

FUTURES ELIGIBILITY CRITERIA FOR SELECTION OF SECURITIES ELIGIBLE FOR TRADING IN DELIVERABLE FUTURES CONTRACT (DFC) MARKET

A. CRITERIA	<ol style="list-style-type: none"> 1. After exclusion of securities on the Defaulters' Segment, list of securities in the top 22nd percentile to be prepared by assigning 60% weight to average daily traded volume and 40% weight to free float market capitalization (reduced by a factor of one thousand). 2. Securities of companies to be excluded from the list in (1) if not compliant with the following minimum requirements: <ol style="list-style-type: none"> (i) Minimum average daily turnover of not less than 0.1% of total average volume or minimum average daily value traded of not less than 0.15% of the total average value of book-entry eligible securities during the review period or such other percentage as specified by the Commission; (ii) Free Float of more than 25% of issued capital or 40 million Free Float shares; (iii) Officially listed at the Exchange earlier than the last six-months period; (iv) Traded at least 90% of the trading days during the review period. 3. Number of securities excluded due to requirements in (2) to be determined. Equivalent number of securities which immediately succeed the excluded securities based on percentile and meet all criteria will be added in the list prepared in (1), provided that securities not falling in top 40th percentile or such other percentile as specified by the Commission will not be included. 4. Securities of companies in the list after step (3), not complying with the following conditions, to be ineligible: <ol style="list-style-type: none"> (i) No investigation/ inquiry has been concluded against the company with adverse findings of mismanagement or the company has not obtained stay order from court against any inquiry/investigation initiated by the Commission; (ii) Securities of listed asset management companies, mutual funds, brokerage houses and companies whose principal activity includes short term investment/trading in securities shall not be eligible. 5. Exchange Traded Funds (ETF) shall be eligible and added to the list in (1) subject to the following: <ol style="list-style-type: none"> (i) No investigation/ inquiry has been concluded against the company with adverse findings of mismanagement or the company has not obtained stay against any inquiry/investigation initiated by the Commission; (ii) Not on Defaulters' Segment; (iii) Underlying constituent securities of the ETF are eligible in terms of these criteria.
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B. REVIEW OF SECURITIES	<p>1. Futures Eligible Securities shall be reviewed each quarter based on the previous 6-month data on rolling basis within 10 calendar days from the close of calendar quarter (review period).</p> <p>2(a). Exclusion of Securities:</p> <ul style="list-style-type: none"> (i) Securities which become ineligible based on the pre-defined quantitative parameters (i.e., turnover, value, days traded and the percentile threshold) shall be given a relaxation of 25% in the desired threshold, and shall remain eligible, for the consecutive two review periods i.e., current review period under consideration followed by the immediate next review. Provided that, such securities fail to recover to the pre-defined threshold in the third review period OR the mentioned quantitative parameters deteriorate more than the relaxation provided in the meanwhile, shall become ineligible. However, one 90-day contract shall be opened for outgoing securities in all such cases. (ii) Securities which are excluded based on clause A2 (ii) of this criteria shall be excluded from futures list provided one 90-day futures contract shall be opened in this case. (iii) Securities which become ineligible based on qualitative parameters such as defaulter or conditions as prescribed in A4 (i) and A4 (ii) of this criteria shall be excluded and no new 90-day DFC shall be opened for such securities. <p>2(b). Inclusion of Securities:</p> <ul style="list-style-type: none"> (i) Securities, having minimum listing history of 12 months, shall be included in the futures eligible list provided (a) meets the qualitative and Free Float criteria, and (b) meets the pre-defined quantitative parameters (i.e., turnover, value, days traded and the percentile threshold) for two consecutive review periods i.e., the current review and immediate previous review period. (ii) IPOs with listing history of more than six months but less than a year shall be considered for futures eligible list provided it meets all of the specified quantitative and qualitative thresholds. <p>3. Securities excluded based on quarterly review will be available for trading in existing contracts traded till respective expiries.</p>
C. NOTICE PERIOD	Any inclusion/exclusion in/from the list of Futures Eligible Securities based on the revised list of securities eligible for trading in DFC and CSF Contract Markets shall be notified minimum one week in advance from the opening of immediate next available Futures Contract.
D. REVIEW FOR CRITERIA	The Exchange may review and change the eligibility criteria as and when required with prior approval of the Commission and notify the change in it, if any, to the market participants.