	11
Example – For Stock	BOSC	A	9	C	7000	BOSCD9C7200
Example – For Sensex	BSX	A	9	C	17000	BSXA9C17000

1. **Year is represented by the last significant digit as follows** -

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
0	1	2	3	4	5	6	7	8	9

2. **Month is represented by the single digit as follows** -

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
1	2	3	4	5	6	7	8	9	O	N	D

3. **Week is represented by alphabets A-E as follows** –

Week 1	Week 2	Week 3	Week 4	Week 5
A	B	C	D	E

4. Strike price will be represented by 5 or 4 significant digits. Digits beyond these numbers will be truncated.

1.3   Strike Price Interval

New contracts with new strikes are introduced based on underlying price from the cash market and strike price interval as specified below -

Price of the underlying	Strike Price Interval (Rs.)
< Rs. 50	2
> Rs.50 to < Rs. 250	5
> Rs.250 to < Rs. 500	10
> Rs.500 to < Rs. 1000	20
> Rs.1000 to < Rs. 2500	30
> Rs.2500 to < Rs. 10000	50
> Above Rs. 10000	200 (New)

New contracts are introduced for trading on the next working day based on the previous day's underlying closing values.

Closing value of the underlying is rounded off to the nearest strike price interval to determine the at-the-money strike price.

In order to decide upon the at-the-money strike price, closing underlying value shall be rounded off to the nearest strike price interval. The in-the-money strike price(s) and the out-of-the-money strike price(s) shall be based on the at-the-money strike price interval as mentioned above.

1.4   Revision in Lot Size and Tick Size of F&O Contracts

The value of the derivative contracts may not be less than Rs. 2 Lakh at the time of introduction. The permitted contract size for futures & options contracts shall be the same for a given underlying or such contract size as may be stipulated by the Exchange from time to time.

Contract size is reviewed semi-annually to keep the 'contract value' within certain parameters and wherever warranted, lot sizes are revised by giving an advance notice of at least 2 weeks to the

market. If the revised lot size is higher than the existing one or lower than the existing one and not in multiple of old lot, it is made effective for only new month contracts. In case of corporate action, the revision in lot size of existing contracts shall be carried out as per SEBI circular SMDRP/DC/CIR-15/02 dated December 18, 2002.

1. Lot size for F&O contracts on stocks

Exchange follows following methodology to revise lot size/multiplier of the stocks derivatives contracts as prescribed by SEBI in its circular SEBI/DNPD/Cir- 50/2010 dated January 8, 2010:

Price of underlying (Rs)	Contract Size	
	Value (Rs. Lakh)	Lot Size (No. of units of underlying)
≥ 1601	≥2	125
801 - 1600	≥ 2 ≤ 4	250
401 - 800		500
201 - 400		1,000
101 - 200		2,000
51 – 100		4,000
25 – 50		8,000
< 25		Multiple of 1000

2. Lot size for F&O contracts on Index

With regard to SEBI circular no SEBI/DNPD/Cir- 20/2004/02/23 dated February 23, 2004 regarding minimum contract size for Exchange traded derivative contracts, revised market lot of derivatives contracts of certain indices is as mentioned below:

Index Name	Asset Code	Market Lot
SENSEX	BSX	15
BSE BANKEX	BKX	15
BSE OIL & GAS	OGX	20
BSE TECK	TEC	55
SENSEXMINI	MSX	5

3. Tick size of F&O contracts will be subject to revision at the same time as the lot size for the respective contracts.

1.5 Eligibility Criteria of Stocks in F&O Segment

In pursuance of SEBI circular SMDRP/DC/CIR-13/02 dated December 18, 2002, SEBI/DNPD/Cir-26/2004/07/16 dated July 16, 2004 and SEBI/DNPD/Cir-31/2006 dated September 22, 2006, SEBI/DNPD/Cir-40/2008 dated October 06, 2008 the criteria for selecting the stocks eligible for launching Futures and Options contracts in the Derivatives Segment is as below -

1. Eligibility criteria for inclusion of stocks -

- The stock shall be chosen from amongst the top 500 stocks in terms of average daily market capitalization and average daily traded value in the previous six months on a rolling basis.
- The stock's median quarter sigma order size over the last six months shall be not less than Rs. 5 lakhs. For this purpose, a stock's quarter-sigma order size shall mean the order size (in value terms) required to cause a change in the stock price equal to one-quarter of a standard deviation.
- The market wide position limit (MWPL) in the stock shall not be less than Rs. 100 crores.
- F&O contracts may be introduced on new securities which meet the above mentioned eligibility criteria, subject to approval by SEBI.

