

**GENERAL MANAGER**  
**Market Regulation Department**  
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MRD/DoP/SE/Cir- 14/2006  
September 28, 2006

The Executive Directors/Managing Directors/Administrators  
of All Stock Exchanges

Dear Sir / Madam,

**Sub: Standing Committee - Computerised Trading System**

1. This is with reference to SEBI Circular No.SMD/POLICY/Cir-2/98 dated January 14, 1998 which, inter-alia, provides for setting up a Standing Committee to investigate the problems of computerised trading system, such as, hanging / slowdown / breakdown.
2. Pursuant to the observation made with regard to compliance on the issue during the inspection of stock exchanges conducted by SEBI and with a view to clarify the requirements under the aforesaid circular and to bring uniformity in implementation / compliance, the exchanges are advised as under:-
  - 2.1. All instances of hanging /slowdown / breakdown and any other problem in the computerized trading system, even if the disruption is less than five minutes, should be reported to the Committee for its consideration.
  - 2.2. The Committee, upon examination of the issue/s shall submit a report to the Governing Board / Council of the Stock Exchange.
  - 2.3. The Governing Board / Council of the Stock Exchange shall deliberate on the aforesaid report and take suitable action / remedial measure.
  - 2.4. Further, in case of stoppage beyond five minutes the exchange should also explain and report to SEBI about the incident as well as the remedial measures taken. The Stock Exchange shall also issue a press release in this regard for greater transparency and in the interest of investors.

3. The Stock Exchanges are advised to ;
  - 3.1. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
  - 3.2. bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
  - 3.3. communicate to SEBI, the status of the implementation of the provisions of this circular in Section II, item no. 13 of the Monthly Development Report for the month of October 2006.
  
4. 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.

Yours faithfully,

**V S SUNDARESAN**