

Regulations

Indian Commodity Exchange Limited

Date: 21/11/2009

Revision History

Sr. .No.	Particulars	Reference
Rev1.0	3.3 A :: Market Access through Authorised Persons	Circular No. ICEX/L&S/2010/128 dated 27 th September 2010.
Rev2.0	Annexure III : Relating to Conduct of Business.	Circular No. ICEX/M&C/2012/217 dated 6 th January 2012.
Rev 3.0	5.5.20 : Quarterly Settlement of account of client by the Member.	Circular No. ICEX/M&C/2012/ dated 13 th February 2012.
Rev 4.0	5.5.21: SMS and email alerts to clients by Exchange.	Circular No. ICEX/C&S/2012/259 dated 19th March 2012.
Rev 5.0	3.3 A :: Market Access through Authorised Persons	Circular No. ICEX/M&C/2012/ 275 dated 10 th April, 2012.
00		

REGULATIONS**INDEX**

1. INTRODUCTION AND APPLICABILITY	4
2. DEFINITIONS	4
3. TRADING REGULATIONS	7
4. CONTRACTS (DERIVATIVES) REGULATIONS	18
5. CONDUCT OF BUSINESS	24
6. RECORDS, ANNUAL ACCOUNTS & AUDIT	30
7. DEMATERIALIZATION REMATERIALIZATION PROCESS AND DELIVERY THEREOF	34
8. NON-DELIVERY AND NON-PAYMENT	36
9. CLOSING- OUT OF CONTRACTS	38
10. CLEARING AND OTHER FORMS	41
11. ACCREDITED WAREHOUSE(S)	42
12. ARBITRATION	44
13. INSPECTION / SUPERVISION AND DISCIPLINARY ACTIONS	52
14. MODIFICATIONS	56
15. SAVINGS	56
ANNEXURES	57
1. ANNEXURES I- RELATING TO THE TRADING REGULATIONS	57
1.1. Annexure I(a)- Application for Approval as Authorised / Approved User.....	58
1.2. Annexure I(b)- Application for Cancellation of Approved User.....	62
1.3. Annexure I(c)-Application for Change of Approved User	63
2. ANNEXURES II- RELATING TO THE CONTRACTS REGULATIONS	66
2.1. Annexure II(a)- Contract Note	66
3. ANNEXURES III- RELATING TO THE CONDUCT OF BUSINESS	68
3.1. Annexure I :Set of account Opening Forms.....	68
3.2. Annexure 1: Know Your Client (KYC) Application Form.....	70
3.3. Annexure 2: Risk Disclosure Document.....	85
3.4. Annexure 3: Rights & Obligations of the Members, Authorised Persons and Clients	91
3.5. Annexure 4: Do's and Don't for Clients	100
3.6. Appendix A: Electronic Contract Note -Declaration.....	103
4. ANNEXURES IV- RELATING TO ARBITRATION	105
4.1. Annexure IV (a): Arbitration Application between Parties	105
4.2. Annexure IV (b) -: Nomination and Appointment of Arbitrators	106
4.3. Annexure IV (c) : Reply by the Respondent to Arbitration Application	107
4.4. Annexure IV (d): Arbitration Application with Warehouse.....	109
4.5. Annexure IV (e): Nomination and Appointment of Arbitrators	111
4.6. Annexure IV (f) : Reply by the Respondent to Arbitration Application.....	113

1. INTRODUCTION AND APPLICABILITY

The Regulations framed hereunder shall be known as Indian Commodity Exchange Limited (ICEX), Regulations (herein referred to as 'Business Rules /Regulations').

These Regulations shall be in addition to the provisions of the forward Contracts (Regulations) Act, 1952 and Rules framed there-under and Rules and Byelaws of Indian Commodity Exchange Limited (ICEX), as may be applicable to all the Members of the Exchange and Participants

These Regulations shall be applicable to all Members of the Exchange, their clients, participants, other constituents and clearing banks operating on or through the Exchange in respect of their rights and obligations relating to trading on ICEX. They shall be subject to jurisdiction of the Courts in Gurgaon or Mumbai irrespective of the place of business of Members of the Exchange in India

2. DEFINITIONS

Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined and defined in the following, shall have the meanings respectively assigned to them therein:

- (1) Forward Contracts (Regulation) Act, 1952 and/or Rules thereunder;
- (2) The Companies Act, 1956;
- (3) Byelaws and /or Rules of ICEX.

2.1. **Clearing Bank(s)** means a bank(s) that is designated or appointed to provide banking and other facilities to the Exchange, the Clearing House of the Exchange and members of the Exchange to facilitate clearing and settlement functions.

2.2. **Clearing Corporation/ House** means means the division of the Exchange, or an entity designated as such by the Exchange, providing the services of settlement of transactions to the exchange members, and guaranteeing settlement by delivery or otherwise of the obligations to the clearing members, on behalf of the Exchange.

- 2.3. **Clearing Member**, means a Trading cum Clearing Member, an Institutional Trading cum Clearing member and Professional Clearing Member of the Exchange or its Clearing House who has the right to clear transactions, on own account or on account of its clients / constituents, in contracts that are executed in the trading system of the Exchange.
- 2.4. **Closing Buy Transaction** means a buy transaction which will have the effect of partly or fully offsetting a short position
- 2.5. **Closing Sell Transaction** means a sell transaction which will have the effect of partly or fully offsetting a long position
- 2.6. **Constituent or a client** means a person, whether incorporated or not,, who has executed an agreement with a member of the Exchange for dealing through such member in contracts permitted on the Exchange.
- Provided that** for the purpose of these Business Rules /Regulations, the term Constituent includes a Participant as defined under the Byelaws of the Exchange unless expressly stated otherwise.
- 2.7. **Common Pool Facility** means the trading facilities created by the Exchange at various places which could be made available for use by the Members of the Exchanges in the event of failure of trading facilities in his office or otherwise.
- 2.8. **Daily Settlement Price** means shall be the price of the Derivatives Contracts as decided by the Relevant Authority for the particular trading day for the purpose of marking to market all open positions and settlement thereof.
- 2.9. **Delivery** means the tender and receipt of warehouse receipts/ or any other document of title to goods by issue of delivery order in settlement of a contract.
- 2.10. **Delivering Member** means a Clearing Member who has the obligation to effect or has effected delivery in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.
- 2.11. **Deliverable Quantity** means the number of units that can be delivered in a contract as specified by the Exchange from time to time.

- 2.12. **Expiration day** means the day on which the final settlement obligation are determined in a Derivatives Contract.
- 2.13. **Final Settlement Price/Due Date Rate** means the settlement price fixed for squaring up (closing out) of all the outstanding contracts in a contract month on the due date, which are not fulfilled by giving or taking delivery.
- Explanation:** The Final Settlement Price/Due Date Rate for a derivatives contract shall be the spot price, as announced by the Relevant Authority, of the underlying commodity on the last trading day of the contract.
- 2.14. **Last Trading day** means the day on which trading ceases for a particular contract month in a specific commodity and after which trading is not permitted
- 2.15. **Long position in a contract** means the net outstanding purchase obligations of a person, whether a member or not, in respect of his transactions in a contract month for a commodity or its price index at any given point of time, whose settlement is yet to be effected.
- 2.16. **Member-Client /Constituent Agreement** means an agreement, which is executed between a Member and its client / Constituent as per the Exchange requirements.
- 2.17. **Members open position** means the sum of long and short positions of the Member and his client /Constituents in any or all of the Derivatives Contracts outstanding with the Clearing Corporation/House at any given point of time.
- 2.18. **Notification, Notice or Communication** means and it refers to any such intimation that can be served by the Exchange to the Exchange Member at ordinary business address and/or ordinary place of residence and/or last known address of the party in any one or more or all of the following ways:-
- (a) delivering it by post
 - (b) sending it by registered post
 - (c) sending it under certificate of posting
 - (d) sending it by express delivery post / courier services
 - (e) sending it by telegram
 - (f) affixing it on the door at the last known business or residential address

- (g) advertising it at least once in any prominent daily newspaper having circulation in the area where the last known business or residential address of Respondent is situated
- (h) sending a message through the Trading System of ICEX
- (i) an electronic mail or fax
- (j) by hand delivery
- (k) by SMS through a mobile device

Any communication sent by the Exchange to any party shall be deemed to have been properly delivered or served, even if such communication is returned to the Exchange as unclaimed/ refused/ undelivered, if the same is sent to the ordinary business address/e-mail address and/ or ordinary place of residence and/ or last known address of the party, in any one or more of the ways mentioned above.

2.19. **Outstanding Obligation** means the obligation which has neither been closed out nor been settled.

2.20. **Receiving Member** means a Clearing Member who has to or has taken delivery in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

2.21. **Rules and Bye Laws** shall mean the Rules and Bye Laws mean the Bye-Laws, Rules and Regulations of the Exchange made pursuant to the provisions of FCRA read with FCRR, and includes any re-enactment, modification or alteration made thereof, as also circulars, orders and notices issued by the Board or any committee constituted by it and empowered to issue such circulars, orders and notices.

2.22. **Settlement Calendar of Trading Cycle** means the prescribe dates for settlement, Pay in, Pay out, Delivery and all obligations and rights of Members in respect of every Trading Cycle of each Approved Commodity and such schedule of dates shall be referred to as Settlement Calendar of Trading Cycle in respect of particular Commodity.

2.23. **Short position in a contract** means outstanding sell obligations in Derivatives contract at any point of time.

3. TRADING REGULATIONS

3.1. Dealing on the Exchange Trading System

The Exchange shall provide an Automated Trading facility in all the Commodities admitted for dealings on the Derivative Market Trading on the Exchange shall be allowed only through Approved Workstation(s) located at locations for the office(s) of a Trading Member as approved by the Exchange. If LAN or any other way to other workstations at any place connects an Approved Workstation of a Trading Member it shall require an approval of the Exchange. Each Trading Member shall have a unique identification number which shall be provided by the Exchange and which shall be used to log on (sign on) to the Trading System. A Trading Member shall have a non-exclusive permission to use the Trading System as provided by the Exchange in the ordinary course of business as Trading Member. A Trading Member shall not have any title rights or interest whatsoever with respect to Trading System, its facilities, software and the information provided by the Trading System.

3.2. The Trading System

- 3.2.1. The Trading System shall be made available to the Member for trading subject to such terms and conditions as the Relevant Authority may determine from time to time, inter alia, payment of such charges as may be specified from time to time.
- 3.2.2. The Access to Trading System, may be withdrawn or restricted by the Relevant Authority at any time without assigning any reason and at its absolute discretion.
- 3.2.3. The Member shall, at its own costs, install and use such equipment and software as specified by the Exchange from time to time for the purpose of accessing the Trading System.
- 3.2.4. The Exchange shall have the right to inspect equipment and software used for the purposes of accessing the Trading System at any time without giving any notice.
- 3.2.5. The cost of the equipment and software supplied by the Exchange, installation and maintenance of the equipment shall be borne by the Member of the Exchange.
- 3.2.6. The permission to use the Trading System shall be subject to payment of such charges as the Exchange may from time to time prescribe in this regard.
- 3.2.7. A Member of the Exchange shall not, permit itself or any other person(s) to:
 - 3.2.7.1. use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange.
 - 3.2.7.2. use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange.
 - 3.2.7.3. copy, alter, modify or make available to any other person the software provided by the Exchange.

- 3.2.7.4. use the software in any manner other than the manner as specified by the Exchange.
- 3.2.7.5. attempt directly or indirectly to de-compile, disassemble or reverse engineer the same.
- 3.2.8. A Member of the Exchange shall not, by itself or through any other persons on his behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use the facilities of the Trading System or the information provided by the Trading System except with the explicit approval of the Exchange and in the ordinary course of business to complete the transactions on the Exchange.
- 3.2.9. The Exchange shall provide its services on a best effort basis. However the Exchange shall not be liable for failure or malfunctioning of the Trading System or any other support systems and for any loss, damage, or other costs arising thereupon and/or in any way out of:
 - 3.2.9.1. Failure of telecom network or systems including failure of ancillary or associated systems, or fluctuation of power, or other environmental conditions; or
 - 3.2.9.2. accident, transportation, neglect, misuse, errors, frauds of the Member of the Exchange or its Authorized Persons or the agents or any third party; or
 - 3.2.9.3. any fault in any attachments, system or equipments (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the trading workstation installation; or
 - 3.2.9.4. act of God, fire, flood, war, act of violence, or any other similar occurrence or for any reason beyond the control of Exchange; or
 - 3.2.9.5. any incidental, special or consequential damages
- 3.2.10. No Member of the Exchange shall deal on or access the Trading System or related facilities through another Member of the Exchange or on behalf of another Member of the Exchange, unless the prior approval of the Exchange in writing is obtained in this regard.

3.3. Exchange Members and Users:

- 3.3.1. Exchange Members shall be entitled to appoint, (subject to such terms and conditions, as may be specified by the Relevant Authority) from time to time -
- a) Authorized Persons;
 - b) Approved Users.
- 3.3.2. Exchange Members should have passed a certification program, which has been prescribed by the Exchange. In case of Exchange Members, other than individuals or sole proprietorships, such certification program shall have to be passed by at least one of their directors/employees/partners/ members of governing body. Relevant Authority shall have discretion to modify or waive this condition in general or for any specific Trading Member/s or User/s.
- 3.3.3. Each Exchange Member shall be permitted to appoint such number of Approved Users as may be notified from time to time by the Exchange.
- 3.3.4. The appointment of Approved Users shall be subject to such terms and conditions as the Exchange may prescribe from time to time.
- 3.3.5. Each Approved User shall be given a unique identification number through which he shall have access to the Trading System.
- 3.3.6. An Approved User can access the Trading System through a password and can change such password from time to time. A Exchange Trading Member or its Approved Users thereof shall maintain complete secrecy of its password. Any trade or transaction done by use of password of any Approved User of the Exchange Member, shall be binding on such Exchange Member. Approved User shall be required to change his password at the end of the password expiry period. The Exchange shall prescribe the password expiry period from time to time.
- 3.3.7. Only persons who are registered as Exchange Members in accordance with provisions of the Byelaws, Rules and Regulations of the Exchange or are Client / constituent of Exchange Members for whom an application has been made to the Exchange by the Exchange Members in accordance with the format specified by the Exchange from time to time, may be approved as Users.
- 3.3.8. No person shall be admitted as Approved User who is under 21 years of age.

- 3.3.9. No person shall be admitted as Approved User against whom any disciplinary action has been taken by the Exchange and the punishment imposed thereon is still in force.
- 3.3.10. No Exchange Member shall without permission of the Exchange take into his employment a former Exchange Member or User of such Exchange Member as Approved User, if such Exchange Member or Approved User is one against whom any disciplinary action has been taken by the Exchange and the punishment imposed against the said Member or said User is still in force. The Exchange shall have a right to reject any application made or at any time withdraw any approval previously granted, or suspend any Approved User temporarily from access to the system. Such suspension may be conditional and may be revoked on the fulfillment of condition specified, if any, to the satisfaction of the Exchange. A Member desiring to change the User Id or cancel the authority given to its Approved User to operate the Trading System on its behalf shall intimate the Exchange in writing, in such form and manner as the Exchange may specify, immediately on taking such action and obtain confirmation from the Exchange of having received such intimation, and of the disabling of the particular User by the Exchange. However the Exchange Member will continue to be liable for all the activities reported on the basis of such or previous User Id undertaken up to a period of 24 hours after his obtaining a confirmation as mentioned above from the Exchange. The Exchange Member shall cancel all his outstanding orders in respect of such Approved User. Whenever an Approved User of the Exchange Member ceases to act in such or any capacity with the Exchange Member then each such Exchange Member shall inform the Exchange, within 24 hours, the name and other particulars of such Approved User. No application shall be made by any Exchange Member, if such person for whom such an application is made, is already an Approved User of any other Exchange Member.
- 3.3.11. The Exchange shall notify different level of the Approved Users for each workstation provided. These levels shall define the access to the Trading System by the Users and shall include a provision for inquiry only on the terminal, provision for order entry and trading, or such others, as may be specified by the Exchange. The Exchange may change the status of Approved User of the Exchange Member from Trader to Inquiry only where circumstances warrant and intimate to such Exchange Member. A Exchange Member, shall not access the Trading System using a different Exchange Member or User Id other than the one allotted to him. The Approved User

shall not attempt to aid in or access the Trading System using the Exchange Member code from a location other than the Exchange Member's Approved Office/location. A Exchange Member who wants the Exchange to reset his password, has to make a request either in writing signed by the Exchange Member or by any other means indicating his Broker Id and User Id. A Exchange Member shall not make a request for resetting the password of any other Exchange Member.

3.3A Market Access through Authorised Persons

3.3A.1 Appointment of Authorised Person.

- a) Member(s) of Commodity Exchange(s) may appoint one or more Authorized Persons after obtaining specific prior approval from the concerned Commodity Exchange.
- b) The approval as well as the appointment shall be specific for each such Authorized Person.

