Additional Auction window

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange and further to the Exchange Circular No: MCX/TRD/303/2020 dated April 30, 2020, regarding additional facility of Auction session, the Members of the Exchange are notified the introduction of such facility as under:

Detailed modalities of Auction session are provided below:

1. **Initiation of Auction session**:

   On any trading day, if the price of Crude Oil contract freezes at the lowest price (i.e. Re. 1/-) in the Trading system and remains at the same level continuously during last 15 minutes of trading (currently 11.15 pm to 11.30 pm) and the corresponding international reference contract is trading at negative price, then the Exchange will provide an additional facility by conducting a separate Auction session for said future contract to facilitate market participants to close out/ square off their open positons.

   In such case, a separate message will be flashed on Trading Workstation (TWS)/ Member Admin Terminal (MAT) terminals of the Members that "Auction session will be initiated in Crude Oil (expiry) contract from (start time) to (end time)." It may be noted that this facility will not be available on the expiry day of Crude Oil futures contract. Please note that this facility will also be available for all other commodities, subject to fulfilment of conditions mentioned in para above.

2. **Auction session**:

Start Time	End Time
11:40:00 PM	11:55.00 PM

   Note: In case of change in timings, the same will also be announced by way of message on TWS/ MAT

3. **Log-in and submission of intention (order) for Close out/ square off:**

   i.   Members can access Auction application by clicking "Auction" icon available on Integrated Portal (https://memprofile.mcxindia.com) provided to Members. Members are required to submit Login credentials in order to login and participate in the Auction session.

ii. During the Auction session, Members can place Buy/Sell intentions (orders) through Order Entry window. Members will be required to provide details of the Buy/Sell intention including types of account (Proprietary/ Client/ INST) through the said window. The submitted intentions / orders can be viewed in a separate window, 'View Submitted Orders'. Using this view facility, Members can modify the quantity and/ or price or cancel the intentions. In case of modification of the intention/ order, the status will be updated from Submitted to Re- submitted and in case of cancellation, the status will be updated as 'Deleted'. However, no modification/ cancellation will be permitted after close of Auction session.

iii. The facility of 'Bulk Upload' is also provided to Members to upload intentions for multiple clients as per file format enclosed as Annexure – 1, during the Auction session. However, modification and cancellation will be allowed only through 'View Submitted Order' window. It may be noted that only one intention/ order per client will be allowed in the concerned expiry contract.

iv. Members can download the orders submitted to the Exchange during and after the end of the respective Auction session.

4. Eligible Participants:

Participants having open position in the concerned Crude Oil expiry contract at the end of the day will be considered as eligible participants. It may be noted that this additional facility is provided for submitting Buy/ Sell intention only to close out/ square off the open position and market participants will not be permitted to create any fresh positions through this facility.

5. Validation for Buy/Sell intention (order):

i. Buy/Sell intention with Limit price will be permitted in the said Auction session.

ii. Price beyond Upper and Lower level will not be accepted

iii. Upper and Lower price range will be determined based on the international reference price before the start of Auction session.

iv. Only one intention per Client code/ *OWN* (Proprietary) will be permitted/ allowed.

v. Buy/ Sell intentions, other than for Close out of open position, will not be considered as valid intention for matching.

vi. Buy/Sell intention placed with quantity exceeding the open position will be considered only to the extent of corresponding open position.

vii. Members will be allowed to modify (quantity/ price) and cancel the intention only during the Auction session.

viii. In case of orders placed on behalf of Clients with open position in "Custodial Participant (CP)" Code, Trading Member will have to obtain acceptance over email from the concerned Clearing Member of CP and

submit the same to email id "auctionops@mcxindia.com" by end of Auction session. Intention/ order for CP code without such acceptance from concerned CM will not be considered for matching.

6. Determination of Equilibrium Price (EP):

The equilibrium price will be determined based on the principle of demand supply mechanism.

i. The equilibrium price is the price at which the maximum volume is executable/ tradable.

ii. In case more than one price meets the above criteria, then;

    a) Equilibrium price is the price at which there is minimum absolute intention (order) imbalance quantity (unmatched quantity). The value of the minimum intention imbalance quantity will be taken into consideration.

    b) In case more than one price has same minimum order imbalance quantity (unmatched order quantity), the equilibrium price will be determined based on the following:

        1. Price, which is closest to the previous day's close/ settlement price of the concerned future contract, will be considered as equilibrium price.

        2. If previous day's close price is mid value of the pair of potential equilibrium prices, then the equilibrium price will be the previous day's close/ settlement price of the concerned futures contract.

7. Allocation of volume for intention matching based on price-time priority:

    a. If Total Buy Quantity (TBQ) = Equilibrium Quantity (EQ) then all buy intentions (orders) with price >= EP are to be fully executed/ fulfilled. All other buy intentions (orders) will not get any quantity.

    b. If TBQ > EQ then highest priced intentions (orders) get executed/ filled. If more than one intentions (orders) at the lowest price, the oldest intentions (orders) based on time priority will get first priority in execution and remaining intentions will not get fulfilled.

    c. If Total Sell Quantity (TSQ) = EQ then all sell intentions (orders) with price <= EP are fully executed/ fulfilled. All other sell intentions (orders) will not get any quantity.

    d. If TSQ > EQ then lowest priced intentions (orders) get executed/ filled. If more than one intentions (orders) at the highest price, the oldest intentions (orders) based on time priority will get first priority in execution and remaining intentions will not get fulfilled.

