



NAIROBI SECURITIES EXCHANGE

**TRADING RULES
FOR
EQUITY SECURITIES**

CMA APPROVED OCTOBER 04, 2019

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1 INTERPRETATION

The definitions used in the Capital Markets Act (Cap. 485A) of the Laws of Kenya and the Central Depositories Act 2000 (including the Regulations and Guidelines issued thereunder) shall apply to these rules.

Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other.

Headings are purely for reference purposes and shall not be taken into account in the interpretation of the rules.

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In these rules unless the context otherwise requires-

- “Act”** means the Capital Markets Act (Cap. 485A) and the Regulations, Rules, Guidelines and Notices issued thereunder.
- “AOR Client”** means such person to whom a Trading Participant has allowed Automated Order Routing services.
- “Authority”** means the Capital Markets Authority established under Section 5 of the Act.
- “Automated Order Routing” or “AOR”** means a contractual arrangement in which a Trading Participant permits its clients to transmit orders for execution directly to the ATS through its infrastructure.
- “Automated Trading System” (ATS)** means the software, hardware, communications and network systems forming the electronic trading system of the Exchange.
- “ATS Operator”** means an authorized Trading Participant’s Representative certified by the Exchange as an ATS Operator and having a unique identification number.
- “Board”** means the Board of Directors of the Exchange.
- “Bidding Advance”** means the allowable margins within which a trader may move the price of a security up or down during trading.
- “Bulletin Board”** means the designated board in the ATS for ATS Operators to publish indicative trading prices at which they are willing to buy and/ or sell a security
- “Buy-in”** refers to a process by which a Trading Participant who has sold equity securities fails to deliver the securities within the set settlement cycle and therefore the Exchange upon notification by the CDSC sources for the securities through the ATS with a view to making good the transaction.
- “Buy- in Board”** means a designated board, separate from the normal board in the ATS, where a defaulting Trading Participant may source securities which they have not delivered on the settlement date.

“Central Bank of Kenya or CBK”	means the Central Bank of Kenya established under the Central Bank of Kenya Act (Cap 491 of the Laws of Kenya).
“Central Depository System” (CDS)	means the system established by a central depository for the central handling of securities including depository, clearing, delivery and settlement services and which may consist of— (a) the central equipment comprising hardware and software associated with that hardware, located at the premises of the central depository; and (b) the terminals located at the premises of the users;
Central Depository	means a company approved by the Authority under section 5 of the Central Depositories Act, 2000 to establish and operate a system for the central handling of securities including depository, delivery and settlement services.
Central Depository Agent	means an entity appointed as an agent of a Central Depository to carry out one or more of the services provided by that Central Depository
Certified Order Management System	means a third party system that has been tested and certified by the Exchange for conformance with its Trading System’s order management gateway.
“Chairman”	means the Chairman of the Board of Directors of the Exchange.
“Chief Executive”	means the Chief Executive Officer of the Exchange.
“Chief Operating Officer ”	means the Chief Operating Officer of the Exchange.
“CDS Account”	means an account established by a central depository or the Central Bank of Kenya for the recording of securities in respect of dealings in such securities by the person in whose name the account has been established.
CIS	means a collective investment scheme approved as such by the Authority under the CIS Regulations;

“Companies Act”	means the Companies Act, No. 17 of 2015 of the Laws of Kenya.
“Constitutive Documents”	means the principal documents governing the formation of an Issuer, an ETF or a REIT as the case may be
“Day Order”	means an order qualifier in the ATS that allows an order to remain valid until the close of the trading session.
“Days”	means calendar days excluding Saturdays, Sundays and public holidays.
“Dealer”	means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities whether or not he carries on any other business.
Dealing Spread”	means the allowable price margin within which a deal may move up or down during trading.
Declared Omnibus Account	Means an Omnibus Account whose existence has been made known to the Exchange and the Authority by a Trading Participant or Central Depository Agent.
“Equity Reference Price”	means the previous day’s closing price of a listed equity security.
“Equity Security or Securities”	means: <ul style="list-style-type: none"> (a) a share, stock or other security representing a unit of ownership in the capital of a body corporate; (b) any right, warrant, option or futures in respect of shares; or (c) an ETF Security; or (d) a REIT Security
“ETF”	Means an exchange traded fund as defined in the ETF Guidance Note;
“ETF Issuer”	means, in relation to an ETF: <ul style="list-style-type: none"> (i) in the case of an initial issue, the Promoter; and (ii) for subsequent issues, the Promoter or the Fund Manager, where one has been appointed.
“ETF Guidance Note”	means the Exchange Traded Funds Guidance Note issued by the Authority in September 2015 as may be amended, modified or replaced from time to time;
“ETF Security”	means a unit or interest offered under an ETF;

