

Headline: NSE to unroll liquidity growth schemes in Sept

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Mumbai: To increase investor participation in exchange traded funds (ETFs), leading bourse NSE has decided to provide liquidity enhancement schemes for ETFs based on money market instruments from September 15.

Under the scheme, eligible market participants would get a complete waiver in the transaction charges on the entire traded volume with respect to ETFs based on money market instruments for the particular month.

At the same time, the NSE said it would also introduce liquidity enhancement schemes (LES) for market making in equity-based ETFs.

In two separate circulars dated August 28, the ex-

ABOUT EFT

- ETFs are baskets of securities that are traded, like individual stocks, on an exchange. ETFs can be bought and sold throughout the trading day like any stock.

change said the decision to introduce the schemes is "to encourage wider participation in ETFs".

The schemes which would be effective for a period from September 15 to March 31, 2016, will be available to all market participants who fulfil certain stip-

ulated obligations set by NSE.

The incentives would be computed and settled on a monthly basis, it said.

NSE said that Nifty-based equity ETFs which in a trading day give a turnover of above Rs 50 would be eligible for the scheme.

The turnover would have to be Rs 25 lakhs for non-nifty based equity ETFs.

"A trading day when the equity ETFs turnover is below the threshold will be not included for computation of incentive benefit," NSE said.

As per Sebi norms, stock exchanges can introduce incentive schemes for brokers and intermediaries to enhance liquidity in illiquid securities in the equity cash and derivative segments. *PTI*