BUSINESS RULES

CHAPTER I .................................................................6
INTRODUCTION AND MEMBERSHIP ..................................................6
1. Introduction ..............................................................................6
2. Applicability ...........................................................................6
3. Business/Operations ................................................................6
4. Eligibility for Trading ..............................................................6
5. Membership .............................................................................6
6. Admission fee ..........................................................................12

6A. Initial Security Deposit ..........................................................12
7. Annual subscription ...................................................................13
8. Transfer of Membership ..........................................................13

8A. Transmission of Membership ................................................16
8B. Nomination of Membership ....................................................17
8C. Change in Designated Director ................................................18
8D. Change in Shareholding Pattern/ Change in Dominant Promoter Group's Shareholding – Sharing Pattern .........................19
8E. Conversion of Membership/ Change In Constitution of Member...20
8F. Change of Name .......................................................................21
9. Surrender of membership .......................................................21
10. Insurance ................................................................................23
10A. Authorised Persons ...........................................................24

10B. Anti Money Laundering and Know Your Customer (KYC) Norms ..30

CHAPTER II ..................................................................................36
MARKET OPERATIONS .............................................................................36
11. Deposit ..................................................................................36
12. Additional Deposit .................................................................38
13. Trading Days ..........................................................................38
14. Trading Hours .........................................................................51
15. Trading Parameters ...............................................................51
16. Order Management ...............................................................52
17. Matching Rules .......................................................................55
18. Margin requirements .............................................................56
19. Clearing Banks .......................................................................56
20. Clearing House .......................................................................65
21. Delivery Procedure ...................................................................68
21A. [Norms Regarding Ownership, Net worth, Corporate Governance etc. for accreditation of Warehouse Service Provider (WSPs)] ..................................................84
22. Approved Surveyors ...............................................................88
23. Risk Management System ......................................................88
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER I</td>
<td>32</td>
</tr>
<tr>
<td>22. Clearing Membership Undertaking</td>
<td>33</td>
</tr>
<tr>
<td>23. Client Undertaking for Approval of Exchange of Futures for Physicals (EFP)</td>
<td>34</td>
</tr>
<tr>
<td>24. Surveillance:</td>
<td>35</td>
</tr>
<tr>
<td>25. Transaction Fee</td>
<td>36</td>
</tr>
<tr>
<td>26. Reports</td>
<td>37</td>
</tr>
<tr>
<td>27. Dealing with clients</td>
<td>38</td>
</tr>
<tr>
<td>28. Brokerage</td>
<td>105</td>
</tr>
<tr>
<td>28A Exchange of Futures for Physicals (EPF)</td>
<td>106</td>
</tr>
<tr>
<td>FORM-A</td>
<td>107</td>
</tr>
<tr>
<td>APPROVAL OF EXCHANGE OF FUTURES FOR PHYSICALS (EPF) TRANSANCTION</td>
<td>110</td>
</tr>
<tr>
<td>CLIENT UNDERTAKING</td>
<td>112</td>
</tr>
<tr>
<td>FORM-B</td>
<td>113</td>
</tr>
<tr>
<td>APPROVAL OF EXCHANGE OF FUTURES FOR PHYSICALS (EPF) TRANSANCTION</td>
<td>115</td>
</tr>
<tr>
<td>CLIENT UNDERTAKING</td>
<td>116</td>
</tr>
<tr>
<td>TRADING SYSTEM</td>
<td>116</td>
</tr>
<tr>
<td>29. Trading System</td>
<td>117</td>
</tr>
<tr>
<td>30. Approved Users</td>
<td>118</td>
</tr>
<tr>
<td>31. Connectivity</td>
<td>121</td>
</tr>
<tr>
<td>32. Expansion of trading terminals</td>
<td>122</td>
</tr>
<tr>
<td>33. Contingency Management</td>
<td>122</td>
</tr>
<tr>
<td>34. Major Breakdown of the system or failure of communication link</td>
<td>123</td>
</tr>
<tr>
<td>CHAPTER II</td>
<td>123</td>
</tr>
<tr>
<td>INSPECTION AND DISCIPLINARY ACTIONS</td>
<td>124</td>
</tr>
<tr>
<td>35. Records, Books of accounts and Inspection</td>
<td>125</td>
</tr>
<tr>
<td>36. Fines and Penalties</td>
<td>124</td>
</tr>
<tr>
<td>CHAPTER III</td>
<td>125</td>
</tr>
<tr>
<td>ARBITRATION</td>
<td>125</td>
</tr>
<tr>
<td>37. ARBITRATION PROCEDURE</td>
