

Department: Inspection	Segment: All
Circular No: MSE/INSP/15958/2024	Date : September 11, 2024

Subject: FAQ on Revision in Contract Note Format

To All Members,

This has reference to Exchange Circular No. MSE/INSP/15356/2024 dated May 14, 2024, on the subject "Revision in Contract Note Format", wherein it was informed that stock brokers shall issue Electronic Contract Note (ECN) with single Weightage Average Price (WAP) for trades done across Exchanges per security/common contract for the total traded quantity per settlement.

Based on representations received from Members and subsequent discussions in Broker's Industry Standards Forum (ISF), clarification on Frequently Asked Questions (FAQs) are enclosed as **Annexure A**.

All Members are requested to take note of the contents of the circular and comply.

In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on compliancemsx@msei.in.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

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Frequently asked Questions (FAQ's): Revision in Contract Note Format on account of single Volume weightage average price (VWAP)

Q.1 Is the revised contract note format mandatory or voluntary?

- As per SEBI directives, Exchange circular dated May 14, 2024 on the revision in contract note format is mandatory for all categories of clients of Equity and Derivatives segment.

Q.2 Will revised format of contract note be applicable for other segment such as OFS, buy back or debt segment.

- No, as OFS and OTB are bidding process. However, members may use new format for providing Exchange wise contract note.

Q.3 Transaction charges are different across Exchanges. Can combined transaction charges across Exchange be provided in revised contract note?

- Exchange transaction charges shall be provided on combined basis in revised contract note format.

Q.4 Will there be any impact on settlement or reporting of trades executed under "block deal" or "bulk deal" across Exchanges?

- There will be no change in the existing reporting mechanism of bulk or block deal and Exchange wise reporting shall be maintained. A combined contract note having single WAP across Exchanges shall be issued for trades executed under block or bulk deal to the clients.

Q.5 Is it mandatory to send complete details of trade as annexure?

- The member shall ensure that details of trades such as Contract number, security/contract detail, Exchange, Order No., Order time, Trade No., Trade Time, Traded quantity, price etc is attached to the contract note as an Annexure.

Q.6 Is it mandatory for brokers to provide one WAP across exchanges or is it optional based on client requirement?

- It is Mandatory to issue all contract notes including electronic contract note (ECN) with single WAP for trades done across Exchanges per security/common contract.

Q.7 How the VWAP (Volume Weighted Average Price) would be calculated across the exchanges?

- $VWAP = \frac{\text{Total buy/sell trade value for ISIN across Exchanges}}{\text{Total number of securities bought/sold across Exchanges}}$

Q.8 Will there be any changes in the price precision i.e. two decimals or four decimals?

- It will be the choice / arrangement between client/member on providing average trade price upto 2 or 4 decimal places.



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Q.9 What changes will take place in existing mechanism of STP gateways?

- Fields of exchange identification shall be removed and changed. The revised format of ECN shall incorporate the WAP calculation across Exchanges per security/common contract note. Further, revised STP formats will be published by Exchanges.

Q.10 Are there any changes expected in communication between Client/Global Custodian/Local Custodian to align with the matching process?

- Broker back office to send trade execution via OMGEO / CTM to FPI for combined trade qty and VWAP across exchanges.
- FPI back office to provide single trade instruction across exchanges to Global Custodian (GC)
- Broker to send single Contract Note / ECN with VWAP across exchanges to Local Custodian (LC)

Q.11 In addition to exchange identifier, will there be any change in the settlement number population in the STP format?

- There is no change. Settlement number will prevail akin to existing.

Clearing Corporations will be publishing FAQ in respect OTR, PTA reporting and any other impacted files / reports pertaining to CCs.