PRE-OPEN SESSION (POS)

Investor Guide & Frequently Asked Questions (FAQs)

Effective Date: 7 September 2026

Version History

Version	Date	Description
1.0	August 2026	Initial Investor Guide

Table of Contents

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1. Introduction

To enhance transparency, improve price discovery, and provide a more efficient opening mechanism, NSE and BSE are introducing a revised **Pre-Open Session (POS)** framework effective **7 September 2026**.

The revised framework introduces an auction-based opening mechanism that allows the Exchange to determine a fair and transparent opening price before the commencement of regular market trading.

Under the revised process, orders are collected during the Pre-Open Session and matched at a single **Equilibrium Price**, which becomes the **Opening Price** for the respective security or contract.

The enhancement is designed to improve market quality, reduce volatility at market open, and provide all market participants with a transparent and efficient price discovery process.

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2. What is the Pre-Open Session?

The Pre-Open Session (POS) is a short trading window conducted before the commencement of the Continuous Trading Session (CTS).

Unlike regular trading, where orders are executed continuously throughout the trading day, the Pre-Open Session follows an **auction-based mechanism**.

During this session, buy and sell orders are collected by the Exchange. These orders are then matched simultaneously at a single price, known as the **Equilibrium Price**, which becomes the official opening price for the security.

This ensures that the opening price reflects the best possible balance between demand and supply at the start of the trading day.

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3. Why is the Exchange Enhancing the Pre-Open Session?

The revised Pre-Open Session has been introduced to create a more transparent and efficient opening process for the market.

The key objectives are:

- Improve opening price discovery.
- Reduce excessive price volatility at market opening.
- Ensure fair participation for all investors.
- Increase market transparency.
- Standardize the auction process.
- Align Indian market practices with global exchanges.

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4. What is Changing from 7 September 2026?

From **7 September 2026**, the Pre-Open Session will follow a revised auction mechanism comprising multiple phases.

The major changes include:

- Market and Limit Orders can be placed between **9:00 AM and 9:05 AM**.
- Only Limit Orders will be accepted between **9:05 AM and the random market closure**.
- Market Orders cannot be modified or cancelled after **9:05 AM**.

- The Exchange will initiate a **Random Market Closure** during the final two minutes of the order entry period.
- Orders will then be matched using the Exchange's auction mechanism.
- The **Equilibrium Price** determined by the Exchange will become the Opening Price.
- Remaining eligible Limit Orders will transition to the Continuous Trading Session (CTS).

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5. Revised Pre-Open Session Timeline

Time	Activity
9:00 AM – 9:05 AM	Order Entry – Market & Limit Orders
9:05 AM – Random Closure	Only Limit Orders can be placed, modified, or cancelled. Market Orders are frozen.
Random Closure (within last 2 minutes)	Exchange randomly closes order entry.
9:10 AM – 9:12 AM	Auction Order Matching & Opening Price Discovery
9:12 AM – 9:15 AM	Pending eligible Limit Orders transition to Continuous Trading Session
9:15 AM onwards	Continuous Trading Session (CTS) begins

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6. Step-by-Step Pre-Open Session Process

Step 1 – Order Entry (9:00 AM – 9:05 AM)

Investors can place:

- Market Orders
- Limit Orders

During this phase, Market Orders and Limit Orders can also be modified or cancelled, subject to Exchange rules.

Before accepting an order, the system performs standard validations such as:

- Product eligibility
- Margin availability
- Holdings (for sell orders)
- Tick size
- Freeze quantity

- Price validations
- Risk Management System (RMS) checks

Only orders that successfully pass these validations are accepted.

Step 2 – Limit Order Phase (9:05 AM onwards)

After **9:05 AM**, the Exchange restricts Market Orders.

During this phase:

✓ New Limit Orders can be placed.

✓ Existing Limit Orders can be modified.

✓ Existing Limit Orders can be cancelled.

✕ Market Orders cannot be modified.

✕ Market Orders cannot be cancelled.

This helps stabilize the order book before the auction matching process begins.

Step 3 – Random Market Closure

To ensure fairness and prevent last-second order placement, the Exchange randomly closes the order entry window during the final two minutes of the Pre-Open Session.

Once the random closure occurs:

- No new orders are accepted.
- No order modifications are permitted.
- No cancellations are permitted.
- The order book is frozen for auction matching.

The exact closure time is determined by the Exchange and is not disclosed in advance.

Step 4 – Auction Order Matching

After order entry closes, the Exchange matches all eligible buy and sell orders.

The matching process is designed to maximize executable quantity while ensuring a fair opening price.

During this phase:

- Orders are no longer accepted.
- No modifications are permitted.
- No cancellations are permitted.

- The Exchange computes the **Equilibrium Price**.

Step 5 – Opening Price Discovery

The Exchange determines a single **Equilibrium Price** based on the orders available in the auction.

This Equilibrium Price becomes the official **Opening Price** for the security or derivative contract.

Executed orders are confirmed and reflected in the Order Book and Trade Book.

Step 6 – Transition to Continuous Trading Session (CTS)

After auction matching is complete:

- Executed trades are updated.
- Remaining eligible Limit Orders are carried forward to the Continuous Trading Session.
- Continuous trading begins at **9:15 AM**.