<td>125</td>
</tr>
<tr>
<td>ANNEXURES</td>
<td>144</td>
</tr>
<tr>
<td>Annexure - I</td>
<td>157</td>
</tr>
<tr>
<td>APPLICATION FOR TRADING MEMBERSHIP</td>
<td>160</td>
</tr>
<tr>
<td>APPLICATION FOR TRADING-CUM-CLEARING MEMBERSHIP</td>
<td>170</td>
</tr>
<tr>
<td>APPLICATION FOR PROFESSIONAL CLEARING MEMBERSHIP</td>
<td>179</td>
</tr>
<tr>
<td>APPLICATION FOR INSTITUTIONAL TRADING – CUM - CLEARING MEMBERSHIP</td>
<td>189</td>
</tr>
<tr>
<td>Annexure-II</td>
<td>197</td>
</tr>
<tr>
<td>Trading-cum-Clearing Membership Undertaking</td>
<td>197</td>
</tr>
<tr>
<td>Annexure-III</td>
<td>203</td>
</tr>
<tr>
<td>Bio data</td>
<td>203</td>
</tr>
<tr>
<td>Annexure-IVA</td>
<td>204</td>
</tr>
<tr>
<td>Format for issue of Fresh Bank Guarantee (General)</td>
<td>204</td>
</tr>
<tr>
<td>Annexure-IV b</td>
<td>209</td>
</tr>
<tr>
<td>Format of issue of Bank Guarantee as per Master Agreement</td>
<td>209</td>
</tr>
<tr>
<td>Annexure-V (a)</td>
<td>211</td>
</tr>
<tr>
<td>List of approved banks</td>
<td>211</td>
</tr>
</tbody>
</table>
Annexure-VI.................................................................................................................. 212
Format for Renewal of Bank Guarantee ........................................................................ 213
Annexure-VII .................................................................................................................. 216
Letter from the Member regarding Lien on Fixed Deposit ........................................... 216
Annexure-VIII ............................................................................................................... 217
Letter from the Bank confirming the Lien on Fixed Deposit ........................................ 217
Annexure-VIII A ............................................................................................................. 218
Letter from the Bank confirming the Lien on Fresh Fixed Deposit ............................... 218
Annexure-VIII B .......................................................................................................... 218
Letter from the Bank confirming the Lien on Fresh Fixed Deposit ............................... 219
Annexure-VIII C .......................................................................................................... 219
Letter from the Bank confirming the Lien on Fresh Fixed Deposit ............................... 219
Annexure-IX .................................................................................................................. 220
Letter from Member to the Clearing Bank for operations of Clearing Account ............ 220
Annexure-X ................................................................................................................... 222
Stamp Duty Rates ......................................................................................................... 222
Annexure XI .................................................................................................................. 223
SET OF ACCOUNT OPENING DOCUMENT ................................................................... 223
Annexure – XII (Part A) ............................................................................................... 225

KNOW YOUR CLIENT (KYC) APPLICATION FORM .................................................. 225
INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM ........................................ 236
Annexure-XIV .............................................................................................................. 270
CONTRACT NOTE ......................................................................................................... 270
Annexure-XV ................................................................................................................ 275
Application for Approval as Authorised User .................................................................. 275
Annexure-XVI ................................................................................................................ 276
Questionnaire For VSAT ............................................................................................... 276
Annexure-XVII ............................................................................................................ 279
VSAT Undertaking ....................................................................................................... 279
Annexure-XVIII .......................................................................................................... 283
Letter from Member authorizing MCX for making transactions on his behalf .......... 283
Annexure XIX ................................................................................................................ 284
Conditions for transfer ............................................................................................... 284
(Rule 8) ......................................................................................................................... 284
Circular No.MCX/036/07 ............................................................................................. 284

