

FAQ – Trading Rules for Periodic Call Auction Session

Q1. Which stocks will be traded in Periodic Call Auction Session?

A. All equity stocks which are classified as illiquid will be part of Periodic Call Auction Session.

Q2. What are the criteria for classifying the stock as illiquid?

A. Stocks shall be classified as illiquid, whether trading in normal market or in trade for trade settlement, if all the following conditions are met:

- » The average daily trading volume of a scrip in a quarter is less than 10000;
- » The average daily number of trades is less than 50 in a quarter;
- » The scrip is classified as illiquid at all exchanges where it is traded.

Q3. What will be the session timings for Periodic Call Auction Session?

A. Periodic call auction sessions of one hour each shall be conducted daily throughout the trading hours with the first session starting at 9:30 am and last session ending at 3.30 pm as per the details given below:

PCAS Session No.	Start Time	End Time
PCAS Session 1	9:30 am	10:30 am
PCAS Session 2	10:30 am	11:30 am
PCAS Session 3	11:30 am	12:30 pm
PCAS Session 4	12:30 pm	1:30 pm
PCAS Session 5	1:30 pm	2:30 pm
PCAS Session 6	2:30 pm	3:30 pm

Q4. What will be the duration of different (order entry/matching) periods in each Periodic Call Auction Session?

A. Each Periodic Call Auction Session will be divided into following periods:

- » Order Entry
- » Order Matching
- » Buffer Period

Following is the duration of each period in Periodic Call Auction Session

Order Entry Period	45 minutes	Order Entry/Modification/Cancellation Allowed <i>Random stoppage between 44th and 45th minute (System Driven)</i> Dissemination of Indicative Price, Cumulative Buy & Sell quantity
Order matching and Trade Confirmation Period including Buffer period (upto 7 minutes)	15 minutes	Order matching, trade confirmation <i>Order Entry/Modification/Cancellation NOT Allowed</i> Buffer Period - To facilitate transition between two call auction sessions

- Q5. Will there be a continuous trading session for the illiquid stocks?**
- A. There will be no continuous trading session for the illiquid stocks. Illiquid stocks will only be available for trading in Periodic Call Auction Session.
- Q6. What order types are allowed for illiquid stocks in Periodic Call Auction Session?**
- A. Only limit & market order types are allowed for illiquid stocks in Periodic Call Auction Session. Stop loss orders and basket order entry facility will not be allowed.
- Q7. What all retention types are allowed in Periodic Call Auction Session?**
- A. All retention types will be allowed.
- Q8. Will Odd Lot trading be allowed for Illiquid Stocks?**
- A. Yes. Odd lot trading will be allowed for illiquid stocks.
- Q9. What will happen to unmatched orders in each Periodic Call Auction Session?**
- A. All unmatched orders at the end of the every Periodic Call Auction Session shall be carried forward to the next PCAS session for the trading day.
- Q10. Will the revealed quantity facility be available for illiquid stocks in Periodic Call Auction Session?**
- A. Revealed quantity facility will not be available for illiquid stock in Periodic Call Auction Session.
- Q11. How are Open/High/Low/Close indicators determined for illiquid stocks in Periodic Call Auction Session?**
- A.
- Open price shall be the equilibrium price discovered in the first PCAS session. In case equilibrium price is not discovered in the first session, then open price shall be the first equilibrium price discovered across all PCAS sessions during the day.
 - High price shall be the highest value among all the equilibrium prices discovered across all PCAS sessions during the day.
 - Low price shall be the lowest value among all the equilibrium prices discovered across all PCAS sessions during the day.
 - Close price shall be the equilibrium price discovered in the last PCAS session. In case equilibrium price is not discovered in the last session then close price shall be the last equilibrium price discovered across all PCAS sessions during the day. If no equilibrium price has been discovered during the entire day, then close price shall be the previous day's close price.
- Q12. What will be price band applicable for illiquid stocks?**
- A. The maximum price band 20% will be applicable. However Exchange may reduce the price bands uniformly based on surveillance actions from time to time.
- Q13. Will trading facility be available for institutional (6L) and QFI (4L) series of illiquid stocks?**
- A. Yes, parallel to periodic call auction session trading facility will be available in institutional (6L) and QFI (4L) series of illiquid stocks.