2. Criteria for exclusion of stocks–

- For an existing F&O stock, the continuing eligibility criteria is that market wide position limit in the stock shall not be less than Rs. 60 crores and the stock's median quarter-sigma order size over the last six months shall be not less than Rs. 2 lakhs. The stock shall be excluded if the above criteria are not fulfilled for consecutively three months.
- Further, once the stock is excluded from the F&O list, it shall not be considered for re-inclusion for a period of one year.

1.6 Eligibility Criteria of Indices in F&O Segment

- Futures & Options contracts on an index can be introduced only if 80% of the index constituents are individually eligible for derivatives trading. However, no single ineligible stock in the index shall have a weightage of more than 5% in the index.
- The index on which futures and options contracts are permitted shall be required to comply with the eligibility criteria on a continuous basis. The above criteria is applied every month, if the index fails to meet the eligibility criteria for three months consecutively, then no fresh month contract shall be issued on that index. However, the existing unexpired contacts shall be permitted to trade till expiry and new strikes may also be introduced in the existing contracts.
- F&O contracts may be introduced on indices, which meet the above mentioned eligibility criteria, subject to approval by SEBI.

2. TRADING CALENDER & TRADING HOURS

2.1 Market Timings

Session timing for Futures and Options segment of the Exchange are as follows -

Session	Start Time	End Time
Beginning of Day	6:00AM	7:50AM
Login	7:50AM	9:15AM
Trading Session	9:15AM	3:30PM
Cooling Off	3:30PM	4:05PM
Closing Session	4:05PM	5:00PM
Margin Session	5:00PM	5:10PM
Query Session	5:10PM	5:40PM
End of Day	5:40PM	--
Option Exercise (on expiry day)	9:15 AM	4:00PM

2.2 Trading Holidays

The Exchange notifies the trading holidays every year in advance for the next year through a circular. The Exchange may alter / change any of the above Holidays, for which a separate circular will be issued in advance.

The trading holidays for Futures & Options Segment for the calendar year 2011 are as below.

No	Holidays	Date	Day
1	Republic Day	26th January, 2011	Wednesday
2	Mahashivratri	2nd March, 2011	Wednesday
3	Ram Navmi	12th April, 2011	Tuesday
4	Dr. Babasaheb Ambedkar Jayanti	14th April, 2011	Thursday
5	Good Friday	22nd April, 2011	Friday
6	Independence Day	15th August, 2011	Monday
7	Ramzan Id	31st August, 2011	Wednesday
8	Shri Ganesh Chaturthi	1st September, 2011	Thursday
9	Dassera	6th October, 2011	Thursday
10	Diwali Amavasya (Laxmi Pujan)	26th October, 2011	Wednesday
11	Diwali Balipratipada	27th October, 2011	Thursday

No	Holidays	Date	Day
12	Bakri-Id	7th November 2011	Monday
13	Gurunanak Jayanti	10th November, 2011	Thursday
14	Moharum	6th December 2011	Tuesday

Muhurat Trading will be held on Wednesday, 26th October, 2011 (Diwali Amavasya – Laxmi Puja)

2.3   Modification in Trading Hours, Calendar

The Exchange may extend market time for trading or close/halt trading or modify trading calendar in F&O segment on account of specific circumstances and reasons as it may deem fit and for such time period as may be deemed necessary from time to time.