SCHEDULE .................................................................................................................... 284
Application for Transfer of Membership ....................................................................... 285
Agreement for Transfer of Membership ....................................................................... 290
Undertaking by Transferor ......................................................................................... 293
Undertaking by Transferee ....................................................................................... 296
BOARD RESOLUTION (Transferee) .......................................................................... 299
BOARD RESOLUTION (Transferor) .......................................................................... 300
Format of Networth Certificate .................................................................................... 301
SHAREHOLDING PATTERN (FOR CORPORATE) ................................................... 304
UNDERTAKING FROM CORPORATES SUPPORTING ............................................ 310
Public Notice .............................................................................................................................................. 312
Annexure - XX ........................................................................................................................................... 313
Application for surrender of Trading-cum-clearing Membership of MCX ......................................................... 313
Suggested format of Board resolution for surrender of Trading-cum-clearing Member ....................................... 315
Letter of authority ......................................................................................................................................... 316
Format of Advertisement for surrender of Trading-cum-clearing Membership .................................................... 317
Annexure - XXI ........................................................................................................................................... 318
(Part - A) .................................................................................................................................................... 318
Annexure - I .................................................................................................................................................. 318
(Rule 8A) ..................................................................................................................................................... 318
Affidavit by the attesting witness to the Will ..................................................................................................... 318
(Part - B) .................................................................................................................................................... 319
Annexure - II ................................................................................................................................................ 319
(Rule 8A) ..................................................................................................................................................... 319
No objection Certificate to be submitted by Legal Heirs of the deceased in favor of the Applicant/s .................. 319
Annexure - XXI ........................................................................................................................................... 320
(Part - C) .................................................................................................................................................... 320
Annexure - III ............................................................................................................................................... 320
(Rule 8A) ..................................................................................................................................................... 320
Undertaking for Transmission of Membership .................................................................................................. 320
Format of Networth Certificate ..................................................................................................................... 323
Annexure XXII ............................................................................................................................................ 326
Guideline for Application of User ID Creation/Change or Cancellation .............................................................. 326
Application for approval as Approved User ....................................................................................................... 327
Trading through Internet .................................................................................................................................. 330
UNDEARTAKING FOR USER ID ................................................................................................................... 331
Application for Cancellation of Approved User ................................................................................................ 332
Application for Change of Approved User .................................................................................................... 333
Application for Mapping of Member Administrator/Approved Users to the mode of connectivity ...................... 336
Annexure - XXIII ....................................................................................................................................... 337
Approved Custodian and its contact details ..................................................................................................... 337
List of the Equity shares towards additional security deposit as collaterals ...................................................... 338
Deed of pledge by a Member .......................................................................................................................... 348
Draft of the letter to be given by the Member for release of securities kept as Additional Margin Deposit .......... 357
Illustrations for calculation of the Additional Security Deposit ..................................................................... 358
List of Commodities ..................................................................................................................................... 359
Note: 359
DEED OF PLEDGE TO BE EXECUTED BY MEMBERS FOR PLEDGE OF WAREHOUSE RECEIPTS OF APPROVED COMMODITIES ............................................................................. 361
DEED OF PLEDGE TO BE EXECUTED BY PERSONS OTHER THAN MEMBERS FOR PLEDGE OF WAREHOUSE RECEIPT OF APPROVED COMMODITIES.................................................................................................................. 365

Draft of the letter to be given by the Member for release of warehouse receipt(s) kept as Additional Margin Deposit .......................................................................................................................... 369
Illustrations for calculation of the Additional Security Deposit .............................................................................................................. 370

