

Consultation Paper on “Harmonization of Base price for Call Auction in Pre-open Session and for Price Band - For scrips listed on multiple stock exchanges”

Objective:

1. The objective of this consultation paper is to seek public comments on the proposals to harmonize the base price for call auction in pre-open session and for setting up price bands for scrips listed on multiple stock exchanges.

Background:

2. As a measure against excessive price movements, SEBI vide circular No. SMDRPD/Policy/Cir-37/2001 dated June 28, 2001 has advised stock exchanges to implement individual scrip wise price bands of 20% either way, for all scrips in compulsory rolling settlement except for the scrips on which derivatives products are available or scrips included in indices on which derivatives products are available.
3. Subsequently, SEBI vide circular No. CIR/MRD/DP/04/2014 dated February 06, 2014 has permitted the stock exchanges to implement appropriate individual scrip wise price bands up to 20% in respect of those scrips on which no derivatives products are available but which are part of the Index Derivatives.
4. The above provisions have been now included as paragraph 2.3 of Chapter 1: Trading of SEBI Master Circular for Stock Exchanges and Clearing Corporations No. SEBI/HO/MRD-PoD2/CIR/P/2024/0181 dated December 30, 2024 which states as follows:

“2.3. Scrip wise price bands

2.3.1. In addition to the market wide index based circuit breakers, there are individual scrip wise price bands up to 20% either way, for all scrips in the

rolling settlement except for the scrips on which derivatives products are available.”

5. Further paragraph 17.1.6 of Chapter 1 of the Master Circular states that
“17.1.6. Price bands in pre-open session shall be as applicable in the normal market.”
6. The previous day closing price of the scrip is taken as the base price for the pre-open session of a scrip and the price bands as discussed above are applicable on the said base price.
7. As such, the stock exchanges implement uniform price bands for scrips trading across the exchanges in a coordinated manner. The scrip wise price bands mentioned above are applicable independently on individual stock exchanges based on their respective closing prices. However, currently there is no mechanism to adjust the price bands on the stock exchange(s) where there is no trading on the previous day, which may lead to progressive divergence as stated below.

Need for Review:

8. In respect of a few illiquid scrips, it has been observed that non-trading of scrip on one of the exchanges and a persistent buy side pressure along with the practice of application of price band on the previous day closing price has been causing significant price divergence in the closing prices of the scrips across the exchanges. Such divergence also holds the potential of non-trading of the scrip on one of the exchanges.
9. An illustration of the above scenario in respect of a scrip X whose common closing price on Exchange 01 and Exchange 02 on Day 1 is say Rs. 100 and is in a 20% price band is as follows:

Day	Price Band on Exchange 01 (in Rs.)	Closing Price on Exchange 01 (in Rs.)	Price Band on Exchange 02 (in Rs.)	Closing Price on Exchange 02 (in Rs.)
Day 1	-	100	-	100
Day 2	80-120	-*	80-120	110
Day 3	80-120	-*	88-132	120
Day 4	80-120	-*	96-144	130
Day 5	80-120	-*	104-156	140
Day 6	80-120	-*	112-168	150
Day 7	80-120	-*	120-180	160
Day 8	80-120	120	128-192	160

**. No trading in the scrip on Exchange 1*

As observed above, there may be a divergence in the closing price of the same scrip on both the exchanges. Owing to the 20% price band around the latest closing price on Exchange 01.

10. In view of the above, it is felt that there is a need to review the base price for the pre-open call auction session and the price band for the continuous trading session.

Consultation in Secondary Market Advisory Committee of SEBI (SMAC)

11. The matter was discussed in detail in the SMAC meeting held during April 16-17, 2026. After detailed deliberations the Committee recommended the following:

11.1. If the scrip was traded at all the exchanges or there was no trading at any of the exchanges, the exchanges shall consider their respective latest closing prices of

the scrip for fixing the Price Band and Base Price for Pre-Open Call Auction Session on the subsequent day.

- 11.2. If the scrip was traded only at one of the exchanges, then the other exchanges shall consider the closing price of the exchange where the scrip was traded for fixing the Price Band and Base Price for the Pre-open Call Auction Session on the subsequent day.
- 11.3. If the scrip was traded on two or more exchanges on the previous day, the Price Band and Base Price for the Pre-open Call Auction Session for the stock exchange(s) where no trade happened on previous day, may be based on the closing price of the stock exchange having the maximum trading volume for that specific scrip.
- 11.4. In order to have smooth implementation, stock exchanges may enter into agreements/ MoUs for sharing the closing prices with each other.

Proposals:

12. Based on the recommendations of SMAC, subsequent discussions with the Stock Exchanges and internal deliberations, the following proposals are placed forward for public comments:
- 12.1. In respect of scrips where there was trading at all the respective exchanges on the previous day or there was no trading at any of the exchanges, the exchanges shall consider their respective latest closing prices for fixing the price bands of the subsequent day.
- 12.2. In respect of scrips where there was trading only at one of the exchanges, then the other exchanges shall consider the closing price of the exchange where the scrip was traded for fixing the Price Bands and Base Price for the Pre-open Call Auction Session in the of the subsequent day.
- 12.3. In respect of scrips where there was trading at 2 or more exchanges and non-trading at one or more exchanges, then the exchanges where trading has not happened shall consider the closing price of the exchange where the maximum

volume of the scrip was traded for fixing the Price Bands and Base Price for the Pre-open Call Auction Session of the subsequent day.

12.4. In order to ensure smooth implementation of the mechanism, the stock exchanges shall execute necessary agreements/ MoUs or make necessary arrangements for sharing of the closing prices with each other.

Public Comments on this Consultation Paper:

Public comments are invited on the proposal for harmonization of base price for call auction in pre-open session and for price band of scrips listed on multiple stock exchanges but fail to trade on one or more exchanges. The comments/ suggestions should be submitted latest by **July 02, 2026** through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comment through web based public comments form, you may send your comments through e-mail to verasiv@sebi.gov.in & mrd_pod3@sebi.gov.in with the subject: **"Harmonization of Base price for Call Auction in Pre-open Session and for Price Band - For scrips listed on multiple stock exchanges"** on the proposals at paragraph 12 above.

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