

CAPITAL MARKET SEGMENT
FAQs on Self-Trade Prevention mechanism

1. What is self-trade prevention mechanism?

If an active order is likely to match with a passive order belonging to the same member-client or same member-proprietary combination in the same order book originating from same or different trading terminal of the member, then as per the instruction set in the active order either the active or passive order resulting in self-trade shall be cancelled.

NEAT/NEAT+ users shall be required to select the desired option in their NEAT/NEAT+ terminal, which shall be referred when orders are entered through the respective NEAT/NEAT+ terminal. NNF users shall be required to send the desired option during order entry as specified in NNF document.

2. For which order types are self-trade prevention check (STPC) applicable?

STPC is applicable for all Day and IOC order types; limit, market, stop loss.

3. For which symbol & session is STPC applicable?

STPC is applicable to all symbols and orders entered in continuous session (Normal Market & Block Window). STPC is not applicable to Pre-Open, Call Auction and Closing Session.

4. How does STPC mechanism work?

STPC shall be done at the time of matching if an active order is likely to match with a passive order belonging to the same member-client or same member-proprietary combination in the same order book originating from same or different trading terminal of the member. As per the instruction set in active order, either of the active or passive order resulting in self-trade shall be cancelled.

Example 1:

Consider the below orders:

Passive orders:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Pro			10	64.25
C1	11111	Buy	Cli	CL1		10	64.00
C1	11111	Buy	Cli	CL1		10	63.75
C1	11111	Buy	Cli	CL2		10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Active Order (client order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Cli	CL2		50	63.75

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- For the 4th passive order since the member-client combination is the same as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Cli	CL2		10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Example 2:

Consider the below orders:

Passive orders:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Pro			10	64.25
C1	11111	Buy	Cli	CL1		10	64.00
C1	11111	Buy	Cli	CL1		10	63.75
C1	11111	Buy	Cli	CL2		10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Active order (client order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Cli	CL2		50	63.75

Instruction set in active order: **Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders

- The 4th passive buy order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade.
- The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty
- The remaining 10 qty of the active sell order shall remain open in the book
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Cli	CL2		10	63.75

Example 3:

Consider the below orders:

Passive orders:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Cli	CL1		10	64.25
C1	11111	Buy	Cli	CL2		10	64.00
C1	11111	Buy	Cli	CL2		10	63.75
C1	11111	Buy	Pro			10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Active order (Pro order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Pro			50	63.75

Instruction set in active order: **Cancel Active order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- For the 4th passive order since the member-pro combination is the same as that of the active order, the remaining active sell order (20 qty) shall be cancelled as the instruction set in active order is to cancel the active order resulting in self-trade.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Pro			10	63.75
C1	22222	Buy	cli	CL1		10	63.75

Example 4:

Consider the below orders:

Passive orders:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Cli	CL1		10	64.25
C1	11111	Buy	Cli	CL2		10	64.00
C1	11111	Buy	Cli	CL2		10	63.75
C1	11111	Buy	Pro			10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Active order (Pro order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Pro			50	63.75

Instruction set in active order: **Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get partially traded (30 qty) against the first three passive orders
- The 4th passive order shall be cancelled as the instruction set in active order is to cancel the passive order resulting in self-trade
- The active order shall get further partially traded (10 qty) against the fifth passive order. Total traded qty shall be 40 qty.
- The outstanding orders shall be:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Pro			10	63.75

5. How does STPC mechanism work in case of stop loss orders?

Once a stop loss order is triggered or is modified such that it gets triggered so that it becomes an active limit / market order, STPC mechanism as explained above shall become applicable.

6. How does STPC mechanism work in case of custodial participant (CP) orders?

STPC mechanism is applicable to only Pro and Cli (non-CP) orders.

Example 1:

Consider the below orders:

Passive Orders:

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Pro			10	64.25
C1	11111	Buy	Cli	CL1		10	64.00
C1	11111	Buy	Cli	CL1		10	63.75
C1	11111	Buy	Cli	CL2	CP0000000001	10	63.75
C1	22222	Buy	Cli	CL1		10	63.75

Active Order (CP order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Cli	CL2	CP0000000001	50	63.75

Instruction set in active order: **Cancel Active order or Cancel Passive order**

The STPC logic shall be as below:

- The active order shall get fully traded (50 qty) against all the passive orders

Example 2:

Consider the below orders:

Passive order (CP order):

Symbol	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Buy	Cli	BBB	CP0000000001	10	64.00

Active order (CP order):

Contract	Member Code	Buy/Sell	Pro/Cli	Client code	Participant Code	Quantity	Price
C1	11111	Sell	Cli	BBB	CP0000000001	20	64.00

Instruction set in active order: **Cancel Active order or Cancel Passive order**

The STP logic shall be as below:

- The incoming active order will get partially matched and traded with the passive order
- Traded quantity will be 10 and the remaining incoming order quantity of 10 shall remain in the book.

7. How does STPC mechanism work in case of order modification?

If a passive order is modified it becomes an active limit / market order and the STPC mechanism as explained above shall become applicable. Members should ensure that the instruction to cancel active or passive order during order modification shall be same as set during order entry else the order modification request shall be rejected with message “CFO request rejected - The Order cannot be modified”.

8. How does STPC mechanism work during trade modification?

STPC mechanism shall not be applicable during trade modification. Members have to take due precaution while performing trade modification to prevent self-trade.

9. How will the member/broker get to know that his order is cancelled due to STPC?

The rejection message for orders cancelled due to STPC shall be “Order cancelled by the System - The order could have resulted in self-trade”