Annexure - XXIV ................................................................................................................................. 372

Form No- I: Arbitration Application .................................................................................................. 372
Form No- II: Nomination and Appointment of Arbitrators .................................................................. 374
Form No- III: Reply by the Respondent to Arbitration Application .................................................... 376
Form No- IA: Arbitration Application ................................................................................................ 378
Form No- II A: Nomination and Appointment of Arbitrators ............................................................ 380
Form No- III A: Reply by the Respondent to Arbitration Application ................................................ 381

Annexure - XXV ................................................................................................................................. 383

Format of Nomination ..................................................................................................................... 383
Format of change of Nominee .......................................................................................................... 384

Annexure - XXVI ................................................................................................................................. 385

Format of Undertaking for reactivation of trading account ............................................................ 385

Annexure - XXVII ................................................................................................................................. 386

Electronic Contract Note [ECN] – DECLARATION ................................................................................ 386

Annexure ........................................................................................................................................ 397

Annexure – XXXIII ......................................................................................................................... 398

Undertaking - Consent to Maintain Minimum Cash Balance of Rs. 50 lakh................................. 398
CHAPTER I

INTRODUCTION AND MEMBERSHIP

1 Introduction

These Rules shall be termed as ‘Business Rules of Multi Commodity Exchange of India Limited’ or for the sake of brevity as ‘MCX Business Rules’.

These Rules shall be subject to the provisions of the Forward Contracts (Regulation) Act, 1952 and Rules framed thereunder, Articles of Association, Rules and Bye-Laws of Multi Commodity Exchange of India Limited (MCX), as applicable to the Members of the Exchange, their Representatives and their Clients.

2 Applicability

These Rules shall be enforceable on the Members of the Exchange, Clearing Banks, Clients, Constituents and all other Participants operating on or through the Exchange in respect of their rights and obligations relating to trading on MCX. They shall be subject to jurisdiction of the Courts of Mumbai irrespective of the place of business of the Members of the Exchange or their customers and clients in India or elsewhere.

3 Business/Operations

MCX shall conduct trading in derivatives contracts in various commodities permitted by the Government of India under the Forward Contracts Regulations Act, 1952, and any other Act subject to approval of the Forward Markets Commission or any other authority as may be applicable.

4 Eligibility for Trading

At MCX, only the members of the Exchange, who have been admitted as such by the Board, are eligible to participate in trading on the Exchange platform. Persons, who are not members of the Exchange, can participate in trading on the Exchange platform only as authorized persons or clients through a registered member of the Exchange.

5 Membership

5.1 [A person who is desirous of becoming a registered member of Exchange’ may apply for any of the following categories:-

5.1.1 Trading-cum-Clearing Member (TCM) – A TCM is entitled to trade on his own account as well as on account of his clients, and clear

and settle these trades himself. A sole proprietor, a partnership firm, a joint hindu undivided family, a company, a cooperative society, a public sector organization, statutory organization or any other Government or non-Government entity can apply for TCM.

5.1.2 **Professional Clearing Member (PCM)** – A PCM is an Institutional Clearing Member, who is entitled to clear and settle trades executed by other members of the Exchange. A company and an institution only can apply for PCM.

5.1.3 **Institutional Trading-cum-Clearing Member (ITCM)** – An ITCM is entitled to trade on his own account as well as on account of his clients, clear and settle trades executed by himself as well as of other members of the Exchange. A company and an institution only can apply for ITCM.

5.1.4 **Trading Member (TM)** – A Trading Member is entitled to trade on his own account as well as on account of his clients, but has no right to clear and settle the trades himself. Such member shall be affiliated with any one of the Institutional Trading-cum-Clearing Member (ITCM) or Professional Clearing Member (PCM) having clearing rights on the Exchange. A sole proprietor, a partnership firm, a joint Hindu undivided family, a company, a cooperative society, a public sector organization, statutory organization or any other Government or non-Government entity can apply for TM.

