National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/77559	Date: November 20, 2026
Circular Ref. No: 58/2026	

To All Market Participants,

Sub: Compliance with the guidelines on 'Safer participation of Retail investors in Algorithmic trading' issued by SEBI and Exchanges – Tech-savvy Retail Investors

This has reference to SEBI Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013 dated February 4, 2025, NSE Circular Ref. No. NSE/INVG/69255 dated July 22, 2025 and SEBI Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/132 dated September 30, 2025 related to 'Safer participation of Retail investors in Algorithmic trading'. The Retail Algo framework was implemented with effect from April 1, 2026.

As per Exchange Circular Ref. No. NSE/INVG/69255 dated July 22, 2025 (Annexure I, Para 14), it is mandated that *"all the strategies shall be run on the brokers servers. The order messages shall be originated from brokers server." This requirement is central to ensuring the broker's control over risk management and data confidentiality. However, Tech Savvy client is required to host the Algo using a static IP at their end where Algo logic resides instead of hosting the Algo on Trading Member's cloud server."*

Post April 1, 2026 i.e. the commencement of Retail Algo framework, Exchanges have been receiving complaints from market participants regarding the misuse of Static IP facilities by certain Exchange empaneled Algo Providers. The exchange has also noted that some Algo Providers are providing Static IPs to retail clients, under the guise of them being 'Tech-savvy' retail clients, which is in violation with SEBI/Exchange guidelines issued for Safer participation of Retail investors in Algorithmic trading.

Accordingly, the Exchange hereby informs all market participants that:

1. The Static IP is intended only for 'Tech-savvy Retail Investors' who develop their own algos using programming knowledge (As per SEBI circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013 dated February 04, 2025)

2. Trading Members and Algo Providers must not, under any circumstances, provide Static IP access to retail clients who do not fall under the category of 'Tech-savvy Retail Investors' for Algorithmic Trading. Any such case of misclassification or misuse of 'Static IPs' will be treated as a violation of SEBI and Exchange guidelines.
3. Trading Members who are registering such "Tech-Savvy Retail Client" shall take an undertaking from such clients that "such clients meet the requirements of the SEBI definition of 'Tech-savvy' Retail clients i.e. they are Retail clients who develop their own algos using programming knowledge."
4. The undertaking shall further state that "As a "Tech Savvy Client" since we are developing our own algos using programming knowledge, we shall have no recourse to the Investor Grievance mechanism of the Exchange in the event of losses incurred on account of the logic of Algo used."

The Exchanges will closely monitor compliance of Trading Members and Algo Providers with the above guidelines and in the event of any violations:

- Non-Adherence on part of Trading Members - Initiate following penal action on the Trading Member (s) concerned.

Details of Contravention	**Action in case of first instance**	**Action in case of repeat instance**
Undertaking not obtained by Trading Member for 'Tech-savvy Retail Client' in case of Retail Algo	Rs. 5,000/- per client, subject to maximum penalty of Rs. 1 lakh	2nd time - 50% escalation 3rd Time & Onwards-100% Escalation

- Non-Adherence on the part of Algo Providers - The empanelment status of the Algo Provider shall be subject to review and may be suspended or revoked.

All concerned Algo Providers and Trading Members are advised to ensure strict adherence to the above guidelines and take necessary corrective actions immediately, wherever applicable.

This circular shall be applicable with immediate effect.

For and on behalf of
National Stock Exchange of India Limited

Kapil Marwah
Associate Vice President

In case of any clarifications, Members may contact our below offices:

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