
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No. : NCDEX/TRADING-046/2023

Date : October 18, 2023

Subject : Market Price Protection for Future contracts

In terms of provisions of the Rules, Bye-Laws and Regulations of the Exchange, the members of the Exchange are hereby notified as under:

To strengthen the pre-trade risk control measures for preventing aberrant orders and to ensure orderly trading, the Exchange is implementing the functionality of Market Price Protection in the Futures contracts. The Market Price Protection (MPP) feature will function as follows.

- 1) The MPP logic will be applicable to normal order and Stop-loss market order with all conditions except for Spread combinations.
- 2) Market orders shall be allowed to be traded only up to certain mark-up/down price range above / below the reference price. Reference price in case of MPP would be the Last traded price (LTP) after the first match of the incoming market order.
 - a) Buy market orders shall be allowed to trade till Reference Price + Mark-up %.
 - b) Sell market orders shall be allowed to trade till Reference Price - Mark-down %.
 - c) The mark-up / mark-down percentage for MPP would be set at **2%**. The Exchange may review the mark-up / mark-down percentage on timely basis based on the internal monitoring and market feedback.
- 3) The remaining order quantity of incoming market order with other than IOC condition, if any, post sweeping the counter orders up to mark-up/down price during matching;

Shall convert into a limit order on the same side at LTP of the said market order, if there are no further counter order present or counter orders are beyond the mark-up/down price range.
- 4) If a reference price for MPP cannot be established as there are no counter orders available, an incoming market order with other than IOC condition would be converted into a limit price order on the same side as per the following priority;
 - a) Last Trade Price (LTP)
 - b) Previous day Daily Settlement Price
- 5) For Stop loss order with market condition, mark-up / mark-down price range shall be applied as per the above logic when the stop loss order is triggered.
- 6) MPP shall be applicable on order modification request when a limit order is modified to a market order.

The Exchange would be conducting mock trading session for the members to familiarize with the MPP feature. Members are requested to thoroughly participate in the mock session and test the above functionality. Mock schedule and go-live date for MPP will be conveyed shortly. Members and the constituents are requested to note the same.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Jigar Bhatia
Senior Vice President

For further information / clarifications, please contact

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