“Exchange”	means the Nairobi Securities Exchange Limited.
“Exchange Trading Workstations”	means the Trading Workstations placed on the Trading Floor for use by Trading Participants during an ATS Floor Session.
“Good Till Cancelled”	means an order qualifier in the ATS that allows an order to remain valid till cancelled on a specified date.
“Good Till Day”	means an order qualifier in the ATS that allows the order to remain valid for a fixed number of days.
“Immediate or Cancel”	means an order qualifier in the ATS that requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price.
“Issuer”	means an entity that is quoted or listed on the Exchange or an ETF Issuer or a REIT Issuer as applicable.
“Iceberg”	Means an order qualifier in the ATS that allows a minimum quantity of the total order to be displayed in the order book.
“IT Help Desk”	means the function in the Operations and Technology Department of the Exchange dedicated to providing support to Trading Participants accessing the ATS.
“Limit Order”	means an order for an equity security for which a price has been specified.
“Listed”	means admitted to the Official List of the Exchange, and listing shall be construed accordingly.
“Lot”	means the number of securities comprising an order.
“Market Halt”	means the stopping of trading in all listed securities during a trading session.
“Market Maker”	Means a person appointed as a market maker for a particular security or asset class in accordance with the Rules of the Exchange.
“Market Order”	means an order for an equity security for which a price has not been specified.
“Market Segment”	means a separate segment of the official list established by a securities exchange, with the approval of the Authority, with

respect to listings of securities for which specific eligibility and disclosure requirements are prescribed.

“Material Information”

means any information that may affect the price of a security or influence investment decisions and includes but is not limited to information on -

- (a) a merger, acquisition or joint venture;
- (b) a block, split, stock dividend or any form of distribution;
- (c) earnings, dividends or distributions of an unusual nature;
- (d) the acquisition or loss of a significant contract;
- (e) a significant new product or discovery;
- (f) a change in control or significant change in management;
- (g) a call of securities for redemption;
- (h) the public or private sale of a significant amount of additional securities;
- (i) the purchase or sale of a significant asset;
- (j) a significant change in valuations of any significant assets of a REIT or ETF;
- (k) a significant labour dispute;
- (l) a significant law suit against the issuer, the ETF or the REIT as applicable;
- (m) the establishment of a programme by an issuer to make purchases of its own securities;
- (n) a tender offer for another issuer’s securities;
- (o) significant alteration of the constitutive documents;
- (p) change of REIT Manager or REIT Trustee or ETF’s Fund Manager or ETF Trustee, as applicable; or
- (q) any other peculiar circumstances that may prevail with respect to the issuer or the relevant industry.

“Odd Lot”

means a lot comprising less than 100 equity securities

“Odd Lots Board”

means the designated board in the ATS for trading of odd lots.

“Official List”	means a list specifying all securities which have been admitted to listing on any of the market segments of the Exchange.
“Off-shore ETF”	means an ETF whose price shall be determined by prices of its foreign constituent underlying assets or securities denominated in domestic currency and includes the forex fluctuation component.
“Order”	means written instructions by a client to a stockbroker as to the security name, quantity, price or price limits and duration or validity of instructions and for the purposes of these rules means a verified order entered in the ATS to buy or sell securities.
“Order Book” or “Central Order Book”	means the electronic record in the ATS of the sequential list of unexecuted orders entered by the registered ATS Operators.
“Order ID”	means a unique number generated by the ATS that identifies an order.
“Omnibus Account”	an Omnibus Account is a CDS account held under the name of a Central Depository Agent with more than one beneficial owner
“Primary Site”	means the principal data centre or server room where the ATS and associated services are installed, and for purposes of these rules shall be the data centre located at the Exchange Building located at 55 Westlands Road.
“Professional Investor”	means - <ul style="list-style-type: none"> (a) any person licensed under the Capital Markets Act; (b) an authorized scheme or collective investment scheme; or (c) a bank or subsidiary of a bank , insurance company, co-operative, statutory fund, pension or retirement fund; or (d) an individual, company, partnership, association or a trustee on behalf of a trust which, either alone, or with any associates on a joint account subscribes for REIT securities with an issue price equal to at least five million Kenya shillings.

“Principal Officer”	in relation to a Trading Participant, means an officer, by whatever name called, identified by the Trading Participant to the Exchange in writing as the person who is primarily responsible for the management of the day to day affairs of the Trading Participant.
“Real Estate Investment Trust or REIT”	means a trust established in Kenya for investment in real estate but does not include an exempted real estate investment trust.
“REIT Issuer”	means: <ul style="list-style-type: none"> (a) in relation to the first issue of REIT securities made after the authorisation of the REIT, the promoter; and (b) in relation to any subsequent issue or offer of REIT securities or in the case of a conversion as provided for under Regulation 86 of the Capital Markets (Real Estate Investment Trust) (Collective Investment Schemes) Regulations 2013 the REIT manager at the time of issue, but does not include the trustee.
“REIT Security or Securities”	means any unit or interest offered under a Real Estate Investment Trust.
“Remote Trading”	means connection to the ATS by Trading Participants from outside the Trading Floor.
“Restricted Offer”	means an issue or an offer of REIT Securities made only to Professional Investors on the Restricted REIT Market Segment.
“Rules”	means the rules of the Exchange currently in force as approved by the Authority.
“Security Code”	means the abbreviation used to identify equity securities in the ATS.
“Security Halt”	means the temporary stopping of trading in a particular security during a trading session other than by reason of suspension of that security.