3.3A.2 Procedure for appointment

- a) A Member of a Commodity Exchange may apply to the Commodity Exchange, in such format as may be notified by the Commodity Exchange for appointment as "Authorized Person".
- b) On receipt of the application for approval of the appointment an Authorized Person from its Member, the Commodity Exchange may:
 - i. accord approval on satisfying itself that the person is eligible for appointment as Authorized Person, or
 - ii. refuse approval on satisfying itself that the person is not eligible for appointment as Authorized Person.
- c) The Exchange will have the discretion to refuse or withdraw permission if any, granted/to be granted to any Authorized Person at any time without assigning any reason, if the Exchange, in its absolute in discretion, considers such refusal withdrawal to be in the interest of the market.

3.3A.3 Eligibility Criteria

a) Individuals

An individual is eligible to be appointed as "Authorised Person" if he:

- a) is a citizen of India;
- b) is not less than 18 years of age;
- c) has not been convicted to any offence involving fraud or dishonesty;
- d) if he has been suspended or barred by any Stock or Commodity Exchange for a period of more than six continuous calendar months, a period of three years must elapse from the date of completion of the period of suspension before he is considered for a reappointment as an Authorized Person.
- e) has a good reputation and character;
- f) has passed at least 10th standard or equivalent examination from an institution recognized by the Central Government/ State Government; and
- g) possesses such certification that may be prescribed by the Commodity Derivative Exchange, as approved as by the Commission from time to time.

b) A partnership firm, LLP or a body corporate

A partnership firm, LLP or a body corporate is eligible to be appointed as Authorized Person:

- a) if all the partners or directors, as the case may be, comply with the requirements contained in clause 4.1 above
- b) the object clause of the partnership deed or of the Memorandum of Association contains a clause 4.1 permitting the person to deal in commodities derivatives contracts.

C) A co-operative society shall be eligible to be appointed as an "Authorised Person":

- a) if all the Members/ Directors by whatever name called, of the Managing Committee/ Governing Body comply with the requirements contained in eligibility clause above. However, in respect of clause at 3 (A)(f) above, the Exchange may at their discretion relax the criteria of educational qualifications.
- b) if the object clause of the Memorandum of association of the co-operative society contains a clause permitting the co-operative society to deal in commodity derivatives contracts.

3.3A.4 Infrastructure

The Authorized Person must have necessary Infrastructure, viz., adequate office space, equipment, manpower, and such other infrastructural facilities, which the Exchange may prescribe from time to time, to effectively discharge the activities on behalf of the Member.

3.3A.5 Conditions of Appointment

- a) On being appointed as an "Authorized Person" of a Member for a particular Commodity Exchange, such person or entity shall not, during continuation being

an of Authorized Person of such Member, qualify for becoming Authorized person of any other Member of that Exchange.

b) No director of a Member (if Member is a company under the Companies Act) or a partner of the Member (if Member is a partnership firm or a LLP) or a Member/Director the Managing Committee/Governing of Body of a Member (if the Member is a co-operative society) shall be eligible to become an "Authorized person of any other Member of that Commodity Exchange in which its in company, partnership firm, LLP or co-operative society as the case may be, is a Member,

c) The Authorized Person shall not receive or pay any money or deal in deliveries of commodities in its own name or account. All receipts and payments of money and dealings in commodities shall be in the name or account the concerned of Member.

d) The Authorized Person shall receive his remuneration- fees, charges, commission, salary, etc. - for his services only from the Member of which it is an "Authorized Person" and he shall not charge any amount under whatever head from the clients of the Member.

e) All acts of omission and commission of the Authorized person shall be deemed to be those of the Member.

f) The Member and the "Authorized Person" shall enter into written agreement(s) in the form(s) specified by the concerned Commodity Exchange. The agreement shall, interalia cover scope of the activities, responsibilities, confidentiality of information, conditions for appointment as "Authorized Persons" as prescribed these guidelines, particulars of remuneration (whether by way of salary, commission, allowance or otherwise), termination clause, etc.

g) The permission granted by the Exchange any Authorized Person is only to facilitate the Members to trade on the Exchange platform through persons authorized by them and such permission shall not be construed any manner whatsoever to waive, reduce or affect the liability and responsibility of the Member in such matter.

3.3A.6 Withdrawal of Approval

Approval given to an Authorized Person may be withdrawn by the Commodity Exchange:

a) on receipt of a request to that effect from the Member or the Authorized Person concerned, subject to compliance with the requirements that may be prescribed by the Commodity Exchange ;

b) on being satisfied that the continuation of the Authorized Person is detrimental to the interests of investors or the commodities market.

c) on becoming ineligible under clause 4 of these guidelines at a subsequent date.

d) upon the directions of the Commission.

3.3A.7 Obligations of the members of the Exchange

- a) The Member shall enter into an agreement prescribed by the Exchange with each of such Authorized Persons after receipt of communication of acceptance of such Authorized Persons by the Exchange.
- b) The Member shall permit the Authorized Person to admit or introduce clients and accept orders from the clients on their behalf only after execution of the Agreement as stated at clause 7.1 above.
- c) The Member shall be responsible for all acts of omission and commission of his Authorized Person and/or their employees, including liabilities arising therefrom.
- d) If any trading terminal is provided by the Member to an "Authorized Person" the place where such trading terminal is located shall be treated as branch office of the Member.
- e) The Member shall display at each such branch office, additional information such as, particulars of Authorized Person in charge of that branch, terms and conditions of his appointment, time lines for dealing through Authorized Person, etc. as may be specified by the Commodity Exchange.
- f) The Members shall notify changes, if any, in the Authorized Person to all registered Clients of that branch atleast 15 days before the change.
- g) The Member shall conduct periodic inspection of the branches assigned to Authorized Persons and records of the operations carried out by them, as prescribed by the Exchange.
- h) It shall be the responsibility of the Member to audit the records of its Authorized Person to ensure that they comply with the Rules, Bye-Laws and Regulations of the Exchange.
- i) The client dealing through an Authorized Person shall be registered with the Member only. The funds, monies commodities or warehouse receipts, as the case may be, of the clients shall be settled directly between the Member and client. No fund or commodities of the clients shall be transferred/deposited /credited into any account of an Authorized Person.
- j) All documents like contract notes, statement funds and commodities etc would be issued by the Member to the client. Authorized Person may provide administrative assistance in procurement of documents and settlement, but shall not issue any document to client in its own name.
- k) On noticing irregularities, if any, in the operations of an Authorized Person, the Member shall forthwith seek withdrawal of approval, withhold all moneys due to Authorized Person till resolution of client grievances, alert clients in the location where Authorized Person operates, file a complaint with the police, and take all measures file as may be required to protect the interest of its clients and the market.
- l) Members shall ensure that no orders are executed at the Authorized person's end before all documents prescribed by the Exchange or the Commission, as the case may be, including Member and Constituents Agreement, Client Registration Form and Risk Disclosure Document are obtained from each such client.

m) Uploading of details pertaining to the Unique Client Code shall be the responsibility of the Member and the Authorized Person cannot create or allot Unique Client Code to any client.

n) All documents as mentioned in 3.3A.7 (l) (m) above should be available with the Member for audit and inspection as and when required by the Exchange or the Commission.

3.3A.8 Obligations of the Exchange

A) The Commodity Exchange shall maintain a database all the Authorized persons, of which shall. Include the following:

a) PAN number of Authorized Person and in case of partnership body or corporate, PAN number of all the partners or directors as the case may be alongwith photographs, PAN number of all the Members/Directors by whatever name called of the Managing Committee /Governing Body of a co-operative society alongwith photographs.

b) Details of the Member with whom the Authorized person is registered.

c) Locations of the branch assigned to the Authorized person.

d) Number of terminals and their details given to each Authorized person.

e) Withdrawal of approval of an Authorized person.

f) Change in the status constitution or of Authorized person.

g) Disciplinary action taken by the Exchange against any Member for violations of the Forward Contracts (Regulation) Act, 1952, Byelaws, Rules, Regulations and directions of the Commission or the Exchange, as the case may be, by the Authorised Person.

All the above details except (a) above, shall be made available on the web site of the Commodity Exchange.

B) While conducting the inspection of the Member, the Commodity Exchange may, also conduct an inspection of branches where the terminals of Authorized Persons are located and records of the operation are carried out by them.

C) Any dispute between a client and an Authorized person shall be treated as a dispute between client and the Member and the same shall be redressed by the concerned Commodity Exchange accordingly.

D) In case of withdrawal of an Authorized person due to disciplinary action or upon the regulatory directive, the Commodity Exchange shall issue a press release and disseminate the names of such Authorized Persons on its website citing the reason for withdrawal or cancellation of approval.

* Amendment approved as Board Meeting held on 30.03.2012

3.4. Trading Days:

The Exchange shall operate on all days as specified in the respective commodity contracts except on such holidays as may be declared by it from time to time. The Exchange may prescribe commodity specific and/or geographical area specific trading holidays. The Exchange may close the market on days other than or in addition to scheduled holidays or open the market on days originally declared to be holidays, to be called unscheduled opening or closing of the markets or segments and the decision of the Exchange in this matter shall be final and binding. Other than the regular trading hours, Exchange Members shall be provided a facility to place orders off-line i.e. outside Trading Hours. They shall be stored by the system but shall get traded only once the market opens for trading on the following working day. The Board or the Relevant Authority will provide for Opening, Normal and Closing sessions or any other session as may be decided. The types of Order books, Trade books, Price limits, matching rules and other parameters pertaining to each or all of these sessions will be specified by the Exchange to the members via its circulars or notices issued from time to time. Members may place orders on the Trading system during these sessions, within the regulations prescribed by the Exchange as per these Byelaws Rules and Regulations, from time to time.

3.5. Trading Hours:

The Exchange shall announce the normal trading hours/Open Period in advance from time to time. The Exchange may extend or reduce trading hours by notifying Members as and when it deems fit and necessary in this regard.

3.6. Trading cycle:

Trading cycle for each commodity / Derivative Contract will have a standard period as notified by the Exchange from time to time, during which it will be available for trading.

3.7. Contract Expiration:

Derivatives Contracts will expire on a pre-determined date and time upto which the Contract will be available for trading which shall be notified by the Exchange in advance.

The contract expiration period shall not exceed twelve months or as the Exchange may specify from time to time.

3.8. Trading Parameters:

The Exchange shall from time to time specify various trading parameters relating to the Trading System. Every Member will be required to specify the buy or sell orders as either an open order or a close order for Derivatives contracts. The Exchange shall from time to time prescribe different order books that shall be maintained on the Trading System and shall specify such various conditions on the order that will make it eligible to place it in those books. The Exchange shall specify the minimum disclosed quantity for orders that will be allowed for each commodity/Derivatives Contract, as the case may be. The Exchange shall prescribe the number of days after which Good Till Cancelled orders will be cancelled by the system. The Exchange shall specify from time to time the lot size in which orders can be placed for any or all commodities / contract traded on the Exchange. The Exchange shall specify from time to time price steps in which orders shall be entered on the Trading System of the Exchange. The Exchange shall lay down position limits in respect of each Commodity / Derivatives Contract from time to time

The Exchange shall specify the price fluctuations for each Commodity / Derivatives Contract at its absolute discretion.

4. CONTRACTS (DERIVATIVES) REGULATIONS

4.1. Dealing in Contracts :

All Contract specifications of the contracts available for trading shall be announced by the Exchange in advance. The Exchange shall also specify the availability of contract to such categories of Members, trade types, Market Types, Settlement Periods and for such Trading Hours as the Exchange may determine from time to time. The Exchange may at its discretion at any time suspend trading in particular Contracts as it deems fit under the following circumstances:

- 4.1.1. There is law and order problem, which in the opinion of the Exchange may, extend over a period of time and affect the market conditions adversely;
- 4.1.2. Reasons beyond the control of parties because of which it may not be possible in the opinion of the Exchange for the parties to perform the contracts;
- 4.1.3. Any other reason or circumstances under which, the Relevant Authority deems, in the interest of Market, to suspend trading in particular Contract. Such suspension shall take effect, on such conditions and in such time and manner as the Exchange may prescribe in this regard. The Exchange may also revoke suspension of trading in any or all types of Contracts and/or commodities at any time.

4.2. Segregation of Trades

Every Member shall segregate trading by him on his own account from that of his Clients in such manner as the Exchange may provide.

4.3. Transactions of Director or employee

For the purpose of these Regulations, for transactions entered into on behalf of the director or an employee of the Member or for transactions in which the director or employee has beneficial interest, such director or employee shall be considered as a Client or Constituent of the Member and margins shall be collected from each such Constituent separately. The Trading Member cannot utilize the funds and commodities of one Constituent for and on behalf of another Client / Constituent except on specific authorization of the Client / Constituent whose funds or commodities are utilized. The Exchange may, at any time restrict conditionally or unconditionally a Trading Member from dealing in a specified Derivatives Contract. The Trading Member shall continue to be liable for all trades executed on the system for orders entered into the Trading System on his behalf.

Trading Member shall be responsible for all the actions of their Authorized Persons / Authorized Users.

Prices quoted on the Exchange shall be basis delivery location, either inclusive or exclusive of various taxes as may be applicable, as prescribed by the Exchange in the contract specification, for different commodities or contracts, from time to time.

The Exchange shall from time to time provide incidence of liability, procedures and mode of payment of taxes etc as may be payable by the Buyer / Seller Client / Constituents which shall be binding on the Buyer / Seller Client / Constituents.

4.4. Trade Operations

Exchange Members shall ensure that appropriate confirmed order instructions are obtained from the Client / constituent before placement of an order on the System and shall keep relevant records or documents of the same and of the completion or otherwise of these orders thereof. The Member shall make available to his Client / constituent sent the Trading System order number and copies of the order confirmation slip / modification slip be dispatched to the Constituent. The Member shall disclose to the Exchange at the time of order entry that the order is on his own account or on behalf of Constituents and also specify orders for buy or sell as open or close orders The procedures and conditions for amendment or cancellation of orders would be subject to such conditions and as specified by the Exchange from time to time. Exchange Members shall be solely responsible for the accuracy of details of orders entered into the Trading System including orders entered on behalf of his Client / constituents.

Trades generated on the system are irrevocable and 'locked in'. The Exchange may specify from time to time the Market Types and the manner if any, in which trade cancellation can be effected. Where a trade cancellation is permitted and Exchange Member wishes to cancel a trade, it may be done only with the approval of the Exchange and in the following manner:

a) The Member wishing to cancel the trade shall initiate a cancellation request to the Exchange. The counter Member to the trade too will have to put in his cancellation request separately.

b) Where a Member initiates such request the onus shall be on the Member to ensure that he receives a written request from the Client / constituents.

c) Where a trade cancellation request(s) comes to Exchange from only one party to trade and is/are pending with the Exchange as a result of it being not confirmed by the counter party to such trade within such time as may be notified by the Exchange, such request may be cancelled at the discretion of the Exchange.

d) The Exchange shall not consider any request for a trade cancellation after such period after the market close on a Trading Day as may be notified from time to time.

e) The Exchange shall not give the reasons for rejection or approval of any such trade cancellation request.

f) The Exchange may cancel a trade suo-moto without any request by either of the parties to the trade at any time without giving any reason thereof which cancellation shall be final and binding upon the parties to the trade. In the event of such cancellation, Member shall be entitled to cancel relative contract(s) with his Client / constituents.

The Exchange Member shall make available to his the Trading System generated trade number and copies of the trade cancellation slip wherever applicable

4.5. Margin Requirements

Subject to the provisions of the Bye-laws and Rules of the Exchange, every Clearing Member shall in respect of trades in which he is a party, deposit a margin with Exchange authorities, in the manner and to the extent specified by the Exchange. The Exchange may from time to time and subject to the requirements specified by FMC, prescribe the various types of Margins to be levied on a particular contract traded on the Exchange. The Margin shall be in the nature of initial margin, additional margin, long or short position margin, special margin, or any other margin as may be specified. The Exchange shall at the time of determining margin requirements shall also specify the application of the margin on the seller and/ or buyer side of the contract. The margin shall be deposited with the Exchange within such time as may be notified by the Exchange from time to time. The Clearing House would release all margins after the payout.

4.6. Margin from the Clients / Constituents.

The Exchange Members must collect from its Clients / Constituents the Margin Deposit that the member has to provide under the Bye-laws, Rules and

Regulations of the Exchange in respect of the business done by the Members for such Clients / Constituents. The Members shall buy / sell derivatives contracts on behalf of the Clients / Constituents only on the receipt of margin of minimum such percentage as the Relevant Authority may decide from time to time on the value of the contracts proposed to be entered, unless the clients already has an equivalent credit with the Member. The Trading Member may collect higher margins from Client, as he deems fit. The Member shall obtain a written undertaking from the Client that the latter shall when called upon to do so forthwith from time to time provide a Margin Deposit and/or furnish additional Margin as required under these Bye-laws, Rules and Regulations in respect of the business done for the Client by and/or as agreed upon by Clients with the Member concerned. The Member shall demand from his Clients the amounts arising in respect of daily settlement for transaction entered on the Exchange by the members on behalf of such Clients, as the Member deems fit.

