

# Frequently Asked Questions

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## Trading

### 1. What are the trading sessions and trading period of MCX?

The Exchange operates on all days except, Sundays and Exchange specified holidays. The Exchange notifies a list of holidays for each calendar year in advance.

<b>Days</b> -----	<b>Time</b> -----	<b>Commodities Traded</b> -----
Monday to Friday	10.00am to 5.00pm	All commodities launched by MCX
Monday to Friday	5.00pm to 11. 55pm (Winter) 5.00pm to 11.30pm (Summer)	All commodities except agri commodities and Sponge Iron.
Saturday	10.00am to 2.00pm	All commodities launched by MCX

### 2. What are the different terms in contract specifications?

- Trading unit - The Trading unit is the minimum quantity for a contract that can be bought or sold. e.g. If a member is buying 1 lot of cardamom, he has to buy minimum 100kg of cardamom given trading unit of 100kg.
- Quotation / Base value - It is the Quantity in Lot or Weights for which the prices are quoted for online trading on TWS.  
e. g. If the quotation or base value for Gold contract is given as 10 grams and the price available for trading on TWS is 8000, that price is for 10 grams of the Gold.
- Maximum order size - Maximum order size is the maximum no. of lots that can be bought or sold in one Single order. The maximum order size of each commodity is given in its contract specifications.
- Tick Size - Tick size is the minimum price difference between the bids and asks for a particular contract. The tick size is given in the contract specifications.
- DPR - Daily Price Limit i.e. circuit filter limit is the percentage of variation allowed in the price of a commodity in a day with respect to the previous day's close price for the day
- DDR - Due date rate is final settlement price for particular future contract and calculation process called computation of DDR.

### **3. What is base price?**

Base price is a reference price used for launching / commencing new futures Commodity/Contract. On the basis of that daily price range gets adjusted.

### **4. What is circuit filter?**

**Circuit Filter:** The Exchange notifies a daily circuit filter limit for futures Contract in terms of percentage of intra day variation allowed in a day with respect to the close price of previous day. Circuit filter provides the maximum range within which a contract can be traded during day. Such circuit filter is different for different commodities. The orders, which are in violation of such circuit filter, are rejected by the system.

### **5. Why the user ID gets locked (account locked) and how to unlock it? (What to do if I lose my MCX password?)**

A Member ID/User ID get locked, if the Member /user enters wrong password for more than 5 times. Incase a user ID gets locked or the user has forgotten his password, the password is reset by the Exchange on receipt of request on letter head signed only by authorized signatory of the member. A facility is provided in Member Admin Terminal for setting the password his user id in case user has forgotten his password and user id is not locked.

A default password for logging member admin / user id after resetting password from Exchange is oms.123 (for password policy refer circular no. MCX/566/2006 dated. December 19, 2006).

The letter can be sent at Fax No. – 66494152.

### **6. Till what period I can keep the contract open? (Last day to square off the position)**

Members should refer to the circular issued by the Exchange for different commodities to know the last day to square off the position in respective commodities. Further no member / client can take fresh /increase positions in last five days of contract expiry in case of Both and Seller 's option delivery logic with an exception to International refrenceable commodities ( refer circular no. MCX/517/2006 dated. November 29, 2006).

## 7. What are the different kinds of orders I can place in the trading system?

**Order Types: There are two types of Orders.**

1. Regular Order.
2. Stop Loss Order.

- **Regular Order:** Regular orders can be placed in the system with market price or limit price.

**Conditions: As per the conditions they are of following types.**

- **Limit order:** specifying the price at (or better than) which the trade should be executed.
  - **Market order:** Market order should be executed at whatever is the prevailing Market price at touchline on or after submission of such order. If there is no market price at that point of time, it takes the last traded price and remains in the system. If there is no LTP (Last Traded Price) then system confirms the order with the same side or the counter side touchline and if there are no orders at the touchline and no LTP, then system confirms the price as previous day's close price.
- **Stop loss Order:** which are kept by the system in suspended or abeyance mode and is activated only on trigger of a price, as defined by the member.

**Orders can be classified based on the period as:**

- **End of the session (EOS):** are available for execution during the current trading session until executed or cancelled. All EOS orders will get cancelled at the end of the day during which such orders were submitted.
- **Good till date:** which are available for execution till end of the date indicated in the order or till the last trading day of that contract month, whichever is earlier?
- **Good till cancel:** which is available for execution till maturity of the contract, or till it is cancelled by the Member /user, whichever is earlier.
- **Immediate or Cancel (IOC):** orders will get cancelled if not executed on submission of such an order. Such orders will not remain in the order book.

- **Day Order:** are available for execution during the current trading until executed or cancelled. All DAY orders will get cancelled at the end of the day during which such orders were submitted

### 8. What is a long and short position?

**Long Position:** Taking a long position is buying a contract

**Short Position:** Taking a short position is selling a contract.

### 9. What does open Interest in the market mean?

The open interest is the number of contracts outstanding in the market (It can be called as outstanding position at any point of time.)

### 10. What is a Member-Administrator terminal?

A Member Administrator terminal provides facility for:

- Providing/Setting Turnover limits for different terminals
- Allowing or disallowing different contracts/commodities to each terminal.
- Viewing all orders and trades, Net Positions for all terminals.
- Can modify trades on behalf of users.
- Can square off outstanding open positions o behalf of terminals.
- Can take Online Back Up of orders and trades for all terminals.
- Facility to view User List.
- Facility to set the password for his users.

