

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED****DEPARTMENT : FUTURES & OPTIONS**

Download Ref No : NSE/FAOP/37519

Date : April 12, 2018

Circular Ref. No : 35/2018

All Members,

**Prevention of Self-Trade**

This is further to Exchange consolidate circular no. NSE/FAOP/34596 dated April 07, 2017 regarding item no 3.8 "Prevention of Self-Trade".

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

## 1. For Client order:

- 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: 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.
- 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. During trade modification, members shall have the option to modify the PAN as well.
5. The mechanism shall be applicable only during matching. Member shall take due precaution to prevent self-trade while performing trade modification
6. All other details regarding item no. 3.8 “Prevention of Self Trade” of the circular NSE/FAOP/34599 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**

**Khushal Shah  
Chief Manager**

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