Annexure
Daily Contract Settlement Price methodology

Daily Contract Settlement Price

In the absence of last half an hour trading;

For computing theoretical future price, the Exchange shall first take "spot" price from:-

i. Weighted average price of the underlying GOI security in last two hours of trading on NDS-OM

ii. If no trades are executed in the underlying GOI security, then a theoretical price with reference to FIMMDA rates shall be used. FIMMDA publishes prices of every security daily end of day.

This price shall be spot price (S)

Theoretical bond futures price (“F”) = Spot price (“S”) + Financing Cost (based on Dirty Price (“DP”)) (“R”) - Income received (“C”)

R = DP * r * t

DP = S + accrued interest on the underlying security from last coupon day to the settlement day

r = Rate of Interest [Cost of carry]

t = Term (in years) from settlement day to the day of settlement of expiry

Income Received = Accrued Interest on the security till settlement day of expiry - Accrued Interest on the security on settlement day plus income received from reinvestment of coupon payment if any based on r (cost of carry) from coupon payment day to the expiry day.

r, the rate of interest to be considered is the OIS rates for 1-month, 2-month and 3-month. To arrive at the rate exactly for the time period, the selected rate would be further interpolated or extrapolated to get rate near to the time period.