In case of non-payment of daily settlement margin by the Client, the Members shall be at liberty to close out transactions by selling or buying the contracts, as the case may be, unless the Client already has an equivalent credit with the Member. The loss incurred in this regard, if any, shall be met from the margin money of the Client. In case of open position of Client, the Members shall be at liberty to close out the transactions either by selling or by buying the contracts, in case the Client fails to meet the obligations in respect of the open position within next trading day of the transaction having been executed. Loss incurred in this regard, shall be met from the margin money of the Client. A Member shall be liable to furnish the required margin notwithstanding the non-payment of margin by a Client to such Member.

4.7. Order Management

4.7.1. Order Type

The Exchange shall stipulate from time to time, the kinds of orders that a Trading Member can place in the system which may include Normal order, Special Term order, etc. as also the order attributes that he could place thereon.

4.7.2. Order Attributes

The Exchange shall from time to time allow various order attributes subject to restrictions as prescribed in the trading parameters, which will include:

- a. Stop Loss

- b. Disclosed Quantity
- c. Immediate OR Cancel
- d. Good till Day
- e. Good till canceled
- f. Good till date

The attributes of special term order shall be specified by the Exchange from time to time and shall include:

- (i) Minimum Fill
- (ii) All OR None

The Exchange shall specify the order types and order attributes permitted for different market types, trade types, trading periods etc.

4.7.3. Modification and cancellation of Orders

- 4.7.3.1. A Exchange Member shall be permitted to modify or cancel his orders, provided a trade has not already taken place in respect of that order.
- 4.7.3.2. The order can be modified by effecting changes in the order input parameters in the manner and on such condition as specified by the Exchange.
- 4.7.3.3. The modified order shall lose or retain its time priority as per the trading parameter set by the Exchange.

4.7.4. Order Validation

Orders entered into the Trading System by Trading Members shall be subject to various validation requirements as prescribed by the Exchange from time to time including trading parameters, turnover limits and/or other restrictions placed on traded commodities / derivatives contracts. The Trading System will not accept orders that do not meet the validation checks.

4.7.5. Matching Rules

- 4.7.5.1. The Exchange shall specify from time to time the kinds of order books that shall be maintained on the system, the order matching algorithms and the matching rules and parameters that shall be followed therein.

- 4.7.5.2. The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so.
- 4.7.5.3. Where the Exchange feels that it is in the interests of the market to do so, it may at any time make unavailable any particular order books or forms of matching, in the case of a particular security or Trading Member or to the market as a whole.
- 4.7.5.4. Without prejudice to the generality of the above, the order matching rules would include the following:
 - 4.7.5.4.1. Orders in the Normal market will be matched on price - time priority basis.
 - 4.7.5.4.2. The best buy order shall match with the best sell order. For trading on price, the best buy order would be the one with the highest price and the best sell order would be the one with the lowest price.

4.8. Contract Note

Every Member shall issue a contract note to his Clients / Constituents for trades executed in such format as specified with all relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange.

A contract note shall be signed by a Member or his Authorized signatory or constituted Attorney. The Contract Notes shall be numbered with unique running serial number commencing from one, which shall be reset only at the beginning of every financial year. In case separate series are maintained in respect of different dealing offices of the Member, then the dealing office name or code shall be mentioned on the contract note. The contract note shall be time stamped with the time of receipt of order and the time of execution of order.

4.9. Brokerage

All the orders entered on the Trading System shall be at prices exclusive of brokerage. The Exchange Members shall charge brokerage at rates not exceeding such scale as the Relevant Authority may from time to time prescribe. A Member shall charge brokerage separately to their Clients and this shall be indicated separately from the price, in the contract note.

5. CONDUCT OF BUSINESS

5.1. Office Premise Related

No Member shall carry on any activity connected with or pertaining to its operations as a Member of the Exchange in any office or premises, the full address of which has not been intimated to the Exchange with details of the activity proposed to be so carried on therein and the person in whose supervision and control it is to be so carried on. Each office, department for trading on the Exchange, shall be under the supervision and control of the Member establishing it and of the personnel delegated with such authority and responsibility in this regard. Each Member shall at all times maintain such infrastructure, staff, communication facilities and records so as to be able to service his Clients / Constituents satisfactorily and as per the requirements enumerated in the Exchange Bye-laws, Rules and Regulations or any other relevant Act(s) in force for the time being.

5.2. Client / Constituents alliance

5.2.1. Every Member of the Exchange shall enter into an agreement with each of his Clients, before accepting or placing orders on the Clients behalf. Such agreement shall include provisions specified by the Exchange in this behalf from time to time. (Refer **Annexure III (a)**).

5.2.2. The Exchange may categorize Clients into such types as may be necessary for the above purpose and specify the clauses to be included in agreements to be entered into by the Member of the Exchange depending on the category of such Client. However the Member's responsibility shall not in any way be reduced due to non-execution of agreement with the Client.

5.2.3. When establishing a relationship with a new client, Members must take reasonable steps to assess the background, genuineness, financial soundness of such person and his investment objectives as illustrated in (Refer **Annexure III (b) to (d)**)

5.2.4. The Exchange Member shall obtain from all corporate Clients an approved copy of the Board resolution permitting trading on Commodity Exchanges. Member of the Exchange shall make the Client aware of the precise nature of the Exchange Member's liability for business to be conducted, including any limitations on that liability and the capacity in which the Exchange Member acts and the Clients liability thereon.

5.2.5. The Exchange Member shall make the Client aware of the risk associated with the business in commodities futures trading including

any limitations on the liability and the capacity in which the Trading Member acts and the Constituent's liability thereon by issuing to the Client / Constituent a copy of the '**Risk Disclosure Document**' as specified in the behalf (Refer **Annexure III (e)**). The Member of the Exchange shall furnish a copy of Risk Disclosure Document to all its clients and to get and maintain their acknowledgment on second copy of the same document.

- 5.2.6. The Exchange Member shall provide extracts of relevant provisions governing the rights and obligations of Clients as client of the Member of the Exchange as prescribed in the Bye-laws, Rules and Regulations, relevant manuals, notifications, circulars, any additions or amendments thereto etc. of the Exchange, or of any regulatory authority, to the extent it governs the relationship between Exchange Members and Clients to the Client at no extra cost.
- 5.2.7. The Exchange Member shall also bring to the notice of his Clients, including Participants any indictments, penalties etc. imposed on him by the Exchange or any other regulatory authority.
- 5.2.8. A Exchange Member shall make adequate disclosures of relevant material information in its dealing with his Clients
- 5.2.9. . No Exchange Member or person associated with it shall guarantee a Client against a loss in any commodities transactions effected by the Member with or for such Client.
- 5.2.10. The Exchange Member shall not recommend to its Clients a sale or purchase of commodities future contracts traded on the Trading System, unless he has reasonable grounds to believe that such recommendation is suitable for the Client /Constituent on the basis of the facts, if any, disclosed by the Clients, whether in writing or orally, regarding the Client's commodity holdings, financial soundness and investment Objectives.
- 5.2.11. The Exchange Member shall make adequate disclosures of relevant material information in dealing with the Client including the current best price of trade and trade or order quantities on the Trading System, as also any allocation policy inter se Clients, any relevant announcement from the Exchange relating to margin, trading restrictions as to price, quantity or where the Member is the counter party to a trade executed on the Trading system with the Client.
- 5.2.12. The Exchange Member shall not furnish any false or misleading information or advice with a view to inducing the Clients to do business in particular Spot / future Contracts and which will enable the Trading Member to gain thereby. The
- 5.2.13. The Exchange Member shall explain the Trading System and order matching process to the Client before accepting any orders from him.

- 5.2.14. Where the Client requires an order to be placed or any of his order to be modified after the order has entered the system but has not been traded, the Exchange Member may, if it so desires, obtain order placement/modification details in writing from the Client. The Exchange Member shall accordingly provide the Client with the relevant order confirmation/modification slip or copy thereof, forthwith, if so required by the Client.
- 5.2.15. Where the Client requires any of his orders to be cancelled after the order has been entered in the system but has not been executed, the Exchange Member may, if it so desires, obtain the order cancellation details in writing from the Client. The Exchange Member shall accordingly provide the Client with the relevant order cancellation details, forthwith, if so required by the Client.
- 5.2.16. The Member may, if it so desires, obtain in writing, the delivery and payment requirement in any instructions of an order that it receives from the Client. Where a Member receives a request for order modification or order cancellation from the Client, it shall duly bring it to their notice that if the order results in a trade in the meantime, the requests for modification or cancellation cannot be executed.
- 5.2.17. The Member shall not accumulate Client's order / unexecuted balances of order. The Member shall place forthwith all orders on the trading system. The Member agrees to act promptly in accordance with instructions provided by the Client unless it has a discretion as to timing, in which case it must exercise its judgment as to the best moment.
- 5.2.18. The Member shall provide Client with a copy of the trade confirmation slip as generated on the Trading System forthwith on execution of the trade, if so desired by the Client.
- 5.2.19. The Member shall at all times keep the moneys of the Client in a separate bank account. Where the Member is required to pay margin money on transaction executed on behalf of the Client, it shall collect the same from the Client in such form and manner as may be prescribed by the Exchange.
- 5.2.20. Quarterly Settlement of account of client by the Member.
1. The Members of the Exchange are required to settle accounts of their clients every quarter subject to the condition that, for the clients having open position on such quarterly settlement date, the member may retain the requisite funds to meet the maximum likely margin obligations for the next 3 trading days. The retention of adequate margins would ensure that the clients do not get into a square off mode unnecessarily due to such quarterly settlement.

2. While settling the account, the Member shall send to the client a 'statement of accounts' containing an extract from the client ledger of funds for the relevant quarter. The statement shall also explain the retention of funds, if any.
3. Such periodic settlement of account may not be necessary for collaterals/margin in the form of bank guarantee (BG)/Fixed Deposit receipts (FDR)/Other collaterals received from clients.
4. There shall be no inter-client adjustments like any inter family / group company / related accounts for the purpose of settlement of the client account.
5. The time difference between two settlements should not be more than 90 days.
6. Every case of non settlement of client account on quarterly basis shall attract a penalty of Rs. 5000/-.
7. This provision will be implemented with effect from 1st April 2012.

(* 5.2.21: SMS and E- mails alerts to clients by all Exchange.

- a) the Exchange shall communicate the details of trades executed on the Exchange platform to the concerned clients at the end of each trading day through sms and email alerts as per the format prescribed by Forward Markets Commission (FMC) from time to time.
- b) this facility shall be provided to those clients who have registered their preference through their respective members to receive these alerts directly from the Exchange.
- c) the alerts shall provide the information about all the trades executed in the client account during the day which will enable the client to verify the trade on the Exchange website under the head market data.
- d) members of the Exchange are required to verify and upload the details of mobile number and email address of the clients and not of any non - clients such as employee of the member etc.. Any change in such details should be updated by the members at the earliest.
- e) if the Exchange is not able to deliver the sms/email to any client, the same will be informed to the respective member for necessary follow-up action in this regard.
- f) this is an additional facility provided by the Exchange, and in no case Exchange will be responsible for non receipt of alerts to the clients.

* Amendment approved as Board Meeting held on 30.03.2012 with effect from 1st May, 2012.

5.3. Trading Principles

5.3.1. Exchange Members shall ensure that the fiduciary and other obligations imposed on them and their staffs by the various statutory Acts, Rules and Regulations are complied with.

5.3.2. Exchange Members shall ensure

5.3.2.1. that any employee who commits the Exchange Members to a transaction has the necessary authority to do so

5.3.2.2. that employees are adequately trained in operating in the relevant market segment in which they deal, are aware of their own, and their organization's responsibilities as well as the relevant Statutory Acts governing the Exchange Member, the Rules, Regulations and Byelaws of the Exchange including any additions or amendments thereof.

5.3.3. Exchange Member shall be responsible for all the actions including

trades originating through or with the use of all following variables - Exchange Member Id, User Id, valid User password at that point of time. However if the Exchange Member satisfies the Exchange that the action(s) and /or trade(s) took place due to fraud or misrepresentation by any other person other than his authorized person(s) and that the action(s) and/or trades did not originate from any of his approved workstations, the Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so effected.

5.3.4. When entering into transactions on behalf of Constituents, the Exchange Members shall ensure that they abide by the Code of Conduct and regulations as enumerated in the current chapter of these regulations.

5.3.5. No Exchange Member or person associated with a Exchange Member shall make improper use of Constituent's commodities or funds.

5.3.6. No Exchange Member shall publish and circulate or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service or communication of any kind which purports to report any transaction as a purchase or sale of any commodity unless such Exchange Member can establish if called for that such transaction was a bonafide purchase or sale of such contract or which purports to quote the purchase/sale price for any contract such Exchange Member can establish if called for that such quotation represents a bonafide order of such derivatives contracts

5.3.7. When entering into or arranging transactions, Exchange Members must ensure that at all times great care is taken not to misrepresent in any way the nature of transaction.

5.3.8. No Exchange Member shall exercise any discretionary power in a client's account unless such client has given prior written

authorization to a stated individual or individuals and the account has been accepted by the Exchange Member, as evidenced in writing by the Exchange Member.

5.3.9. A Exchange Member shall not act as a principal or enter into any agreement or arrangement with a client or client's agents, employees or any other person connected to the client, employee or agency, whereby special or unusual rates are given with intent to give special or unusual advantage to such client for the purpose of securing his business.

5.3.10. The Exchange Member shall not disclose the name and beneficial identity of a Constituent to any person except to the Exchange, Clearing House, Regulator, and concerned Clearing Member any enquiry or inspection authority as required by law as and when asked for and as may be required by the Exchange from time to time.

5.4. Unfair Trading Principles

No Exchange Member shall buy, sell or deal in Contracts in a fraudulent manner, or indulge in any unfair trade practices including market manipulation without prejudice to the generality of the provisions contained, no Member shall indulge in market manipulation:

Effect, take part either directly or indirectly in transactions, which are likely to have effect of artificially, raise or depress the prices of Contracts, indulge in any act, which is calculated to create a false or misleading appearance of trading, resulting in reflection of prices, which are not genuine No Exchange Member shall buy, sell commodities / contracts on his own behalf or on behalf of a person associated with him pending the execution of the order of his Client / Constituent or of his company or director for the same contract Delay the transfer of commodities in the name of the transferee Indulge in falsification of his books, accounts and records for the purpose of market manipulation When acting as an agent execute a transaction with a Constituent price other than the price at which it was executed on the exchange Either takes opposite position to an order of a Client / Constituent or shall execute opposite orders which he is holding in respect of two Constituents except in the manner laid down by the Exchange.

6. RECORDS, ANNUAL ACCOUNTS & AUDIT

6.1. RECORDS

Every Exchange Member shall comply with all relevant statutory Acts, including Forward Contracts (Regulation) Act, 1952 and Rules, Regulations and guidelines there under, and the requirements of and under any notifications, directives and guidelines issued by the Central Government and any statutory body or local authority or any body or authority acting under the authority or direction of the Central Government relating to maintenance of accounts and records. In addition to the requirements as per Regulation above, every Exchange Member of the Exchange shall comply with the following requirements and such other requirements as the Exchange may from time to time notify in this behalf relating to books of accounts, records and documents in respect of his membership and trading on the Exchange. Every Exchange Member of the Exchange shall maintain the following records relating to its business for a period of three years either in hard form or non-temperable soft form:

- a) Statements of fund and commodities obligations received from the clearinghouse.
- b) Records in respect of Premium / Discount and final settlement amounts including taxes and charges on commodities of Clients /constituents.
- c) Records in respect of brokerage collected separately from Clients / Constituents.
- d) Register of transaction (or other records of original entry) containing an itemized daily record of all purchases and sales of commodities / contract, showing for each such transaction effected, the name of commodities, value of commodities, rates both gross and net of brokerage and name of Clients.
- e) Register or Ledger Account of Commodities, Client wise and Commodity wise, giving, inter alias, the following details viz. date of receipt of the Commodity, quantity received, party from whom received, purpose of receipt,

date of delivery of the Commodity, quantity delivered, party to whom delivered and purpose of delivery and a separate register or ledger in respect of its own commodities or in the manner as may be specified by the Exchange. Every Trading Member of the Exchange may for the purpose of better internal control and management, if it so desires, also maintain the following records relating to its business:

- a) Order confirmation slips, Order modification slips as obtained from the trading system of the Exchange
- b) Trade confirmation slips as obtained from the trading system of the Exchange
- c) Record of all statements received from the settling agencies and record of all correspondence with them.
- d) Order Book reflecting the following:
 - (i) identity of person receiving the order
 - (ii) date and time of order received
 - (iii) name of person placing the order
 - (iv) name of Client /Constituent, description and value of securities to be bought and sold
 - (v) terms and conditions of the order stating particularly price/rate limit (i) or price/rate related instructions and time limit on the order (if any)
 - (vi) the Trading system order number as per the trading system of the Exchange or Trading Member order number as the case may be.
 - (vii) any modification or cancellation thereof including cases when it is cancelled by the system or cancelled due to maturity of an instrument.
 - (viii) if executed, the price/rate at which executed and to the extent feasible, the time of execution or cancellation and trade number as per the trading system of the Exchange.
 - (ix) reference number of the contract issued in case of executed orders.
 - (x) orders entered pursuant to the exercise of discretionary power shall be so designated.
 - (xi) entries of orders shall be serially numbered.
- e) Reports produced from the trading system.
- f) Copies of all instructions obtained in writing from client including Participants for an order placement, order modification, order cancellation, trade cancellation, etc.
 - a) Every Trading Member shall keep such books of accounts, as will be necessary, to show and distinguish, in connection with his business as a Trading Member:
 - (i) The moneys received from or on account of and moneys paid to or on account of each of his clients and,
 - (ii) The moneys received and the moneys paid on Trading Member's own account.

b) It shall be compulsory for all Trading Members to keep the money of the clients in a separate account and their own money in a separate account. No payment for transaction in which the Trading Member is taking a position as a principal will be allowed to be made from the client's account.

c) The transfer from client's account to Trading Member's account shall be allowed under circumstances enumerated below:

(i) **Obligation to pay money into "Clients account":** Every Trading Member who holds or receives money on account of a client shall forthwith pay such money to current or deposit account at bank to be kept in the name of the Member in the title of which the word "Clients" shall appear (hereinafter referred to as "Clients Account"). Trading Member may keep one consolidated clients account for all the clients or accounts in the name of each client, as he thinks fit; provided that when a Trading Member receives a cheque or draft representing in part money belonging to the client and in part money due to the Trading Member, he shall pay the whole of such cheque or draft into the clients account and effect subsequent transfer as laid down below in para (iii. B).

