RAJYA SABHA

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA
***

CIRCUIT FILTER LIMIT AT NSE

New Delhi, Agrahayana 07, 1934
November 29, 2012

The stock exchanges have been advised by Securities and Exchange Board of India (SEBI) vide its Circular dated June 28, 2001 to implement an index based market-wide circuit breaker at three stages of the index movement either way at 10%, 15% and 20% resulting in halt of 30 minutes, 1 hour, 2 hours and remainder of the day subject to various conditions prescribed in the circular.

The percentages are calculated by the stock exchanges on the closing index value of the quarter and translated into absolute points of index variations (rounded off to the nearest 10 points in case of NIFTY) at the end of each quarter and made applicable for the next quarter.

As per the circular issued by National Stock Exchange of India Ltd (NSE) on September 28, 2012, the absolute points of NIFTY variation (over the previous day's closing NIFTY) which would trigger market wide circuit breaker for any day in the quarter between October 01, 2012 to December 31, 2012 are as under:-

Percentage (+/-)	Equivalent Point (+/-)
10%	570
15%	860
20%	1140

On October 05, 2012, at NSE, on account of abnormal orders resulting in multiple trades at low prices, the circuit filter was triggered at 10 per cent. The orders that were already in the system were however executed in the next few seconds and it resulted in a further movement of Nifty to the day's low of 4888.20 points.

NSE has informed SEBI that, on account of abnormal orders resulting in multiple trades at low prices, the Nifty fell to a day's low of 4888.20 points, which was 899.40 points lower (or a -15.54% change) from its previous close of 5787.60 points.

NSE has also informed SEBI that since the Futures and Options (F&O) markets and other markets were functioning normally and the fall was apparently on account of freak orders from a particular member, the cash market was reopened with a pre-open phase after a halt of approximately 10 minutes and trading resumed at 10.05.00 am.

NSE has informed SEBI that the decision to reopen the cash market after a halt of 10 minutes was taken by the stock exchange as F&O markets and other markets were functioning normally and the fall was apparently on account of freak orders from a particular member.

This was stated by the Minister of State for Finance Shri Namo Narain Meena in a written reply to a question in the Rajya Sabha today.

* * *