For any reason, if the F&O segment of the Exchange is closed / is required to be closed for trading, the Equity Segment of the Exchange may continue to remain open and operational, as the case may be. For any such modification in trading hours or calendar, as and when deemed necessary from time to time, the Exchange shall inform all the trading members in advance by issuing an appropriate notice.

3. TRADING PARAMETERS

In pursuance of the trading regulations of the Exchange, following operating parameters are available for trading in F&O segment -

3.1 Order Types and Order Attributes

Following order types are permitted by the Exchange -

- Limit
- Market
- Stop Loss
- Protection points (based on percentage, protection shall be available for Market Orders)
- Iceberg quantity
- Good Till Day
- Good Till Session
- Immediate or Cancel (for both market & limit orders)

In addition to above, following order attributes are specified at the time of order entry –

- Asset code
- Scrip code
- Scrip Id
- Buy/Sell indicator
- Price
- Quantity
- Client Id
- Institution Id (Client Type)
- Expiry
- Strike
- Order Type
- Product Type (Future, Call, Put)

3.2 Order Validations

Orders entered into the trading system shall be subject to various validation requirements as specified by the Exchange from time to time including trading parameters, turnover limits, exposure limits and/or other restrictions placed on derivatives contracts. Orders that do not meet the validation checks shall not be accepted by the trading system.

3.3 Order Matching Rules

Orders entered into the trading system shall be matched on price-time priority basis. The best buy order shall match with the best sell order. For the purposes of trading, the best buy order shall be the one with the highest price and the best sell order shall be the one with the lowest price.

The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so.

3.4   Modification and Cancellation of Orders

A Trading Member shall be permitted to modify or cancel his orders, provided a trade has not already taken place in respect of that order.

The order can be modified by effecting changes in the order attributes in the manner and on such conditions as specified by the Exchange from time to time. The modified order shall lose or retain its time priority depending upon the trading attribute(s) modified.

3.5   Base Price

The base price of futures contract, on day of introduction of new contract, will be theoretical futures price. The base price of futures contract on subsequent trading days will be its daily close price. However if contract is not traded at all during the day, base price for next day will be theoretical price of futures contracts computed on that day.

Base price of options contracts, on introduction of new contracts, will be theoretical value of the options contract arrived at based on Black-Scholes model of calculation of options premium. The base price of option contracts on subsequent trading days will be its daily close price. However, if contract is not traded at all during the day, the base price will be theoretical price of such contracts arrived using Black-Scholes model computed on that day.

3.6   Circuit Filters

The Exchange does not impose any price ranges for F&O contracts. However, to avoid erroneous order entry, dummy price ranges or circuit filters have been introduced as follows –

- Futures contracts : +/- 20% on the contract price
- Options contracts : minimum premium amount - Rs. 0.01, maximum premium amount - Rs. 12000

The orders beyond circuit filters are automatically rejected by the trading system.

The Exchange, as it may deem fit, may relax dummy circuit filters from time to time based on existing guidelines.

3.7   Calendar Spreads in Futures

The Exchange permits calendar spread contracts in both index and stock futures.

For the purposes of trading, a separate contract (with a distinct series id) has been made available for each permissible calendar spreads. The contract nomenclature of a spread contract is provided in section 1.2 b).

Trading in spread contracts is on difference between the 1st leg and 2nd leg future contracts. At present, the Exchange does not impose any price bands for spread contracts.

The daily Bhav Copy for traded spread contracts shall display information similar to other future contracts. The price data displayed shall be in respect of spread prices (i.e. price difference). The open interest (OI) shall be displayed against the respective spread contract on the day of the trade.

3.8 Index Based Market Wide Circuit Breaker

SEBI as per circular SMDRPD/Policy/Cir-35/2001 dated June 28, 2001 has informed the Exchange to implement index based market wide circuit breaker in compulsory rolling settlement with effect from July 02, 2001.

The market wide circuit breakers shall be triggered by movement of either BSE SENSEX or NSE S&P CNX Nifty whichever is breached earlier. These circuit breakers shall bring about a coordinated trading halt in all equity and equity derivative markets nationwide.

