



**CIRCULAR**

CIR/MRD/DP/ 25 /2013

September 03, 2013

To,

All Stock Exchanges.

Dear Sir / Madam,

**Subject: Index based market-wide circuit breaker mechanism**

1. Please refer to SEBI circular SMDRPD/Policy/Cir-37/2001 dated June 28, 2001 directing stock exchanges to implement an index based market wide circuit breaker system to affect a coordinated trading halt in all equity and equity derivative markets on index movement either way of 10%, 15% and 20%.

2. Based on the recommendations of Secondary Market Advisory Committee (SMAC), it has been decided to partially modify the system of index based market wide circuit breaker as under:

- (i) Daily revision of index based market-wide circuit breaker limits: Para 2 of the SEBI circular dated June 28, 2001 shall be modified as under:

The stock exchange on a daily basis shall translate the 10%, 15% and 20% circuit breaker limits of market-wide index variation based on the previous day's closing level of the index.

- (ii) Resumption of trading after the halt with a pre-open call auction session

- (a) Post-observation of the trading halt, stock exchange shall resume trading in the Cash Market with a fifteen minutes pre-open call auction session.
- (b) Such pre-open call auction session shall be governed as per the provisions mandated vide SEBI circulars no. CIR/MRD/DP/21/2010 dated July 15, 2010, CIR/MRD/DP/32/2010 dated September 17, 2010 and CIR/MRD/DP/6/2013 dated February 14, 2013.
- (c) In order to accommodate such pre-open call auction session, the extant duration of the market halt prescribed vide SEBI circular June 28, 2001 shall be suitably reduced by fifteen minutes.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

- (d) With regard to the dynamic price bands mandated in para 6.1 and para 6.2 of the SEBI circular CIR/MRD/DP/34/2012 dated December 13, 2012, the reference price for the dynamic price band in the pre-open session and subsequent trading sessions shall be previous day's closing price.
3. All other conditions shall be as per SEBI circular SMDRPD/Policy/Cir-37/2001 dated June 28, 2001.
4. Stock exchanges are directed to:
- (i) take necessary steps and put in place necessary systems for implementation of the provisions of this circular with effect from October 01, 2013.
  - (ii) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
  - (iii) bring the provisions of this circular to the notice of their members and also disseminate the same on their website.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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