



भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MRD-TPD-1/CIR/P/2023/7

January 09, 2023

To,

All Stock Exchanges

All Clearing Corporations

All Depositories,

Dear Sir/ Madam,

Sub.: Standard Operating Procedure for handling of Stock Exchange Outage and extension of trading hours thereof

1. Trading hours of stock exchanges are pre-defined and known to all market participants including the other Market Infrastructure Institutions (MIIs) to enable them to carry out activities related to continuous trading in securities.
2. If due to any technical reason or otherwise, continuous trading on stock exchanges is disrupted, it is of paramount importance that not only all market participants including other MIIs, are promptly informed about the outage but also the trading hours are extended, if required, so as to provide opportunity for smooth closure of intraday positions.
3. With a view to ensure that any outage at stock exchange(s) is handled in a harmonized and consistent manner, the matter was discussed with the MIIs and Standard Operating Procedure with regard to handling of such stock exchange outage in Cash Market and Equity Derivatives segment is detailed below.

Definition of Stock Exchange Outage

4. Stock Exchange Outage shall mean stoppage of continuous trading, either suo moto by exchange or by virtue of reasons beyond control of stock exchange. Further, stoppage of continuous trading shall not include trading halt on account of index based market-wide circuit breaker.



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Reporting Requirements for outage

5. The stock exchange that suffered the outage (referred to as affected stock exchange) shall intimate about the outage to various stakeholders as mentioned below:

Sl. No.	Communication to	Reporting
1.	Market Participants / Trading Members / Other MIs	Immediate but not later than 15 minutes from occurrence of outage. Through broadcast message and by publishing on its website
2.	SEBI	Immediate after occurrence of outage. Through an email to dedicated email id : techglitch@sebi.gov.in

6. Further, the affected stock exchange shall update about the ongoing outage in the time intervals of 45 minutes from the initial intimation, as mentioned at Para 5 above, until normalcy to operations is restored. Extension of trading hours, if applicable (as mentioned subsequently from para 10 to 16 of the circular), shall be mentioned in the intimation by the affected stock exchange.

Trading on unaffected segment(s) / exchanges and Resumption of trading on affected stock exchange

7. In the event of disruption of trading in one or more market segments of affected stock exchange, qualifying as outage, trading in other unaffected segments of the affected exchange shall continue and all other unaffected exchanges shall continue to trade in all of their market segments.
8. Affected stock exchange would restore operations to normalcy at the earliest including from the Disaster Recovery Site and carry out various activities, in terms of SEBI Circular dated March 22, 2021 on Business Continuity Planning (BCP) and Disaster Recovery (DR) and SEBI circular dated July 05, 2021 on Standard Operating Procedure for handling of technical glitches by Market Infrastructure Institutions (MIs) and payment of “Financial Disincentives” thereof, as applicable.
9. A pre-opening session similar to normal pre-opening session would be conducted for effective price discovery, before resumption of trading. Further, there shall be an advance intimation of at least 15 minutes to various market participants with regard to resumption of trading or start of pre-opening session, as applicable.



Extension of trading hours in case of outage

10. If the trading on the affected stock exchange resumes to normalcy at least one hour (excluding 15 minutes of pre-opening session, if applicable) before the normal scheduled market closure, trading hours on that day for all stock exchanges would remain unchanged.
11. If the trading on the affected stock exchange does not resume to normalcy even one hour (excluding 15 minutes of pre-opening session, if applicable) before the scheduled market closure, trading hours for all stock exchanges would automatically get extended for additional one and half hours for that day and the same would be intimated by the affected stock exchange to market participants, other MIIs and SEBI latest by one hour fifteen minutes before the normal scheduled market closure. Subsequent to the communication from the affected stock exchange, the unaffected stock exchanges would also suitably issue a notice with regard to extension of trading hours on their stock exchanges.
12. If the trading on the affected stock exchange does not resume to normalcy even 45 minutes (excluding 15 minutes of pre-opening session, if applicable) post normal scheduled market closure, in the case of extension of trading hours, no further trading would be allowed on the affected stock exchange for that day and other stock exchanges would continue to operate till the extended time provided at para 11 above to enable smooth closure/settlement of intraday positions. The affected exchange would have to suitably intimate the same to market participants, other MIIs and SEBI latest by 45 minutes post normal scheduled market closure.
13. If the occurrence of outage as mentioned in para 4 above, happens during the last trading hour of normal operation and latest before 15 minutes of normal scheduled market closure, trading hours for all stock exchanges would automatically get extended by one and half hours for that day and the same would be intimated by the affected stock exchange to market participants, other MIIs and SEBI immediately but not later than 10 minutes from the occurrence of outage. Subsequent to the communication from the affected stock exchange, the unaffected stock exchanges would also suitably issue a notice with regard to extension of trading hours on their stock exchanges.



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14. Exchanges to put in place a common close out policy, within 30 days of this circular, to ensure uniform methodology of settlement of open positions, in case continuous trading didn't happen in Cash Market or Equity Derivative Segment of the exchange during last half an hour of trading for the day due to outage.
15. Extension of trading hours, if any, for Cash Market would result in equivalent extension of trading hours in Equity Derivative Segment and vice versa, provided trading hours at the start of the day are aligned for both Cash Market and Equity Derivative Segment. Further, Extension of trading hours in the Cash Market would also result in equivalent extension to other secondary market mechanisms conducted during trading hours such as Offer For Sale, Buy back etc.
16. For illustration, a few scenarios pertaining to extension of trading hours are tabulated herewith with the assumptions that trading hours for two exchanges A and B in Cash Market and Equity Derivative Segment, at start of the day, are from 09:15 to 15:30 (i.e. excluding pre-opening and post-closing session) and all segments of exchange B are operating unaffected.

S No	Occurrence of outage	Event	Extension of trading hours
1	In Equity Derivative Segment of exchange A	Normalcy in the said segment restored latest by 14:30	No extension of trading hours for exchange A and B
2	In Cash Market of exchange A	Start of Pre-opening latest by 14:15	No extension of trading hours for exchange A and B
3	Any time during the trading hours in Cash Market on exchange A	Failure to start Pre-opening by 14:15 on exchange A	Trading hours in Cash Market and Equity Derivative Segment of exchange A and B extended till 17:00 and announcement in this regard to be made latest by 14:15 by the affected stock exchange. Note that such announcement is to be made on the basis of assessment by stock exchange on the likely resumption of normalcy
		Failure to start Pre-opening by 16:00 on exchange A	No trading permitted in Cash Market on exchange A for the day. Equity Derivative Segment on exchange A and Cash Market and Equity Derivative Segment on exchange B would continue to trade till



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			17:00. The affected stock exchange to announce latest by 16:15
4	At 15:05 on exchange A in Cash Market		Trading hours in Cash Market and Equity Derivative Segment of exchange A and B extended till 17:00 and announcement to be made by affected stock exchange within 10 minutes of occurrence of outage i.e. by 15:15
5	At 15:16 on exchange A in Cash Market		No extension of trading hours for exchange A and B

Updation of BCP document of MII

17. MIIs shall update their BCP document subsequent to the instant circular and submit the same to SEBI subsequent to approval of their Governing Boards within 2 months of the date of this circular.
18. 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.
19. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Circulars”.
20. This circular shall come into effect immediately and is without prejudice to the SEBI circulars dated March 22, 2021 and July 05, 2021 to the MIIs on ‘*Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs)*’ and ‘*Standard Operating Procedure for handling of technical glitches by Market Infrastructure Institutions (MIIs) and payment of “Financial Disincentives” thereof*’ respectively.

Yours faithfully,

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