Circular no.: MCX/S&I/661/2026 November 24, 2026

Order Based Surveillance Measure

In terms of provisions of the Rules, Bye-Laws and Business Rules of the Exchange the Trading Members of the Exchange are notified as under:

1. The Exchange, as part of its market surveillance function, continuously monitors order and trading behaviour on the trading platform to ensure a fair, orderly and transparent market.
2. It has been observed that, in certain commodities and contracts, clients / proprietary accounts engage in persistent order modifications and/or cancellations that are leading to deferred or lowered order execution priority, with an apparent intent to avoid execution.
3. Such excessive order messages may be attributed as “noise” in the market with prima facie no intention to execute trade by modifying or cancelling them. The behaviour impair efficient price discovery and the quality of the order book, leading to unwarranted load on the Exchange trading system.
4. In view of the above, all Members are advised to maintain healthy message to trade ratio and:
    a) Ensure that their trading users do not engage in repeated modification or cancellation of orders that are not resulting in trade.
    b) Put in place adequate internal surveillance and risk controls to monitor order-level behaviour (frequency of modifications and cancellations of orders that lose time priority) at the Client / Proprietary account level.
    c) Review order-placement logic of trading strategies and algorithms
5. The Exchange shall continue to monitor such trading behaviour of Members and Clients / Proprietary accounts including the following:
    a) Contracts/Commodity that have high instances of order modifications.
    b) Total order messages significantly high to total trades ratio (Orders Entered / Modified / Cancelled) in the identified contract / commodity.
    c) High persistent order modifications percentage leading to defer / lowering of order execution priority.

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6. Members are therefore required to urgently review their trading strategy and optimise the same, particularly with respect to order placement, modification and cancellation practices, to ensure strict compliance. In case any above pattern observed then Surveillance department may take necessary action including seeking additional information/clarification from the member as it may deemed fit.

For any queries, Members may write to customersupport@mcxindia.com or contact customer support on 022-67318888.

For and on behalf of
Multi Commodity Exchange of India Limited

Ayanansu Panda
Vice President – Surveillance & Investigation

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