

CIRCULAR

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January 16, 2026

To,

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

Dear Sir/ Madam,

Subject: Introduction of Closing Auction Session (CAS) in the Equity Cash Segment and certain modifications in the Pre-Open Auction Session

1. Currently, the closing price of stocks in the equity cash segment of the Stock Exchanges is determined on the basis of the Volume Weighted Average Price (VWAP) of trades executed during the last thirty minutes of the Continuous Trading Session (CTS).
2. Globally, in major jurisdictions the closing price of stocks is determined based on CAS, considering the following:
 - 2.1. CAS aggregates market interest into a single pool of liquidity, thereby providing a fair and transparent closing price and improving the efficiency of execution for large orders.
 - 2.2. The significance of a fair and transparent closing price, especially since it is used as the reference for settlement in derivatives, index computation, mutual fund net asset value (NAV) determination, etc.

- 2.3. Provides equal and transparent access to all categories of investors, ensuring that the discovered closing price reflects the collective market consensus at the close of trading hours.
- 2.4. Facilitates passive funds to transact at the closing price of the stocks thereby reducing the tracking error.
3. Considering the above and taking into account public comments received on consultation papers dated December 05, 2024 and August 22, 2025, deliberations in the Secondary Market Advisory Committee of SEBI and subsequent feedback received from various stakeholders including the Stock Exchanges, Clearing Corporations, Mutual Funds and FPIs, it is decided to introduce CAS in the equity cash segment of the Stock Exchanges.
4. The framework of CAS is given as under:
 - 4.1. Applicability of CAS:**
 - 4.1.1. CAS shall be made applicable in a phased manner. Initially, the closing price of stocks in the cash segment on which derivative contracts are available shall be determined based on CAS.
 - 4.1.2. The closing price for the remaining securities in the cash segment shall continue to be determined based on VWAP of the trades executed during the last 30 minutes of the CTS in the cash segment.

4.2. Timings of CAS:

4.2.1. CAS shall be implemented as a separate session of 20 minutes from 3:15 pm to 3:35 pm on all trading days, as under:

| Session | Particulars | Start Time | Duration |
|---------|---|------------|----------|
| 1 | Reference price calculation / Transition from CTS to CAS | 3:15 p.m. | 5 mins |
| 2 | Order entry period - for both limit and market orders | 3:20 p.m. | 5 mins |
| 3 | Order entry period only for limit orders, No modification/ cancellation for market orders, Random Close in the last 2 minutes | 3:25 p.m. | 5 mins |
| 4 | Order matching | 3:30 p.m. | 5 mins |

4.2.2. The order entry session shall close randomly anytime between 3:28 p.m. to 3:30 p.m. Such random closure shall be system driven.

4.2.3. The equity derivatives segment shall continue to operate up to 3:40 p.m. on all trading days.

4.2.4. 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 stocks.

4.2.5. The closing price of stocks in the cash segment for trading in any special trading sessions of the Stock Exchanges shall also be determined based on CAS. The duration of CAS in such special

trading sessions shall also 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 10 minutes from the close of the order entry period in CAS. A 10 minutes post close session on such special trading days shall begin 10 minutes after the close of the derivatives segment.

4.3. Reference Price for CAS:

- 4.3.1. The reference price of a stock in CAS in the cash segment shall be determined based on the VWAP of the trades executed in the stock during the period 3:00 p.m. to 3:15 p.m.
- 4.3.2. In case no trade is executed in a stock in the cash segment during the period 3:00 p.m. to 3:15 p.m., the Last Traded Price (LTP) of the stock 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 stock 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. Price band applicable during CAS shall be +/- 3% from the reference price of the stock.
- 4.4.2. The price band of stock futures during the period from 3:15 p.m. to 3:40 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 3:15 p.m. to 3:40 p.m., and shall be applicable in the respective duration in the CTS.

4.4.3. The Stock Exchanges, within 30 days from the date of the circular, shall jointly formulate a Standard Operating Procedure (SOP), in consultation with SEBI, to ensure alignment of the price band of stock futures with the price band applicable during CAS.

4.5. Types of orders allowed in CAS:

- 4.5.1. Only limit orders and market orders shall be allowed and both shall be reckoned for computation of equilibrium price.
- 4.5.2. Iceberg orders shall not be allowed, i.e., orders shall be disclosed in full quantity.
- 4.5.3. Stop loss orders shall not be allowed.

4.6. Equilibrium Price Mechanism:

- 4.6.1. The closing price in CAS shall be determined based on the equilibrium price mechanism.
- 4.6.2. The equilibrium price shall be the price at which the maximum volume is executable.

- 4.6.3. In case more than one price meets the criteria as stated in para 4.6.2, the equilibrium price shall be the price at which there is minimum unmatched order quantity in terms of absolute value.
- 4.6.4. In case more than one price has same minimum unmatched order quantity, the equilibrium price shall be the price closest to the reference price.
- 4.6.5. In case the reference price is the mid-value of the pair of prices as mentioned in para 4.6.4 above, then the reference price itself shall be the closing price.
- 4.6.6. In case no equilibrium price is discovered, then reference price itself shall be the closing price.

4.7. Order execution priority in CAS:

- 4.7.1. Market orders shall be given priority over limit orders. The sequence for order execution shall be as under:
 - 4.7.1.1. Eligible market orders shall be matched with eligible market orders in the order of time priority at the equilibrium price.
 - 4.7.1.2. Residual eligible market orders, in the order of time priority, shall be matched with limit orders in the order of price time priority.
 - 4.7.1.3. Remaining limit orders shall be matched with limit orders in the order of price time priority.