The index based market wide circuit breaker system shall apply at three stages of the index movement either way at 10%, 15% and 20% as follows –

a) 10% Movement

% Movement in Index	Time of Day	Action To Be Taken
10	Before 1:00 PM	1 hour trading halt
10	At/After 1:00 PM and Before 2:30 PM	30 minutes trading halt
10	After 2:30 PM	No trading halt. Market shall continue trading.

b) 15% Movement

% Movement in Index	Time of Day	Action To Be Taken
15	Before 1:00 PM	2 hour trading halt
15	At/After 1:00 PM and Before 2:00 PM	1 hour trading halt
15	After 2:00 PM	Trading shall halt for remainder period of the day.

c) 20% Movement

Trading shall be halted for remainder period of the day.

The percentages are calculated on the closing index value of the quarter. These percentages are translated into absolute points of index variations (rounded off to the nearest 25 points in case of

SENSEX). At the end of each quarter, the Exchange shall revise these absolute points of index variations and make the same applicable for the next quarter.

On June 30, 2011, the last trading day of the quarter, SENSEX closed at 18,845,87 points. The absolute points of SENSEX variation (over the previous day's closing SENSEX) which would trigger market wide circuit breaker for any day in the current quarter (between 1st July, 2011 and 30th September, 2011) shall be as under:

Percentage (+/-)	Equivalent Points (+/-)
10	1875
15	2825
20	3775

3.9 Risk Reducing Mode (RRM)

Earlier, the member reaching 100% of available trading limit would be suspended from trading, until additional capital is added to enhance the trading limit.

The Exchange provides RRM facility wherein the members exhausting their limit shall not be suspended upon reaching 100% of available trading/collateral limit. Instead, the member shall be given a chance to reduce his existing exposure by closing out his open positions and get back to the permissible trading limit.

If a Clearing Member (CM) violates the collateral limits, then such CM and all Trading Members (TMs) clearing/ settling through such CM shall be put in RRM mode.

The Exchange cancels all outstanding orders of a (clearing / trading) member while putting such member in RRM mode. In RRM, the member shall be allowed to square-off his positions by generating 1 order for each end-client against each open position in a security. The Exchange shall permit only market and limit orders to be placed by such member.

The Exchange may disseminate appropriate warning messages to members on their trading terminals in respect of their trading/collateral limit utilization.

3.10 Off Market Deals

Off-market deals outside the trading system and negotiated deals shall not be permitted in the F&O segment.

3.11 Trade Modification

SEBI, as per circular CIR/DNPD/6/2011 dated July 05, 2011, has permitted the Exchange to allow trade modification of client codes of non-institutional trades only to rectify a genuine error in entry of client code at the time of placing / modifying the related order. The trading members are required to provide appropriate reasons in respect of trades so modified.

The Exchange shall monitor such trade modification and respective reasons on regular basis and may decide to take further appropriate action from time to time.

The Exchange provides a facility to trading members through its BEFS system (https://befs.bseindia.com) to specify reasons for modified trades till a stipulated time (till 12 am).

3.12   Transaction Charges and STT

a)   Transaction Charges

The Exchange shall apply transaction charges based on following basis –

Product Type	Transaction Charges	
	Active Order	Passive Order
Futures (Rs/Cr)	Rs. 50 per crore of trade value	Nil
Options (Rs/Cr. Premium)	Rs. 50 per crore of premium value	Nil

Passive order is defined as order already existing in order book at time of trade taking place whereas active orders is defined as order that is matched against order already existing in order book at the time of trade taking place.

b) Securities Transaction Tax (STT)
As per the Finance Act, STT is applicable for transactions executed on the Exchange. Following procedure is adopted by the Exchange in respect of computation and collection of STT –

- STT is applicable on all sell transactions for both futures and option contracts.
- For the purpose of STT, each futures trade is valued at the actual traded price .
- Value of taxable securities transaction relating to an option contracts shall be the option premium, in case of sale of an option in securities.
- Value of taxable securities transaction relating to an option contracts shall be the settlement price, in case of sale of an option in securities, where option is exercised. In this case, STT is levied on the Buyer.
- STT is computed as per prescribed rates to determine the STT liability.
- STT payable by the clearing member is the sum total of STT payable by all trading members clearing under him.
- STT payable by the trading member is the sum total of STT liability of clients trading through him.

