

CIRCULAR

Circular No.	20171017-1	Circular Date	10/17/2017
Category	Business Development &Marketing	Segment	ALL
Subject	Liquidity Enhancement Scheme (LES)		
Attachments	<ul style="list-style-type: none">• Annexure 1• Annexure 2• Annexure 3• Annexure 4• Annexure 4A• Annexure 5		



Subject – Liquidity Enhancement Scheme (LES) – Terms & Conditions

SEBI vide circular CIR/MRD/DP/14/2014 dated April 23, 2014 permitted stock Exchanges to introduce “**Liquidity Enhancement Schemes**” in the equity derivatives and equity cash segments to enhance liquidity in illiquid securities. The permission has been extended by SEBI vide circular SEBI/HO/MRD/DSA/CIR/P/2017/95 dated August 10, 2017 to exchanges at International Financial Services Centre (IFSC) to introduce liquidity enhancement schemes in the equity derivatives segments. This has further been extended to all the products traded in IFSC, by SEBI vide circular no. SEBI/HO/MRD/DSA/CIR/P/2017/103 dated September 21, 2017.

SEBI vide their letter dated October 17, 2017 has approved introduction of LES at India INX IFSC. Accordingly, India INX IFSC plans to introduce LES with the goal of creating lasting, self-sustaining liquidity, turnover and open interest w.e.f. **November 01, 2017**, in respect of the following products:

- S&P BSE SENSEX 50 Futures
- GOLD Futures
- INDIAN STOCK Futures

The eligible Member need to be register with the Exchange for incentives under LES as under:

- **Market Makers (MMs)** - Members registered with the exchanges and will be obligated to provide continuous quotes with specified size and spread in order books
- **General Market Participants (GMPs)** - Members who have not registered as MMs but registered for incentives other than quoting obligation under LES

The eligibility criteria for MMs are as given below:

- Members have to register with the exchange to participate as a MMs
- Net worth of Rs. 1 Cr. (USD 150k approx.)
- No serious disciplinary action against the member in the last year

The programme incentivises MMs and GMPs as per prescribed terms and conditions. Active Members can follow a simple process to register themselves for this programme as Market Makers (MMs) or General Market Participants (GMPs) as per **Annexure 1**.

Under the programme, the MMs have a continuous quoting obligation with specified size and spread in S&P BSE SENSEX 50 Futures & Gold Futures contract. The programme offers following types of incentives to MMs & GMPs:

1. Quote based incentives in S&P BSE Sensex 50 and Gold Futures for MMs
2. Turnover based incentive on passive trades to MMs and GMPs
3. Open Interest (OI) based incentive to MMs and GMPs
4. Unique Client Code (UCC) based incentive for new client’s activation for Members registered as MMs & GMPs

The following may be noted:

- In case of quoting incentives for MM, the incentives will be calculated on a daily basis and paid on the next working day
- All other incentives will be calculated on a daily basis and paid on a monthly basis on the 3rd working day of the next month.
- Incentive payment will be on Pro-rata basis

The Exchange monitors performance of the programme including presence of MMs and their compliance with the quote obligations through a mix of online and offline monitoring tools. The Exchange also publishes information on the programme from time to time.

The LES shall remain in force for a period of six month i.e. till April 30, 2018. The Exchange reserves the right to amend/ discontinue the LES at any time with an advance notice of 15 days. The incentive synopsis on LES is as given below:

Incentives Type	Amount (in USD)		
	Average Quoting Incentive*		Maximum Total Incentives For Six Months
	Per Day	Per Month	
Maximum Quoting Incentive (For details refer Annexure 2)	800	18,733	112,400
Maximum Turnover Incentive (For details refer Annexure 3)	3,250	68,792	412,750
Maximum Open Interest Incentive (For details refer Annexure 4)	836	17,700	106,200
Unique Client Code (UCC) - For details refer Annexure 5	-	-	25,000
Total	4,886	105,225	656,350

*Based on 127 trading days from Nov 1 2017 to Apr 30, 2018

For any further clarifications, members are advised to contact their designated Relationship Manager.

For and on behalf of India International Exchange (IFSC) Ltd.,

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