“Secondary Listing”	means a security that is listed in the first instance on another market and is subsequently listed on the Official List of Exchange.
“Self-Trade”	a Self-Trade occurs when a buy and sell order from the same CDS Account execute against each other.
“Secondary Recovery Site”	means the alternative data centre or server room where a stand-by ATS and associated services shall be installed for purposes of enabling remote trading when the primary site is not available. The secondary recovery site shall be situated at a geographical location that is at least five (5) kilometers from the primary site.
“Settlement”	means the fulfillment of the obligation arising from a transaction including payment to the seller and transfer of title to the buyer.
“System Failure”	means equipment breakdown or the breakdown, interruption, suspension, termination or failure or defect in any system (hardware or software), including but not limited to any trading system, or service rendered by or on behalf of the Exchange.
“Trading Committee”	means the Trading and Technology Committee or any other committee appointed by the Exchange with the primary role of monitoring its trading activities.
“Trading Floor”	means any place designated and operated by the Exchange for the physical location of Exchange Trading Workstations.
“Trading Halt”	means a market halt or a security halt.
“Trading Participant”	means a body corporate admitted as a Trading Participant of the Nairobi Securities Exchange Plc as a full or associate Trading Participant.
“Trading Participant’s Representative”	means a representative of any person licensed by the Authority who is in the employment of the licensed person and who plays a critical role in that company, and includes a trader, director, general manager, analyst, or any other person employed by the licensee who plays a critical role.
“Trading Session”	means the hours during which trades may be entered into and matched through the ATS as specified in these rules.
“Transaction”	means the matching and execution of a buy and a sell order.

“Validation” means a process carried out by the ATS prior to the acceptance of an order in the ATS.

“WAN” means the Wide Area Network.

Acronyms:

“AIMS” Alternative Investments Market Segment.

“AP” Average Price.

“CDS” Central Depository System.

“CIS” Collective Investment Scheme.

“DO” Day Order.

“ETF” Exchange Traded Fund

“GTC” Good Till Cancelled.

“GTD” Good Till Day.

“IOC” Immediate Or Cancel.

“MIMS” Main Investment Market Segment.

“T” In reference to a transaction is the day the transaction is effected.

“T+” A number indicated after T+ means the indicated number of days after the day the transaction is effected. **T+1** therefore means one day following the day the transaction is effected and so forth.

“VWAP” Volume Weighted Average Price.

3 APPLICATION OF THESE RULES

3.1 All listed equity securities shall be traded in accordance with these rules through the ATS unless otherwise specifically exempted by these rules or the Act.

3.2 English shall be the official language of communication for all users of ATS during Trading Sessions.

3.3 The Chief Executive shall have the discretion to deny any Trading Participant and/or Trading Participant Representative access to the ATS if they are in breach of the Trading Rules and notify the Authority.

4 ACCESS TO THE ATS

4.1 General Access Rules

- 4.1.1** Each Trading Participant shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions issued pursuant thereto from time to time by the Exchange.
- 4.1.2** Each Trading Participant shall inform the Exchange of its designated ATS Operators and shall immediately inform the Exchange of any changes thereto.
- 4.1.3** Each designated ATS Operator shall access the ATS using a unique personal identification user name and code provided by the Exchange.
- 4.1.4** Trading Participants shall at all times ensure that only their designated ATS operators access the ATS for order inputs and executing transactions.
- 4.1.5** Officers of the Exchange and the Authority who have been granted access to the ATS shall access ATS using a unique personal identification user name and code provided by the Exchange.
- 4.1.6** No Trading Participant shall:
- (i) establish or permit to be established any form of electronic device or system capable of routing orders directly from its clients into the ATS or any part of the ATS.
 - (ii) connect or cause to be connected to -
 - (a) the ATS or any part thereof (whether directly or indirectly) any device, equipment or facilities for any purpose whatsoever without the written approval of the Exchange; or
 - (b) any device, equipment or facilities which have been approved by the Exchange to be connected to ATS or any part thereof, any additional device, equipment or facilities.
- 4.1.7** A Trading Participant which is unable to update or remove orders from the ATS or unable to access the ATS through its designated terminal shall immediately notify the Exchange. The notification shall be directed to the Exchange's Chief Executive, Chief Operating Officer or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.
- 4.1.8** The Exchange shall as soon as possible provide an alternative terminal to a Trading Participant upon receipt of notification under rule 4.1.7.