Member shall remit STT to the Exchange in respect of taxable securities transactions entered into by him on the Exchange either on his behalf or on behalf of his clients as prescribed by the Exchange from time to time. Members failing to comply with this regulation shall be liable for such disciplinary action as may be prescribed by the Exchange from time to time.

3.13   Password and Password Expiry

The password expiry period is 14 calendar days from the day when password was reset last. All trading members shall have to reset their passwords after the expiry of 14 calendar days from the day when password was last reset.

3.14   Proprietary Trading

SEBI vide its circular no. SEBI/MRD/SE/Cir- 32/2003/27/08 dated August 27, 2003 has advised the Exchange to restrict placing of orders on 'proprietary-account' ('pro-account') through trading terminals at a single location only.

In view of the above, the members of F&O segment are advised as follows:

1.   Facility of placing orders on 'pro-account' through trading terminals should be extended only at one location as specified / required by the members. The members are therefore advised to select a single location from where proprietary trades are sought to be placed. Further, any change in the location of the terminals designated for 'pro-account' trading should be intimated to the Exchange prior to such change in allocation.

2.   In case any member requires the facility of using 'pro-account' through trading terminals from more than one location, such member shall be required to submit an undertaking to the Exchange stating the reason for using the 'pro-account' at multiple locations and the Exchange may, on case to case basis after due diligence, consider extending the facility of allowing use of 'pro-account' from more than one location.

3.   Trading terminals located at places other than the above location shall have a facility to place orders only for and on behalf of a client by entering client code details as required / specified by the Exchange / SEBI.

Trading members are requested to inform to the Exchange in writing in the prescribed format (Annexure 1), the User Id / Ids of the trading terminals which will be used to place orders on 'pro-account'.

3.15   Trading Through Other Trading Member

SEBI vide their letter SEBI/MIRSD/Cir-06/2004 dated January 13, 2004 has notified the norms relating to trading by members / sub brokers through other brokers/sub brokers of the same Stock Exchange or other Stock Exchanges.

The relevant contents of the circular are given below:

During the course of inspections carried out by SEBI of the books of accounts and other documents of members/sub-brokers, it has been observed that certain members/sub-brokers are dealing through a large number of other stock brokers/sub-brokers of the same exchange/other exchange for their proprietary trades as well as trades on behalf of clients.

The trading through large number of brokers/sub-brokers raises serious issues of regulatory concerns including taking excessive exposure, executing pro account trading from multiple locations in

violation of SEBI circular no. SEBI/MRD/SE/Cir-32/2003/27/08 dated August 27, 2003, possibility of over leveraging and default etc.

With a view to address these concerns, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, Stock exchanges ensure the following:-

- A Stock broker/sub-broker of an exchange cannot deal with brokers/sub-brokers of the same exchange either for proprietary trading or for trading on behalf of clients, except with the prior permission of the exchange. The stock exchanges while giving such permission, shall consider the reasons stated by the brokers/sub-brokers for dealing with brokers/sub-brokers of the same exchange and after carrying out due diligence allow such brokers/sub-brokers to deal with only one stock broker/sub-broker of the same exchange.
- A stock broker/sub-broker of an exchange can deal with only one broker/sub-broker of another exchange for proprietary trading after intimating the names of such stock broker/sub-broker to his parent stock exchange.
- As per Regulation 15(1) (e) of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 a sub-broker shall not be affiliated to more than one stock broker of one stock exchange. It is reiterated that a stock broker of an exchange can deal with only one broker of another exchange on behalf of clients after obtaining necessary registration as a sub-broker.

All trading members are advised to ensure due compliance of the direction of SEBI and refrain from indulging in any business not complying with the stipulated requirement unless otherwise permitted to do so by the Exchange.
Members are hereby requested to refer to BSE Circular no 20040114-18, 20040117-8, 20040205-1 and 20040211-17 for further information.

