

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 – 1 st Month Contract (Near Month)	The price for remaining Contracts shall be derived using linear extrapolation of the Spot price and the 1 st Month price.
2	Price derived only in one contract – 3 rd Month Contract	The Price for 1 st and 2 nd Month Contracts shall be derived using linear interpolation of the Spot price and the 3 rd Month price. The price for 4 th Month to 8 th Month Contracts shall be derived using linear extrapolation of the Spot price and the 3 rd Month price.
3	Price derived in two contracts – 1 st Month and 4 th Month contracts	The Price for 2 nd and 3 rd Month Contracts shall be derived using linear interpolation of the 1 st Month price and the 4 th Month price. The price for 5 th Month to 8 th Month Contracts shall be derived using linear extrapolation of the 1 st Month Price and the 4 th Month price.
4	Price derived in two contracts – 2 nd Month and 4 th Month contracts	The Price for 1 st Month Contract shall be derived using linear extrapolation of the 2 nd Month Price and 4 th Month price. The Price for 3 rd Month Contract shall be derived using linear interpolation of the 2 nd Month Price and the 4 th Month price. The price for 5 th Month to 8 th Month Contracts shall be derived using linear extrapolation of the 2 nd Month Price and the 4 th Month price.
5	Price derived in more than two contracts – 1 st , 2 nd and 4 th Month contracts	The Price for 3 rd Month Contract shall be derived using linear interpolation of the 2 nd Month Price and the 4 th Month price. The price for 5 th Month to 8 th Month Contracts shall be derived using linear extrapolation of the 2 nd Month Price and the 4 th Month price.