Mock Trading

In terms of provisions of the Rules, Bye-Laws and Regulations of the Exchange and in continuation to the Exchange Circular no 'MCX/TECH/736/2019', dated December 30, 2019, members of the Exchange are notified that the Exchange shall be conducting mock trading session on **Saturday, November 13, 2021**.

Exchange will be launching Nickel Options for the purpose of mock trading. Contract Specifications for mock trading is provided in **Annexure-1.**

Trading Members may please refer to Exchange Circular MCX/CTCL/423/2017 dated November 15, 2017 and MCX/CTCL/891/2020 dated November 25, 2020 regarding testing of software used in or related to Trading and Risk Management. **Members having approved algorithm strategy/strategies irrespective of the algorithm having undergone change or not, are required to participate in the mock trading session**. Trading members using third party trading platforms of empaneled vendors or in-house developed systems through FIX/Non-FIX APIs can use this opportunity to test their respective trading application during mock trading session. Members are requested to actively participate in the Mock Trading Session from all trading software.

Schedule for Mock Trading

Session	Time
Log-in period	**09:45 am – 09:55 am**
Special Session	**09:55 am – 09:59 am**
Mock trading timing	**10:00 am – 02:00 pm**
Client code modification session	**02:00 pm – 02:05 pm**

Members may please note that trades resulting from mock trading on **November 13, 2021** will not attract any obligation for pay-in and payout.

Procedures for downloading files for participating in mock trading are specified in **Annexure-1.**

Members using CTCL facility are requested to actively participate in the mock trading session using CTCL software as per new API version **17.8** dated July 03, 2020 (**non-FIX**) and **FIX API version 17.7** dated July 03, 2020.

Members should put in place adequate mechanism to restore their trading systems to production state at the end of mock session to ensure integrity of the trading system.

After the mock trading session, members are requested to log-in into live environment from **03:00 pm to 03:30 pm on November 13, 2021** to check the connectivity in order to avoid any log-in problem on the next trading day in the live environment.

'eXchange' facility will not be available during mock trading and same would be available after live re-login session.

Members are requested to take note of the same.

Abhay Angarkar
AVP - Technology

Encl: As above

Kindly contact Customer Service Team on 022 – 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

Annexure – 1

Contract Specification for Nickel Options with Nickel (1500 Kilograms) Futures as underlying

Symbol	NICKEL
Underlying	Underlying shall be Nickel Futures contract traded on MCX
Description	Option on Nickel Futures
Option Type	European Call & Put Options
Contract Listing	Contracts will be available as per the Contract Launch Calendar
Contract Start Day	1st day of contract launch month. If 1st day is a holiday then the following business day.
Expiry Day (Last Trading Day)	Three business days prior to the first business day of Tender Period of the underlying futures contract.
Trading	
Trading Period	Mondays through Fridays
Trading Session	Monday to Friday: 9.00 a.m. to 11.30 / 11.55 p.m.* * based on US daylight saving time period
Trading Unit	One MCX Nickel futures contract
Underlying Quotation/ Base Value	Rs. Per Kg
Underlying Price Quote	Ex-Warehouse Thane district (excludes only GST)
Strikes	7 In-the-money, 7 Out-of-the-money and 1 Near-the-money. (15 CE and 15 PE). The Exchange, at its discretion, may introduce additional strikes, if required.
Strike Price Intervals	Rs. 20.00
Base price	Base price shall be theoretical price on Black 76 option pricing model on the first day of the contract. On all other days, it shall be previous day's Daily Settlement Price of the contract.
Tick Size (Minimum Price Movement)	Rs. 0.05
Daily Price Limit	The upper and lower price band shall be determined based on statistical method using Black76 option pricing model and relaxed considering the movement in the underlying futures contract. In the event of freezing of price ranges even without a corresponding price relaxation in underlying futures, if deemed necessary, considering the volatility and other factors in the option contract, the Daily Price Limit shall be relaxed by the Exchange.
Margins	The Initial Margin shall be computed using SPAN (Standard Portfolio Analysis of Risk) software, which is a portfolio based margining system. To begin with, the various risk parameters shall be as under: A. Price Scan Range – 3.5 Standard Deviation (3.5 sigma) B. Volatility Scan Range (VSR) shall be in accordance with SEBI circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2021/08 dated January 11, 2021. For applicable VSR refer latest circulars issued by MCXCCL.