4. TRADING SOFTWARE

4.1 Trading Platform

The Exchange provides trading facilities through its trading system viz. BOLT. Members may be aware that the erstwhile system for trading in F&O segment viz. DTSS has been gradually phased out thus making BOLT trading system as a unified trading platform to all trading members across equity and F&O segment.

The members can access the BOLT using following access channels –

- Exchange provided trading workstations (BOLT TWS)
- Intermediate Message Layer (IML) based
  - FasTrade on WEB (FOW)
  - 3rd party software from empanelled front office vendors
  - In-house software developed by the member and registered with the Exchange.

4.2 IML Connectivity

IML facilitates trading members to trade on BSE platform based on their customised trading application. IML acts as a gateway between the third party software and trading platform.

a) Empanelment and Solution Development

Trading members/Empanelled vendors hereafter referred to as IML users are required to get themselves registered for using IML and empanel their trading application/solution.

IML users can connect to F&O trading system through single common IML (Intermediate Message Layer), which was previously available only through DIML (Derivatives – IML). All administrative and trading related functions of BSE F&O segment shall be now available using IML.

The Exchange has laid down set of guidelines for developing such trading solutions and a prior approval is required to be taken before going live.

For the development of trading solution and ongoing update of trading solution the Exchange provides following support to IML users :

- Provisioning of technical specifications documents with message structures (IML – OMB) and IML-OMB installable including access credentials
- Providing access to test setup
- Periodic updates for new changes, enhancements and updated version of IML installable and IML - OMB

b) IML Executable and Version Management

The Exchange shall release latest version of the IML executable from to time to support latest changes introduced on the trading platform. The Exchange shall also specify if such releases are compulsory or optional for IML users. The Exchange shall give advance intimation to IML users on such releases. The Exchange shall release relevant message specifications of aforesaid releases in advance so as to provide IML users sufficient time to develop their software. The Exchange may make its test and/or mock environment(s) available to empanelled IML users from time to time to test their IML based applications.

The Exchange has recently announced that it shall its IML basic code from Visual Basic 6 to Visual Studio 2010. The Exchange shall provide sufficient time in advance to IML users to enable the migration. Following may be noted in respect of the aforesaid migration –

1. The migration shall necessitate release of new IML version.
2. The proposed new IML version shall not be supported on Windows 2000. Hence all users shall be required to necessarily upgrade their OS to any one of the suggested OS version mentioned in the subsequent section
3. The new IML version shall require new Term Id. The Exchange shall make appropriate arrangements to migrate to new Term Ids.
4. During the migration period, the Exchange shall release IML new version in old and new platform.

The members may note that the latest IML executable are as follows –
- IML Ver 55.00 : for IML V6 users
- IML Ver 55.50 : for IML VS2010 users

c) Charges

Towards this, the Exchange levies one-time and recurring annual charges* for use of IML by Trading members / Empanelled vendors as follows -

	Charges with effect from 01 April 2011	
	One Time Charges	**Annual Charges**
1) Trading members using in-house developed software	Rs. 1,50,000/-	Rs. 50,000/-
2) Empanelled vendors	Rs. 10,00,000/-	Rs. 2,50,000/-

*These charges are exclusive of all taxes, levies and duties as may be applicable.

Further, the Exchange has waived IML charges for the period 01 April, 2011 to 31 March, 2012 for trading members who are active F&O segment of the exchange and are desirous to develop their own in-house software and apply before October 31st, 2011.

Post October 31, 2011, the above mentioned waiver shall be applicable only to registered market makers under the LEIPS programme until further notice.

5. EOD FILE FORMATS

5.1 End Of Day (EOD) Files for Member Back office

The Exchange has recently introduced new file formats for EOD files for greater operational convenience. For easy reference, the list of files and file formats for F&O segment are provided below and in Annexure 2 respectively.