(ii) **Moneys to be paid into "clients account":** No money shall be paid into clients account other than:

- a. money held or received on account of clients;
- b. such moneys belonging to the Trading Member as may be necessary for the purpose of opening or maintaining the account;
- c. money for replacement of any sum, which may by mistake or accident have been drawn from the account;
- d. a cheque or draft received by the Trading Member representing in part money belonging to the client and in part money due to the Trading Member.

(iii) **Moneys to be withdrawn from "clients account":** No money shall be drawn from clients account other than -

- a. money properly required for payment to or on behalf of clients for or towards payment of a debt due to the Member from clients or money drawn on client's authority, or money in respect of which there is a liability of clients to the Trading Member, provided that money so drawn shall not in any case exceed the total of the money so held for the time being for such each client;
- b. such money belonging to the Trading Member as may have been paid into the client account under para (ii. b) and (ii. d) above money, which may by mistake or accident have been paid into such account.

(iv) Right to lien, set-off etc., not affected: Nothing in this para shall deprive a Trading Member of any recourse or right, whether by way of lien, set-off, counter-claim charge(s) or otherwise against moneys standing to the credit of clients account.

d) Every Trading Member shall send to his Clients a complete 'Statement of Accounts' for both funds and commodities in such periodicity not exceeding six months within a month of the expiry of the said period. The Statement shall also state that the client shall report errors, if any, in the Statement within 30 days of receipt thereof to the Trading Member.

e) The Trading Members shall keep a separate ledger account for each client in respect of the transactions on the Exchange and shall not mingle such account with the account of the client in respect of transactions of any other exchange or any other transaction, which the Trading Member may enter into with such client.

Every Trading Member shall maintain permanently copies of agreements executed with each of its Client / Constituent, clearing and settlement agencies or banks in accordance with the Exchange requirements.

Every Trading Member shall maintain record of all relevant particulars of persons, which are approved as Users by the Exchange.

Every Trading Member shall maintain originals of all communications received and copies of all communications sent by such Trading Member (including interoffice memo and communications) relating to its business as such.

Every Trading Member shall maintain all guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account and copies of resolutions empowering an agent to act on behalf of a Trading Member.

Every Trading Member shall maintain all written agreements (or copies thereof) entered into by that Trading Member relating to its business as such, including agreements with respect to any account.

Every Trading Member shall preserve for a period of not less than three years after the closing of any client's/ Constituent's account any records which relate to the terms and conditions with respect to the opening and maintenance of such account, date of entering into agreement with the Client/Constituent, date of modification thereof, date of termination and representatives of such Client / Constituent who signed in each case.

A Trading Member shall intimate to the Exchange the place where these records are kept and available for audit/inspection. The above requirements relating to maintenance of records shall apply not only to records of the Trading Member's principal office but also to those of any branch office and to any nominee company owned or controlled by a Trading Member for the purpose of conducting the business of the Trading Member.

Each Trading Member shall keep and preserve a record of all written complaints of its Clients /Constituents showing the reference number of Client / constituents, date, Client / constituents's name, particulars of the complaints, action taken by the Trading Member, if the matter is referred to arbitration to the Exchange then the particulars thereof. Every Trading Member shall maintain details of securities which are the property of a Trading Member showing with whom they are deposited and if held otherwise than by the member, whether they have been lodged as collateral security for loans or advances. Every Trading Member shall keep copies/duplicates of Contract Notes issued by the Trading Member and details of any statements, which are required by these Rules to appear on Contract Notes.

6.2. Annual Accounts and Audit

- 1) Each Trading Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised to the Exchange.
- 2) The Assets and Liabilities of the Trading Member's business shall be brought into account in the balance sheet at such amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the state of affairs of such business as at the date to which it is made up.
- 3) Each Trading Member shall furnish to the Exchange, its audited financial statement and such report shall be furnished not later than six months after the end of the Trading Member's financial year, provided that when the Exchange is satisfied that circumstances warrant an extension of time is necessary to furnish such report, it may grant an extension of such time as it may deem fit.

7. DEMATERIALIZATION REMATERIALIZATION PROCESS AND DELIVERY THEREOF

- 7.1. Dematerialization refers to issue of an electronic credit, instead of a warehouse receipt, to the depositor against the deposit of Commodity. Any person (a Client / Constituent) seeking to dematerialize a commodity would have to open an account with approved Depository Participant (DPs). The Exchange would provide the list of approved DPs from time to time. In case of commodities the Client shall deliver the commodity to the Exchange designated warehouses. The commodity brought by the Client would be checked for the quality by the Exchange-approved Assayers/surveyors before the deposit of the same is accepted by the Warehouse. If the quality of the commodity is as per the norms defined and notified by the Exchange from time to time, the Warehouse shall accept the commodity and send confirmation in the requisite format to the Exchange and/ or R & T Agent who upon verification, shall confirm the deposit of such commodity to the Depository for giving credit to the Demat account of the said Constituent.
- 7.2. In case the commodity at the time of deposit is accompanied with the Assayers' certificate from the Exchange approved Assayer, the warehouse would accept the Commodity, after verifying the contents of Assayers certificate with regard to the commodities deposited provided there is no apparent suspicion about the genuineness of the Assayers Certificate and the commodity is as per norms specified by the Exchange from time to time. On acceptance, the Warehouse would issue an acknowledgement to the Client and send confirmation in the requisite format to the Exchange and /or R & T Agent who upon verification, shall confirm the deposit of such commodity to the Depository for giving credit to the Demat account of the said Client.
- 7.3. In case of Commodity having Validity period assigned to it by the approved Assayer, the delivery of the said Commodity upon expiry of Validity period shall be not considered as a good delivery. The Clearing Member shall ensure that his concerned Clearing removes the commodities on or before the expiry of Validity period or such commodities or shall get the commodities revalidated before the validation period is expired.

For the Depository, commodities, which have reached the trading Validity Date, would move out of the electronic deliverable quantity. Such commodity would be suspended from delivery unless it has been revalidated. Client / constituents shall rematerialize such quantity and remove the same from the warehouse in case the same cannot be revalidated. Failure to remove deliveries after the validity period from

warehouse shall be levied with penalty as specified by the Relevant Authority from time to time.

- 7.4. Re-materialization refers to issue of physical delivery against the credit in the Demat account of the Client / constituents. The Client / constituents seeking to rematerialize his commodity holding shall have to make a request to his DP in prescribed format and the DP would route his request through the depository system to the R & T Agent who shall issue the authorization addressed to the Exchange and /or Warehouse to release physical delivery to the said Client / constituents. The Warehouse on receipt of such authorization shall release the commodity to the Constituent or Constituent's authorized person upon verifying the identity. Provided that re-materialization and physical delivery of the commodities will take place at the location indicated by the Clearing Member at the time of providing delivery information. The Constituent shall not be entitled to receive delivery of the commodities at any other location.
- 7.5. The delivery through the Depository Clearing System into the account of the buyer with the Depository Participant shall be deemed to be delivery notwithstanding that the commodities are located in the warehouse along with the commodities of other Constituents
- 7.6. Depository Delivery shall be in such units as may be prescribed by the Relevant Authority from time to time. In case where the deal is for an odd lot, the deal would be settled in cash
- 7.7. Unless otherwise directed by the Relevant Authority, stamp duties and charges payable, if any, to Government for registering transfers of commodities, if any, shall be paid by the buyer. The seller would be liable to pay sales tax under the local State sales tax law or the Central Sales Tax Act, 1956, as the case may be and will be solely responsible for complying with all the provisions and regulation of the applicable sales tax law. Transportation cost would be borne by the relevant parties Any charges for assaying, at the time of dematerializing would be borne by the Seller. If the Buyer is interested in assaying at the time of picking up the deliveries, then those charges would be borne by the buyer. Any other tax, charges, levy would be borne by the relevant parties from time to time

8. NON-DELIVERY AND NON-PAYMENT

8.1. Notice of Non-delivery and non-payment

Each Clearing Member shall send to the Clearing House and Exchange on the pay-in day an intimation of non-delivery in respect of each failure to deliver commodities and a notice to the Clearing Bank and Exchange of non-payment in respect of failure to pay any or all of the funds which are due to be paid in such forms as may be prescribed in this regard by the Exchange or delegated authority from time to time.

8.2. Non-delivery and non-payment by clearing Member / Banks.

Obligations and responsibility for clearing and settlement undertaken by Clearing Member Banks shall be discharged by them in regard to commodities and funds in the like manner and to the same extent as they would have discharged their obligation/responsibility on a trade for trade settlement. Therefore, it shall be the responsibility of the Clearing Member Banks/Institutions in the event of non-performance of any obligation or part thereof to the clearing house or otherwise, to identify the relative contract(s), to which the non-performance or part performance relates.

8.3. Failure to deliver.

Without prejudice to the provisions contained elsewhere in this regard, if a Clearing Member fails to deliver on the pay-in day the commodities deliverable by him, the Exchange shall be entitled to debit his account by an amount equivalent to the commodities not delivered valued at such valuation price as the Exchange may specify from time to time in this regard.

8.4. Closing-out on Failure to deliver.

If a Clearing Member fails to deliver on the pay-in day the commodities deliverable by him, the Exchange shall be entitled to reverse such delivery position in cash together with penalty as may be stipulated by the Exchange from time to time in accordance with the Byelaws and Regulations relating to closing-out.

8.5. Closing-out on Failure to pay.

If a Clearing Member fails to pay on the pay-in day for the commodities to be received by him, the Exchange shall be entitled to reverse such delivery position in cash together with penalty as may be stipulated by the

Exchange from time to time in accordance with the Byelaws and Regulations relating to closing out.

8.6. Declaration of Default.

A Trading Member failing to deliver the commodities due from him or pay the amount due by him shall be declared a defaulter as provided in these Byelaws and Regulations. Consequently the procedure set out elsewhere in these Bye-laws, rules and Regulations.

8.7. Deliveries due to the Defaulter.

All deliveries and payment due to the defaulter shall be handed over to the Exchange. The Exchange shall reserve the right to dispose off the commodities to make good non-payment of funds or non-delivery of commodities by the defaulting Member.

9. CLOSING- OUT OF CONTRACTS

9.1. Closing-out when effected

Any deal made subject to the Rules, Bye Laws and Regulations of the Exchange may be closed-out against a Member and his client on his failure to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made. (For the purpose of this Chapter a member who has failed to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made shall be referred to as "member in default").

9.2. Closing-out in specific cases

Without prejudice to the generality of the provision contained as above, closing -out may be effected in cases specified in the relevant Regulations or in such other cases as the Relevant Authority may from time to time specify in addition thereto or in modification thereof.

9.3. Closing-out for deals settled through the Clearing House

In respect of deals settled through the Clearing House, the Exchange shall be entitled to closing out against the Member and his Client in

default for the benefit of the receiving/delivering member or itself, as the case may be. In such cases no notice of closing-out shall be given to the Member against whom the closing-out is to be effected but a closing out notice shall be broadcast by the Exchange specifying the quantity of each kind of commodity to be closed out.

9.4. Closing-out without Notice

Without prejudice to the generality of the provisions contained as above, closing-out without notice may be effected in cases specified in the relevant Regulation or in such other cases as the Relevant Authority may from time to time specify or deem necessary in addition thereto or in modification or substitution thereof.

9.5. Closing-out with Deceased Member

On the death of a Member, having transactions outstanding in the market in any commodity / contract, the Relevant Authority may at its discretion give permission to his heirs or legal representatives to settle such transactions according to the terms thereof. In the event of such permission not being applied for or not being granted, the Exchange shall forthwith determine all outstanding obligations by closing out against the deceased Member. The loss, if any, on such closing-out shall be claimed from the heirs or legal representatives of the deceased Member and the profit, if any, shall be paid to them with the prior approval of the Relevant Authority. If the heirs or legal representatives of the deceased Member fail to pay the amount claimed from them, it shall be deemed that such deceased Member has been declared a defaulter and in that event the Bye Laws and Regulations relating to default shall apply.

9.6. Compliance before Closing-out

If the Member against whom closing-out is to be effected tenders compliance in accordance with the provisions of the Bye Laws and Regulations relating to delivery, payment and settlement of obligations and deals on the terms and conditions subject to which the deal has been made at any time before the deals have been actually closed out, the Relevant Authority may accept the same in fulfillment of his obligations. This will not relieve the Member in default of the obligation to pay any resulting damages and other penalties and interest charges imposed by the Exchange on such default.

9.7. Closing-out how Effected

The Exchange shall effect closing out against the Member in any of the following manner:

- i) by declaring a closing-out at such prices as may be decided by the Relevant Authority.
- ii) in any other manner as the Relevant Authority may decide from time to time.

9.8. Closing-out Clearing Member's Responsibility

Save as otherwise provided, the Member against whom the closing-out is effected by the Exchange for the purpose of closing-out shall be responsible for the deal made and no liability or responsibility shall attach to the Exchange, its directors, agents or its employees for any deal made in pursuance of such closing-out.

9.9. Deferment by the Relevant Authority

The Relevant Authority may defer closing-out in any particular case if in its opinion a fair market to close-out is not available or if it determines that the default is due to the existence of a special situation but no such deferment shall relieve the Member in default of the obligation to pay for any resulting damages or free the intermediate parties of their liabilities.

9.10. Suspension or Postponement of Closing-out

The Relevant Authority may suspend or postpone closing -out in respect of any deals and from time to time extend or postpone the period of such suspension or postponement when circumstances appear in its view to make such suspension or postponement desirable in the general interest. The liability of intermediaries in respect of deals in such commodities settled through the Clearing House or Depository Clearing System, as the case may be, shall continue during the period of such suspension or postponement.

9.11. Closing-out Against Defaulter

When closing-out is affected as provided above and the Member concerned is declared a defaulter, the difference arising from closing-out shall be recovered from the said Member or distributed in accordance with the Bye Laws and Regulations relating to default.

9.12. Charges for Closing-out

When closing-out is effected on the advice of the Exchange, the Member against whom the closing-out takes place shall pay to the Exchange such closing out charges as the Relevant Authority may from time to time prescribe.

9.13. Loss Arising from Closing-out

When closing-out is effected on the advice of the Exchange against a Member failing to give or take delivery of all or any of the commodities or funds according to his obligation, the resulting difference (between the money value of commodities at the valuation price and the closing out price) due by such Member shall be paid by him forthwith to the Clearing Bank.

9.14. Profit Arising from Closing-out

When closing-out is effected on the advice of the Exchange against a Member failing to give or take delivery of all or any of the commodities or funds according to his obligation, any profit (between the money value of commodities at the valuation price and the closing out price) shall be credited to the account of the Settlement Guarantee Fund or such other funds as may be set up by the Relevant Authority from time to time to be held by the Exchange for such purposes as may be prescribed by the Relevant Authority.

9.15. Default if Closing-out loss and damage not paid.

If any Member against whom a deal is closed-out under the provisions of these Regulations fails to make payment of the loss arising out of the closing -out and of the damages, if any, within such time as may be stipulated by the Relevant Authority from time to time, he may be declared a defaulter.

10. CLEARING AND OTHER FORMS

10.1. Clearing Forms, returns and other forms

The clearing forms, returns and other forms referred to in these Bye Laws, Rules and Regulations and not separately prescribed shall be in such

other form or forms as the Relevant Authority may from time to time prescribe in addition thereto or in modification or substitution thereof.

