



Department: Market Operations	Segment: All
Circular No: MSE/TRD/17843/2025	Date: September 23 rd , 2025

Sub: Safer Participation of Retail Investors in Algorithmic Trading – Detailed Operational Modalities – Update

To All Market Participants,

This is with reference to SEBI circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013 dated February 04, 2025 on 'Safer participation of retail investors in Algorithmic trading', Exchange circulars MSE/TRD/17165/2025 dated May 13, 2025 (Implementation standards for safer participation of retail investors in Algorithmic trading), MSE/TRD/17647/2025 dated August 13, 2025 (Safer participation of Retail investors in Algorithmic trading – Detailed Operational Modalities)

It is hereby notified that the following sections of the MSE circular MSE/TRD/17647/2025 dated August 13, 2025 shall stand revised and these paras shall be read as under:

1. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - Para 2.1 Revised Identification for first 12-digits of CTCL ID – point 5 of the table to be read as follows:
"Client Direct API (Facility provided by TM to Clients to send order messages through API/ Member Frontend/Internet or Mobile based applications, other than the above options)"
2. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - 2.4.1. 1st level category (Front end) – To be read as follows:
"2.4.1.1 Client Direct API (Clients other than DMA clients without TM front end with all order attributes like Direct API) / Member Frontend for Retail Algo (IBT and STWT)"
3. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - 6.2.1 Submission of Empanelment Undertaking as per format provided in Annexure 1 –

➤ Para 8 of the Undertaking contained in Annexure 1 shall be read as follows:

"I/We undertake that the Product design shall be compatible with MSE's trading system in order to use only the specified messages given by MSE and shall consider all the structures defined by MSE from time to time. I/We shall ensure that the Product shall be compatible with basic functionalities as required by MSE and to any changes thereof. Further, I/We shall ensure that any customization requirement of the Trading Members shall be in line with MSE requirements. It is further clarified that Algo Providers do not interface with MSE's trading system directly, but only through the APIs made available by Trading Members. Accordingly, the Algo Provider's

Metropolitan Stock Exchange of India Limited

Registered Office: 205A, 2nd Floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400070.
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compliance with MSE requirements shall be limited to the functionality and controls permitted by such Trading Member APIs."

- Para 9 of the undertaking contained in Annexure 1 shall be read as follows:

"I/We undertake that the Product developed by me / us shall be at all times similar to that of the specifications of Trader Work Station (TWS) or any other Exchange provided software including any upgrades stipulated by MSE, from time to time. However, I/ we shall ensure that such Product developed by us shall be distinctly identifiable from TWS or any other Exchange provided software. It is further clarified that Algo Providers do not develop products by directly interfacing with TWS or any Exchange-provided software. Such products operate solely through the APIs made available by Trading Members, and their functionality is limited to what is permitted by such APIs. Accordingly, the Algo Provider shall regularly seek guidance from the Trading Member to align its product with the specifications of TWS or other Exchange software."

- Para 13 of the undertaking contained in Annexure 1 shall be read as follows:

"I / We shall ensure that the Product shall be developed so as to generate the following from the system for the purpose of verification during the inspection:

- i. Number of users hooked on to the network. including privileges to each user.*
- ii. All the systems logs and audit trails of the user and the Trading Member.*
- iii. Provision for entering complementary dummy orders."*

- Para 41 of the undertaking contained in Annexure 1 shall be read as follows:

"If any obligation is cast unto MSE by any court of competent jurisdiction to pay or deposit any interim amount pending final disposal of any matter pertaining to the above mentioned adverse actions, claims or demands, I/ We shall promptly (without any delay or demur) pay such interim amount to MSE, provided it does not exceed the average annual revenue generated of Algo business by us in the last three (3) completed and audited financial years from the suite of products registered by MSE. In the event of any higher amount being ordered to be paid or deposited, then the same would be mutually discussed and appropriate amount agreed upon for payment to MSE."

- 4. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - 6.2.2 Criteria for empanelment as per details provided in Annexure 2

- Point 6. of Annexure 2 (Criteria for Empanelment of "Algo Provider") to be read as *"Criteria related to ISO certification (New) - 27001:2022 (SEBI circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated 20 August 2024). However, the empanelment will be a provisional empanelment subject to completion of the ISO certification within 3 months from the date of empanelment with the exchange."*
- Point 13. of Annexure 2 (Criteria for Empanelment of "Algo Provider") to be read as *"Declaration of any cyber / adverse technical incident for the previous 3 years, (half yearly) VAPT reports covering assessment of the Application, APIs, Infrastructure along with Closure report (ATR) from CERT-In empanelled auditor (SEBI circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated 20 August 2024)"*

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5. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - 6.2.3 Submission of Empanelment application as per format provided in Annexure 3

➤ Point 3. FINANCIAL DETAILS of Annexure 3 to be read as follows:

“Financial Details of applicant/proprietor (CA/CS certified net worth certificate to be enclosed)

Details of promoters and their background: To be enclosed

No. of years in the Fintech Business:

Fintech Business Turnover for last five years:

(Complete details including balance sheets to be enclosed)

Complete details of ISO Certification:”

6. Annexure I of MSE circular MSE/TRD/17647/2025 dated August 13, 2025 - Auditor’s Certificate as per format provided in Annexure 4

The para stands deleted from the declaration is *“I hereby confirm, Algo Provider has complied with the requirement of Exchange Circular and other circulars issued from time to time on "Display of Brokerage, Statutory & Regulatory Levies to the investors" to prominently display the details of brokerage/charges to be levied for each order to the investor on the “Order placement window/screen” on their trading applications prior to placement of order.”*

The following revised Annexures of Annexure I have been attached for reference.

1. Annexure 1
2. Annexure 2
3. Annexure 3
4. Annexure 4

Market Participants are requested to take note of the above and comply.

For and on behalf of

Metropolitan Stock Exchange of India Limited

Aniruddh Shukla

Market Operations

Metropolitan Stock Exchange of India Limited

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