
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No. : NCDEX/Member Tech Compliance-017/25

Date : September 25, 2025

Subject : Consultation Paper for Detailed guidelines on Review of technical glitch
framework for stock brokers

This is with reference to the Consultation Paper on Review of Framework to address Technical Glitches in Stock Brokers' Electronic Trading Systems issued by SEBI on dated September 22, 2025.

In continuation to the said consultation paper and as advised by SEBI in consultation paper dated September 22, 2025, Stock Exchanges have jointly framed detailed guidelines on, definition of Technical Glitch, Capacity Planning, Software Testing & Change Management, Business Continuity Planning (BCP) & Disaster Recovery Site (DRS) and Monitoring Mechanism which is attached as Annexure – A.

In this regard, all stakeholders are requested to provide their comments on the guidelines attached at Annexure-A. The comments/suggestions are required to be submitted at the latest by October 12, 2025. The Link to provide the comments/suggestions shall be available on following path of NCDEX website:

Path :- <https://www.ncdex.com/media/report-for-public-comments> or directly via <https://ncdex.jotform.com>

Stakeholders for providing comments/suggestions on detailed guidelines as provided in Annexure-A, can also refer to the existing 'Framework to address the technical glitches in Trading Member's Electronic Trading Systems, which was published vide NCDEX Circular ref.no NCDEX/RISK-010/2022 dated December 16, 2022.

For and on behalf of

National Commodity & Derivatives Exchange Limited

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For further information, / clarifications, please contact

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Annexure – A**Detailed guidelines on Review of technical glitch framework for stock brokers**

SEBI has issued consultation paper on 'Review of Framework to address the 'technical glitches' in Stock Brokers' Electronic Trading Systems' dated September 22, 2025. As specified by SEBI, stock exchanges would be issuing detail guidelines with regard to operational modalities of the proposed framework. In this regard, the comments are sought from the stakeholders with regard to following operational framework.

1. Definition of Technical Glitch:

1.1 *(Refer to definition of Technical glitch mentioned in the SEBI consultation paper dated 22/09/2025.)*

1.2 The Financial disincentive structure is applicable for the technical glitches which continued for more than 15 minutes as per the current framework. However, SEBI in its consultation paper proposed certain exemption from the applicability of disincentive structure.

1.3 The disincentive structure is proposed exempted if the technical glitches falls under the definition of glitches, however such glitches do not affect the stock broker's ability to provide seamless services to their clients. Therefore, in case of the following types of technical glitches, the financial disincentive structure shall not be applicable:

- A technical glitch that occurred either in the mobile-based trading application or in the web-based trading application while either of them is functioning in a proper manner.
- A technical glitch that is minor in nature or has a minor impact on the seamless operations of the stock brokers.

1.4 The exemption from financial disincentive structure mentioned at para 1.3 above is subject to the following:

- a. In case of QSBs and 'specified stock brokers', unique clients affected due to technical glitch shall not be more than [average of 0.5% of unique clients traded in previous quarter or 2,000 unique clients whichever is lower].
- b. In case of other than QSBs and 'specified stock brokers', unique clients affected due to technical glitch shall not be more than [average of 1% of unique clients traded in previous quarter or 500 unique clients whichever is lower].

1.5 Stock broker is required to demonstrate to the Stock Exchange based on the audit of logs' etc. that the above mentioned threshold criteria is met. Stock broker shall submit system auditor's certificate to stock Exchange in this regard.

2. Applicability of the technical glitch framework:

2.1 The framework shall be applicable to the stock brokers providing IBT/STWT trading platforms and having more than 10,000 registered clients as on 31st March of previous financial year.

3. Capacity planning:

3.1 *Refer to point No 6 on Capacity planning mentioned in the SEBI consultation paper.)*

The requirement specified in the Exchange circular ref.no NCDEX/RISK-010/2022 dated December 16,2022, will remain applicable. However, following provisions are proposed in order to ease the compliance:

3.1.1. The requirement specified at para 3 (v) of Exchange circular ref.no NCDEX/RISK-010/2022 dated December 16,2022 shall be partially modified. The periodicity of capacity planning exercise for different type of stock brokers is as follows:

- a. QSBs shall do capacity planning on quarterly basis,

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- b. 'Specified stock brokers' shall do capacity planning on half yearly basis,
 - c. Remaining stock brokers shall do capacity planning on yearly basis.

3.1.2. Members shall monitor peak load in their 'critical systems' including servers, and network architecture. The Peak load shall be determined on the basis of highest peak load observed during a calendar quarter in case of QSB, during a calendar half year in case of specified stock brokers and during a calendar year in case of other stock brokers.

3.1.3. The installed capacity shall be at least 2 times (2X) of the observed peak load for QSBs and at least 1.5 times (1.5x) of the observed peak load for specified stock brokers and other stock brokers.

4. Software testing and change management:

4.1 *Refer to point No 7 on Software Testing and Change management mentioned in the SEBI consultation paper*

4.2 The requirements specified in the Exchange circular ref.no NCDEX/RISK-010/2022 dated December 16,2022 shall remain applicable except the requirement specified at para 4 (vi) (i.e. *Specified members shall perform software testing in automated environment*) of the circular. The said requirement (4 (vi)) is proposed to be removed.

5. Monitoring mechanism:

5.1 *Refer to point No 8 on Monitoring Mechanism mentioned in the SEBI consultation paper.* The detailed guidelines/requirements on Logging and Monitoring Mechanism (LAMA) as prescribed in Exchange Circular on 'Framework to address the technical glitches in Trading Member's Electronic Trading Systems' vide ref.no NCDEX/RISK-010/2022 dated December 16, 2022 shall remain applicable.

6. Business Continuity Planning (BCP) and Disaster Recovery Site (DRS):

6.1 *Refer to point No 9 on BCP/DRS mentioned in the SEBI consultation paper.*

6.2 The requirement specified in the Exchange circular ref.no NCDEX/RISK-010/2022 dated December 16,2022 shall remain applicable to 'Specified Members', Members with a minimum client base of 50,000 clients and to Qualified Stock Brokers (QSBs) as provided in Exchange circular ref. no. NCDEX/RISK-010/2022 dated June 1,2023. However, following exemptions are proposed for the smooth transition of the members who fulfils the criteria of QSBs or specified stock brokers or Members with a minimum client base of 50,000 clients during the financial year:

- i In case if any new 'specified stock broker' is added in the list, DR drills/ live trading shall include running operations with 50% clients from DRS for at least 1 full trading day during first half year and with 100% clients from DRS for at least 1 full trading day from subsequent half year and onwards.
- ii In case if any new 'QSB' is added in the list, DR drills/ live trading shall include running operations with 30% clients from DRS for at least 1 full trading day during first quarter and with 60% clients from DRS for at least 1 full trading day during second quarter and with 100% clients from DRS for at least 1 full trading day from subsequent quarter onwards.

7. Financial Disincentive Structure:

7.1 Financial disincentive structure is proposed to be rationalized considering the nature and frequency of the glitches. Further exemptions from the applicability of financial disincentive are also proposed for certain types of glitches (as stated above at point no 1).