10.2. Clearing Number and Clearing Forms

A Clearing Member shall be allotted a Clearing Number, which must appear on all forms used by the Clearing Member connected with the operation of the Exchange. The Clearing Forms and Formats to be used by the Clearing Members shall be as prescribed by the Clearing House and Depository Clearing System and unless otherwise permitted, no other form or format shall be used.

11. ACCREDITED / APPROVED WAREHOUSE(S)

The Exchange shall specify accredited warehouse(s) through which delivery of a specific commodity shall be effected and which shall facilitate for storage of commodities in the manner as prescribed by the Exchange from time to time.

11.1. Process and Procedures for Accredited Warehouse

The Exchange shall specify from time to time the processes, procedures, and operations that every accredited Warehouse shall be required to follow for the participation, functioning and operations of the accredited warehouse. The Regulations relating to the accredited warehouse shall be deemed to form a part of any settlement process so provided.

11.2. Functions of Accredited Warehouse

Accredited Warehouse(s) shall provide the following services to the Clients / Constituents and Members of the Exchange:

- (a) Earmark separate storage area as specified by the Exchange for the purpose of storing commodities to be delivered against transactions made on the Exchange. The Warehouse(s) shall also meet the specifications prescribed by the Exchange for storage of commodities from time to time.
- (b) Ensure and co-ordinate for grading of the commodities received at the Warehouse before they are being stored.
- (c) Store commodities in line with their grade specifications and validity period and shall facilitate maintenance of identity. On expiry of such validity period of the grade for such commodities,

the Warehouse(s) shall segregate such commodities and store them in a separate area so that the same are not mixed with commodities, which are within the validity period as per the grade certificate issued by the approved Assayers.

11.3. Duties of Accredited Warehouse

Accredited Warehouse(s) shall discharge duties specified hereunder to the complete satisfaction of the Exchange. Warehouse(s):

(a) shall use uniform and standard description of commodities and units of measurement in respect of the commodities stored pertaining to the Clients / Constituent of the Member. The Exchange reserves the right to advise the accredited Warehouse(s) any time, the standard description and units of measurement to be used by the Warehouse for the commodities stored / to be stored and deposited / to be deposited by the clients

(b) shall strictly adhere to the Warehousing norms stipulated for a commodity in particular or group of commodities in general by the Exchange from time to time.

(c) shall ensure that necessary steps and precautions are taken to ensure that the quantity and the grade of the commodity are maintained during the storage period.

(d) shall maintain the records for the commodities deposited with it by the Constituents, in electronic form in the manner and in the system as prescribed by specified Depository.

(e) Unless and until expressly consented by the Exchange, the Warehouse shall not assign, shift, transfer and relocate the commodities held by it pertaining to the Client of the Member of the Exchange. The Warehouse(s), however, is/are entitled to move the commodities within the area earmarked in the warehouse for storing the commodities pertaining to the Constituents of the Exchange.

11.4. Verification of Commodities Stored in Warehouse

The Exchange reserves the right to physically verify itself or through any agencies / experts, at any time, the commodities deposited by the Client /Constituents and/or warehouse facilities in general or for compliance of

the warehousing norms stipulated by the Exchange for the specific commodities.

11.5. Release of Commodities Stored in Warehouse

The Exchange shall from time to time prescribe procedure to be followed when the Buyers intend to take physical delivery of the commodities. The Exchange shall prescribe separate procedure for the delivery of Commodities held in Dematerialised and in physical form. However, in all cases, the warehouse will release the commodity to the recipient only after obtaining the release order from the Exchange. Exchange may prescribe the process of release of commodities from its accredited warehouse from time to time.

11.6. Charges for Warehouse Services

Warehouse(s) shall charge storage and other charges and the mode of collection thereof as may be mutually agreed in advance between the Exchange and Warehouse(s) from time to time. The Warehouse(s) is entitled to levy all incidental charges such as insurance; assaying, handling charges or any such charges directly from the Client / Constituent depositing the commodities as may be applicable.

12. ARBITRATION

12.1. Reference of Claim, Difference or dispute to arbitration

12.1.1. Every application for reference to arbitration shall be filed in the prescribed Form with the Exchange. The Exchange upon receipt of the reference may initiate steps to resolve the disputes so referred through conciliation or mediation as the case may be, initially and if in the opinion of the Relevant Authority, the conciliation or mediation has failed to resolve the dispute, the matter shall be referred by the Exchange for arbitration.

12.1.2. Save as otherwise specified by the Relevant Authority, if the value of the claim, difference or dispute is more than Rupees Fifty lakhs on the date of application, then such claim, difference or dispute shall be referred to a panel of three arbitrators and if the value of the claim, difference or dispute is upto Rupees fifty lacs, then the same shall be referred to a sole arbitrator. Provided however, that the Relevant Authority may from time to time, increase or

decrease the value of claim upto which the dispute shall be referred to a sole arbitrator or a panel of three arbitrators as the case may be.

12.1.3. Where any claim, difference or dispute arises between agent of the Member and Client of the agent of the Member, in such claim, difference or dispute, the Member, to whom such agent of the Member is affiliated, shall be impleaded as a party.

12.1.4. In case the Warehouse refuses or fails to communicate to the Constituent the transfer of commodities, the date of dispute shall be deemed to have arisen on

12.1.4.1. the date of receipt of communication of warehouse refusing to transfer the commodities in favor of the Constituent; or

12.1.4.2. the date of expiry of 5 days from the date of lodgment of dematerialized request by the Constituent for transfer with the seller, whichever is later;

12.2. Procedure for appointment of Arbitrators

12.2.1. The Applicant and the Respondent against whom the claim has been made by the Applicant shall submit to the Exchange in the order of descending preference, names of such number of persons as specified hereunder from amongst the list of eligible persons specified by the Exchange for the respective seats of arbitration.

12.2.1.1. Such names shall be submitted in Form No. II/IIA by the Applicant along with Form No. I/IA.

12.2.1.2. The Respondent shall submit the names in Form No. II/IIA within seven days of the receipt of Form No. I/IA from the Exchange.

12.2.1.3. Upon receiving the Form No. II/IIA from both the Applicant as well as the Respondent, the Exchange shall, as provided for herein, identify the person/s who shall act as the arbitrator(s).

12.2.2. The Exchange shall identify the sole arbitrator to whom the arbitration application will be referred in the following manner:

12.2.2.1. The Exchange shall identify the most common arbitrator to whom the highest preference has been given by both the Applicant and the Respondent.

12.2.2.2. If no common arbitrator is identifiable, the Relevant Authority shall select an arbitrator from the lists of persons

eligible to act as arbitrators excluding the persons selected by the Applicant and the Respondent.

- 12.2.2.3. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.
 - 12.2.2.4. In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators, the Relevant Authority shall select the sole arbitrator from the lists of persons eligible to act as arbitrators.
- 12.2.3. In cases where claim exceeds Rupees Fifty lakhs the Exchange or Relevant authority shall identify the panel of arbitrators to whom the arbitration application will be referred in the following manner:
- 12.2.3.1. The Exchange shall identify three most common arbitrators in the order of preference given by both the Applicant and the Respondent.
 - 12.2.3.2. if no common arbitrator is identifiable or only one or two common arbitrators are identifiable, the first, the second and/or the third arbitrator as the case may be shall be selected by the Relevant Authority from the list of eligible persons excluding the persons selected by the Applicant and the Respondent.
 - 12.2.3.3. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.
 - 12.2.3.4. In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators the Relevant Authority shall select the panel of arbitrators from the lists of persons eligible to act as arbitrators.
 - 12.2.3.5. The panel of arbitrators so appointed shall select one among themselves to act as a presiding arbitrator within 7 days of receipt of intimation from the Exchange appointing them to act as an arbitrator. In case of failure or lack of consensus among the panel to select a presiding arbitrator, the Relevant Authority shall select the presiding arbitrator.
- 12.2.4. If the Applicant refuses to choose the persons eligible to act as arbitrators or fails to submit Form II/IIA, and the Respondent submits Form II/IIA, then the Relevant Authority shall select an

arbitrator from the balance list of eligible persons excluding the persons selected by the Respondent. If after excluding the persons selected by the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by the Respondent. If the Applicant submits Form II/IIA and the Respondent fails to submit the same, then Relevant Authority shall select an arbitrator from the balance lists of eligible persons excluding the persons selected by the Applicant.

- 12.2.5. If the arbitrator chosen as per the above procedure is not able to take up the matter for whatsoever reasons then the Relevant Authority shall select an arbitrator from the remaining names on the list of eligible persons excluding the persons selected by the Applicant and/or the Respondent. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.

12.3. Vacancy in the office of the Arbitrator.

- 12.3.1. If the office of the sole arbitrator or any one or more of the arbitrators in the panel of arbitrators falls vacant after the appointment thereto, the Exchange shall fill up the vacancy within 7 days of such vacancy.
- 12.3.2. For this purpose, the list of names of eligible persons in Form No. II/IIA already submitted by the Applicant and by the Respondent shall be considered.

12.4. Deposit Towards cost of Arbitration

- 12.4.1. The parties to the claim, difference or dispute shall bear cost of arbitration. For this purpose, both the parties to arbitration shall make a deposit with the Exchange along with Form No. I/IA or Form No. III/IIIA as the case may be, for defraying the costs that may be incurred for conducting the arbitration proceeding. Provided when there is failure, neglect or refusal by Respondent, being a Constituent, to make a deposit accordingly, the Applicant shall be responsible for making such deposit without prejudice however to its right to recover the same from such Respondent in terms of the award. The Exchange shall have the right to recover

the deposit from the Member from the moneys due to it if the Member fails to make the deposit.

- 12.4.2. In case of failure by the party making the reference to provide such deposit or if the amount lying with the Exchange to the account of the member being insufficient to meet the requirement, the arbitration proceedings may be suspended up to a period of 15 days and where such suspension continues beyond such period by reason of non-payment, the proceedings shall be terminated forthwith in respect of the claim or counter claim as the case may be.
- 12.4.3. Without prejudice to provisions of Clause 10.4.2. above, in any claim, difference or dispute to which a agent of the Member is a party, if the agent of the Member fails to make the deposit with the Exchange in accordance with the provisions of Clause 10.4.2. above, then the Member to whom such agent of the Member is affiliated shall be liable to make the deposit with the Exchange.
- 12.4.4. The amount of deposit, which has to be deposited by the parties to the dispute shall be as determined by the Relevant Authority from time to time keeping in view the amount of claim and the cost of arbitration and such amount shall be deposited by the parties in equal shares towards the cost of arbitration. The balance if any after adjusting the cost of arbitration therefrom shall be returned to respective party(ies). All deposits towards costs and expenses shall be made with the Exchange and no payment shall be released to the arbitrators directly by the parties.
- 12.4.5. Notwithstanding what is mentioned at 10.4.4. above, the Exchange may call for such additional deposits as it may deem fit if in its opinion the deposits already made will be insufficient to defray the expenses of arbitration. Such additional deposits shall partake the character of deposit and shall be dealt with accordingly.

12.5. Procedure for Arbitration

- 12.5.1. (a) The Applicant shall submit to the Exchange application for arbitration in Form No. I/IA, (three copies in case of sole arbitrator and five copies in case of panel of arbitrators) along with the following enclosures:
- i. The Statement of Case (containing all the relevant facts about the dispute and relief sought)
 - ii. The Statement of Accounts
 - iii. Copies of Member - Client / constituents Agreement
 - iv. Copies of the relevant Contract Notes, Invoice and Delivery Challan

(b) The Applicant shall also submit to the Exchange the following along with Form No. I/IA

- i. A cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favor of 'Indian Exchange Limited.'
- ii. Form No. II/IIA containing list of names of the persons eligible to act as arbitrators

(c) If any deficiency/defect in the application is found, the Exchange shall call upon the Applicant to rectify the deficiency/defect and the Applicant shall rectify the deficiency/defect within 15 days of receipt of intimation from the Exchange. If the Applicant fails to rectify the deficiency/defect within the prescribed period, the Exchange shall return the deficient/defective application to the Applicant. However, the Applicant shall have the right to file a revised application, which shall be considered as a fresh application for all purposes and dealt with accordingly.

(d) Upon receipt of Form No. I/IA, the Exchange shall forward a copy of the statement of case and related documents to the Respondent.

(e) Upon receiving Form No. I/IA, the Respondent shall submit Form II/IIA to the Exchange within 7 days from the date of receipt. If the Respondent fails to submit Form II/IIA within the time period prescribed by the Exchange, then the arbitrator shall be appointed in the manner as specified in the Regulation

(f) Upon receiving Form No. II/IIA from the Respondent, the arbitrator shall be appointed as per the procedure prescribed in Regulation

(g) The Respondent(s) shall within 15 days from the date of receipt of Form No. I/IA from the Exchange, submit to the Exchange in Form No. III/IIIA three copies in case of sole arbitrator and five copies in case of panel of arbitrators along with the following enclosures:

- i. The Statement of Reply (containing all available defenses to the claim)
- ii. The Statement of Accounts
- iii. Copies of the Member Client / constituents Agreement,
- iv. Copies of the relevant Contract Notes, Invoice and Delivery Challan

v Statement of the set-off or counter claim along with statements of accounts and copies of relevant contract notes and bills

vi The Respondent shall also submit to the Exchange a cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favor of 'Indian Commodity Exchange Limited' along with Form No. III/IIIA.

12.5.2. If the Respondent fails to submit Form III/IIIA within the prescribed time, then the arbitrator may proceed with the arbitral proceedings and make the award ex-parte.

12.5.3. Upon receiving Form No. III/IIIA from the Respondent the Exchange shall forward one copy to the Applicant. The Applicant shall within ten days from the date of receipt of copy of Form III/IIIA, submit to the Exchange, a reply to any counterclaim, if any, which may have been raised by the Respondent in its reply to the Applicant. The Exchange shall forward the reply to the Respondent. The time period to file any pleading referred to herein may be extended for such further periods as may be decided by the Relevant Authority in consultation with the arbitrator depending on the circumstances of the matter.

12.6. Requirement for Hearings

12.6.1. (a) No hearing shall be required to be given to the parties to the dispute if the value of the claim difference or dispute is Rs.75,000 or less. In such a case the arbitrator/s shall proceed to decide the matter on the basis of documents submitted by both the parties provided however the arbitrator for reasons to be recorded in writing may hear both the parties to the dispute.

(b) If the value of claim, difference or dispute is more than Rs.75,000, the arbitrators shall offer to hear the parties to the dispute unless both parties waive their right for such hearing in writing.

12.6.2. Notice of Hearing

12.6.2.1. Unless otherwise specified, the Exchange shall in consultation with the arbitrator determine the date, the time and place of the first hearing. Notice for the first hearing shall be given at least three days in advance, unless the parties shall, by their mutual consent, waive the notice. The arbitrator shall determine

the date, the time and place of subsequent hearings of which the Exchange shall give a notice to the parties concerned.

12.6.2.2. The arbitrator may commence, proceed with, continue or conclude, the reference notwithstanding any failure by a party to comply with any of the direction of the arbitrator and may also proceed with the arbitration proceeding in the absence of any or both of the parties who fail or neglect to attend at the time and place appointed by the arbitrator inspite of due notice.

12.6.3. Notice of Hearing

If any party to the reference wants to make an application for adjournment of hearing by the arbitrator the party shall make an application in writing giving reasons for seeking adjournment to the Exchange sufficiently in advance to enable the Exchange to forward such request to the arbitrator. The arbitrator at his discretion may grant the adjournment subject to such conditions as deemed fit by him. Any person representing the Client / constituents in the arbitral proceedings shall be permitted to do so on production of a power of attorney duly executed and notarized by the Client / constituents in his favor, provided however in case of a Member, he shall appear in the hearings on his own or through his authorized representative. For the purpose of this Regulation, an authorized representative in case of a Member who is

- (a) an individual - an employee or authorized person, as defined in these Regulations, of such Member; or
- (b) a partnership firm - any partner or employee or authorized person, as defined in these Regulations, of such Member; or
- (c) a company - any director or employee or authorized person, as defined in these Regulations, of such Member.

12.6.4. Arbitral Award

If after the appointment of an arbitrator, the parties settle the dispute, then the arbitrator shall record the settlement in the form of an arbitral award on agreed terms.

12.6.5. Duty of the Parties to the Dispute

The parties shall do all acts necessary to enable the arbitral tribunal to make an award expeditiously and shall not do or cause or allow to be done, any act which may delay the proceedings or prevent arbitral

tribunal from making an award expeditiously, and if any party does cause or allow to be done any act that may cause such delay, that party shall pay such costs as the arbitral tribunal deems reasonable.