4.1.9 A Trading Participant which has notified the Exchange of its inability to update or remove orders from the ATS or to access the ATS may request the Exchange to remove its orders from the ATS. Such instruction shall be confirmed in writing immediately thereafter but in any event no later than the end of the trading session.

4.2 Access Through a WAN

4.2.1 Use of the WAN

Trading Participants may participate in trading on the Exchange via a WAN.

4.2.2 Automated Order Routing

4.2.2.1 Further to the provisions of this Rule 4.2.2, a Trading Participant may request the Exchange, in writing, to grant it approval to provide Automated Order Routing services to its clients, provided always that the Trading Participant will remain fully responsible, and will indemnify the Exchange fully, for all activity of the AOR Clients in the ATS. The Exchange may require, and the Trading Participant shall provide, such information with regard to the AOR Clients as the Exchange may consider reasonable in the circumstances.

4.2.2.2 Automated Order Routing provided in clause 4.2.1.2 shall comply with the NSE Direct Market Access Guidelines in respect of the same as may be reviewed, amended and published by the Exchange from time to time.

4.3 Access Through the Trading Floor

4.3.1 The Exchange shall assign a Trading Participant a terminal on the Trading Floor through which the Trading Participant's designated ATS Operators shall access the ATS.

4.3.2 No unauthorized person shall be permitted onto the Trading Floor.

- 4.3.3** Authorized persons shall include Trading Participants' representatives, ATS Operators, officers of the Exchange, officers of the Central Depository, officers of the Authority, and any persons authorised by the Chief Operating Officer or the Chief Executive.
- 4.3.4** ATS Operators shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions issued pursuant thereto from time to time by the Exchange relating to the ATS Floor Sessions.
- 4.3.5** Save as provided for in rule 4.3.3, Trading Participants shall not be allowed to bring clients onto the Trading Floor.

4.4 Disaster Recovery Transition

- 4.4.1** Upon the determination by the Exchange that an event has occurred that renders the ATS inaccessible at the primary site the Exchange shall provide access to the ATS at the secondary recovery site.
- 4.4.2** The Exchange shall within one hour of such determination inform all Trading Participants of this eventuality, including the procedures to be followed by the Trading Participants for the resumption of trading at the secondary recovery site.
- 4.4.3** The Trading Participants shall access the secondary recovery site via a WAN.

5 ORDER QUALIFIERS

These orders are as more particularly described in the NSE ATS User Manual. They are:

5.1 Immediate or Cancel (IOC)

- 5.1.1** An order qualified as immediate or cancel shall be executed immediately upon entry if there is a matching order in the system.
- 5.1.2** An order qualified as immediate or cancel shall be cancelled immediately upon entry if there is no matching order in the system.
- 5.1.3** Where an order qualified as immediate or cancel is partly executed, the remainder shall be immediately cancelled.

5.1.4 Orders qualified as immediate or cancel shall not be entered during pre-open.

5.2 Good Till Cancelled (GTC)

A GTC order shall be automatically cancelled by the system on the expiry date being a date not later than 30 days from the date on which it was input.

5.3 Good Till Day (GTD)

A GTD order that is not executed within the validity period provided during initial order creation shall be automatically deleted from the list of pending orders.

5.4 Day Order (DO)

Day orders shall be automatically cancelled at the end of the trading session.

5.5 Iceberg Order (IO)

5.5.1 An iceberg order shall have a minimum disclosed quantity of 25% of the order size and shall have visible quantity executed first and then the hidden quantity executed thereafter.

5.5.2 Where the visible quantity of an Iceberg Order is fully executed, it will be replenished from the hidden order quantity.

5.5.3 When the visible quantity of an Iceberg Order is replenished it will be taken as a new order and will lose its time priority.

5.6 Minimum Fill Market Orders (MFMO)

5.6.1 An MFMO shall seek to execute a stated minimum quantity on entry.

5.6.2 Where such order succeeds in executing its minimum quantity in its first fill, the remainder of the order shall expire.

5.7 Minimum Fill Limit Order (MFLO)

5.7.1 An MFLO shall execute as a market order, and if partially filled shall convert the unexecuted quantity to a limit order.

5.7.2 Where a MFLO succeeds in executing its minimum quantity in its first fill, the remainder shall be posted as a regular limit order.

5.8 Market If Touched Order (MITO)

Market If Touched (MITO) shall be held in the system until a certain price condition is met. Once the price condition is met, the order shall be entered in to the order book.

