Educate yourself is an educational debate dedicated to the dissemination of stock market related terminologies in the use of fundamental and technical analysis for traders and investors. Market participants can explore self-developed skills to face the growing threats of volatility through Educate yourself.

Educate yourself is a great way to boost your knowledge in general investing lingo and helps you to trade strategically.

Title of the topic: " Understanding the Closing Auction Session (CAS)"

Volume: 08/2026 (Issue-7)

SSL Research Centre, Educate Yourself, Volume: 08/2026 (Issue-7), 31st August 2026

Lecture 01: **Understanding the Closing Auction Session (CAS)**

Professor: Good morning, everyone!

Students: Good morning, sir!

Professor: Today, we are going to discuss an important change in the way the stock market determines its official closing price. SEBI has introduced a mechanism called the **Closing Auction Session, or simply CAS.**

Raj: Closing Auction Session? Sir, when you say "**auction**", should we imagine something like an IPL auction?

Professor: Yes, something similar.

Joy: Please elaborate sir, **what is Closing Auction Session**?

Professor: **Closing Auction Session** is a globally applied standard, used to determine the closing prices. NYSE, LSE already use this method. The method sees, that the interest of security is aggregated in a single pool of liquidity, which provides a fair and transparent closing price, which also improves efficiency.

Students: (Scratching their heads)

Sia: A bit complicated, if the standards were already used globally, **then how were the closing prices determined earlier? And how is it different**?

Professor: Good Follow-Up!!! So before CAS, exchanges used Volume Weighted Average Price (VWAP), these price were calculated based on the last 30 min trading session. The last traded price (LTP) could be misleading as VWAP gives more weight to trades with higher volume, so a small trade does not distort the price.

Ravi: ….and **how does CAS works**?

Professor: CAS uses an auction approach by collecting all buy and sell orders at the EOD into a single pool, and identifies **that one price** where maximum no. of shares can be traded. This approach improves price discovery and reflects the price where the buyers and sellers actually agree. The most important part is that it is hard to influence prices with last minute trades.

Isha: One price? Is it named anything? And **how is that determined**?

Professor: **The term one price is called as Equilibrium Price**. Equilibrium price mechanism is used to calculate the price. The price is determined based on the principle of demand supply and is the one at which the maximum volume is executable. Let’s understand with an example stepwise.

Step 1: **Calculation of Reference price:**
Trade executed between 3.00pm to 3.15pm is considered to derive the reference price, which is simply the VWAP of last 15 minutes.

Step 2: **VWAP Calculation:**

Trade	Quantity	Price	Trade Value
1	500	₹ 2,500	₹ 12,50,000
2	300	₹ 2,510	₹ 7,53,000
3	200	₹ 2,515	₹ 5,03,000

Reference Price: (12,50,000+7,53,000+5,03,000) / (500+300+200) = ₹ 2,506

Step 3: **Price Band:**
Like price circuit, the exchange has created a ±3% price band, so for our calculated reference price, the upper limit will be ₹ 2,581 and lower limit will be ₹ 2,431. The time slot between 3.15PM to 3.20PM is utilised for calculation and publishing of reference price.
So, orders within this range are only collected

Step 4: **Orders Collection:**
Orders are collected between 3.20 PM and 3.25PM. A BUY and a SELL order outside the range is automatically rejected by the exchange and participation is rejected.

Step 5: **Determination of closing price:**
After order collection, exchange considers all orders together and determine the prices at which the maximum no of shares is traded.
I will explain with an example; our reference price was ₹ 2,506. Now, a scrip called PQR Ltd receives this orders. The order book is as follows.

Price	Maximum Executable Quantity
₹ 2,507	2000
₹ 2,506	7500
₹ 2,505	6000

Since, ₹ 2,506 is the price where highest number of shares can be traded, it becomes the equilibrium price. Thus, your equilibrium price is ₹ 2,506. And that is your official closing price of exchange for the day.
This equilibrium prices are reflected on the exchange in the last 2 minutes from 3.25PM to 3.30PM.
So the cash market closes here at 3.30PM, but if you or any of your relative are into equity derivatives market, then the trade will continue till 3.40PM.