Example of computation of Equilibrium price:

Example 1

Price (A)	Buy Qty (B)	Cumulative Buy Qty (C)	Sell Qty (D)	Cumulative Sell Qty (E)	Tradeable Qty (Min of C, E)	Absolute Unmatched Qty / Imbalance Qty (C - E)
-1	0	0	2000	4310	0	4310
-10	30	30	1000	2310	30	2280
-20	10	40	500	1310	40	1270
-30	25	65	400	810	65	745
-40	50	115	300	410	115	295
-50	100	215	100	110	110	105
-60	500	715	10	10	10	705
-70	750	1465	0	0	0	1465

Equilibrium Price will be Rs.-40 based on maximum tradeable volume (qty).

Example 2

Price (A)	Buy Qty (B)	Cumulative Buy Qty (C)	Sell Qty (D)	Cumulative Sell Qty (E)	Tradeable Qty (Min of C, E)	Absolute Unmatched Qty / Imbalance Qty (C - E)
-1		0		8000	0	8000
-10		0	3000	8000	0	8000
-20	2000	2000	3000	5000	2000	3000
-30	2999	4999	1000	2000	2000	2999
-40	1500	6499	1000	1000	1000	5499
-50	2000	8499		0	0	8499
-60	1000	1000		0	0	1000

Equilibrium Price will be Rs. -30 based on minimum imbalance quantity.

Example 3

Price (A)	Buy Qty (B)	Cumulative Buy Qty (C)	Sell Qty (D)	Cumulative Sell Qty (E)	Tradeable Qty (Min of C, E)	Absolute Unmatched Qty / Imbalance Qty (C - E)
-1		0		8000	0	8000
-10		0	3000	8000	0	8000
-20	2000	2000	3000	5000	2000	3000
-30	3000	5000	1000	2000	2000	3000
-40	1500	6500	1000	1000	1000	5500
-50	2000	8500		0	0	8500
-60	1000	1000		0	0	1000

- *In above example, Rs.-20 and Rs. -30 are two prices at which tradable volume and unmatched quantity is the same. To derive the equilibrium price, the potential pair of prices which is closest to the previous day's close price will be considered.*

- *In case, the previous day's close price is Rs. 5/-, then Rs.-20 will be considered as the equilibrium price.*

- *In case the previous day's close price is Rs -25 which is the mid-value of Rs. -20 and Rs. -30, then previous day's close price Rs. -25 will be considered as equilibrium price.*

8. Confirmation / Response of Buy/Sell intentions:

Pursuant to the discovery of equilibrium price in the Auction session, Buy/Sell intentions will be matched after necessary validations and accordingly, Members will be provided confirmation of the details of executed quantity, and equilibrium price through response file attached as Annexure – 2. The details of confirmation of trades will be available in Member's SFTP > Download folder (File Name: Member ID_ddmmyyyy_AUCATEP.xls).

9. Queries related intention matching:

In case of any queries/ clarifications related to matching/ status of intention submitted, Members are requested send e-mail to auctionops@mcxindia.com.

Members and their constituents are requested to take note of the above.

Niket Patel
Manager
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Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for further clarification.

Bulk Order Format:

File Name: MCX_ddmmyyyyAUCORD.csv   File Type: csv

Sr. No.	Field Name	Field Size	Remarks
1	Date	-	"DDMMMYYYY'
2	Symbol	Char (10)	Symbol
3	Expiry Date	Char (9)	Expiry Date Format: 'DDMMMYYYY'
4	CM ID	Char (10)	Clearing Member ID
5	TM ID	Char (10)	Trading Member ID
6	Account Type	Char (6)	CLIENT PRO INST
7	Account ID	Char (10)	Client Code
8	CP Code	Char (12)	Custodial Participant Code
9	Buy / Sell Indicator	Numeric (1,0)	1 – Buy 2 – Sell
10	Order Quantity	Char (9)	Quantity (In Lots)
11	Price	Numeric (11,4)	If Negative with (-) sign

Confirmation file to Member after matching:

File Name: Member ID_ddmmyyyy_AUCATEP.xls   File Type: xls

Sr. No.	Field Name	Field Size	Remarks
1	Date and Time	-	"DDMMMYYYY HH:MM:SS AM / PM
2	Order ID	Numeric (15,0)	Order number
3	Symbol	Char (10)	Symbol
4	Expiry Date	Char (9)	Expiry Date Format: 'DDMMMYYYY'
5	CM ID	Char (10)	Clearing Member ID
6	TM ID	Char (10)	Trading Member ID
7	Account Type	Char (6)	CLIENT PRO INST
8	Account ID	Char (10)	Client Code
9	CP Code	Char (12)	Custodial Participant
10	Buy / Sell Indicator	Numeric (1,0)	1 – Buy 2 – Sell
11	Order Quantity	Char (9)	Quantity (In Lots)
12	Price	Numeric (11,4)	If Negative with (-) sign
13	Quantity Executed	Char (9)	Quantity (In Lots) (in case of rejection Quantity Executed will be = 0)
14	Equilibrium Price (In Rs)	Numeric (11,4)	If Negative with (-) sign
15	Status	-	Invalid/ Fully Executed/ Partially executed/ Unexecuted
16	Remarks	Char (50)	Remarks