5.9 Bidding Advance and Dealing Spreads

The Bidding and Advance Dealing Spreads shall be as follows:

PRICE RANGE	SPREAD
< 5.00	0.01
≥ 5.00 < 10.00	0.02
≥ 10.00 < 50.00	0.05
≥ 50.00 < 500.00	0.25
≥ 500.00 < 1000.00	1.00
≥ 1000.00	5.00

5.10 Limits on Bids and Offers

5.10.1 The daily price movement for an equity security in a single trading session shall not be more than 10% of the equity average price as determined during the previous session.

5.10.2 Where no trades were concluded during the previous session, the 10% referred to in rule 5.10.1 shall be based on the reference price on the last day when the security traded.

5.10.3 An ETF may be exempted from clauses 5.10.1 of these Rules if it is an offshore ETF, a commodity ETF or a domestic ETF with constituent Fixed Income Securities.

5.10.4 Rule 5.10.1 shall also not be applicable with respect to an equity security where:

- i the Issuer, ETF or the REIT (as applicable) announces its financial results or material information;
- ii it is the first session for the trading of the security ex entitlement;
- iii the security has not traded for over three calendar months; or

iv trading is in respect of rights.

5.10.5 The intra-day price limits of Off-shore ETFs shall be based on the limits that have been imposed in their home jurisdiction and forex fluctuations.

5.10.6 Where rule 5.10.3 is applicable, no Market Order shall be accepted by the ATS.

5.11 Market Maker Orders

Any orders by market makers shall comply with any rules issued by the Exchange from time to time in respect of market makers.

6 TRADING PROCEDURES

6.1 Trading Hours

6.1.1 Trading of listed equity securities shall be conducted in sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.

6.1.2 Time shall be determined by the clock displayed through the ATS trading software.

6.1.3 The daily trading sessions shall be divided as follows:-

Pre-Trading: 08.45 a.m. - 8.59:59 a.m.

Open Auction Call: 09.00 a.m. - 09.30:59 a.m.

Regular Trading: 09.31 a.m. - 3.00 p.m.

Close: 3.00 p.m.

6.1.4 The Chief Executive may, in consultation with the Authority, vary the Trading Hours upon the occurrence of an event that prevents adherence to the set trading hours.

6.2 Market Boards

Each Market Segment shall be divided into the following Boards for purposes of trading:-

6.2.1 Main Investment Market Segment

(i) Restricted

a. Normal Board

b. Odd Lots Board

- (ii) Unrestricted
 - a. Normal Board
 - b. Odd Lots Board

6.2.2 Alternative Investments Market Segment

- (i) Restricted
 - a. Normal Board
 - b. Odd Lots Board
- (ii) Unrestricted
 - a. Normal Board
 - b. Odd Lots Board

6.2.3 Growth Enterprise Market Segment

- (i) Restricted
 - a. Normal Board
 - b. Odd Lots Board
- (ii) Unrestricted
 - a. Normal Board
 - b. Odd Lots Board

6.3 Board Lots

6.3.1 The minimum board lot on the Normal Board shall be 100 securities.

6.3.2 The minimum board lot on the Restricted Normal Board shall be 100 securities.

6.3.3 The maximum board lot on the Odd Lots Board shall be 99 securities.

6.4 Odd Lots Trades

6.4.1 Odd lots shall be listed in a separate order book on the Odd Lots Board.

6.4.2 Odd lots shall only be entered as limit orders.

6.4.3 Odd lot orders shall not be entered during pre-open.

6.4.4 Odd lot orders shall not be considered for execution during the opening auction.

6.5 Other Boards in the ATS

6.5.1 The Buy-in Board

- 6.5.1.1** Where a trade is not allocated on T+3 by 11.30am, the CDSC shall notify the Exchange as well as the Trading Participant(s) party to the trade.
- 6.5.1.2** The Exchange shall source the securities from the Buy-In Board in the ATS through the defaulting Trading Participant's provisional account provided by the CDSC.
- 6.5.1.3** The Buy-in Board shall execute orders in an All or None basis.
- 6.5.1.4** The Securities shall be sourced at a price of at least at two percentage points (2%) above the previous average price of the relevant security or the prevailing market price, whichever is higher.
- 6.5.1.5** Where the 10% limit does not apply in line with clause 5.10 of these Rules, the securities shall be sourced at two percentage points (2%) above the prevailing best bid price of the affected security in the Normal Board or the previous average price whichever is higher.
- 6.5.1.6** In the event a buy-in is not executed during a trading session and the securities are not allocated, the Central Depository shall proceed to rescind the transaction in consultation with the Exchange and the Authority and institute disciplinary measures against the defaulting Trading Participant in line with the Central Depository's Settlement Rules and any other applicable laws, regulations, rules, guidelines or policies enforced against the defaulting Trading Participant.
- 6.5.1.7** The Buy-in Board Transactions shall not affect the average price of the affected security.