Step 6: So, when the market for cash closes at 3.30PM, post 3.30PM to 3.35PM, order matching period will start immediately after order entry is done. Till 3.50PM is the transition period, where transition from CAS to Post Close Session takes place. And from 3.50PM to 4.00PM is the Post Close Session.

…..and this is how the whole CAS session works for the exchange.

Isha: Quite an interesting approach, exchange considers to calculate the closing prices.

Professor: Yes, true, and helps to avoid manipulation and achieve better price discovery.

Roshan: Sir, are all **types of orders allowed to trade during this CAS?**

Professor: Seems like, this topic is interesting for you guys. Well **NSE has only allowed 2 types of orders, Limit Orders and Market Orders.** The Stop-loss orders and Ice berg orders are not allowed.

And..
This orders are executed on priority basis. It goes the following way.

No.	Orders	Priority
Priority 1	Market orders with Market orders	Time priority
Priority 2	Residual market orders with Limit orders	Price Time priority
Priority 3	Remaining Limit orders with Limit orders	Price Time priority

Both these orders, limit and market orders are considered for the computation of equilibrium price.

Seema: Oh, it is truly a blend of economics and mathematics for calculating the closing price of index. But, **is it applicable only to indices**? Or to all the stocks listed on exchange?

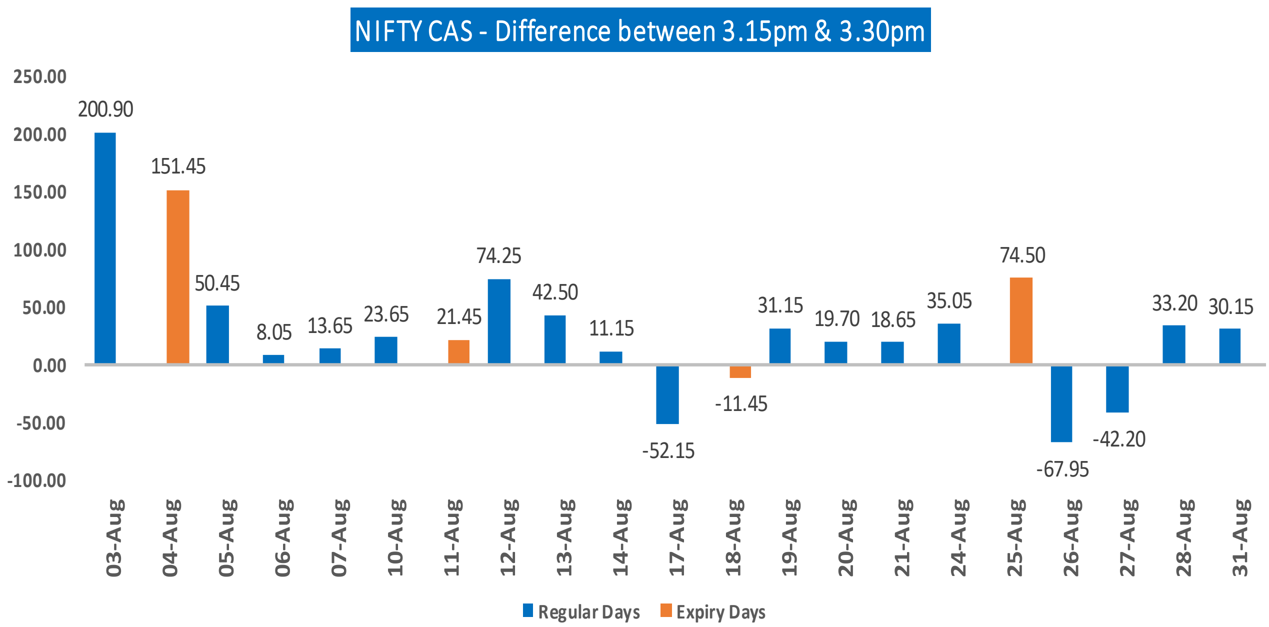
Professor: Well, this Closing Auction Session is right now in its Phase 1 and applicable only to F&O Stocks in the cash segment on which derivative contracts are available.

