

NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : CAPITAL MARKET SEGMENT**

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All Members,

Prevention of Self-Trade

This is further to Exchange consolidated circular NSE/CMTR/34597 dated April 07, 2017 regarding item no. 4.8 "Prevention of Self Trade".

Based on SEBI directive, with a view to further strengthen Self-Trade Prevention (STP) mechanism, the applicable provisions are being revised. Members are requested to kindly take note of the following:

1. For Client order (CLI):

- a) For Non Custodial Participant (CP) order: If an active Client (Non CP code) order is likely to match with a passive Client (Non CP code) order having the same **PAN (Permanent Account Number)** in the same order book; then the active or passive order (full or partial as the case may be) as per the option set in order entry shall be cancelled by the Exchange with rejection message "Order cancelled by the System – The order could have resulted in Self-trade".
- b) For Custodial Participant (CP) order excluding CP code "INST": If an active participant (CP code) order is likely to match with a passive participant (CP code) order having the same **CP code** in the same order book; then the active or passive order (full or partial as the case may be) as per the option set in order entry shall be cancelled by the Exchange with rejection message "Order cancelled by the System – The order could have resulted in Self-trade".

Thus, in case client orders entered by same/different members are resulting in self trade due to same PAN or CP code, as the case may be, on the active and passive side, the same shall result in active or passive order getting cancelled as per the option set in the active order.

2. For Pro order (PRO):

- If an active Pro order is likely to match with a passive Pro order belonging to the same **member-proprietary** combination in the same order book, then active or passive order (full or partial as the case may be) as per the option set in order entry shall be cancelled by the exchange with rejection message "Order cancelled by the System – The order could have resulted in Self-trade"

3. In view of the above:

- a) In case of client (Non CP code) order it shall be mandatory to provide PAN. In cases where the investor is exempt from PAN, it will be mandatory to provide 'PAN_EXEMPT' in the PAN Field. The same shall not be mandatory in the Auction market.

- b) In case of proprietary (PRO) order and client order with CP Code, providing PAN shall be optional.
 - c) Members shall be solely responsible for the correctness of PAN provided in orders.
4. STP mechanism shall be applicable to pre-open, special pre-open, continuous normal market, block deal, call auction and closing session.
- a) In continuous normal market, block deal, and closing session, the mechanism shall be applicable during matching
 - b) In pre-open, special pre-open and call auction session the mechanism shall be applicable during order entry period where on encountering a potential self-trade, the active order shall be cancelled by default irrespective of option set in the active order.
5. Member shall take due precaution to prevent self-trade while performing client code modification. The methodology for client code modification shall be separately intimated by NSCCL.
6. All other details regarding item no. 4.8 “Prevention of Self Trade” of the circular NSE/CMTR/34597 dated April 07, 2017 remains unchanged.

Further, to enable members to enter PAN while placing the order, appropriate changes shall be made as follows:-

- A) In case of NEAT and NEAT+ users
 - Exchange shall be issuing separate circular intimating release of new versions of NEAT and NEAT+, incorporating the facility to enter PAN at order entry.
- B) In case of Non- Neat frontend (NNF) users
 - Exchange has already shared the relevant API documents incorporating the related changes.

Members are requested to put in place necessary systems, processes etc. for readiness of the implementation of the above.

The effective date of implementation of above mechanism shall be intimated separately.

**For and on behalf of
National Stock Exchange of India Limited**

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