6.5.2 The Bulletin Board

- 6.5.2.1** Quotes by Trading Participants shall be listed in a separate order book on the Bulletin Board
- 6.5.2.2** The Bulletin Board shall mainly be used by traders to publish indicative trading prices at which they are willing to buy and sell a security
- 6.5.2.3** The quotes shall be guided by the price limits as provided for in clause 5.10.1 of these Rules
- 6.5.2.4** There shall be no matching of orders and quotes in the Bulletin Board.
- 6.5.2.5** The Bulletin Board shall be active during Regular Trading.
- 6.5.2.6** All quotes on the Bulletin Board shall be firm.

6.6 Order Input

- 6.6.1** All orders shall be entered by ATS operators in the ATS through the Trading Participants' platforms and trading terminals which shall then be processed by the ATS for validation, acceptance and execution through their Certified Order Management Systems.
- 6.6.2** Except with respect to Declared Omnibus Accounts, Self-Trading on the ATS is prohibited.
- 6.6.3** The obligation to declare and notify the Authority and the Exchange of an Omnibus Account shall lie with the Trading Participant.
- 6.6.4** Where the Omnibus Account is operated by a custodian (who is a non-trading Central Depository Agent), the obligation to declare and notify the Omnibus Account to the Authority and the Exchange shall lie with the non-trading Central Depository Agent.
- 6.6.5** Once the order is accepted by the ATS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.
- 6.6.6** Orders input into the ATS shall be anonymously displayed to the market.
- 6.6.7** A Trading Participant shall be solely responsible for the accuracy of details of orders entered into the ATS system in accordance with these rules.
- 6.6.8** The order entry instructions for equity securities shall include:
 - (i) Security code;
 - (ii) CDS Account;

- (iii) An indication whether it is a buy or sell order;
- (iv) Quantity;
- (v) Price;
- (vi) Limit or Market Order; and
- (vii) Order attributes.

6.7 Cancellation or Amendment of Orders

- 6.7.1** An ATS operator or AOR Client may cancel or amend orders at any time prior to execution.
- 6.7.2** Where an order has been partially executed, the unexecuted portion of the order may be cancelled.
- 6.7.3** ATS operators and AOR Clients shall have access only to orders input by them in the ATS for cancellation or amendment.
- 6.7.4** Order shall only be amended in respect of price and volume attributes.
- 6.7.5** An amended order shall be considered to be a new order with a new time stamp.

6.8 Settlement

- 6.8.1** All transactions shall be settled by T+3.
- 6.8.2** Where a trade is not allocated before the commencement of trading on T+3 9.00 am, the Central Depository shall inform the Exchange as well as the Trading Participant(s) party to the trade and a buy-in process shall commence immediately through the ATS.

6.9 Trading Status of an Equity Security

The following status shall be indicated against individual equity securities in accordance with the timetable provided by the Issuer:-

- ‘s’** To signify that the security has been suspended from trading and no transactions shall be recorded on that particular security.
- ‘cd’** To signify that the security is trading cum dividend or in the case of an ETF security or a REIT security, cum distribution.
- ‘cb’** To signify that the security is trading cum bonus.

- ‘xd’** To signify that the security is trading ex-dividend or in the case of an ETF security or a REIT security, ex- distribution. The status shall remain until the dividend or distribution is paid.
- ‘xb’** To signify that the security is trading ex-bonus. The status shall remain until the securities are issued and available for trading.
- ‘cr’** To signify that the security is trading cum rights.
- ‘xr’** To signify that the security is trading ex rights. The status shall remain until the right is issued and is available for trading.
- ‘Q’** To indicate that the auditors’ opinion on the annual financial statements of the company is qualified. The annotation shall be removed once the company produces an unqualified opinion of its auditor.

6.10 Announcements

- 6.10.1** An issuer shall as soon as possible but not later than twenty four hours, release announcements in accordance with Chapter 10 of the NSE Listing Manual.
- 6.10.2** Immediately upon receipt of material information and corporate action announcements in respect of entitlements and other market information, the Exchange shall send copies of the entire text of the information or announcement as the case may be, and not an abridged version, to Trading Participants.
- 6.10.3** If an announcement is received by the Exchange from an issuer of a listed equity security during a Trading Session, the Exchange shall impose a Security Halt on the relevant equity security for the rest of the Trading Session.
- 6.10.4** Following a Security Halt all pending orders on that equity security shall be purged.
- 6.10.5** The Security Halt shall be lifted during the next Trading Session and the daily allowable price movement limits shall not apply to that equity security for the entire Trading Session.

7. TRADING SESSIONS

7.1 Pre-Trading Session

- 7.1.1** Price information shall not be displayed in the order book during the pre-trading session
- 7.1.2** Orders shall not be entered during the pre-trading session.
- 7.1.3** The ATS Operator may cancel active GTC/ GTD orders in the pre-trading session.

