

National Stock Exchange Of India Limited

Department : Commodity Derivatives Segment

Download Ref No: NSE/COM/47756

Date : March 24, 2021

Circular Ref. No: 09/2021

All Members,

Daily Price Limit (DPL) & Close Price for Commodity Future Contracts

With respect to SEBI circular ref no. SEBI/HO/CDMRD/DNPMP/CIR/P/2021/9, dated January 11, 2021 regarding Revision in Daily Price Limits (DPL) for Commodity Futures Contracts and in partial modification of Consolidated Circular no. Download Ref No: NSE/COM/44484 dated May 27, 2020, members are requested to take a note of the following for the commodity derivatives segment.

1. Close price for future contracts:

Close price for the future contracts shall be determined in following order,

- a. Volume Weighted Average Price (VWAP) of all trades done during last half an hour of the trading day, subject to minimum of ten trades.
- b. If the number of trades during last half an hour is less than ten, then close price shall be based on the VWAP of the last ten trades executed during the day
- c. If the contract has traded during the day but number of trades executed is less than ten, then close price shall be Last Traded Price (LTP) of the contract for the day
- d. If no trade is executed during the day on the contract, previous close price shall be the close price for the day (this shall be the base price in case of first trading day of the contract).

2. Base price for the future contracts:

- a. In case the close price of the contract is computed as per point 1.a or 1.b in the "Close price for future contracts" section above, then the base price shall be set as the close price.
- b. In case the close price is computed as per point 1.c or 1.d in the "Close price for future contracts" section above, then base price shall be the theoretical price of the contract (computed as, $S * e^{rt}$; where, S is underlying price, r is the rate of interest and t is time to maturity).

3. Daily Price Limits (DPL) on First Trading Day (launch day) of the future contracts:

This shall be applicable to futures contracts only on the launch day of the new underlying commodity.

- a. At the start of trading the DPL as per initial slab shall be applicable on the base price computed on the previous day EOD. Base price shall be computed as the theoretical price of the contract ($S * e^{rt}$; where, S is underlying price, r is the rate of interest and t is time to maturity).
- b. Base price shall be re-computed to revise the DPL during the trading hours in following order,
 - I. Volume Weighted Average Price (VWAP) of the first half an hour, subject to minimum of ten trades
 - II. If ten trades are not executed during the first half an hour, then the VWAP of first hour trade subject to minimum of ten trades shall be considered

- III. If ten trades are not executed during the first hour of the day, then VWAP of the first ten trades during the day shall be considered (if an active order can result in more than total ten trades then post execution of the tenth trade such order with the remaining quantity shall get cancelled by the Exchange)
- c. Post each of the conditions 3.b.I/II/III above, a cooling off period (of 60 seconds) shall start for the contracts to determine if the criteria to revise the Base price is met. In case the criteria is met, then
 - I. Order entry, order cancellation & order modification in the contract shall not be allowed.
 - II. If any condition as applicable in point 3.b.I/II/III above is satisfied, revised base price of the contract shall be computed and DPL shall be set on this revised base price as per the initial slab applicable for the underlying commodity.
 - III. Broadcast message of revision in DPL shall be sent.
 - IV. All the outstanding orders falling outside the revised DPL shall be cancelled and order cancellation message shall be sent
 - V. Outstanding orders within revised DPL shall be retained in the order book, however order modifications shall not be allowed.
 - VI. After revision of DPL & before resumption of trading during the cooling off period, order cancellation shall be allowed for carried forward orders.
 - VII. On completion of cooling off period, trading shall resume normally for the contract and broadcast message of the same shall be sent.
- d. DPL revised as per above, shall remain applicable for the contracts for the remainder part of the day and shall be subject to flex as per existing policy.
- e. If none of the conditions as mentioned in point 3.b.I/II/III above to determine the revised base price is met during the day, base price and DPL set at start of market shall continue to be applicable for the remaining part of the day.
- f. From EOD of first trading day (launch day of the new underlying commodity) of the new contracts, base price shall be computed as mentioned under section "Base price computation" above.
- g. An identifier shall be provided in 'co_contract.txt' file in existing field which shall now be referred as "Launch Day Indicator" with value as "Y" for such contracts for first trading day (launch day of the new underlying commodity). For all other contracts, the value of this field shall be same as published currently. Part C is attached herewith for reference.

4. DPL for future contracts on existing commodities/symbol:

Revised DPL for future contracts of existing commodities shall be as follows,

Symbol/Commodity	Initial slab	Enhanced Slab	Aggregate DPL
GOLD	6%	3%	9%
GOLDM	6%	3%	9%
SILVER	6%	3%	9%
DEGUMSYOIL	4%	2%	6%
COPPER	6%	3%	9%
BRCRUDE	6%	3%	9%

The aforesaid changes shall be effective from April 01, 2021 onwards.

For and on behalf of
National Stock Exchange of India Limited

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