

What is Right Entitlement?

A right is issued by a company to its shareholders on a pre-determined date called the record date. Rights entitlements are offered to shareholders as a ratio to the number of securities held on this record date. A shareholder may refuse to subscribe to the rights issue and just let the 'right' lapse. Alternatively, the shareholder can renounce/trade the entitlement in favour of another person for a price.

How do you trade Right Entitlement?

You can trade Right entitlement on the NSE Equity market trading platform. Settlement guarantee shall be provided for trades and settlement shall be compulsorily done in dematerialised mode.

Trading---**What are the related trading details?**

Details of different parameters as mentioned below—

- Market Type- Normal
- Book Type- Regular Lot (RL), Stop Loss (SL)
- Series available for trading- BE & BL
- Lot size- 1 share
- Order Type- Day, Immediate or Cancel (IOC), Market & Limit Order
- Price steps- As per parent stock's steps
- Price band- +/- 40%

In which segment do you trade Right Entitlement?

Rights entitlement would be traded on the Equity market segment of NSE.

What would be the symbol of the Right Entitlement stock?

The Exchange shall intimate the market pre trading date.

Would there be a separate ISIN for the Right Entitlement stock?

Yes

Which all market sessions would the Right Entitlement be available for trading?

Rights entitlement can be traded on the pre-open market, normal market (EQ), block window (BL) and post close market.

How would be base price calculated?

On the first day of the Right Entitlement, the base price would be calculated as (Closing Price of the stock - Right Entitlement price).

On every subsequent days the Closing price of the Right Entitlement trading would be the base price.

Clearing & Settlement---**How would the settlement happen for Rights entitlement?**

All clearing members in CM segment shall be eligible for clearing and settlement of Rights Entitlement. Trades executed shall be settled on T+2 basis. Trades executed shall be cleared and settled on gross basis and funds shall be settled in net basis.

What would be the applicable margin for trading Rights?

Applicable margin shall be 100% of Rights Entitlement.

Can we put the trade as INST and then allocated the trades in different account in OTR?

Yes

What would be the settlement type for such trades?

Transactions executed in series 'BE' shall be settled under settlement type 'W' and transactions executed in series 'BL' shall be settled under settlement type 'N'. Transactions shall be cleared and settled on a trade for trade basis and there shall be no netting of transactions

What happens to any shortage in settlement of such trades?

Any shortages in Rights Entitlement shall be directly closed-out at the highest price of Rights Entitlement prevailing across the Exchanges from the day of trading till the T+1 day or 20% above the settlement price of Rights Entitlement on the T+1 day, whichever is higher.

Finance & Accounts---

What will be transaction charges on this Right's trading?

The transaction charges for Rights entitlement is aligned to NSE Cash market transaction charges.

What will be the STT on such trades?

Trading in dematerialised Rights entitlements on the Exchange shall be chargeable to STT at the rate specified in the entry at serial no. 4(a) of the STT Table below Section 98 of the Finance (No.2) Act, 2004 in respect of "Sale of an option in securities".

Accordingly, STT shall be payable by the seller at the rate of 0.05% of the value at which such Rights entitlements are traded.

Details specific to Reliance right Entitlement---

Symbol RIL-RE	ISIN INE002A20018	Series available for trading BE & BL	No. of Rights Entitlements 422,626,894
Market lot 1 share	Price steps INR 0.05	Base price INR 151.90	Trading period 20th to 29th May 2020

Reference Exchange Circulars---

- <https://archives.nseindia.com/content/circulars/CMTR44410.pdf>
- <https://archives.nseindia.com/content/circulars/CMPT44415.pdf>
- <https://archives.nseindia.com/content/circulars/CML44409.pdf>
- <https://archives.nseindia.com/content/circulars/FATAX43604.pdf>

---End of document---