Frequently Asked Questions – Trading

1. **What is Commodity future contract?**

   A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price. A commodity future contract is a future contract which has a commodity as underlying asset.

2. **Who are the trading participants?**

   Participants in forward/futures markets are hedgers, speculators, day-traders, and arbitrageurs.

3. **What is basis?**

   Basis can be defined as the spot price minus the futures price. If at any point of time, there seems a positive 'Basis' the market is considered as in "Backwardation". If Basis is negative, market is considered in "Contango".

4. **What is TWS?**

   Trader Work-station provided by the exchange to facilitate screen-based trading.

5. **What are the timings for Trading session and Client code Correction session?**

Trading Day	Trading Time	Client Code Correction Time	Commodities
Monday to Friday	10.00 A.M. to 5.00 P.M.	5.00 P.M. to 5.15 P.M.	Agri-Commodities
Monday to Friday	10.00 A.M. to 11.30 P.M. (Summer)	11.30 P.M. to 11.45 P.M.	Bullion, Metal, Energy
Monday to Friday	10.00 A.M. to 11.55 P.M. (Winter)	11.55 P.M. to 11.59 P.M.	Bullion, Metal, Energy
Saturday	10.00 A.M. to 2.00 P.M.	2.00 P.M. to 2.15 P.M.	All Commodities

6. **What are the commodities traded on the exchange?**

   Commodities that are traded on the exchange are as follows:
   AGRI-COMMODITY: Guar seed, RSO
   BULLION: Gold, Gold 100GMS, Silver
   ENERGY: Crude Oil, Natural Gas
   METALS: Copper, Lead

7. What are the different types of orders that one can place while trading?

Orders by Type:	Orders by Validity:
Market Order A market order is a buy or sell order to be executed immediately at current market prices.	**Day Validity** An order with Day validity remains valid until the end of the Trading Day during which it has been entered.
Limit Order A limit order is a buy or sell order placed to execute a transaction only at a specified price.	**GTD (Good-Till-Date) Validity** A GTD order remains valid until the close of business on the validity date that is specified when the order is entered.
Stop Order It is a market order to buy or sell a certain quantity when a specified price (the stop price) is reached, either above (on a buy) or below (on a sell) the price that prevailed when the order was given.	**GTC (Good-Till-Cancelled) Validity** A Good Till Cancelled order remains active until the broker decides to cancel it or the order is fully executed or until the expiry of the respective contract in which it is entered.
Stop Limit Order An order to buy or sell a certain quantity at a specified price or better, but only after a specified price has been reached. A stop-limit order is essentially a combination of a stop order and a limit order.	**IOC (Immediate or Cancel) Validity** An order combined with the IOC validity is immediately executed for all possible quantity on the opposite side and the remaining quantity if any, will be automatically cancelled by the system.

8. What are the requirements for setting a password?

The password should have a length of 6 to 12 characters having minimum one alpha character, one numeric character and one special character.

9. Why the members account gets locked and how to unlock or reset password of the Trader Terminal?

A Member ID/User ID gets locked, if the Member /user enters wrong password for more than 5 times. In case, Trader Admin terminal gets locked or the user has forgotten his password, the password is unlock and/or reset by the Exchange on receipt of request on the letter head signed only by authorized signatory of the member.

A facility is provided in Member's Trader Admin Terminal for unlock and reset the password for other Trader Terminals in case the trader terminal/user has been locked or forgotten his password.

The format for Application Form for Reset Password for Trader Admin Terminal can be downloaded from the website through the following path:

Market Operations → Trading → Trading Related Documents → Format for Application

10. What is an Admin terminal?

A Member's Admin provides the following facilities:

a. Turnover limits for different terminals can be provided/set.

b. Blocked Contract Basket can be attached for different contracts/commodities to each terminal.

c. All orders, trades, Net Positions can be viewed for all terminals.

d. Trades can be amended on behalf of users.

e. Positions can be squared off on behalf of terminals.

f. Clients can be mapped.

g. Passwords can be reset for the users.

h. Margin details can be viewed.

i. User can be forced log-out.

11. What are Single Order Limits and Exposure Limits?

Single Order Limit: A single order limit may be specified for the firm, which will apply to all traders within the firm. When specified for the trader, it will override the single order limit defined at the firm level. It can be defined by the Admin Terminal.

Exposure Limits: It can be of two types:

A) Buy Exposure Limit: Defines the buy exposure limit that applies for that trader.
B) Sell Exposure Limit: Defines the sell exposure limit that applies for that trader.

A trading administration user may define an exposure limit for a trader under his firm for the buy and sell sides separately. Exposure limits may be modified intra-day. At the start of the day, the exposure utilized of a trader will be zero.

12. What are Price Bands?

Price bands are schemes to prevent orders from being submitted beyond a certain price limit.

Two Price bands are defined based on two reference prices:
A) Daily Price Band (Daily Reference Price)
B) Lifetime Price Band (Lifetime Reference Price)*

* Lifetime Price Band is applicable only for few commodities.

