



CIRCULAR

CIR/MRD/DP/ 01/2012

January 20, 2012

The Managing Director and CEO
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

The Managing Director
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir,

Sub: Call Auction in Pre-open session for Initial Public Offering (IPO) and other category of scrips

1. SEBI, vide circular no. CIR/MRD/DP/21/2010 dated July 15, 2010 introduced Call Auction in Pre-open session (hereinafter referred to as "pre-open session") for the scrips forming part of Sensex and Nifty. Further, SEBI, vide circular no. CIR/MRD/DP/32/2010 dated September 17, 2010 and vide letter dated September 17, 2010 provided clarification with regard to order matching and order level risk management.
2. In continuation to the above, it has been decided to extend Call Auction mechanism to IPOs and scrips as defined under para 1(c) of SEBI circular no. SEBI/Cir/ISD/1/2010 dated September 2, 2010 (hereinafter referred to as Re-listed Scrips), on the first day of trading/ re-commencement of trading in the manner prescribed as follows -
3. Duration of Session

The session shall be for a duration of 60 minutes i.e. from 9:00 a.m. to 10:00 a.m., out of which 45 minutes shall be allowed for order entry, order modification and order cancellation, 10 minutes for order matching and trade confirmation and the remaining 5 minutes shall be the buffer period to facilitate the transition from pre-open session to the normal trading session.



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The session shall close randomly during last one minute of order entry i.e. anytime between 44th and 45th minute of the order entry. Such random closure shall be system driven.

4. Eligible Scrips

I. IPO scrips on the first day of trading

a. Price Bands

There shall be no price bands in the pre-open session.

b. Market Orders

Market orders shall not be accepted in pre-open session.

c. Matched Orders

For matched orders the provisions of SEBI circulars and letter mentioned at para 1 above shall apply.

d. Un-matched orders

All outstanding orders will be moved to the normal trading session at their Limit price.

II. Re-listed Scrips

a. Price Bands

There shall be no price bands for re-listed scrips during pre-open session.

b. Market Orders

Market orders shall not be accepted in the pre-open session.

c. Matched Orders

For matched orders the provisions of SEBI circulars and letter mentioned at para 1 above shall apply.



- d. Un-matched orders
- i. In case equilibrium price is discovered, all outstanding orders shall be moved to the normal trading session at their limit price.
 - ii. In case equilibrium price is not discovered, all orders shall be cancelled and the scrip shall continue to trade in call auction mechanism until price is determined.
5. Risk Management – For IPO scrips with an issue size greater than ₹ 250 cr the risk management provisions as prescribed vide SEBI circular dated July 15, 2010 and letter dated September 17, 2010 shall remain applicable for pre-open session. For IPO scrips with issue size upto ₹ 250 cr and Re-listed scrips it is advised that margins shall be checked and blocked for 100% of the order value at the order level itself before considering the order eligible for inclusion in pre-open session.
6. All other provisions of the circular No. CIR/MRD/DP/21/2010 dated July 15, 2010 and circular No. CIR/MRD/DP/32/2010 dated September 17, 2010 and letter dated September 17, 2010 shall remain applicable.
7. The above provisions shall be implemented within four weeks from the date of issuance of this circular. The date of commencement of pre-open session for all eligible scrips shall be uniform between both the stock exchanges.
8. SEBI vide circular no CIR/MRD/DP/02/2012 dated January 20, 2012 has prescribed the Trade Controls applicable to trading of IPO and Re-listed scrips in the normal trading session.
9. Stock Exchanges are advised to:
- a. take necessary steps and put in place necessary systems for implementation of the above.
 - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.



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- c. bring the provisions of this circular to the notice of the member of the stock exchange and also to disseminate the same on the website.
 - d. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
10. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Harini Balaji
Deputy General Manager
022-26449372
harinib@sebi.gov.in