13. INSPECTION / SUPERVISION AND DISCIPLINARY ACTIONS

13.1. Inspection Authority

- 13.1.1. The Relevant Authority of the Exchange shall inspect books of accounts and any other document of a Member at least once in every year or such number of times as it deems fit. Where it appears to the Relevant Authority so to do, it may appoint one or more persons as inspecting authority to undertake inspection of books of accounts, other records and documents of the Exchange Members including for any of the purposes specified in the relative Regulation.
- 13.1.2. The Inspecting authority appointed by the Relevant authority of the Exchange may be either its own officials or outside professionals.
- 13.1.3. When the Relevant Authority appoints outside professionals as an inspecting authority, it shall notify the Exchange Member the names and addresses of the professionals or firms so appointed as an inspecting authority at the time of inspection.
- 13.1.4. When outside professionals are appointed as an inspecting authority in respect of an Exchange Member and such professionals are already related in any other capacity with the Exchange Member then such member shall forthwith inform the Relevant Authority of such relationship.
- 13.1.5. Where after appointment of any outside professional as an inspecting authority in respect of an Exchange Member, the Exchange Member or any of its associates engages the inspecting authority for its services in any other capacity, the inspecting authority shall not engage itself in such other professional capacity with the Exchange member or any of its associates without prior consent of the Relevant Authority.

13.2. Reasons for Inspection

- 13.2.1. The Relevant Authority may cause an Exchange Member to be inspected for purposes which may include the following :
 - (a) to ensure that the books of accounts and other books are being maintained in the manner required;

- (b) to ensure that the provisions of the Forward Contracts (Regulation) Act, 1952 and the Rules made thereunder are being complied with;
- (c) to ensure that various provisions of Bye Laws, Rules and Regulations of the Exchange, and any directions, notices, circulars, instructions or orders issued thereunder are being complied with;
- (e) to investigate into the complaints received from traders, other members of the Exchange or any other person on any matter having a bearing on the activities of the Exchange Member;
- (f) to investigate suo-moto, for any reason where circumstances so warrant an inspection into the affairs of the Exchange Member in public interest;
- (g) to examine whether any notices, circulars, instructions or orders issued by the Relevant Authority from time to time relating to trading and other activities of exchange members are being complied with;
- (h) to comply with any of the directives issued in this behalf by any regulating authority including Government of India.
- (i) Compliance with the norms as prescribed by the Exchange for Client accounts, Know your Client (KYC), Member Client Agreement etc.
- (j) Detection of circular trading and insider trading.

13.3. Notice

13.3.1. Before undertaking any inspection as above the Relevant authority shall give a reasonable notice to the Exchange member for that purpose.

13.3.2. Notwithstanding anything contained above, where the Relevant Authority is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Exchange Member be taken up without such notice.

13.3.3. The Relevant Authority officials or the inspecting authority who is directed by the Relevant authority to undertake the inspection, shall undertake the inspection and the Exchange Member against whom an inspection is being carried out shall be bound to discharge his obligations as provided in the relative Regulation herein.

13.4. Obligations of an Exchange Member on Inspection.

- 13.4.1. It shall be the duty of every member, director, partner, officer and employee of the Exchange Member, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said inspecting authority may require.
- 13.4.2. The Exchange Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerised data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant. Such copies or materials shall be retained by the inspecting authority as the property of the Exchange.
- 13.4.3. The inspecting authority, in the course of inspection shall be entitled to examine or record statements of any member, director, partner, officer and employee of the Exchange Member or of any associate of such Exchange Member.
- 13.4.4. It shall be the duty of every member, director, partner, officer and employee of the Exchange Member or where an associate is examined, such associate to give to the inspecting authority all assistance in connection with the inspection which the Exchange Member may be reasonably expected to give.
- 13.4.5. The inspecting authority shall be entitled to examine the records relating to the Exchange Member's financial affairs held with its bankers or any other agency which the inspecting authority may find it relevant.
- 13.4.6. The inspecting authority shall have access to accounts and other records relating to the Exchange Member or such access as authorised by the Relevant Authority to accounts and other records relating to any associate of the Exchange Member as are within the power of the Exchange Member to provide.

13.5. Submission of Report.

- 13.5.1. The inspecting authority shall, as soon as possible submit an inspection report to the Relevant Authority.
- 13.5.2. All documents, papers, returns or their copies submitted to the inspecting authority may be retained by it on behalf of the Relevant Authority of the Exchange.

It shall maintain complete confidentiality thereof and no disclosure of any information contained therein shall be made to any person, firm, company or authority unless required by any law for the time being in force and without approval of the Exchange in this regard.

- 13.5.3. The Exchange shall after consideration of the inspection report communicate the findings to the Exchange Member to give him an opportunity of being heard before any action is taken by the Exchange on the findings of the inspecting authority.
- 13.5.4. On receipt of the explanation, if any, from the Exchange Member the Exchange may call upon Exchange Member to take such measures as the Relevant Authority may deem fit in public interest.
- 13.5.5. Notwithstanding anything contained as above, where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving an opportunity of being heard.

13.6. Collection and Dissemination of Information.

- 13.6.1. The Exchange may call upon the Members to furnish such information and /or explanation with regard to any constitution, dealings, settlement, account and/or other related matters.
- 13.6.2. The Exchange shall maintain the details of the clients of the members in confidence and that it shall not disclose to any person/entity such details of the client as mentioned in the client registration form or any other information pertaining to the client except as required under the law or by any authority.
- 13.6.3. Notwithstanding anything contained in any of the Regulations, the Exchange may at its discretion disseminate to regulatory authorities or to the general public, any information including information relating to any trades, dealings, settlement of dealings, accounting, disciplinary action initiated/taken against Members and/or other matters relevant for enforcement or regulatory purposes.

13.7. Fines, Penalties and Disciplinary Actions

- 13.7.1. The Relevant Authority shall from time to time by way circular / notification shall prescribe fines, penalties and other disciplinary actions that will be initiated for violation of various provisions of Bye-Laws, Rules and regulation of the Exchange read with the circulars, notifications, releases along with their amendments as may be issued from time to time and is in force.
- 13.7.2. While imposing fines, penalties and other disciplinary actions the decision of the relevant authority shall be final.

However the relevant authority shall before communicating the decision shall as may deem fit give an opportunity of being heard to the Member or the Client as the case may be.

14. MODIFICATIONS

Subject to the provisions of Forward Contracts (Regulation) Act, 1952, the Exchange shall have right to modify, substitute or alter these Regulations at any time if deemed appropriate by the Exchange in the interest of regulation of the commodity and/or derivatives market.

15. SAVINGS

15.1. Save as otherwise specifically provided in these Regulations including Bye-Laws and Rules of the Exchange, the Exchange, its Clearing House/Corporation, its directors, employees and agents while performing functions of regulating, promoting, facilitating, assisting, operating or performing any function under Rules, Bye laws and these Regulations, shall not be deemed to have incurred any liability and accordingly no claim or recourse shall lie against the Exchange, Clearing Houses, their employees, directors or authorized persons.

15.2. No claim, suit, prosecution or other legal proceedings shall lie against the Exchange/Clearing House, their directors, employees or any authorized persons in respect of anything which is in good faith done or intended to be done in order to regulate the functions of Exchange or done or intended to be done in pursuant to any orders issued by Forward Market Commissions or any other authority under law for the time being in force.

ANNEXURES

1 . ANNEXURES I- RELATING TO THE TRADING REGULATIONS (REFER RULE 3)

1.1. Annexure I(a)- Application for Approval as Authorised / Approved User

(A) ; In case of Application is for Single User.

(On the letter-head of the member)
Application for New User Id Creation

Member Id: _____

To,
Operation Department
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Dear Sir,

I/We (*Trade Name of Member*) hereby apply for approval of (*Name of the User*) having PAN Id (*PAN No. of the User*), residing at (*Address*) as our Authorised User.

I/We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades made, or affected by such user through Internet/VSAT/Leased Line terminals on the Trading System of the Indian Commodity Exchange Limited (ICEX).

I/We further undertake that I/we shall be responsible for all transactions done by the approved user using internet facility, if any, provided by ICEX or for any risk arising out of internet use and shall not hold ICEX responsible for any loss or risk arising from the use of internet trading.

In case the approved user ceasing to be associated with me/us, I/we shall communicate to you the same along with related details and seek change/cancellation in the User Id so allotted against the application.

I/We certify that I/we have not applied for any other User Id in the name of the approved user.

I/We further certify that the approved user as mentioned is not suspended /debarred by FMC/MCX/NCDEX/SEBI/BSE/NSE and other Commodity Exchange / Stock Exchange.

**For (Name of Member)
User**

Name & Signature of Authorised

Authorised Signatory

(Designated Director / Managing Partner / Proprietor / Karta)

Date:

Place:

(B) ; In case of Application is for more than one / multiple User.

(On the letter-head of the member)
Application for New User Ids Creation

Member Id: _____

To,
Operation Department
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Dear Sir,

I/We (*Trade Name of Member*) hereby apply for approval of the users list as per Annexure- A attached herewith. The brief details of such users appointed by me/us are mentioned in the annexure.

I/We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades made, or affected by the approved users through Internet/VSAT/Leased Line terminals on the Trading System of the Indian Commodity Exchange Limited (ICEX).

I/We further undertake that I/we shall be responsible for all transactions done by the approved users using internet facility, if any, provided by ICEX or for any risk arising out of internet use and shall not hold ICEX responsible for any loss or risk arising from the use of internet trading.

In case any of the said users ceasing to be associated with me/us, I/we shall communicate to you the same along with related details and seek change/cancellation in the User Id so allotted against the application.

I/We certify that I/we have not applied for any other User Id in the name of the said users list attached herewith.

I/We further certify that the approved users as mentioned in the annexure are not suspended /debarred by FMC/MCX/NCDEX/SEBI/BSE/NSE and other Commodity Exchange / Stock Exchange.

Authorised Signatory

(Designated Director / Managing Partner / Proprietor / Karta)

For (Name of Member)

Date:
Place:

List of User IDs

S. No.	Name of the User	PAN Id	Residential Address	Signature of the User

Authorised Signatory
(Designated Director / Managing Partner / Proprietor / Karta)

For (Name of Member)

Date:
Place:

1.2. Annexure I(b)- Application for Cancellation of Approved User

Member ID No.: _____

To,
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Dear Sir,

Sub: Application for cancellation of User ID

One of our users, _____ (Name of the user) having user ID No _____, provided by ICEX, is no more associated with us for _____ (reason). We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades made, or affected by him on the Trading System.

We request you to cancel the above said user ID with effect from ___/___/_____(Date).

We will be responsible to Exchange for clearing any dues for the user.

For (Name of Member)

Approved Signatory

(Designated Director / Managing Partner / Proprietor / Karta)

Date:

Place:

Note: User ID's shall be deleted after the Exchange is satisfied that the same can be deleted and at the discretion of the Exchange.

1.3. Annexure I(c)-Application for Change of Approved User
(On Members Letter-Head)

Member ID No.: _____

Date : _____

To,
Membership Department
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound,
Western Express Highway, Goregaon (E),
Mumbai 400 063

Dear Sir,

Sub: Application for Change of User

I / We request you to kindly change the name of the following User ID entirely at our risk and responsibility.

User ID No.	Existing User Name	Proposed User Name	Reason		
Status & Address of the office where terminal is to be located.		a. Regd. Office b. Head Office c. Dealing Office Address			
		Address :			
		City		Pin Code	
		State		Phone No.	
		Fax No.		Mobile no.	
		E-Mail ID			
1. Name of the person for whom this application for Change of User ID is made (expand all initials)					
2. Age of approved user					
3. Father's name of approved user					
4. Address of approved user		Address :			

	City		Pin Code	
	State		Phone No.	
	Fax No.		Mobile no.	
	E-Mail ID			
5. Qualification of approved user				
6. Relationship of the proposed User with the Member i.e. an employee, agent on commission basis, client or others (pls. specify)				
7. PAN of approved user				
8. Nationality of approved user				
9. Mode of connectivity for trading from the office where terminal is located. (from where the proposed User would operate)				
<input type="radio"/> VSAT ID <input type="radio"/> Lease Line <input type="radio"/> Internet				
10. User ID to be used on Internet (In case of VSAT/Leased Line User ID)				
YES / NO (Strikeout whichever is not Applicable)				
11. VSAT/Leased Line IP Address				

I / We hereby agree and bind myself/ourselves to be responsible for all acts, quotations made and transactions done or effected by the said Mr. / Ms. _____ as our Approved User on the Trading System of the Indian Commodity Exchange Limited (ICEX). In case of the said Mr./ Ms. _____ ceasing to be associated with us, I / We shall communicate to you the same along with related details and seek change/cancellation in the User ID so allotted against this application, as prescribed. I / We certify that we have not applied for any other User ID in the name of the said Mr./Ms. _____. The User ID so allotted would be used by the said Mr. / Ms. _____ only to access the ICEX trading system.

I/We certify that approved user shall clear the Certification as prescribed by ICEX.

I/We further certify that Mr. / Ms. _____ is not

suspended/debarred by SEBI/BSE/NSE and other Stock Exchange/ Commodity Exchange.

Name of Proposed User:

Signature of Proposed User:

For (Name of Member)_____

Approved Signatory (Designated Director / Managing Partner / Proprietor / Karta)

Date:

Place

2. ANNEXURES II- RELATING TO THE CONTRACTS REGULATIONS (REFER RULE 4)

2.1. Annexure II(a)- Contract Note

CONTRACT NOTE

(Subject to exclusive jurisdiction of the courts in Mumbai only)

Name of the Proprietor/Partner(s)
Authorized Signatory

Tel. no.
Fax no.
email :

**CONTRACT NOTE ISSUED BY EXCHNAGE MEMBERS ACTING FOR
CLIENT / CONSTITUENT AS AGENTS**

Contract No:

Dealing Office address/
Tel no.:
Fax no.:
Email :
FMC Regn. No. of the Member
Exchange Code No. of the Member

Name of the Member

Address of the Member

To be stamped as per
the provisions
applicable under the
relevant Stamp Act

DATE:

To,
Client Name/ Code No./ Order Ref. No.

Sir/ Madam,

I/ We have this day done by order and on your account the following transactions:

			Bought for you					Sold for you						
Order No	Trade No.	Trade Time	Quantity	Contract	Price	Brokerage	Rate plus Brokerage Net Rate	Amount (Rs.)	Quantity	Contract	Price	Brokerage	Rate Minus Brokerage Net Rate	Amount (Rs.)

For Purchases Transactions: You will be liable to pay the local sales tax, levies and other charges as permitted by the local State sales tax laws and the byelaws and regulations to the seller, for issue of valid local sales tax certificates / declaration forms to the seller and for compliance of local sales tax laws and regulations.

For Sale Transactions: You will be responsible for recovery of the local sales tax, levies and other charges as permitted by the local State sales tax laws and the bye-laws and regulations , for issue of sales invoice and valid local sales tax certificates / declaration forms to the buyer and for compliance of local sales tax laws and regulations.

OTHER LEVIES, IF ANY:

Purchase / Sale Rate excludes local sales tax, levies and charges which will be recovered by the seller / recoverable by you separately on the final settlement price in the case of transactions culminating into deliveries

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the Rules, Bye- Laws and Regulations and usages of Indian Commodity Exchange Limited,.

In the event of any claim (whether admitted or not) difference or dispute arising between you and me/ us out of these transactions, the matter shall be referred to arbitration as provided in the Rules, Bye- laws and Regulations of the Indian Commodity Exchange Limited.

Date:

Yours faithfully
For.....
Authorised Signatory

EXTRACTS FROM THE BYE-LAWS & REGULATIONS PERTAINING TO ARBITRATION

(1) All claims, differences or disputes between the Member of the exchange *inter se* and between Member of the Exchange and Clients arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Bye-Laws and Regulations.

(2) In all dealings, contracts and transactions, which are made or deemed to be made subject to the Bye-Laws, Rules and Regulations of the Exchange, the provisions relating to arbitration as provided in these Bye-Laws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Bye-Laws and Regulations.

(3) All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within *three years* from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the Relevant Authority to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the period of *three Years*.

(4) Save as otherwise specified by the Exchange; the seat of ARBITRATION shall be at Mumbai.
(For more details please refer to Bye-Laws 4.7 of the Bye-Laws of INDIAN COMMODITY EXCHANGE LIMITED.)