Raj: Got it Sir. Can you just briefly mention the advantages and disadvantages of this process.

Professor: Well, you cannot call it as a disadvantage, as it is a global standard. And **advantages are better price discovery, resistant to manipulation, efficient execution to large blocks and of course aligning to global standards**. But remember, this rule and regulation is introduced by SEBI to protect the interests of investors.

Students: (In Sync) Thank you so much.

Professor: It's my pleasure students, so that's how CAS works and with this, we conclude our lecture and for my reward, I will be taking a short surprise test on this concept in the next week, better brace yourselves. Have a good day!



Sources: *SSL Research Centre, SEBI, NSE.com*

StockHolding Services Limited
(Formerly known as SHCIL Services Limited)
CIN NO: U65990MH1995GOI085602 SEBI - RA: INH000001121
Plot No. P-51, T.T.C. Industrial Area, MIDC Mahape, Navi Mumbai – 400 710

Call to us: 91-080-69850100 **E_Mail:** customerdesk@stockholdingservices.com **www.stockholdingservices.com**

Disclaimer

The research recommendations and information are solely for the personal information of the authorized recipient and does not construe to be an offer document or any investment, legal or taxation advice or solicitation of any action based upon it.

The research services ("Report") provided is for the personal information of the authorized recipient(s) and is not for public distribution. The report is based on the facts, figures and information that are considered true, correct and reliable. The report is provided for information of clients only and does not construe to be an investment advice. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as a confirmation of any transaction. Each recipient of this report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report and should consult its own advisors to determine the merits and risks of such an investment. StockHolding Services Limited (formerly known as SHCIL Services Limited)-(SSL) and its associate companies, their directors and their employees shall not be in any way responsible for any loss or damage that may arise to any recipient from any inadvertent error in the information contained in this report or any action taken on the basis of this information.

Disclosure

StockHolding Services Limited (formerly known as SHCIL Services Limited) -(SSL) is a SEBI Registered Research Analyst having registration no.: INH000001121. SSL is a SEBI Registered Corporate Stock broker having SEBI Single Registration No.: INZ000199936 and is a member of Bombay Stock Exchange (BSE)- Cash Segment and Derivatives Segment, National Stock Exchange (NSE)-Cash, derivatives and Currency Derivatives Segments and Multi Commodity Exchange of India (MCX) – Commodity Derivative. SSL has registered with SEBI to act as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020, bearing registration no. INP000007304 and also obtained registration as Depository Participant (DP) with CDSL and NSDL, SEBI Registration No.: IN-DP-471-2020. SSL is a wholly owned subsidiary of Stock Holding Corporation of India Limited (StockHolding). StockHolding is primarily engaged in the business of providing custodial services, designated depository participant (DDP) post trading services, Depositary Participant Services, Professional Clearing Services, Authorized Person services in association with SSL. Neither SSL nor its Research Analysts have been engaged in market making activity for the companies mentioned in the report /recommendation. SSL or their Research Analysts have not managed or co–managed public offering of securities for the subject company(ies) in the past twelve months.

Registrations granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative or SSL's associates: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report or his/her relatives or SSL's associates: - (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c)have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

"The securities quoted are for illustration only and are not recommendatory".

The investor is requested to take into consideration all the risk factors before actually trading in equity and derivative contracts. For grievances write to **grievances@stockholdingservices.com**. In case you require any clarification or have any query/concern, kindly write to us at ssl.research@stockholdingservices.com.

S. Devarajan
MBA (Finance & Foreign Trade), Ph.D. (Financial Management)
Head of Research & Quant Strategist

Sourabh Mishra	**Mahesh R. Chavan**	**Kuldeep Malviya**	**Mahima Satish**
MMS (Finance)	MSC (Finance)	MBA (Finance)	BSC (Finance)
Research Analyst	**Research Analyst**	**Research Analyst**	**Research Associate**