Q14. How will the equilibrium price of a stock be determined during Periodic Call Auction Session?

A. The equilibrium price of a stock will be determined through a 4-step process as follows –

Step 1: Sorting and Aggregating Orders at Different Price Points

All limit orders in the order book will be organized in the following manner:

- Consider the limit order price points at and within the range of the highest buy price and lowest sell price. Arrange the limit order price points in descending order.
- Calculate the cumulative buy and sell quantity at each price point. Cumulative buy quantity shall increase or remain constant as the price decreases. Cumulative sell quantity shall decrease or remain constant as the price decreases.
- Cumulative market buy and sell orders will be added to each of the cumulative buy and sell quantities at available price points.

Step 2: Determining the Maximum Tradable Quantity

- The tradable quantity at an eligible price point is the minimum of the cumulative buy quantity and cumulative sell quantity at that price point. The price point, at which there is maximum tradable quantity, is considered as equilibrium price.
- If there is a single price point at which the quantity traded is maximum then that is the equilibrium price.
- If there are multiple price points with the same traded quantity, we proceed to the next step.

Step 3: Establishing Order Imbalance

- The order imbalance is calculated as the difference between the cumulative buy quantity and cumulative sell quantity at each eligible price point.
- If there is a single volume maximizing price at which the absolute unfilled/unmatched quantity (order imbalance) is minimum that price is the equilibrium price.
- If there is multiple volume maximizing prices at which the order imbalance is minimum, then we proceed to the next step.

Step 4: Comparing with the Previous Closing Price

- To arrive at the equilibrium price we choose the potential price (obtained from the previous steps) which is closest to the previous closing price.
- This single price point is chosen as equilibrium price at which all orders are executed.
- In case the previous day's closing price is the mid value of a pair of prices which are closest to it, then the previous day's closing price itself will be considered the equilibrium price.
- In case of corporate actions, previous day's closing price will be the adjusted for the corporate action.

Q15. Is modification/cancellation of orders allowed during the Periodic Call Auction Session?

A. Modification/ cancellation of orders will be allowed during order entry period of every Periodic Call Auction Session.

Order modification/ cancellation would not be allowed during order matching & buffer period of every Periodic Call Auction Session.

Q16. How will the Order book be displayed during Periodic Call Auction Session?

A. The order book will display the following information for illiquid stocks during Periodic Call Auction Session –

- Cumulative Buy Quantity at the price point
- Cumulative Sell Quantity at the price point
- Match-able Quantity at the price point
- The potential matching price

In the market depth window, the indicative equilibrium price along with the next four prices will be disseminated. The price points would also have the details of aggregate quantities available on the buy and sell side separately.

If no indicative price is calculated, then the best available buy & sell orders will be displayed.

Q17. Is there an indicator on TWS which will give information about the ongoing period of Periodic Call Auction?

A. PCAS period indicator will be available on the title bar market picture window of each PCAS eligible scrip indicating the ongoing status of the session as applicable i.e. “PCAS – Order Entry” & “PCAS – Matching”.

Q18. What is the Risk Management process for Periodic Call Auction Session?

A. Risk management process will be similar to that followed in other call auction sessions.

Q19. What happens if market halt is triggered during Periodic Call Auction Session?

A. Following action shall be initiated in case of market halt is triggered during Periodic Call Auction Session –

- If triggered during order entry period of any periodic call auction session, that session shall be cancelled and all orders shall be purged.
- If triggered during order matching period of any periodic call auction session, the matching process shall be completed for scrips whose equilibrium price has been discovered or is in process of getting computed. For rest of the scrips, matching process shall be halted.
- Periodic call auction session shall be resumed at the next nearest call auction after the normal market resumes.