4.8. Unexecuted limit orders of the CTS:

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

- 4.8.1.1. Stop loss orders
- 4.8.1.2. Iceberg orders
- 4.8.1.3. Orders having prices beyond the price bands applicable in CAS.

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

4.8.3. The limit orders carried over from the CTS to CAS can be modified, however, time priority after the modification shall be changed.

4.9. Calculation of settlement prices by Clearing Corporations (CCs) for stock derivatives and index derivatives:

4.9.1. Since, the methodology for computation of the closing price for stocks shall undergo a change, para 1.1.9 and para 3.1.2.7 of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations (SECC) dated December 30, 2024, shall be modified as follows:

“1.1.9. The settlement price shall be the closing price of the underlying index on the day of expiry. The closing price of the underlying index shall be based on the closing price of the constituents of the underlying index”.

“3.1.2.7. The stock exchanges shall settle the derivative contracts at a price calculated by the CCs based on volume-weighted average of the closing prices of the stock in the cash segment across all Stock Exchanges”.

- 4.9.2. The Stock Exchanges/ CCs shall jointly formulate a SOP, in consultation with SEBI, for determining the closing/ settlement prices for the stock derivatives and index derivatives, within 30 days from the circular.
- 4.10. The current risk management system for cash market shall be applicable during CAS.
- 4.11. Orders in CAS shall be subject to applicable margin requirement at order level, except for the limit orders carried over from CTS to CAS. However, if such limit orders are modified during CAS, then, such limit orders shall also be subject to applicable margin requirement at the order level.
- 4.12. The following information shall be disseminated during CAS:
 - 4.12.1. Indicative equilibrium price of the stock
 - 4.12.2. Indicative cumulative buy and sell quantity of the stock
 - 4.12.3. Indicative imbalance quantity of the stock at equilibrium price
 - 4.12.4. Indicative imbalance quantity based on market orders of the stock
 - 4.12.5. Indicative IndexStock Exchanges may disseminate additional relevant information, if any, at their discretion.

5. Alignment of the Pre-Open Auction Session framework with CAS in the cash segment and the derivative segment:

5.1. To ensure alignment of the pre-open auction session with CAS, the relevant paragraphs with respect to 'Framework for the Call Auction in the Pre-Open Session' as specified under para 17.1 of Chapter 1 of the Master Circular for Stock Exchanges and Clearing Corporations (SECC) dated December 30, 2024, shall stand modified as under:

"17.1.2: The pre-open session shall be for a period of 15 minutes from 9:00 a.m. to 9:15 a.m. The timings along with the sessions during the pre-open session is given below:

| Session | Particulars | Start Time | Duration |
|----------------|--|-------------------|-----------------|
| 1 | <i>Order entry period for both limit and market orders</i> | 9:00 a.m. | 5 mins |
| 2 | <i>Order entry period only for limit orders, No modification/ cancellation allowed for market orders, Random close in the last 2 minutes</i> | 9:05 a.m. | 5 mins |
| 3 | <i>Order matching</i> | 9:10 a.m. | 2 mins |
| 4 | <i>Transition of orders from pre-open session to CTS</i> | 9:12 a.m. | 3 mins |

17.1.3: *The session shall close randomly during last 2 minutes of order entry period, i.e., anytime between 9:08 a.m. to 9:10 a.m. Such random closure shall be system driven.*

17.1.4: *Limit orders and market orders shall be entered during the pre-open session and both shall be reckoned for computation of equilibrium price. No iceberg order shall be allowed, i.e., orders shall be disclosed in full quantity. Further, no stop loss orders shall be allowed.*

17.1.9. *Market orders to be given priority over limit orders for execution in the pre-open session, as specified below:*

17.1.9.1. *Eligible market orders shall be matched with eligible market orders in the order of time priority at the final equilibrium price.*

17.1.9.2. *Residual eligible market orders, in the order of time priority, shall be matched with limit orders in the order of price time priority.*

17.1.9.3. *Remaining limit orders shall be matched with limit orders in the order of price time priority.*

17.1.14. *The following information shall be disseminated during pre-open session:*

17.1.14.1. *Indicative equilibrium price of the stock*

17.1.14.2. *Indicative cumulative buy and sell quantity of the stock*

17.1.14.3. *Indicative imbalance quantity of the stock at equilibrium price*

17.1.14.4. *Indicative imbalance quantity based on market orders of the stock*

17.1.14.5. *Indicative Index*

Stock Exchanges may disseminate additional relevant information, if any, at their discretion.”

6. Implementation timeline:

- 6.1. The framework for CAS outlined at para 4 shall be implemented in the cash segment from August 03, 2026.
- 6.2. The changes in Pre-Open Auction Session framework outlined at para 5, shall be implemented from September 07, 2026.
- 6.3. Stock Exchanges/ CCs shall jointly formulate SOPs in terms of para 4.4.3 and 4.9.2 in consultation with SEBI within 30 days from the date of the circular.

7. The Stock Exchanges shall build necessary systems to strengthen market surveillance for CAS and for the period of determination of the reference price for CAS. Stock Exchanges shall monitor trading activity from the perspective of market integrity/surveillance concerns and take appropriate measures.

8. The Stock Exchanges and CCs shall issue necessary guidelines and put in place the systems to ensure the timely and smooth operationalization of the above frameworks.
9. The Stock Exchanges and CCs are advised to:
 - 9.1. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable.
 - 9.2. Bring the provisions of this circular to the notice of the market participants and to disseminate the same on their website.
10. 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.
11. This circular is available on SEBI website at www.sebi.gov.in at “Legal →Circulars”.

Yours faithfully,

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