Annexure 3

Daily Settlement Price for Futures Contracts

The Daily Settlement Price for the Futures Contracts shall be derived using the following method:

Tier 1	Volume weighted average price (VWAP) of the trades executed during last 30 minutes subject to minimum of 10 trades, rounded to the nearest tradeable tick
Tier 2	In case of less than 10 trades in the last 30 minutes, volume weighted average price (VWAP) of the last 10 trades, rounded to the nearest tradeable tick.
Tier 3	In case of less than 10 trades during whole day, volume weighted average price (VWAP) of all trades during the day, subject to minimum 5 trades.
Tier 4	In case of less than 5 trades during entire day, the price shall be interpolated/extrapolated based on the Spot Price and/or the price of other Futures Contracts, provided that the price for at least one Futures Contract is derived using Tier 1 to Tier 3 above.
Tier 5	In case the price for none of the contracts can be derived using Tier 1 to Tier 4 above, the percentage change in the Spot Price from the previous day's Spot Price, shall be applied to all the Futures Contracts. To clarify this percentage change shall be applied over the previous trading day's Settlement Price to arrive at the day's Settlement Price across all the Futures Contracts.
Tier 6	In the event that there is insufficient activity to make the above calculations, staff may rely on earlier data or other available market information and reference price to determine an appropriate settlement price.

Calculation of Settlement Price using Tier 4 considering 8 Futures Contracts:

Sr. No.	Scenario (Price Derived using Tier 1 to Tier 3)	Calculation of Settlement Price of other contracts
1	Price derived only in one contract – 1st Month Contract (Near Month)	The price for remaining Contracts shall be derived using linear extrapolation of the Spot price and the 1st Month price.
2	Price derived only in one contract – 3rd Month Contract	The Price for 1st and 2nd Month Contracts shall be derived using linear interpolation of the Spot price and the 3rd Month price. The price for 4th Month to 8th Month Contracts shall be derived using linear extrapolation of the Spot price and the 3rd Month price.
3	Price derived in two contracts – 1st Month and 4th Month contracts	The Price for 2nd and 3rd Month Contracts shall be derived using linear interpolation of the 1st Month price and the 4th Month price. The price for 5th Month to 8th Month Contracts shall be derived using linear extrapolation of the 1st Month Price and the 4th Month price.
4	Price derived in two contracts – 2nd Month and 4th Month contracts	The Price for 1st Month Contract shall be derived using linear extrapolation of the 2nd Month Price and 4th Month price. The Price for 3rd Month Contract shall be derived using linear interpolation of the 2nd Month Price and the 4th Month price. The price for 5th Month to 8th Month Contracts shall be derived using linear extrapolation of the 2nd Month Price and the 4th Month price.
5	Price derived in more than two contracts – 1st, 2nd and 4th Month contracts	The Price for 3rd Month Contract shall be derived using linear interpolation of the 2nd Month Price and the 4th Month price. The price for 5th Month to 8th Month Contracts shall be derived using linear extrapolation of the 2nd Month Price and the 4th Month price.