	C. The Short Option Minimum Margin (SOMM) and Margin Period of Risk (MPOR) shall be in accordance with SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020. For applicable SOMM and MPOR refer latest circulars issued by MCXCCL from time to time. D. Extreme Loss Margin – Minimum 1% (to be levied only on short option positions). E. Premium of buyer shall be blocked upfront on real time basis.
Premium	Premium of buyer shall be blocked upfront on real time basis.
Margining at client Level	Initial Margins shall be computed at the level of portfolio of individual clients comprising of the positions in futures and options contracts on each commodity
Real time computation	The margins shall be recomputed using SPAN at Begin of Day, 9.30 am, 11.00 am, 1.00 pm, 3.00 pm, 5.00 pm, 7.00 pm, 8.30 pm, 10.30 pm and End of Day.
Mark to Market	The option positions shall be marked to market by deducting / gadding the current market value of options positions (positive for long options and negative for short options) times the number of long / short options in the portfolio from / to the margin requirement. Mark to Market gains and losses would not be settled in Cash for Options Positions.
Risks pertaining to option that devolve into futures on expiry	a) A sensitivity report shall be provided to members of the impending increase in margins at least 2 days in advance. The mechanism shall be reviewed and if deemed necessary, pre-expiry option margins shall be levied on the buy / sell / both positions during last few days before the expiry of option contract. b) The penalty for short collection / non collection due to increase in initial margins resulting from devolvement of options into futures shall not be levied for the first day.
Additional and/ or Special Margin	At the discretion of the Exchange when deemed necessary
Position Limits	
Maximum Allowable Open Position	Position limits for options would be separate from the position limits applicable on futures contracts. For client level: 2,000 MT or 5% of the market wide open position, whichever is higher - For all Nickel Options contracts combined together. For a member level: 20,000 MT or 20% of the market wide open position, whichever is higher - For all Nickel Options contracts combined together. Upon expiry of the options contract, after devolvement of options position into corresponding futures positions, open positions may exceed their permissible position limits applicable for future contracts. Such excess positions shall have to be reduced to the permissible position limits of futures contracts within two trading days.
Settlement	
Settlement of premium/Final Settlement	T+1 day

Mode of settlement	On expiry of options contract, the open position shall devolve into underlying futures position as follows:-
	   • long call position shall devolve into long position in the underlying futures contract
	   • long put position shall devolve into short position in the underlying futures contract
	   • short call position shall devolve into short position in the underlying futures contract
	   • short put position shall devolve into long position in the underlying futures contract
	All such devolved futures positions shall be opened at the strike price of the exercised options

Exercise Mechanism at expiry	All option contracts belonging to 'Close to the money' (CTM)* option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts. All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so. The ITM option contract holders and the CTM option series holders who have exercised their options by giving explicit instruction, shall receive the difference between the Settlement Price and Strike Price in Cash as per the settlement schedule. In the event contrary instruction are given by ITM option position holders (other than those belonging to CTM option series), the positions shall expire worthless. All CTM positions which are not exercised shall also expire worthless. All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless. In the event the OTM position holders, which are in CTM option series, exercise their option positions, shall be required to pay and settle the difference between strike price and settlement price as per the settlement schedule. All devolved futures positions shall be considered to be opened at the strike price of the exercised options. * Option series having strike price closest to the Daily Settlement Price (DSP) of Futures shall be termed as At the Money (ATM) option series. This ATM option series along with two option series each having strike prices immediately above and below ATM shall be referred as 'Close to the money' (CTM) option series. In case the DSP is exactly midway between two strike prices, then immediate two option series having strike prices just above DSP and immediate two option series having strike prices just below DSP shall be referred as 'Close to the money' (CTM) option series.
Due Date Rate (Final Settlement Price)	Daily settlement price of underlying futures contract on the expiry day of options contract.

Annexure – 2

Steps for downloading files for participating in Mock Trading

Download TWS, Member Admin, Dot Net Framework 4.5.2 and VC++ Redistributable 2008 files, CTCL Contract Master for mock kept in the **Common/Setup/MockSetup11.8.6.x/** folder in the SFTP (Extranet) Server using address **https://192.168.13.36** for downloading through Lease Line for downloading and **https://sftp.mcxindia.com** for downloading through Internet to the members system. Files can be downloaded any time through Internet or can be downloaded through Leased Line from **Friday, November 12, 2021** after trading hours.

- Install VC++ Redistributable 2008 on the system.

- Install Dot Net Framework 4.5.2 on the system.

- Double click **MCXTWS11.msi**. It will install MCX TWS TEST for mock Version **11.8.6.x**

- Double click **MCXMADMIN11.msi**. It will install MCX Member Administrator TEST for mock Version **11.8.6.x**

- Members using TWS/MAT facility and having specific local firewall access rules need to ensure that access to below mentioned IP Address should be enabled at their end for seamless connectivity to Exchange trading system.

    - IP 192.168.13.11 & Port: 9511

    - IP 192.168.13.5 & Port: 7777

    - IP 192.168.13.72 & Port: 7777

- Members using TWS over internet are requested to follow below mentioned steps after installation:

    - Start TWS
    - Go to Tools → System configuration
    - Select Mode of Connectivity as "**Internet**"
    - Click on Modify
    - System will set the configuration as selected and TWS will be closed.
    - Start TWS and login to the mock environment of MCX.

- Members using MAT/TWS over Leased Line are requested to follow below mentioned steps after installation:

    - Start MAT/TWS
    - Go to Tools→ System configuration
    - Select Mode of Connectivity as "**Dedicated**".
    - Select Market Data Updates as "**High**".
    - Click on Modify.
    - System will set the configuration as entered / selected and TWS / MAT will be closed.
    - Start MAT/TWS and login to the mock environment of MCX.