7.2 Open Auction Call Session

- 7.2.1** Order input shall be allowed during open auction call session.
- 7.2.2** The Price input for an order shall be based on the equity reference price and shall be within its price spread.
- 7.2.3** Market orders shall not be entered during open auction call session
- 7.2.4** The opening price of each equity security shall be calculated by the ATS during the opening auction. The opening price of each equity security shall be within the daily allowed price movement limits from the equity reference price of the previous trading session.
- 7.2.5** The opening price of an equity security shall be the price at which the greatest number of equity securities are matched.
- 7.2.6** Valid orders from the previous day's trading session shall participate in the auction, preserving their time priority.
- 7.2.7** Where there are no trades in an equity security during the opening auction, the opening price for regular trading shall be the equity reference price of the equity security in the previous trading session.
- 7.2.8** All orders that are not matched during the open auction call shall be automatically transferred to regular trading and registered in the order book in priority of first price and then time.

7.3 Regular Trading

Orders shall be entered and matched on a continuing basis during regular trading.

7.4 Matching of Orders

- 7.4.1** All orders shall be ranked in the order book by reference to first price and then time.
- 7.4.2** Priority shall be given to the highest buy orders and the lowest sell orders.
- 7.4.3** When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.
- 7.4.4** Where no order qualifiers are specified for equity securities, orders will be executed at the specified or better price.
- 7.4.5** Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.
- 7.4.6** Market orders for equity securities shall have priority over limit orders.
- 7.4.7** Where there is a balance of unexecuted volume of a market order for equity securities, such balance shall expire immediately.
- 7.4.8** Where there is a balance of unexecuted volume of a market to limit order, such balance shall be queued in the order book as a limit order.

7.5 Closing

- 7.5.1** The trading session for equity securities shall close at 3.00 p.m.
- 7.5.2** Trading Participants shall be allowed fifteen minutes after the close of the trading session to request the Exchange to make trade corrections.
- 7.5.3** Requests for trade corrections shall be made in writing, by electronic mail by all the Trading Participants involved in the transaction.
- 7.5.4** Trade corrections shall only be made in respect of a CDS Account.
- 7.5.5** Where the Exchange approves a request for a correction the Central Depository shall effect the necessary adjustment to the trade.
- 7.5.6** All trade corrections shall be made before the computation of the equity reference price for each equity security.

7.6 Reference Price of a Security

- 7.6.1** The equity reference price for an equity security shall be the Volume Weighted Average Price (VWAP) of transactions executed during the entire trading session of trading of the specific equity security.

7.6.2 If an equity security does not trade during a trading session the equity reference price will be the average price calculated for the trading session when the security last traded.

7.6.3 The volume weighted average price for an equity security will be calculated using all transactions executed during the entire trading session for that particular security.

7.6.4 The VWAP shall be calculated as follows:

$$\text{VWAP} = \frac{\text{Total value traded in period}}{\text{Total volume traded in period}}$$

7.6.5 Where there are no trades for an equity security in the current trading session, the equity reference price for that security shall be that of the previous trading session.

7.6.6 Odd lot transactions shall not be counted for the purposes of computing the index, the equity reference price and the market capitalization for equity securities.

7.7 Price Determination of a Newly Listed Equity Security

7.7.1 There shall be no price spreads for a newly listed equity security during open auction call.

7.7.2 The daily allowable price movement limits shall not apply on the first day of trading in a newly listed equity security.

7.7.3 Only limit orders with disclosed quantities shall be permitted for this security.

7.7.4 In the event that an opening price for a newly listed equity security is not determined during the open auction call, the security shall proceed to continuous trading and the first trade shall be the opening price.

7.7.5 Where an opening price fails to be determined in three trading sessions, the Trading Committee shall meet to determine the way forward on the equity security.

7.8 Reference Price of an ETF

7.8.1 The reference price for an ETF security shall be determined as the last traded price executed on the Normal Board in a given session.

7.8.2 Where no transactions are recorded in a given session, the firm quotes by the market maker (s) shall be factored to determine the closing price of an ETF.

8 CANCELLATION OF TRANSACTIONS

8.1 Cancellation of transactions shall only be done under the following instances

- (i) Where a transaction has been confirmed to be fraudulent and with approval of the Authority
- (ii) Where in the opinion of the Exchange a concluded transaction could result in other than the transparent, fair and orderly trading of the affected securities and with the Approval of the Authority.

9 TRADING HALTS

9.1 The Chief Executive may, upon prior consultation with the Authority, vary the duration of trading or suspend trading for one or more trading sessions or any part of a trading session. Any such halts or variations shall be immediately reported to the Trading Committee to note.

9.2 A trading halt may be imposed by the Exchange for a time period during a trading session or may be extended beyond one trading session.

