भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

**CIRCULAR**

**HO/47/11/11(3)2025-MRD-POD2/I/23843/2026** **October 15, 2026**

To,

**All recognised Stock Exchanges**
**All recognised Clearing Corporations**

Dear Sir/ Madam,

**Subject: Review of certain aspects of the Closing Auction Session, market timings and settlement methodology for derivatives contracts**

1. SEBI vide circular dated January 16, 2026, had introduced the Closing Auction Session (CAS) in the equity cash segment of Stock Exchanges with the objective, *inter alia*, of facilitating transparent and efficient price discovery of the closing price of securities. The said circular also specified the framework for determination of settlement prices of stock and index derivative contracts by the Clearing Corporations, on the expiry day, based on the closing prices determined under the CAS framework.

2. Subsequent to the implementation of the CAS framework, SEBI undertook a review of certain aspects relating to the functioning of CAS, market timings and the methodology for determination of settlement prices of derivative contracts. In this regard, a Consultation Paper dated September 12, 2026, was issued seeking public comments on the aforesaid aspects. The review was undertaken with a view to ensuring efficient price discovery and orderly functioning of the cash and derivatives segments.

3. Based on an analysis of the comments received on the aforesaid Consultation Paper, recommendations of the Secondary Market Advisory Committee (SMAC) of SEBI, discussions with the Stock Exchanges and internal deliberations, it has been decided to modify certain provisions of the existing CAS framework relating

to the timings and operational aspects of CAS, the transition of unexecuted iceberg orders from the Continuous Trading Session (CTS) to CAS and the methodology for determination of settlement prices of stock and index derivatives contracts.

4. Accordingly, the provisions of SEBI circular dated January 16, 2026, on "Introduction of Closing Auction Session (CAS) in the Equity Cash Segment and certain modifications in the Pre-Open Auction Session", and the relevant provisions of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, shall stand modified to the extent specified below.

"4.1. …..

4.2. **Timings of CAS:**

4.2.1. CAS shall be implemented as a separate session of 10 minutes from 3:30 p.m. to 3:40 p.m., on all trading days, as under:

| Session | Particulars | Start Time | Duration |
|---|---|---|---|
| 1 | Reference price calculation / Transition from CTS to CAS | 3:30 p.m. | 1 mins |
| 2 | Order entry period - for both limit and market orders | 3:31 p.m. | 5 mins |
| 3 | Order entry period only for limit orders.<br>No modification/ cancellation for market orders<br>Random Close in the last 2 minutes | 3:36 p.m. | 4 mins |

4.2.2. The order entry session shall close randomly anytime between 3:38 p.m. to 3:40 p.m. Such random closure shall be system driven.

4.2.3. Upon closure of the order entry period, the Stock Exchanges shall undertake order matching in accordance with the CAS framework. The closing price determined through CAS and the quantity of securities executed shall be disseminated to market participants as soon as practicable following completion of order matching.

4.2.4. Trading in index derivatives contracts shall continue until 3:45 p.m. on all trading days, except on expiry days when trading in expiring index derivatives contracts shall cease at 3:30 p.m.

4.2.5. Trading in stock derivatives contracts shall continue until 3:45 p.m. on all trading days, including on expiry days.

4.2.6. The post close session in the cash segment shall operate between 3:50 p.m. to 4:00 p.m., where trades shall be executed at the closing price of securities.

4.2.7. The closing price of securities, for which CAS is applicable, on any special trading session of the Stock Exchanges shall also be determined based on CAS. The duration of CAS in such special trading session shall be equal to the duration of CAS as specified in para 4.2.1 above. The derivative segment on such special trading days shall be closed after 5 minutes from the end of CAS. A 10 minutes post close session on such special trading days shall begin 5 minutes after the close of the derivatives segment.

4.3. **Reference Price for CAS:**

4.3.1. The reference price of a security for the purpose of CAS in the cash segment shall be determined based on the Volume Weighted Average Price (VWAP) of the trades executed in the security during the last 15 Minutes of Continuous Trading Session (CTS) in the cash segment.

4.3.2. In case, no trade is executed in a security in the cash segment during last 15 Minutes of CTS, the Last Traded Price (LTP) of the security during the day shall be taken as the reference price for CAS. In case there is no trade during the day, the closing price of the security of the previous trading day shall be taken as the reference price for CAS. In case of corporate action, previous day's closing price shall be the adjustable closing price or the base price.

4.4. **Applicable price band:**

4.4.1. …..

