



MCX Circular No. MCX/MCXCCL/594/2020  
MCXCCL Circular No. MCXCCL/C&S/192/2020

August 17, 2020

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### Settlement procedure for Index Futures Contracts

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In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), Clearing Members of the MCXCCL are notified as under:

MCX, vide its circular no. MCX/TRD/589/2020 dated August 14, 2020, has announced the launch of Index Futures Contracts. MCX iCOMDEX Bullion Index Futures (Symbol: MCXBULLDEX) shall be available for trading w.e.f. Monday, August 24, 2020.

The settlement procedure for index futures contracts shall be as provided in **Annexure 1** to this Circular.

Members and market participants are requested to take note of the same.

Ratul Roy  
Sr. Manager

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Kindly contact Customer Support Team on 022 – 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

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## Annexure I

### **Settlement procedure for Index Futures Contracts**

1. Daily mark to market settlement of index futures contracts shall be conducted in the manner similar to the daily settlement of the commodity futures contracts on a T+1 day at the scheduled timelines.
2. The mark to market daily settlement of index futures contracts shall form part of the daily obligation report exported to the members.
3. The logic for computation of daily settlement/ closing price of the index futures contracts shall be as under:
  - i. Closing Price is equal to weighted average price of all trades done during the last 30 minutes of a trading day.
  - ii. If the number of trades during last 30 minutes are less than 10, then it is based on the weighted average price of the last 10 trades executed during the day.
  - iii. If the number of trades done during the day are less than 10, then it is taken as the weighted average of all the trades executed during the day.
4. If no trades are executed in an index futures contract on a day, then MCXCCL shall compute the theoretical price and modify the closing price for the purpose of marking to market and making the open positions closer to the market as under:

$$F = S * e^{rt}$$

Where,

*F = futures price,*

*S = underlying index,*

*r = 30 day MIBOR rate and*

*T = time remaining till maturity,*

*e = the exponential factor*

5. MCXCCL may arrive at the close price through any other method, which MCXCCL in its absolute discretion considers appropriate, in order to reflect a fair close price of the illiquid contract.
6. At expiry, index futures contracts shall be cash settled at the Due Date Rate/ Final Settlement Price computed in the manner specified by MCX in the relevant contract specification of the index futures contract.