3. ANNEXURES III- RELATING TO THE CONDUCT OF BUSINESS (REFER RULE 5)**Annexure I SET OF ACCOUNT OPENING DOCUMENT**Name of member:
_____FMC Unique Membership Code (UMC) No. for Exchange 1(mention name):
_____FMC Unique Membership Code (UMC) No. for Exchange 2(mention name):
_____Registered office address:

_____Ph: _____ Fax: _____ E-mail: _____ Website:
_____Correspondence office address:
_____Ph: _____ Fax: _____ E-mail: _____ Website:

Compliance officer name, phone no. & email

id: _____

CEO name, phone no. & email id:

: _____

S. No.	Name of the Document	Brief Significance of the Document	Page No
MANDATORY DOCUMENTS AS PRESCRIBED BY FMC & EXCHANGES			
1	KYC (Account Opening) application form	KYC form - Document captures the basic information about the constituent and an instruction/check list.	
2	Uniform Risk Disclosure Document (RDD)	Document detailing risks associated with dealing in the commodities market.	
3	Rights and Obligations of Members, Authorized	Document stating the Rights & Obligations of member, Authorized Person and client for trading on exchanges (including additional rights & obligations in case of	

	Persons and Clients	internet/wireless technology based trading).	
4	Do's and Don'ts for the Investors	Document detailing do's and don'ts for trading on exchange, for the education of the investors.	
5	Tariff sheet	Document detailing the rate/amount of brokerage and other charges levied on the client for trading on the Commodity Exchange(s) <i>(to be added by the member)</i> .	
VOLUNTARY DOCUMENTS AS PROVIDED BY THE MEMBER *			
6			
7			

- *For any grievance/dispute please contact member (name) at the above address or email id- xxx@email.com and Phone no. 91-XXXXXXXXXX. In case not satisfied with the response, please contact the concerned exchange(s) at xyz@email.com and Phone no. 91-XXXXXXXXXX.*

- **Following documents should not form part of either mandatory or Voluntary documents:*
 - 1) *Authorization letter for any inter family / group company / related accounts adjustment*
 - 2) *Authorization of adjustment of funds among securities exchange and commodities exchange*

Annexure – 1

KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

PHOTOGRAPH
Please affix your recent
passport size photograph
and sign across it

A. IDENTITY DETAILS

1. **Name of the Applicant:**

2. **Father's/ Spouse Name:**

3. **a. Gender:** Male/ Female **b. Marital status:** Single/ Married **c. Date of birth:**
_____(dd/mm/yyyy)

4. **a. Nationality:** _____ **b. Status:** Resident Individual / Non Resident /
Foreign National. (If Non Resident / Foreign National, self-certified copy of
statutory approval obtained must be attached)

5. **a. PAN:** _____ **b. Unique Identification Number (UID)/ Aadhaar, if
available:** _____

**c. Any other additional proof of
identity:** _____

B. ADDRESS DETAILS

(Proof of address must be different from the proof of identity submitted).

1. **Address for correspondence:**

_____ City/ district /village: _____ Pin Code: _____ State: _____

Country: _____

2. **Contact Details:** Tel. (Off.) # _____ Tel. (Res.) # _____ Mobile No.: _____

Fax: _____

Email id: _____.

3. **Specify the proof of address submitted for correspondence
address:** _____

4. **Permanent Address** (if different from above): _____

City/district/village: _____ Pin Code: _____ State: _____

Country: _____

Tel. (Res.) # _____ Mobile No.: _____ Fax: _____ Email id:

5. **Specify the proof of address submitted for permanent address, if any:**

C. OTHER DETAILS

1. **Gross Annual Income Details (please specify):** Income Range per annum: Below Rs 1 Lac / 1-5 Lac / 5-10 Lac / 10-25 Lac / >25 Lacs **or**

Net-worth as on (date) _____ (_____) (Net worth should not be older than 1 year)

2. **Occupation (please tick any one and give brief details):** Private Sector/ Public Sector/ Government Service/Business/ Professional/ Farmer/ Others (Specify)

3. **Please tick, as applicable:** Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)

Not a Politically Exposed Person (PEP)/ Not Related to a Politically Exposed Person (PEP)

If you have a landline connection, kindly provide the same

D.BANK ACCOUNT(S) DETAILS

Bank Name	Branch address	Bank account no.	Account Type: Saving/Current/ Others	MICR Number	IFSC code

Note: Provide a copy of cancelled cheque leaf/ pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.

E. DEPOSITORY ACCOUNT(S) DETAILS, if available

Depository Participant Name	Depository Name (NSDL/CDSL)	Beneficiary name	DP ID	Beneficiary ID (BO ID)

Note: Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.

F. TRADING PREFERENCES

Note: Please sign in the relevant boxes against the Exchange with which you wish to trade. The Exchange not chosen should be struck off by the client.

Sr. No.	Name of the National Commodity Exchanges #	Date of Consent for trading on concerned Exchange	Signature of the Client
1			
2			
3			

4			
5			
6			
7			
8			
9			

At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership.

[In case of allowing a client for trading on any other Exchange at a later date, which is not selected now, a separate consent letter is required to be obtained by the Member from client and to be kept as enclosure with this document]

G. INVESTMENT/TRADING EXPERIENCE

- No Prior Experience
- _____ Years in Commodities
- _____ Years in other investment related fields

H. SALES TAX REGISTRATION DETAILS (As applicable, State wise)

- Local Sales Tax State Registration No. : _____
- Validity Date : _____
- Name of the State : _____
- Central Sales Tax Registration No : _____
- Validity Date : _____
- Other Sales Tax State Registration No. : _____
- Validity Date : _____
- Name of the State : _____

I. VAT DETAILS (As applicable, State wise)

- Local VAT Registration No. : _____
- Validity Date : _____
- Name of the State : _____
- Other VAT Registration No. : _____
- Name of the State : _____
- Validity Date : _____

J. PAST REGULATORY ACTIONS

f Details of any action/proceedings initiated/pending/ taken by FMC/ SEBI / Stock exchange / Commodity exchange/any other authority against the client during the last 3 years:

K. DEALINGS THROUGH OTHER MEMBERS

- If client is dealing through any other Member, provide the following details (in case dealing with multiple Members, provide details of all in a separate sheet containing all the information as mentioned below) :

Member's / Authorized Person (AP)'s Name: _____

Exchange: _____

Exchange's Registration number: _____

Concerned Member's Name with whom the AP is registered:

Registered office address: _____

Ph: _____

Fax: _____ Email: _____

Website: _____

Client Code: _____

Details of disputes/dues pending from/to such Member/AP:

L. INTRODUCER DETAILS (optional)

Name of the Introducer: -

_____ (Surname) (Name)
(Middle Name)

Status of the Introducer: Authorized Person/Existing Client/Others, please specify _____ Address and phone no. of the

Introducer: _____

Signature of the Introducer _____

M. ADDITIONAL DETAILS

f Whether you wish to receive communication from Member in electronic form on your Email-id [Yes / No] :

{ If yes then please fill in Appendix-A}

N. NOMINATION DETAILS

I/We wish to nominate I/ We do not wish to nominate

Name of the Nominee: _____ Relationship with the Nominee:

PAN of Nominee: _____ Date of Birth of Nominee:

Address and phone no. of the Nominee:

If Nominee is a minor, details of guardian:

Name of guardian: _____ Address and phone no. of Guardian:

Signature of guardian

WITNESSES (Only applicable in case the account holder has made nomination)

Name _____

Name _____

Signature _____

Signature _____

Address _____

Address _____

DECLARATION

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any change therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.
2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.
3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s), 'Risk Disclosure Document' and 'Do's and Dont's'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on Member's designated website, if any.

Place _____ Date

Page 73 of 114

FOR OFFICE USE ONLY

UCC Code allotted to the Client: _____

	Documents verified with Originals
Name of the Employee	
Employee Code	
Designation of the employee	
Date	
Signature	

I / We undertake that we have made the client aware of tariff sheet and all the voluntary/non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD, 'Do's and Dont's' and Guidance Note. I/We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the tariff sheet and all the voluntary/non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the 'Rights and Obligations' and RDD would be made available on my/our website, if any, for the information of the clients.

**Signature of the
 Authorised Signatory**

Date _____ Member

KNOW YOUR CLIENT (KYC) APPLICATION FORM

PHOTOGRAPH

For Non-Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

Please affix Authorized Signatories recent passport size photographs and sign across it

A. IDENTITY DETAILS

1. **Name of the Applicant:**

2. **Date of incorporation:** _____(dd/mm/yyyy) **& Place of incorporation:** _____

3. **Date of commencement of business:** _____(dd/mm/yyyy)

4. **a. PAN:** _____ **b. Registration No. (e.g. CIN):**

c. Any other additional proof of identity: _____

5. **Status (please tick any one):**

Private Limited Co./Public Ltd. Co./Body Corporate/Partnership/Trust/HUF/LLP/
Others (please specify) _____

(In case of foreign entity or entity with foreign shareholders, self certified copy of statutory approval obtained must be attached)

B. ADDRESS DETAILS

(Proof of address must be different from the proof of identity submitted).

1. **Address for correspondence:**

_____ City/ district /village: _____ Pin Code: _____ State: _____

Country: _____

2. **Contact Details:** Tel. (Off.)# _____Tel. (Res.)# _____Mobile No.: _____

Fax: _____

Email id: _____.

3. **Specify the proof of address submitted for correspondence address:** _____

4. **Registered Address** (if different from above): _____

City/district/village: _____ Pin Code: _____ State: _____

Country: _____

Tel. (Res.)# _____Mobile No.: _____ Fax: _____ Email id:

5. Specify the proof of address submitted for registered address, if applicable:

C. OTHER DETAILS

1. **Gross Annual Income Details (please specify):** Income Range per annum: Below Rs 1 Lac / 1-5 Lac /5-10 Lac / 10-25 Lac / 25 Lacs-1 crore/ > 1 crore

2. **Net-worth as on** (date) _____ (dd/mm/yyyy): _____ (*Net worth should not be older than 1 year)

3. **Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors** _____

_____ # If you have a landline connection, kindly provide the same

4. **DIN / DPIN / UID of Promoters/Partners/LLP Partners and whole time directors:**

5. **Please tick, as applicable, for any of your authorized ignatories/Promoters/Partners/Karta/Trustees/whole time directors:** Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)

Not a Politically Exposed Person (PEP)/ Not Related to a Politically Exposed Person (PEP)

D.BANK ACCOUNT(S) DETAILS

Bank Name	Branch address	Bank account no.	Account Type: Saving/Current/ Others	MICR Number	IFSC code

Note: Provide a copy of cancelled cheque leaf/ pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.

E. DEPOSITORY ACCOUNT(S) DETAILS, if available

Depository Participant Name	Depository Name (NSDL/CDSL)	Beneficiary name	DP ID	Beneficiary ID (BO ID)

Note: Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.

F. TRADING PREFERENCES

Note: Please sign in the relevant boxes against the Exchange with which you wish to trade. The Exchange not chosen should be struck off by the client.

Sr. No.	Name of the National Commodity Exchanges #	Date of Consent for trading on concerned Exchange	Signature of the Client
1			

2			
3			
4			
5			
6			
7			
8			
9			

At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership.

[In case of allowing a client for trading on any other Exchange at a later date, which is not selected now, a separate consent letter is required to be obtained by the Member from client and to be kept as enclosure with this document]

G. INVESTMENT/TRADING EXPERIENCE

- No Prior Experience
- _____ Years in Commodities
- _____ Years in other investment related fields

H. SALES TAX REGISTRATION DETAILS (As applicable, State wise)

- Local Sales Tax State Registration No. : _____
- Validity Date : _____
- Name of the State : _____
- Central Sales Tax Registration No : _____
- Validity Date : _____
- Other Sales Tax State Registration No. : _____
- Validity Date : _____
- Name of the State : _____

I. VAT DETAILS (As applicable, State wise)

- Local VAT Registration No. : _____
- Validity Date : _____
- Name of the State : _____
- Other VAT Registration No.

- Name of the State : _____
- Validity Date : _____

J. PAST REGULATORY ACTIONS

f Details of any action/proceedings initiated/pending/ taken by FMC/ SEBI / Stock exchange / Commodity exchange/any other authority against the client or its Partners/promoters/whole time directors/authorized persons in charge during the last 3 years: _____

K. DEALINGS THROUGH OTHER MEMBERS

- If client is dealing through any other Member, provide the following details (incase dealing with multiple Members/APs, provide details of all in a separate sheet containing all the information as mentioned below) :

Member's / AP's Name: _____

Exchange: _____

Exchange's Registration number: _____

Concerned Member's Name with whom the AP is registered:

Registered office address:

_____ Ph: _____

Fax: _____ Email: _____

_____ Website: _____

Client Code: _____

Details of disputes/dues pending from/to such Member/AP:

L. INTRODUCER DETAILS (optional)

Name of the Introducer:

(Surname) (Name)

(Middle Name)

Status of the Introducer: Authorized Person/Existing Client/Others,
please specify _____ Address and phone no. of the Introducer:

Signature of the Introducer: _____

M. ADDITIONAL DETAILS

f Whether you wish to receive communication from Member in electronic form on your
Email-id [Yes / No] :

{ If yes then fill in Appendix-A}

DECLARATION

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.

2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.

3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s), 'Risk Disclosure Document' and 'Do's and Dont's'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on Member's designated website, if any.

Place _____

(_____)

Date -- _____

Signature of (all) Authorized

Signatory (ies)*

*Form need to be signed by all the authorized signatories.

FOR OFFICE USE ONLY

UCC Code allotted to the Client: _____

	Documents verified with Originals
Name of the Employee	
Employee Code	
Designation of the employee	
Date	
Signature	

I / We undertake that we have made the client aware of tariff sheet and all the voluntary/non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document (s), RDD, 'Do's and Dont's' and Guidance Note. I/We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the tariff sheet and all the voluntary/non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the 'Rights and Obligations' and RDD would be made available on my/our website, if any, for the information of the clients.

Signature of the Authorised Signatory

Date _____
Member

Seal/Stamp of the

INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in commodity derivatives on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a regional language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FIPB/FEMA guidelines and other applicable statutory approvals), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted along with other statutory approvals required for investment in commodities.
10. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

B. Proof of Identity (POI): - *List of documents admissible as Proof of Identity:*

1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.
2. PAN card with photograph.
3. Identity card issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

C. Proof of Address (POA): - List of documents admissible as Proof of Address:
(Note: Documents having an expiry date should be valid on the date of submission.)

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook -- Not more than 3 months old.
4. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
5. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
6. The proof of address in the name of the spouse may be accepted.

D. Exemptions to PAN

(Note: Sufficient documentary evidence in support of such claims to be collected.)

1. Transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the State of Sikkim (subject to the continued exemption granted by Government).

E. List of people authorized to attest the documents:

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

Types of entity	Documentary requirements
Corporate	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). • Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and certificate of incorporation. • Copy of the Board Resolution for investment in commodity market. • Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in commodity derivatives on behalf of company/firm/others and their specimen signatures.
Partnership firm	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered partnership firms only). • Copy of partnership deed. • Authorised signatories list with specimen signatures. • Photograph, POI, POA, PAN of Partners.
Trust	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered trust only). • Copy of Trust deed. • List of trustees certified by managing trustees/CA. <p>Photograph, POI, POA, PAN of Trustees.</p>
HUF	<ul style="list-style-type: none"> • PAN of HUF. • Deed of declaration of HUF & List of coparceners. • Bank pass-book/bank statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Government Bodies	<ul style="list-style-type: none"> • Self-certification on letterhead. • Authorized signatories list with specimen signatures.
Registered Society	<ul style="list-style-type: none"> • Copy of Registration Certificate under Societies Registration Act. • List of Managing Committee members. • Committee resolution for persons authorised to act as authorised signatories with specimen signatures. • True copy of Society Rules and Bye Laws certified by the Chairman/Secretary

Annexure–2

RISK DISCLOSURE DOCUMENT

The Exchange does not expressly or impliedly, guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has the Exchange endorsed or passed any merits of participating in the Commodity Derivatives market/trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the contractual relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/ or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on the Exchange and suffer adverse consequences or loss, you shall be solely responsible for the same and the Exchange shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account.

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on the Exchange.

It must be clearly understood by you that your dealings on the Exchange through a member shall be subject to your fulfilling certain formalities set out by the member, which may, *inter alia*, include your filing the know your client form and are subject to Rules, Byelaws and Business Rules of the Exchange guidelines prescribed by FMC from time to time and circulars as may be issued by the Exchange from time to time.

The Exchange does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any member of the Exchange and/ or third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

In considering whether to trade, you should be aware of or must get acquainted with the following:-

1. Basic Risks involved in the trading of Commodity Futures Contracts and other Commodity Derivatives Instruments on the Exchange.

i. Risk of Higher Volatility

Volatility refers to the dynamic changes in price that commodity derivative contracts undergo when trading activity continues on the Commodity Exchange. Generally, higher the volatility of a commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded commodity derivatives contracts than in actively traded commodities/ contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in real losses.

ii. Risk of Lower Liquidity

a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/ or sell commodity derivatives contracts swiftly and with minimal price difference and as a result, investors are more likely to pay or receive a competitive price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

b.. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such commodities.

iii. Risk of Wider Spreads

a. Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a commodity derivative and immediately selling it or *vice versa*. Lower

liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid commodities/ commodity derivatives contracts. This in turn will hamper better price formation.

iv. Risk-reducing orders

a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such orders (e.g. “stop loss” orders or “limit” orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

b. A “market” order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a “market” order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.

c. A “limit” order will be executed only at the “limit” price specified for the order or a better price. However, while the client received price protection, there is a possibility that the order may not be executed at all.

d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

v. Risk of News Announcements

a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/ commodity derivatives contract.

vi. Risk of Rumours

a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

vii. System Risk

a. High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

b. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in execution of order and its confirmation.

c. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

viii. System/ Network Congestion

a. Trading on the Exchange is in electronic mode, based on satellite/ leased line communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

2. As far as Futures Commodity Derivatives are concerned, please note and get yourself acquainted with the following additional features:-

Effect of "Leverage" or "Gearing":

a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small

amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.

b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.

c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.

d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

3. TRADING THROUGH WIRELESS TECHNOLOGY OR ANY OTHER TECHNOLOGY:

Any additional provisions defining the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology or any other technology should be brought to the notice of the client by the member.