4.4.2. The price band of stock futures during the period from 3:30 p.m. to 3:45 p.m. shall be in alignment with the price band applicable during CAS. Accordingly, the existing framework for dynamic flexing of price bands for stock futures, as specified at para 2.5.3 of Chapter 1 of Master Circular for Stock Exchanges and Clearing Corporations (SECC) dated December 30, 2024, shall not be applicable during the period from 3:30 p.m. to 3:45 p.m., and shall be applicable in the respective duration in the CTS.

4.4.3. …..

4.5. **Types of orders allowed to be placed during CAS:**

4.5.1. Only limit orders and market orders shall be allowed to be placed during CAS and both shall be reckoned for computation of equilibrium price.

4.5.2. Placement of new Iceberg orders shall not be allowed during CAS, i.e., orders placed during CAS shall disclose their full order quantity.

4.5.3. Stop loss orders shall not be allowed to be placed during CAS.

4.6. …..

4.7. …..

**4.8. Unexecuted limit and iceberg orders of the CTS:**

4.8.1. All unexecuted limit orders pending at the end of CTS shall be carried forward to CAS, except the following:

4.8.1.1. Stop loss orders

4.8.1.2. Orders having prices beyond the price bands applicable in CAS.

4.8.2. Unexecuted iceberg orders pending at the end of CTS and having prices within the price bands applicable during CAS shall be carried forward to CAS as fully disclosed limit orders, unless the market

participant has opted to not transition such orders at the time of placing the original order.

4.8.3. Iceberg orders carried forward from CTS as fully disclosed limit orders shall be assigned lower time priority than other limit orders carried forward from CTS. Among such transitioned iceberg orders, time priority shall be determined with reference to the time of the original iceberg orders

4.8.4. The limit and iceberg orders carried over from the CTS to CAS shall have a higher time priority than limit orders placed during CAS.

4.8.5. The limit and iceberg orders carried over from the CTS to CAS can be modified, however, time priority after such modification shall change.

**4.9. Settlement prices for index and stock derivatives**

4.9.1. Considering that the settlement methodology for derivatives contracts is being modified, para 1.1.9 and para 3.1.2.7 of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, shall be modified as follows:

*"1.1.9. On the expiry day, the settlement price of the expiring index derivatives contracts shall be determined on the basis of the value of the underlying index calculated using the volume-weighted average prices (VWAP) of the constituent securities during the last 30 minutes of the Continuous Trading Session (CTS) in the equity cash segment. For this purpose, the Stock Exchanges, during the last 30 minutes of the CTS, shall on a real-time basis, compute the indicative value of the underlying index and disseminate the same continuously to the market participants."*

*"3.1.2.7. …….. On the expiry day, the settlement price of expiring stock derivatives contracts shall be determined by the Clearing Corporations on the basis of VWAP of the underlying stock during*

*the last 30 minutes of the CTS in the cash segment across all Stock Exchanges. For this purpose, respective Stock Exchanges shall provide to the Clearing Corporations, the VWAP and quantity traded during the last 30 minutes of CTS in the underlying security. The Stock Exchanges, during the last 30 minutes of the CTS, on a real-time basis, shall also compute the indicative VWAP of the underlying security at the respective Stock Exchange and disseminate the same continuously to the market participants."*

4.9.2. …..

4.10. …..

4.11. Orders in CAS shall be subject to applicable margin requirement at order level, except for the limit and iceberg orders carried over from CTS to CAS. However, if such orders are modified during CAS, then, such orders shall also be subject to applicable margin requirement at the order level.

4.12. ….. "

5. The Stock Exchanges and Clearing Corporations shall jointly make appropriate modifications in their Standard Operating Procedures (SOPs) to give effect to the provisions at para 4 above, in consultation with SEBI, within 7 days from the date of issuance of this circular.

**6. Implementation timeline:**

6.1. The modifications specified in this circular, other than those specified at para 4.8, shall come into effect from December 07, 2026.

6.2. The modifications specified at para 4.8 shall come into effect from February 08, 2027.

7. The Stock Exchanges and Clearing Corporations shall issue necessary guidelines and put in place the systems to ensure the timely and smooth operationalization of the above framework.

8. The Stock Exchanges and Clearing Corporations are advised to:
   8.1. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable.
   8.2. Bring the provisions of this circular to the notice of the market participants and disseminate the same on their website.

9. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

10. This circular is available on SEBI website at www.sebi.gov.in at "Legal →Circulars".

Yours faithfully,

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