Terms and Conditions for Market Price Protection (MPP)

These terms and conditions govern the use of the Market Price Protection (MPP) feature provided by Upstox. By placing an order where MPP is applied, you agree to be bound by these terms in addition to our standard terms of service.

1. Introduction to Market Price Protection (MPP)

Market Price Protection is a feature designed to protect clients from significant price slippage and to manage orders for instruments where exchanges impose restrictions on Market Orders. When you place a Market Order or other applicable order type in such specific instruments, Upstox will automatically convert it into a Limit Order with a price adjusted to a certain tolerance level. The objective is to increase the probability of execution while safeguarding against unfavourable prices.

2. Applicability of MPP

- **Automatic Application & User Notification:** MPP is automatically applied to your Market Orders and other specific order types as determined by Upstox. You will be made aware of its application through a notification or 'nudge' on the order form prior to placing the order.
- **System-Driven:** The feature is applied by our system automatically; it cannot be manually enabled or disabled by the user for individual orders.

3. Calculation and Functionality

- **Price Calculation:** When MPP is triggered, your order is converted into a Limit Order. The price for this Limit Order is calculated by adding a predefined percentage buffer to a reference price. The reference price is determined as follows:
    - For **standard Market Orders**, the reference price is the **Last Traded Price (LTP)** at the time of order placement.
    - For **triggered orders** (e.g., Good-Till-Triggered (GTT), Stop-Loss (SL)), the reference price is the **user-defined trigger price**.
- **Application of Buffer:**
    - For a **Buy** order, the limit price will be set at Reference Price + X%.
    - For a **Sell** order, the limit price will be set at Reference Price - X%.
- **Percentage Buffer:** The specific percentage (X%) used for the calculation is determined by Upstox based on the instrument's segment, volatility, and liquidity. This percentage is subject to change without prior notice.

4. Margin Requirements

- **Margin:** As MPP converts an order into a Limit Order, margin is blocked at the time of order placement based on the computed MPP.
- **Maintenance of Margin:** You are required to maintain sufficient funds in your account to cover the margin requirement based on the computed MPP. Failure to have adequate margin may lead to the rejection of your order.

5. Order Execution

- **No Guarantee of Execution:** The application of MPP does not guarantee the execution of your order. Execution is subject to prevailing market conditions, including available liquidity at the calculated limit price, and having sufficient funds in your account.
- **Best Price Execution:** While the limit price is set with a buffer, the exchange will execute your order at the best available price within your limit, which may be better than the specified MPP limit price.

6. Partial Order Execution

- **Possibility of Partial Fills:** If sufficient quantity is not available in the market to fill your entire order at the MPP-calculated limit price, your order may be partially executed.
- **Open Orders:** The remaining, unexecuted portion of the order will remain in the order book as a pending Limit Order at the same MPP price.
- **User Responsibility to Monitor:** It is your sole responsibility to monitor the status of all your orders, including any pending orders resulting from a partial execution of an MPP order. You must manage any such open positions accordingly.

7. Disclaimer

Upstox shall not be liable for any losses incurred due to the non-execution or partial execution of orders where MPP was applied, or for any losses arising from price movements while an order remains pending. The MPP feature is a risk-management tool and not a guarantee of execution or profit.