FAQ– Pre–open Session in Equity Segment

1. Which stocks will be traded in the pre-open session?

A. All Equity Stocks will be part of pre-open session w.e.f. April 01, 2013, excluding ETFs, MF ,T+0 eligible scrips and equity linked stocks.

2. What are the revised timings for the Pre-open Session?

A. The Pre-open Session will continue from 09:00 a.m. to 09:15 a.m., with the following phases:

Session	Time	Description
Order Entry Period for both limit and market orders	9:00am - 9:05am	• Order Addition/Modification/Cancellation of limit and market orders. • No trades are executed.
Order entry period only for limit orders	9:05am - 9:10am	• Order Addition/Modification/Cancellation of limit orders only • No order Addition/Modification/Cancellation of market orders • System driven random stoppage during the last 2 minutes
Order Matching & Confirmation Period	9:10am – 9:12am	• Order matching, trade confirmation and opening price determination. • Order matching period will start immediately after completion of order entry period.
Buffer Period	9:12am - 9:15am	• To facilitate transition between pre-open and continuous sessions

3. How will the trading process work during the pre-open session?

A. During the Order Entry Period for both Limit and Market Orders (9:00 a.m. to 9:05 a.m.), members may enter, modify, or cancel both Limit Orders and Market Orders. No trades are executed during this period.

During the Order Entry Period for Limit Orders only (9:05 a.m. to 9:10 a.m.), members may enter, modify, or cancel Limit Orders only. Market Orders cannot be added, modified, or cancelled during this period. The system will randomly stop order entry during the last two minutes of this period.

Immediately after the completion of the order entry period, the Order Matching & Confirmation Period (between 9:08 a.m. to 9:12 a.m.) commences. During this phase, the system determines the opening price, matches eligible orders, and generates trade confirmations. All orders matched for a security are executed at the opening price determined through the pre-open call auction process.

Thereafter, a Buffer Period (9:12 a.m. to 9:15 a.m.) is provided to facilitate a smooth transition between the pre-open session and the continuous trading session. During this period, order addition, modification are not permitted. Continuous trading commences upon completion of the buffer period.

4. Is new order entry allowed during the buffer period?

A. No. New order entry and modification are not allowed between 9:12–9:15 a.m. Order cancellation is allowed.

5. What types of orders are allowed in the Pre-open Session?

A. The following orders are allowed:

- Limit Orders
- Market Orders
- Time validity order types such as EOS, EOD and IOC.

6. Are IOC orders permitted during the pre-open session?

A. Yes, IOC (Immediate or Cancel) orders are allowed in pre-open.

7. Are market orders allowed during the Pre-open Session?

A. Yes. Market orders are allowed during the initial order entry period from 09:00 a.m. to 09:05 a.m.

8. Are market orders allowed to be placed, modified or cancelled between 09:05 a.m. to 09:10 a.m.?

A. No. During the period 09:05 a.m. to 09:10 a.m. Market order addition, modification, or cancellation is not allowed.

9. What rejection message will be displayed if market orders are placed, modified or cancelled between 09:05 a.m. to 09:10 a.m.?

A. All such orders with message as "Market order cannot be placed during this period".

10. Are Revealed Quantity (RQ) orders permitted during the Pre-open Session?

A. No. Revealed Quantity orders are not permitted. Orders must be entered with full quantity.

11. Are Stop Loss orders allowed in the Pre-open Session?

A. No. Stop Loss orders are not allowed during the Pre-open Session.

12. Are Algo orders (Limit & Market) allowed in the Pre-open Session?

A. Yes. Algo Market Orders can be placed during the initial five minutes, i.e., between 9:00 a.m. and 9:05 a.m. Algo Limit Orders can be placed between 9:00 a.m. and 9:10 a.m.

13. What kind of information will be available during the Pre-open Session?

A. The following information shall be displayed to trading members broadcast message

- Indicative equilibrium price and indicative matchable quantity at that price
- Indicative cumulative buy quantity and sell quantity
- Indicative imbalance quantity at equilibrium price, i.e. difference between cumulative buy & cumulative sell quantities at that price
- Side of indicative imbalance quantity
- Indicative imbalance quantity based on market orders at equilibrium price, i.e. difference between total buy and sell market order quantities at that price
- Side of indicative Imbalance quantity based on market orders

14. Is Self-Trade Prevention Check (STPC) mechanism applicable during the pre-open session?

A. Yes, the Self Trade Prevention Check (STPC) mechanism will be applicable during the pre-open session.

15. Whether Pre-trade Risk Control Checks would be applicable for orders placed in Pre-open session?

A. Pre-trade Risk Control Checks such as MPI (Market Price Impact), PRC (Price Reasonability Check) and RTPC (Reversal Trade Prevention Check) mechanisms shall not be applicable during the pre-open session.