### 11. How can I set turnover limits for my users?

A member can set turnover limits for its user through the Member-Administrator in the following way:

Steps to be followed for setting turnover limits: -

- Go to “**Control**” Menu
- Click on of surveillance maintenance
- Select user id for which limit is to be set.
- Write buy limit as well as sale limit.
- Fill up remarks column.
- Apply

## **12. How can I view the total margins utilized at Member level?**

A Member can view the details of his margin limit and margin utilized, mark to market loss through the Member Administrator using the following path:

- Go to “**Control**” Menu
- Click on Surveillance Watch
- View the Margin Utilized
- View MTM Loss.

## **13. How do I come to know that my margin is getting utilized**

Members receive alerts on utilizing margin of 60%, 75% and 90% against their margin deposited with the Exchange. Member can also check Member can also check the alert message through screen messages transmitted in Alert window.

## **14. When does a member get suspended for trading? What are remedial measures?**

A member is suspended from trading,

- a. In case a Member is not maintaining Base minimum deposit with the Exchange.
- b. Any other reason as per Byelaws, Rules and Business Rules of the Exchange / FMC directives.

Under these circumstances, the member may take following remedial measures:

- i. Member may fulfill the pay-in shortages / margin deficits.

Further with reference to Circular no. MCX/234/2006 dated June 7, 2006, If the trading terminal (s) is suspended for 3 or more times during the preceding 30 days, such member will be required to increase the Minimum Security Deposit / Initial Margin to the next level of security deposit.

In addition to breach of Minimum Security Deposit, if a suspended member has an outstanding position in the market, the outstanding position of the member may be squared off in either of the following circumstances:

1. If Online Marked-to-Market loss is more than 60% during the period of suspension.
2. The member remains in suspended mode at the commencement of the market on two consecutive days, the outstanding position will be squared off after 11:00 am at market price on the 3rd day.

## **15. How can I modify my order?**

### **Modification or cancellation of orders**

The order can be modified by effecting changes in the order input parameters. The order can be modified using following path:

- Go to “**Orders**” Menu.
- Click on Order Book and select view status as pending.
- Select the pending order to be modified.
- Select the option ‘Modify’ or ‘Cancel’.

## **16. How to modify the client code of an executed trade?**

Client code can be modified using following path:

- Go to “**Trades**” Menu.
- Select the trade of which client code is to be modified.
- Select the option ‘Modify Client Code’.
- Client code modification from OWN to Client and from Client to OWN is discontinued w.e.f 23.06.2006 and only from Client to Client modification is permitted (refer circular no. MCX/566/2006 dated. December 19, 2006).
- In case of agri commodities, trade modification is allowed only upto 05:15 pm on Monday to Friday and upto 02:15 pm on Saturday. In case of other commodities i.e. other than agri commodities, traded modification is allowed upto 11:55 pm on Monday to Friday and upto 02:15 pm on Saturday.

In order to ensure that client codes are entered with alertness and care, a penalty on the client code changes made on a daily basis shall be imposed as per circular no. MCX/T&S/032/2007 dated. January 22, 2007.

## **17. What are the order matching rules?**

Orders in the normal market are matched on price -time priority basis. Best buy order matches with the best sell order. The best buy order is the one with the highest price and the best sell order is the one with the lowest price.

**18. What is the maximum allowable open position?**

- **Maximum Allowable Open Position:** In order to avoid building of huge open position in any commodity, the Exchange specifies the maximum open position limit. With reference to Circular no. MCX/340/2006 dated August 23, 2006, Exchange has revised Maximum Allowable Position Limit at near month and Commodity level for all commodities. Penalty provisions have been incorporated for breach of open position limits. (refer circular no. MCX/300/2006 dated August 1, 2006.)

**19. How can a member restrict a user from trading in a specific commodity / contract?**

A member can restrict his user from trading in specific commodity /contract by disallowing the commodity /contract in **Contract Basket**.

**20. What is snapshot and where can I get it?**

A snapshot by the Exchange contains contract specifications, trading parameters, delivery and settlement of all the commodities permitted for trading. The Exchange provides this document as ready reference for members.

**21. What is the turn over limit for a member?**

Turnover limit is at user level and not at member level. A member can have 'n' value of turnover limit subject to availability of unutilized margin for executing the orders.

Computation of turnover limit at user level is as follows:

Utilized Buy and sell turnover limit comprises of : Traded Value + pending orders.

**22. What is surveillance watch?**

The surveillance watch window is used to view the information regarding the exposure taken by a member vis-à-vis his deposits and Mark to Market loss limits permitted by exchange, for all the contracts.

The surveillance watches window displays following

- a. TM – Member ID
- b. User – User ID
- c. Margin

- d. Margin v/s Limit %
- e. MTM limit
- f. MTM profit / loss
- g. MTM v/s Limit %

**23. How can I set limits for my sub-brokers and clients?**

In case the member is having VSAT/LL connection, he can set the Turnover limits of his user ids through his administrative terminal provided by the Exchange. Members who are trading through internet or any other mode of communication can request the exchange in writing to set the limits at user id level.

**24. How do I get circulars of MCX?**

Members can download circulars issued by the Exchange from Extranet (FTP) server as well as MCX website i.e. [www.mcxindia.com](http://www.mcxindia.com).

**25. How do I access daily reports?**

Members can download daily reports from Extranet (FTP) server. Members who have VSAT or Leased Line connectivity media for trading cannot access their folders during market hours  
Over Internet by entering their Member ID and FTP Password, Member can access their folders, any time.

**26. Where can I get product specifications (feasibility study report)?**

Feasibility study reports for commodities are available on website of the Exchange i.e. [www.mcxindia.com](http://www.mcxindia.com). It contains information like production, usage, demand, supply etc.

It is always advisable for a trader to read feasibility study report before trading.