9.3 The Exchange shall inform the Trading Participants of trading halts via the announcement system of the ATS.

9.4 The Exchange shall make a public announcement of a trading halt that extends beyond one trading session.

9.4.1 Market Halts

A market halt can occur during a trading session in the following circumstances:

- i. Due to a technical failure of the ATS.

- ii. When the 20 share Index decreases by more than 5% at the opening session compared to its closing value or during the continuous session compared to its opening value. The halt will not be for more than 30 minutes.
- iii. Where in the opinion of the Chief Executive, circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the listed securities, unless otherwise approved by the Authority.

9.4.2 Security Halts

The Exchange may temporarily halt trading in one or more securities in the following circumstances:

- i. Upon the request of the Authority;
- ii. By the Exchange:
 - a) prior to obtaining a clarification from the company on a report regarding the company which has been brought to the attention of the Exchange;
 - b) when there are unusual market movements in price/volume of a security; and
 - c) where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the specific securities.

9.5 Trading Participants shall be prohibited from effecting transactions in the security/ securities for which a Trading Halt has been announced.

9.6 Where the Exchange has reasonable grounds to suspect collusion or market manipulation, the Exchange may delete the orders in the order book at the time of halt.

9.7 Where the orders are not deleted by the Exchange, Trading Participants may withdraw their own orders during the period of halt. No other changes to the order book shall be permitted during the halt.

- 9.8** The Exchange may upon the request of a Trading Participant, purge all the outstanding orders in the order book of the security/securities on which there has been a halt.
- 9.9** The Exchange shall immediately inform the Issuer of any halt in the trading of its securities and the Authority other than for the purposes of making an announcement and in any event no later than 30 minutes after such halt is imposed.
- 9.10** Trading in the security/securities will resume as soon as the clarification from the Exchange or the issuer is disseminated to the market.
- 9.11** When the halt is lifted, trading in the security/ securities will resume as per the current market status.
- 9.12** The above notwithstanding, the Authority may at its own volition direct the Exchange in writing to take such action as the Authority considers necessary.

10 ASSISTANCE BY THE EXCHANGE

- 10.1** The Exchange may suspend or impose restrictions on a Trading Participant who fails to settle a transaction upon receiving a written request from the Central Depository.
- 10.2** Rule 10.1 shall be effected by the Exchange in consultation with the Authority.

11 EXCLUSION OF LIABILITY

- 11.1** When acting in good faith and without negligence, the Exchange shall not be liable to any person for:
- (i) any loss of opportunity, profit, goodwill, interest or use of money or securities;
 - (ii) any other special, indirect or consequential loss, damage, expense, liability or claim;
- which is suffered resulting from the failure of the ATS Service.
- 11.2** Where the Exchange or a Trading Participant is unable to operate the ATS Service due to a market halt, security halt or system failure, or due to an Act of God or force majeure or any act outside the control of the Exchange, the Exchange shall not be liable to pay any compensation or indemnity to any person who incurs a loss as a result of a delay in effecting any transaction.

12 DISPUTE RESOLUTION

- 12.1** The Chief Operating Officer shall be responsible for interpreting the Trading Rules and settling all disputes that may arise from these Rules.
- 12.2** Any person aggrieved by any decision of the Chief Operating Officer may appeal to the Chief Executive. If the aggrieved party is not satisfied with the decision of the Chief Executive he may appeal to the Trading Technology and Innovation Committee

13 OFFICIAL PRICE LIST AND OTHER MARKET INFORMATION

- 13.1** The Exchange's Official Price List, Market Report and all reports generated by the ATS are the sole property of the Exchange. The copyrights of the Exchange therein are reserved. No person may make a commercial use of the proprietary information of the Exchange in any form or manner whatsoever, unless prior written consent has been given by the Exchange and on such terms and conditions for such use as the Exchange at its absolute discretion shall impose.
- 13.2** All copyright subsisting in the Exchange's 20 Share Index, all share index, sectoral indices and all other indices that the Exchange may from time to time create and their constituent lists vests in Exchange.
- 13.3** Transmission of live feeds of market data and information generated through the ATS shall be the sole preserve of the Exchange and redistribution of such live feeds is not permitted without the express prior written consent of the Exchange.
- 13.4** The Exchange shall publish information on the prices, the traded volumes and the index at the close of every trading session.
- 13.5** Without prejudice to the provisions of the Act and the regulations made thereunder, the Exchange shall determine the particulars to be published for all listed securities, and the form in which and the precise time within which the information is to be provided, as well as the means by which it is to be made available, having regard to the nature, size and needs of the market concerned and of the investors operating on that market.

14 TRANSITIONAL PROVISIONS

These Trading Rules and any amendments hereto shall come into effect after approval by the Authority on a date to be determined by the Exchange.

CMA APPROVED OCTOBER 04, 2019