16. How are orders matched during the Pre-open Session?

A. All executable orders are matched at a single price called the equilibrium price. Market orders are given priority over limit orders.

17. What will be the duration of the random stoppage during the Order Entry Period?"

A. Yes. A system-driven random stoppage will be applied during the last two minutes of the Order Entry Period.

18. What is the order matching priority in the Pre-open Session?

A. The matching sequence is:

- Market orders matched with market orders based on time priority.
- Residual market orders matched with limit orders based on price-time priority.
- Residual limit orders matched with limit orders based on price-time priority.

19. How will the market opening price of a stock be determined during the Call Auction session?

A. The market opening price will be determined through a volume maximization logic as described below –

Price at which maximum quantity is tradable.

- If there is more than one price that meets the above criterion, then we go to the next step.

Price at which absolute order imbalance (difference in unmatched order quantity at that price) is minimum.

- If there is more than one price having same absolute order imbalance quantity, then we go to the next step.

Price which is closest to the previous day's closing price.

- In case the previous day's closing price is the mid-value of pair of prices which are closest to it, then the previous day's closing price itself will be taken as the market opening price.

20. When will we know whether our orders have been executed or not?

A. After the order entry session, i.e. post 9:08a.m., as and when order matching happens, orders would be executed into trades, and trade confirmation will be sent. In the event of the opening price not determined during the call auction period, all pending market orders would be moved to the continuous session at the previous close price.

21. What happens to those orders which do not get executed?

A. All unmatched **limit orders** in the pre-open session will be shifted to the order book of the continuous trading session on price-time priority basis.
All unmatched **market orders** will be shifted to the order book of the continuous trading

session at the opening price on price-time priority basis. In other words, unmatched market orders will be moved to the continuous session as limit orders priced at the opening price and will retain their original time stamp. In the event of the opening price not determined during the call auction period, all pending market orders would be moved to the continuous session at the previous close price.

22. What happens if there are no limit orders for any particular stock(s) during the pre-open session?

A. If there are only market orders and not a single limit order for any particular stock(s), all such market orders will assume the price of previous close price for determining the opening price. Hence, such market orders shall get traded at the previous close price, which now becomes the open prices for that stock. Unmatched orders shall be shifted to the order book of the continuous market as limit orders at the opening price following time priority.

23. What happens if there are no trades for any particular stock(s) during the pre-open session? How will the opening price be discovered?

A. If no trades get executed for any particular stock(s) during the pre-open session, the orders entered in the pre-open session will be shifted to the order book of the continuous trading session on time priority basis. The price of the first trade during the continuous trading session will be taken as the opening price for that particular stock(s).

24. How will the SENSEX and other indices be calculated during the pre-open session? When will actual SENSEX be calculated?

A. During the Order Entry period, based on the orders received, indicative opening price(s) will be calculated at regular intervals and disseminated along with the indicative cumulative buy and sell quantity for the stock. Based on the indicative opening prices of the constituent stocks, an indicative value of SENSEX and other indices will also be disseminated. At the end of the order matching period, when the opening price of all stocks is determined, the actual value of SENSEX will be calculated which will be the opening value of SENSEX.

25. Are margins applicable during the pre-open session?

A. The pre-open session orders shall be subject to order level risk management whereby the orders shall be validated for the applicable margins against the available collateral. Each order shall be accepted only if the validation is successful, else it will be rejected. In other words, orders will not be accepted in the system if the member does not have adequate collateral.

26. Will there be any price band applied to the stocks during the pre-open session?

A. The price band functionality shall be applicable to all eligible stocks in the pre-open session.

27. What happens if SENSEX crosses 10% during the pre-open session?

A. In the event SENSEX breaches the threshold levels given above upon calculation of opening value, market-wide circuit breakers will be applicable & a trading halt will be triggered as per SEBI Circular Ref. No. SMDRPD/Policy/Cir-37 /2001 dated June 28, 2001. The halt shall be applicable at the start of the continuous trading session. However, the Index breach will not impact execution and confirmation of trades during the pre-open matching session.

28. Where can participants view the Pre-open Session information?

A. The information will be disseminated to market participants through market data feeds and will also be available on the Exchange website under the “Market >> Equity >>Pre-open Session >>Equity" section.

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