4. General

i. Deposited cash and property:

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover

your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

ii. Commission and other charges:

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

iii. For rights and obligations of the Members/Authorised Persons/ clients, please refer to *Annexure 3*

iv. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the Exchange.

v. The term 'member' shall mean and include a Trading Member or a Member/Broker, who has been admitted as such by the Exchange and got a Unique Member Code from FMC.

Annexure – 3

RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS

as prescribed by FMC and Commodity Exchanges

1. The client shall invest/trade in those commodities /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/ Forward Markets Commission (FMC) and circulars/notices issued there under from time to time.
2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of FMC and relevant notifications of Government authorities as may be in force from time to time.
3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
5. The Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
6. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

CLIENT INFORMATION

7. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.
8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.
9. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or

any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

10. The Member and Authorized Person shall maintain all the details of the client as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the Member may so disclose information about his client to any person or authority with the express permission of the client.

MARGINS

11. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by FMC from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or FMC) and the client shall be obliged to pay such margins within the stipulated time.
12. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

TRANSACTIONS AND SETTLEMENTS

13. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
14. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.
15. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of FMC and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.
16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).

17. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

BROKERAGE

18. The Client shall pay to the Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of FMC.

LIQUIDATION AND CLOSE OUT OF POSITION

19. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

DISPUTE RESOLUTION

21. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
22. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
23. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.

TERMINATION OF RELATIONSHIP

24. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.
25. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
26. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the 'Rights and Obligations' document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

ADDITIONAL RIGHTS AND OBLIGATIONS

27. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by FMC and the relevant Exchanges where the trade is executed.
28. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
29. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

30. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.
31. The Member shall send margin statements to the clients on monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.
32. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
33. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.

ELECTRONIC CONTRACT NOTES (ECN)

34. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 1). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
35. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
36. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
37. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report

- generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.
38. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.
39. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
40. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the contract note in electronic form must be obtained afresh before 1st April of every financial year by following the same procedure. Thus, such declaration would be valid for that financial year only.

LAW AND JURISDICTION

41. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of FMC.
42. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
43. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
44. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned

thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/FMC.

45. All additional voluntary/nonmandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/FMC. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/FMC shall also be brought to the notice of the clients.
46. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of FMC or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
47. Members are required to send account statement to their clients every month in physical form.

**INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY
PROVIDED BY MEMBERS TO CLIENT**

(All the clauses mentioned in the '*Rights and Obligations*' document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)

1. Member is eligible for providing Internet based trading (IBT) and commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- commodities trading using wireless technology as may be specified by FMC& the Exchanges from time to time.
2. The client is desirous of investing/trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to FMC/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/FMC.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.
4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/FMC.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member
6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System,

- discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
 8. The Member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order/trade confirmation on the device of the client.
 9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
 10. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the Member/Exchanges.

Annexure-4

GUIDANCE NOTE - DO's AND DON'Ts FOR THE CLIENTS

Do's

1. Trade only through Registered Members of the Exchange. Check from the Exchange website at following link_____to see whether the Member is registered with the Exchange.
2. Insist on filling up a standard 'Know Your Client (KYC)' form before you commence trading
3. Insist on getting a Unique Client Code (UCC) and ensure all your trades are done under the said UCC.
4. Insist on reading and signing a standard 'Risk Disclosure Agreement'.
5. Obtain a copy of your KYC and/ or other documents executed by you with the Member, from the Member.
6. Cross check the genuineness of trades carried out at the Exchange through the trade verification facility available on the Exchange website at the following link_____. The trades can be verified online where trade information is available up to 5 working days from the trade date.
7. Insist on a duly signed Contract Note in specified format for every executed trade within 24 hours of trade, highlighting the details of the trade along with your UCC.
8. Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause, etc.
9. Obtain receipt for collaterals deposited with the Member towards margins.
10. Go through the Rules, Bye-laws, Regulations, Circulars, Directives, Notifications of the Exchange as well as of the Regulators, Government and other authorities to know your rights and duties vis-à-vis those of the Member.
11. Ask all relevant questions and clear your doubts with your Member before transacting.
12. Insist on receiving the bills for every settlement.
13. Insist on Monthly statements of your ledger account and report any discrepancies in the statement to your Member within 7 working days. In case of unsatisfactory response report the discrepancy to the Exchange within 15 working days from the date of cause of action.
14. Scrutinize minutely both the transaction & holding statements that you receive from your Depository Participant.
15. Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
16. Ensure that the DIS numbers are preprinted and your account number (UCC) is mentioned in the DIS book.
17. Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.
18. Pay required margins in time and only by Cheque and ask for receipt thereof from the Member.
19. Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
20. Understand and comply with accounting standards for derivatives.

21. Ensure to read, understand and then sign the voluntary clauses, if any, agreed between you and the Member. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
22. Get a clear idea about all brokerage, commissions, fees and other charges levied by the Member on you for trading and the relevant provisions/ guidelines specified by FMC/Commodity exchanges.
23. Make the payments by account payee cheque in favour of the Member. Ensure that you have a documentary proof of your payment/deposit of commodities with the Member, stating date, commodity, quantity, towards which bank/ demat account such money or commodities (in the form of warehouse receipts) deposited and from which bank/ demat account.
24. The payout of funds or delivery of commodities (as the case may be) shall not be made to you within one working day from the receipt of payout from the Exchange, in case you have given specific authorization for maintaining running account to the member. Thus, in this regard, the running account authorization provided by you to the Member shall be subject to the following conditions:
 - a) Such authorization from you shall be dated, signed by you only and contains the clause that you may revoke the same at any time.
 - b) You need to bring any dispute arising from the statement of account to the notice of the Member in writing preferably within 7 (seven) working days from the date of receipt of funds/commodities or statement, as the case may be. In case of dispute, refer the matter in writing to the Investors Grievance Cell of the relevant Commodity exchanges without delay.
 - c) In case you have not opted for maintaining running account and pay-out is not received on the next working day of the receipt of payout from the exchanges, please refer the matter to the Member. In case there is dispute, ensure that you lodge a complaint in writing immediately with the Investors Grievance Cell of the relevant Commodity exchange.
 - d) Please register your mobile number and email id with the Member, to receive trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the commodity exchanges.
25. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
26. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
27. In case your problem/grievance/issue is not being sorted out by concerned Member/Authorised Person then you may take up the matter with the concerned CommodityExchange. If you are not satisfied with the resolution of your complaint then you can escalate the matter to FMC.

Don'ts

1. Do not deal with any unregistered intermediaries.
2. Do not undertake off-market transactions as such transactions are illegal and fall outside the jurisdiction of the Exchange.
3. Do not enter into assured returns arrangement with any Member
4. Do not get carried away by luring advertisements, rumours, hot tips, explicit/implicit promise of returns, etc.
5. Do not make payments in cash/ take any cash towards margins and settlement to/from the Member.
6. Do not start trading before reading and understanding the Risk Disclosure Agreement.
7. Do not neglect to set out in writing, orders for higher value given over phone.
8. Do not accept unsigned/duplicate contract note/confirmation memo.
9. Do not accept contract note/confirmation memo signed by any unauthorized person.
10. Don't share your internet trading account's password with anyone
11. Do not delay payment/deliveries of commodities to Member.
12. Do not forget to take note of risks involved in the investments.
13. Do not sign blank Delivery Instruction Slips (DIS) while furnishing commodities, deposits and/or keep them with Depository Participants (DP) or member to save time.
14. Do not pay brokerage in excess of that rates prescribed by the Exchange
15. Don't issue cheques in the name of Authorized Person.

Appendix A

**Electronic Contract Note [ECN] – DECLARATION
(VOLUNTARY)**

To,
(Name of the member with exchange)

Dear Sir,

I, _____ a client with Member
M/s. _____ of
_____ Exchange undertake as follows:

- I am aware that the Member has to provide physical contract note in respect of all the trades placed by me unless I myself want the same in the electronic form.
- I am aware that the Member has to provide electronic contract note for my convenience on my request only.
- Though the Member is required to deliver physical contract note, I find that it is inconvenient for me to receive physical contract notes. Therefore, I am voluntarily requesting for delivery of electronic contract note pertaining to all the trades carried out / ordered by me.
- I have access to a computer and am a regular internet user, having sufficient knowledge of handling the email operations.
- My email id is _____. This has been created by me and not by someone else.
- I am aware that this declaration form should be in English or in any other Indian language known to me.
- This declaration is valid till 31st March _____(yyyy)

[The above declaration has been read and understood by me. I am aware of the risk involved in dispensing with the physical contract note, and do hereby take full responsibility for the same]

(The above lines must be reproduced in own handwriting of the client.)

Client Name: _____

Unique Client Code : _____

PAN: _____

Address : _____

Signature of the client

Date :

Place:

Verification of the client signature done by,

Name of the designated officer of the Member

Signature

Date :

Instructions:

- This declaration form has to be sent by the Member to the client on the email id provided by client while opening the trading account.
- The client shall, on receipt of this email, print the email as well as the declaration form.
- The hard copy of the declaration shall be filled up by the client and submitted to the Member along with a signed hard copy of the email. The Member shall acknowledge the receipt of the declaration from the client.
- The size of the font of this declaration must be at least 12.

4. ANNEXURES IV- RELATING TO ARBITRATION (REFER RULE 12)

4.1 Annexure IV (a): Arbitration Application between Parties

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir(s),

I/We, am/are a Member of the Exchange/Constituent (Client) of _____*(Please mention name of Member). I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Bye laws, Rules and Regulations of the Exchange which has arisen and is now pending between me and following person

a) Name :
b) Status :
c) Address :
d) Registered Office :
e) Contact Number :
Office :
Residence :
Mobi :
Fax No :
Email :

The amount of claim in the matter is:

(a) Rs. _____(in word) (Rupees _____ only)

(b) Commodity details:

1. Commodity Name/s _____
2. Date of transaction on the Exchange: _____

Please find enclosed a cheque/Demand Draft/Pay order No. _____ dated _____ issued by _____ bank in favour of Indian Commodity Exchange Ltd., for an amount of Rs. _____ (Rupees _____ only) payable at Gurgaon towards Arbitration deposit for defraying costs and expenses of arbitration.

I/We state that I do not want a hearing from the arbitrator/ I do want a hearing from the arbitrator*

Signature of Applicant

Date: Place:

- Note: The Applicant shall put his/her signature on all the pages of the documents submitted along with this form and if the Applicant is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages. If the Applicant is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution as the case may be along with this form. Five names are to be suggested from the list of persons eligible to act as arbitrators
- Strike whichever is not relevant.

4.2 Annexure IV (b) -: Nomination and Appointment of Arbitrators

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Indian Commodity Exchange Ltd.,

Arbitration Matter No. _____

BETWEEN

M/s _____

Mr./Mrs./Ms.

Applicant

Office/Residence

Address

Office _____

Res. _____

Fax:

Tel:
Office

Mobile No. _____

AND

M/s

_____ Respondent

Registered Office

Tel: Office _____ Res. _____ Fax: Office _____

Res. _____

Mobile No. _____

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir/s,

In the said matter, we, the above named the Applicant/ Respondent; do hereby propose the following names of four Arbitrators from the approved panel of Arbitrators for appointment as Arbitrator or bench of Arbitrators in order of preference.

- 1.
- 2.
- 3.

Yours faithfully,

Signature

Date:

Place:

4.3 Annexure IV (c) : Reply by the Respondent to Arbitration Application

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Indian Commodity Exchange Ltd.,

Arbitration Matter No. _____/200_.

BETWEEN

Mr./Mrs./Ms. _____ Applicant (TM/C)* Office
/Residence Address _____ Tel:
Office _____ Res. _____ Fax: Office _____
Res. _____ Mobile No. _____

AND

M/s _____
Respondent

Registered Office

Tel: Office _____ Res. _____ Fax: Office _____
Res. _____
Mobile No. _____

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir/s,

In connection with the application for arbitration submitted by Mr./Mrs./Ms./M/s. _____ the Applicant above named, I/We enclose herewith three/Six copies of my reply along with the enclosures.

Please also find enclosed a Cheque/Pay order/Demand Draft No. _____ dated _____ issued by _____ bank in favour of Indian Commodity Exchange Limited for an amount of Rs. (Rupees _____ only) payable at Gurgaon towards Arbitration deposit for defraying costs and expense _____ of _____ arbitration.

I/We state that I do not want a hearing from the arbitrator/I do not want a hearing from the arbitrator.

Yours faithfully,

Signature of Respondent

Date:

Place:

Note: The Respondent shall put his/her signature on all the pages of the documents submitted along with this form and if the Respondent is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages. If the Respondent is a firm/company/ten the authorized representatives of the Respondent has to submit the authority letter/board resolution as the case may be along with this form.

* Strike whichever is not relevant.

4.4 Annexure IV (d): Arbitration Application with Warehouse.

Date:

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir(s),

I/We, am/are a Member of the Exchange/Constituent of _____*(Please mention name of Member). I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Bye laws, Rules and Regulations of the Exchange. Which has arisen and is now pending between me and the following Warehouse.

a) Name :
b) Status :
c) Address :
d) Registered Office :
f) Contact Number :
Office :
Residence :
Mobile No :
Fax No :
Email :

The amount of claim in the matter is:

(a) Rs. _____(in word) (Rupees_____only)

(b) Commodity details:

- 1.
- 2.

Please find enclosed a cheque/Demand Draft/Pay order No._____dated_____issued by _____bank in favour of Indian Commodity Exchange of India Ltd., for an amount of Rs. _____ (Rupees_____ only) payable at Mumbai towards Arbitration deposit for defraying costs and expenses of arbitration.

I/We state that I do not want a hearing from the arbitrator/ I do want a hearing from the arbitrator*

Signature of Applicant

Date:

Place:

Note: The Applicant shall put his/her signature on all the pages of the documents submitted along with this form and if the Applicant is s firm/company, the rubber stamp of the firm/company shall be affixed on all the pages. If the Applicant is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution as the case may be along with this form. Five names are to be suggested from the list of persons eligible to act as arbitrators

* Strike whichever is not relevant.

4.5 Annexure IV (e): Nomination and Appointment of Arbitrators

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Indian Commodity Exchange Ltd., Arbitration Matter

No. _____/200_.

BETWEEN

Mr./Mrs./Ms. _____ Applicant ©* Office /Residence
Address _____

Tel: Office _____ Res. _____ Fax: Office _____
Res. _____ Mobile No. _____

AND

M/s

_____ Respondent

Registered Office

Tel: Office _____ Res. _____ Fax: Office _____
Res. _____
Mobile No. _____

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir/s,

In the said matter, the names of persons chosen by me/us as arbitrators from the list of eligible persons to act as arbitrators are given below in descending order of preference:

- 1)
- 2)
- 3)
- 4)
- 5)

Yours faithfully,

Signature

Date:

Place:

Note: Five names are to be suggested from the list of persons eligible to act as arbitrators 'C' stands for "Constituent" and 'W' stands for "Warehouse"

4.6 Annexure IV (f) : Reply by the Respondent to Arbitration Application

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Indian Commodity Exchange of India Ltd., Arbitration

Matter No. _____/200_.

BETWEEN

Mr./Mrs./Ms. _____ Applicant (C)*
Office /Residence Address _____
Tel: Office _____ Res. _____ Fax: Office _____
Res. _____
Mobile No. _____

AND

M/s _____ Respondent (W)*
Registered Office _____
Tel: Office _____ Res. _____ Fax: Office _____
Res. _____
Mobile No. _____

The Arbitration Department.
Indian Commodity Exchange Limited
8th floor, Romell Technology Park,
Nirlon Compound, Western Express
Highway, Goregaon (E),
Mumbai 400 063

Sir/s,

In connection with the application for arbitration submitted by Mr./Mrs./Ms./M/s. _____ the Applicant above named, I/We enclose herewith three/ six copies of my reply along with the enclosures.

_____ the Applicant above named, I/We enclose herewith three/Six copies of my reply along with the enclosures.

Please also find enclosed a Cheque/Pay order/Demand Draft No. _____ dated _____ issued by _____ bank in favour of Indian Commodity Exchange Limited for an amount of Rs. _____ (Rupees _____ only) payable at Gurgaon towards Arbitration deposit for defraying costs and expense of arbitration.

I/We state that I do not want a hearing from the arbitrator/I do not want a hearing from the arbitrator.

Yours faithfully,

Signature of Respondent/s

Date:

Place:

Note: The Respondent shall affix the rubber stamp of the company on all the pages. The authorized representatives of the Respondent have to submit the authority letter/board resolution as the case may be along with this form.

'W' stands for "Warehouse" and 'C' stands for "Constituents"

* Strike whichever is not relevant.

Regulations: Indian Commodity Exchange Ltd.