7. Order Matching Priority

During the Pre-Open Session, orders are **not executed immediately** after they are placed. Instead, all eligible orders are collected by the Exchange and matched together once the order entry period ends.

The Exchange follows a predefined order matching methodology to ensure that the maximum number of buy and sell orders can be executed at a fair and transparent opening price.

The matching process follows the priority below:

Step 1 – Maximum Tradable Quantity

The Exchange first identifies the price at which the **maximum quantity of buy and sell orders can be matched**.

The objective is to execute the highest possible number of shares/contracts.

Step 2 – Minimum Order Imbalance

If multiple prices satisfy the first condition, the Exchange selects the price that leaves the **lowest unmatched quantity** after execution.

This ensures that the number of pending buy or sell orders remaining after the auction is minimized.

Step 3 – Market Pressure

If more than one price still qualifies, the Exchange considers the overall buy and sell interest to determine the most appropriate opening price.

Step 4 – Closest to Previous Close

If multiple prices continue to satisfy all the above conditions, the Exchange determines the opening price based on the methodology prescribed in its operating rules, generally selecting the price closest to the previous closing price.

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8. Understanding the Equilibrium Price

The **Equilibrium Price** is the single price determined by the Exchange during the auction where the highest number of buy and sell orders can be matched.

This price becomes the **official Opening Price** for the security.

Unlike continuous trading, where different trades may occur at different prices, all eligible orders matched during the Pre-Open auction are executed at **one common price**.

Example 1

Suppose the Exchange receives the following orders:

Buy Price	Quantity
₹101	1,000
₹100	2,000
₹99	3,000

Sell Price	Quantity
₹99	1,500
₹100	2,500
₹101	1,000

After applying the auction methodology, the Exchange determines that **₹100** allows the maximum executable quantity.

Opening Price = ₹100

All eligible matched orders are executed at **₹100**, regardless of whether they were entered at a higher or lower executable limit.

Example 2 – Market Order

A client places a **Market Buy Order** during the order entry period.

Since a Market Order does not specify a price, it participates in the auction and, if matched, is executed at the **Equilibrium Price** determined by the Exchange.

Example 3 – Limit Order

A client places a Buy Limit Order at **₹102**.

The Exchange determines the Equilibrium Price to be **₹101**.

Since the client's limit price is higher than the Equilibrium Price, the order is eligible for execution and will be executed at **₹101**, not ₹102.

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9. Order Lifecycle During the Pre-Open Session

Phase 1 – Order Entry (9:00 AM – 9:05 AM)

Allowed

- Market Orders
- Limit Orders
- Order Modification
- Order Cancellation

Phase 2 – Limit Order Window (9:05 AM – Random Closure)

Allowed

- New Limit Orders
- Modify Limit Orders
- Cancel Limit Orders

Not Allowed

- New Market Orders
- Modify Market Orders
- Cancel Market Orders

Phase 3 – Random Market Closure

Once the Exchange initiates the random closure:

- New Orders are not accepted.
- Modifications are not permitted.
- Cancellations are not permitted.

The Exchange freezes the order book for auction processing.

Phase 4 – Auction Matching

The Exchange:

- Determines the Equilibrium Price.
- Matches eligible orders.
- Generates the Opening Price.

No customer intervention is permitted during this phase.

Phase 5 – Transition to Continuous Trading Session

After the auction:

- Executed trades are reflected in the Order Book and Trade Book.
- Remaining eligible Limit Orders are carried forward to the Continuous Trading Session.
- Trading resumes under normal market conditions.

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10. Customer Do's and Don'ts

✓ Do's

- Place Market Orders before **9:05 AM** if you want them to participate in the auction.
- Review your orders before the random closure period.
- Ensure sufficient funds or holdings before placing orders.
- Monitor your Order Book for execution status.
- Refer to Exchange notifications for operational updates.

✗ Don'ts

- Do not expect Market Orders to be modifiable after **9:05 AM**.
- Do not attempt to cancel Market Orders after **9:05 AM**.
- Do not wait until the last few seconds to place critical orders, as the Exchange may initiate a random closure.
- Do not assume that every order will be executed; execution depends on the auction matching process.
- Do not expect trades executed during the auction to be cancelled.

11. Trading Platform Messages

The following messages may be displayed during the Pre-Open Session:

Order Entry

- **Pre-Open Session is now open. You may place Market and Limit Orders.**

Market Order Restriction

- **Market Orders cannot be modified or cancelled after 9:05 AM during the Pre-Open Session.**

Limit Order Window

- **Only Limit Orders can be placed, modified, or cancelled during this phase of the Pre-Open Session.**

Random Closure

- **Order entry has been closed by the Exchange. Auction matching is currently in progress.**

Auction Matching

- **The Exchange is determining the Opening Price. Please wait while the auction process is completed.**

Transition to CTS

- **Pre-Open Session has concluded. Continuous Trading Session has commenced.**

Order Executed

- **Your order has been successfully executed during the Pre-Open Session at the Exchange-determined Opening Price.**

Pending Order

- **Your eligible Limit Order has been carried forward to the Continuous Trading Session.**