Orders will be rejected if either of the Price Band is violated

13. How can a member disallow his user from trading in a particular commodity / contract?

A member can disallow his user from trading in particular commodity /contract by attaching a Blocked Contract Basket from the Admin Terminal.

It can be done through the following path:

Control & Surveillance → Manage Users → select the particular user → Attach Contract Basket

14. How to amend an order?

Modification or cancellation of orders can be done through the following path:

• Go to "**Order Book**"

• Select view status as pending.

• Select the pending order to be amended

• Select the option 'Amend' or 'Cancel'.

15. Can a member cancel all the pending orders at once?

Yes, he can do so by two ways. From order book of admin terminal, he can press "Shift+F3" or he can get "Cancel All" option by right click on order book.

16. Can a trader change the keyboard shortcuts?

Yes, he can do it by replacing the shortcut given in "Preferences" window by desired shortcut.

17. How can a trader save the changes made in any window?

It can be done by clicking the upper-left corner of any window and selecting "Save as Default."

18. Can a trader change the color of Market Watch?

Yes, it can be done by changing the color of columns in "Table Settings" present in right click options of "Market Watch".

19. Can a trader create his own portfolio & how?

Yes, it can be done by selecting "Add new Tab" option from right click in "Market Watch" window, putting the desired contracts into it and selecting "Save as Portfolio" again from right click window.

20. What is Snap-quote in the trader terminal?

A Snap quote is a collection of fields of a particular instrument. Instead of the conventional window, where multiple rows exist, the snap quote is designed to display just ONE record of the Market watch, permitting to arrange the fields in a grid. Based on the number of rows and columns defined for the snap quote in the preferences, multiple snap quotes will be arranged in a matrix form. The maximum number of cells is 20.

21. Can a member see all his open positions at any point of time?

Yes, he can view all open positions in "Net Position" window of Admin Terminal by selecting "firm" in "Trader ID" filter.

22. How can a member put a square off order?

Square off order can be submitted from "Net Position" window selecting the same option from right click window.

23. What are the applicable margins and what is the calculation process of various margins?

The application margins are Initial Margin, Additional Margin, Regulatory Margin, Long Margin, Short Margin and Delivery Margin. Tender period margins are levied under heading Long Margin and Short Margin.

Margins are levied on traded prices which get updated according to closing price of the day for all positions which are carried forward for next day.
Combining all margins and considering spread benefit (if any) result into "Margin Utilized" by a member.

24. What is Calendar Spread?

A Calendar Spread is a commoditized strategy that may facilitate traders to buy contracts of a near month and sell contracts of a far month through a single order book. By doing so a member gets relaxation in margin known as "Spread benefit".

25. How margin utilization at Member Level can be viewed?

Members can view the details of his margin limit and margin utilized, mark to market loss through the Admin terminal in Margin Watch window. They receive system-generated alerts on utilizing margin of 50%, 75% and 95% against their margin deposited with the Exchange. Member can also check the alert messages in the Message Log.

26. What is Mark to Market?

Marking to market refers to the computation of the profits or loss that a trading entity (ex. client) realizes due to the periodic (ex. Daily, or every x minutes) movement of price of the commodity/contract.

27. What does MTM Loss indicate in Margin Watch window?

MTM Loss indicates the gross loss occurred due to the price movement of the commodity/contract during intra day.

28. When does a member go in square-off mode?

A trading member may be placed in square off mode based on a risk management action (ex. MTM limit breach, Margin limit breach and Position limit breach). The square off mode may be for

a. All contracts
b. A given underlying
c. A given contract

29. How to come out of the square off mode?

The answer lies in the reason behind going into square-off mode.

If it is due to MTM limit breach the remedy is to fill the pay-in requirement i.e. by increasing the Collateral.
If it is due to breaching of margin limits there are two remedies:
1) To increase the Collateral
2) To reduce the position so that margin utilized gets reduced.
If square-off mode is because of position limit breach for any contract or commodity the only remedy is to reduce position in that particular contract or commodity.

30. What is Client Code Correction Session?

The Client Code Correction Session is a session for the traders to carry out correction of client codes for trades conducted in the regular trading session. The session starts upon reaching the end of the regular trading session. No execution will take place during the client code correction session; however changes to the client code of existing trades will be reported as trade corrections.

31. By what reasons A Member is disallowed to modify client code?

Client Code correction is not allowed if:

- The trade executed in "OWN" account
- The trade executed in "client" account but member is trying to change it to "OWN" account.
- Trader is trying to modify trade from defined client code (trade done from a trader terminal having some defined/mapped client codes) to a client not mapped to the terminal.
- The Member is in Square-off mode.

32. How to get circulars of ICEX?

Circulars issued by the Exchange can be downloaded from the website www.icexindia.com from the Exchange Downloads.

33. How can a member access his daily reports?

Members can access their daily reports (e.g. Bhav Copy, Contract Master, Trade files, etc.) by logging in to the FTP folder. They can also access their folders anytime, through the internet by entering their Member ID and FTP Password.