Circular No.: IGX/MO/26/2021 March 19, 2021

Introduction of Open Auction and Continuous Trading Mechanism

Dear Members,

In pursuance to Market Rules, Byelaws and PNGRB approval vide letter dated 17th March 2021, Members of IGX may kindly note that following changes will be incorporated in the trading methodology which will be effective from trading day 25th March 2021: -

Specification	Current Provisions	Revised Provisions
A. Price Discovery Mechanism at all Gas hubs		
1. Monthly, Fortnightly, Weekly, Weekday Contracts	Double sided **Closed** Auction	Double sided **Open** Auction.
2. Daily Contracts	Double sided Closed Auction	Continuous Trading
B. Market Timelines	10:00 am to 12:00 noon	• 10:00 am to 1:00 PM • Under contracts where price discovery mechanism is Open Auction (i.e., Monthly, Fortnightly, Weekly and Weekday contracts) in case if any bid is received/cancelled/modified in last 5 minutes of market closure, the market time will be extended by 15 minutes from the closure time. Such 15 minutes extension will be done iteratively every time a bid is received/cancelled/modified within last 5 minutes before closure. • In any case market will not be extended beyond 3.00 pm.

Following will be the features available under open auction and continuous trading mechanism: -

a. Open Auction mechanism:

In double-sided open auction, sellers and buyers submit their bids wherein the bid price and quantity are visible to the market participants without disclosing the identity of the bidder.

The auction results in discovery of a single uniform clearing price for each contract type.

The matching mechanism of open auction will be same as close auction and shall remain in line with the existing PNGRB approved double sided uniform price auction methodology as provided under Annexure B, part B.2 of approved IGX Market rules.

Also, the Market participants will be able to view market depth i.e., top 5 buy and top 5 sell bids in terms of price quoted with the identity of bidders kept anonymous.

Market Extension: An additional feature is extension of trading session i.e., if a market participant places/modifies/cancels any bid, 5-minutes before the closure of trading hours, the market will be extended by next 15-minutes. This is to ensure that all market participants are given equal opportunity to react to any last-minute changes. Such extension will be allowed for a maximum period of up to 2 hours not exceeding 03:00 pm.

For example, if any bid is received/cancelled/modified between 12.55 pm to 1.00 pm, the market will be extended for another 15 minutes till 1.15 pm. Further, if a bid is received/cancelled from 1.10 pm to 1.15 pm, the market will again be extended up to 1.30 pm. If no bids are received/cancelled/modified in last 5 minutes, then the market will close at 1.30 pm. Such iterative conditional extensions will continue till 3.00 pm only. Post closure of the market, any bid entered/modified/cancelled by Member through its Trader workstation shall not be accepted by the Exchange.

b. Continuous Trading mechanism:

In this case, each incoming bid is checked on a continuous basis for matching according to price/time priority. The details pertaining to continuous trading matching mechanism is available under Annexure B, part B.1 of PNGRB approved IGX Market rules.

The Market participants will be able to view market depth i.e., top 5 buy and top 5 sell bids in terms of price quoted with the identity of bidders kept anonymous.

Reporting of Related party transactions in Continuous trading: In case of any related party trade(s) for contracts in which the price discovery mechanism is Continuous trading, where the Seller is a domestic producer, the Buyer and Seller through their Members, within 24 hours of becoming aware of the identity of the other party, as the case may be, shall report to the Exchange, whether the same falls under the related party transaction. For the purpose of this clause, the related party shall mean a related party as defined in the Companies Act, 2013.

Members are also informed that the amended copy of PNGRB approved Market Rules and Bye Laws are available at IGX website, which has covered the changes as per directions by PNGRB under the authorization letter dated 2nd December 2020 and related changes approved by PNGRB as dated 17th March 2021.

Members are requested to kindly make a note of all above changes and act accordingly.

This Circular comes into effect from trading day 25th March 2021.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)
Prasanna Rao
Vice President
(Market Operations)