Sr. No.	File Type	File Name	Remarks
1	Contract File	CO<ddmmyy>.csv	Contract Master
2	Trade File	TRCM_<clg.no.>_yyyymmdd.csv TRTM_<clg.no.>_yyyymmdd.csv	CM file TM file
3	Position File	POCM_<clg.no.>_yyyymmdd.csv POTM_<clg.no.>_yyyymmdd.csv	CM file TM file
4	Market Summary File	MS_<yyyymmdd>.csv	TM/CM/TCM file
5	Margin File	MGCM_<clg.no.>_yyyymmdd.csv MGTM_<clg.no.>_yyyymmdd.csv	CM file TM file
6	Margin Reporting file	MG<Membercode>.Mnn	TM/CM/TCM file [To be Uploaded by Members]
7	Member Series-wise STT	DST_<clg.no.>_yyyymmdd.csv	TM/CM/TCM file
8	Service Tax Flat File	DTS_<clg.no.>_yyyymmdd.csv	TM/CM/TCM file
9	Collateral Status File	DCS_<clg.no.>_yyyymmdd.csv	CM file
10	Member Turnover File	DTO_<clg.no.>_yyyymmdd.csv	TM/CM/TCM/ custodians file
11	Balance Sheet File	FODELBalshsumDP<Full Sett No.>.<Clg No.>	Report – Downloaded on E+2
12	Memberwise Margin Statement	DFOMAR_<Sett No.>.<Clg No.>	Report – Downloaded on E, E+1, E+2 days
13	Settlement Calendar	FODLSETLMAS_mmyy.csv	

The abovementioned files are downloaded to members through the Extranet facility. Members can access the Extranet facility through Internet using the following weblink - https://member.bseindia.com. Leased line users can access Extranet through the following link - https://10.1.101.98. This can be accessed using existing user name and password used of client code registration in BSE Webx module.

The members shall be able to access back dated files of last 30 calendar days.

With effect from 26 September 2011, the Exchange has discontinued downloading end-of-day files for F&O segment through earlier DLOAD facility.

5.2 Bhav Copy and Dissemination of Closing Price

Exchange provides daily bhav copy files containing closing price of all derivative contracts traded on a particular day and of those contracts which have open positions but may not have traded on particular day on the extranet server path http://member.bseindia.com. The file structure of bhavcopy is provided in Annexure 2 (Market Summary file).

Further to approval from SEBI, the Exchange has been introducing F&O contracts for trading on non-BSE market underlying stocks. On account of this, the closing prices are disseminated for all F&O segment contracts in 2 phases as described below -

Closing Price Dissemination Timings	Asset where underlying market is BSE		Asset where underlying market is NSE	
	Contract Traded at BSE on any particular day	Contract Not Traded at BSE on any particular day	Contract Traded at BSE on any particular day	Contract Not Traded at BSE on any particular day
3:30 PM onwards	Yes	Yes	Yes	No
Post 4:30 PM	No	No	No	Yes

In view of the above, the consolidated Bhav Copy of F&O segment shall be made available on BSE website, www.bseindia.com after 5:00pm.

6. ANNEXURES

6.1 Annexure 1 – Application for Enabling User ID for Proprietary Account Trading

Date:

To
The Stock Exchange, Mumbai
P.J. Towers,
Dalal Street,
Mumbai 400 001.

Dear Sir,

Sub: Application for enabling user ids for proprietary account orders.

This is to inform you that the following User Id/Ids is are to be enabled for proprietary account order entry.

Default Location

Sr. No.	Trader Code	Trader / User Name	Location (Full Adress)	Vsat / Leased Line		I.P. Address
				Primary	**Back Up**	

Additional Location.

Sr. No.	Trader Code	Trader/ User Name	Location (Full Address)	Vsat / Leased Line		Name of the Director/ Partner supervising / stationed at the location	Reason for Additional location	I.P. Adddress
				Primary	**Back Up**			

Thanking you,

Yours faithfully,

Authorised Signatory

6.2 Annexure 2 – Revised Back Office File Formats

File Formats of BSE
F&O Segment_2011

*****End of Document*****