5.2 The applicant is required to submit an application in the prescribed format along with the required documents, admission fee, security deposit [(as applicable) including Base Minimum Capital] and processing fees, in full, as specified by the Exchange from time to time.

5.3 The admission fee, deposits {comprising of [Initial Security Deposit], [Base Minimum Capital]} and other charges would be applicable to the members as per the circulars issued by the Exchange from time to time. Exchange may review and modify the admission fee and/or other charges / deposits {comprising of [Initial Security Deposit], [Base Minimum Capital]} at any time. Exchange may also relax admission fee, deposit comprising of [Initial Security Deposit], [Base Minimum Capital] and / or other charges or criteria of membership while offering segment wise membership from time to time.

5.4 The security deposit is interest free and a minimum 50% of it can be given in the form of cash and the balance 50% can be in the form of bank

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3 Amended vide Exchange Circular Ref. No. MCX/245/2005 dated July 4, 2005. Also refer to Business Rule 6A. Further, ISD was already a part of Deposit as per Membership Application Form of 2003.
4 Supra note 2
5 Supra note 3
6 Supra note 2
7 Supra note 3
8 Supra note 2
9 Supra note 2 and 3
guarantee or fixed deposit or both, with the approved banks. In addition to the fee and deposit, every applicant shall also pay insurance premium along with the application form, as decided by the Exchange from time to time.

5.5 The applicant is required to appear for an interview before the Membership Committee of the Exchange. The Committee has a right to accept or reject the applications received for the membership without assigning any reason whatsoever and is empowered to frame rules or criteria relating to admission of membership based on the guidelines issued by the Board of Directors of the Exchange and as per the Bye-Laws and Rules of the Exchange. On selection as a member of the Exchange, he will be required to submit the specified documents related to membership, network connectivity etc. with the Exchange.

In case the application is rejected for any reason whatsoever, the fee paid above shall be refunded by the exchange to the applicant except the processing fee.

5.6 Every member is required to -

1) maintain the net worth as prescribed by the Exchange during the entire period of his membership of the Exchange;
2) make payment of annual subscription fee as per Business Rule 7;
3) take insurance policy every year prescribed by the Exchange as per Business Rule 10;
4) make payment of transaction fee including Minimum Usage Fee as per Business Rule 25;
5) abide by the circulars and notifications issued by the Forward Markets Commission and the Exchange from time to time.

5.7 [The Exchange has absolute discretion to modify and / or cancel any of the terms and conditions related to membership specified by the Exchange. All types of memberships, once granted by the Exchange, are transferable intra class, after expiry of three years from the date of confirmation of Membership. However, the Member may surrender its Membership in terms of Byelaws, Rules, Business Rules and/or directions of the Regulator from time to time.

Explanation: It is clarified that existing TCM-Deposit Based Membership will be allowed to transfer its Membership on payment of the differential admission fee of TCM-Non deposit based membership.]¹

5.8 The applicant and/or the members of the Exchange are required to be registered with the Forward Markets Commission, and shall comply with the terms, conditions, rules and regulations of the Forward Markets Commission and the Exchange.]

5.9 \[Any entity or any of its subsidiaries/ parent company/ related entities which is providing BPO/ KPO services to foreign clients trading on foreign commodity exchanges cannot be a member of the Exchange.\]

5.10 Any of the member or any of its subsidiaries/ parent company/ related entities of any Exchange/Association recognized under Section 6 of Forward Contracts Regulation Act, 1952 will not undertake any kind of BPO/ KPO activities in which services are provided to foreign clients trading on foreign commodity exchanges.]

5.11 [If the member is also a member of any other Commodity Spot Exchange(s) and his client also trades on both the Exchanges, the following conditions shall apply:

5.11.1 The capital adequacy and net worth criteria prescribed by the Commodity Futures Exchanges should be met separately by the Members.

5.11.2 Members of the Commodity Futures Exchanges should maintain separate ledgers for business done by clients on Commodity Futures Exchanges and National Commodity Spot Exchanges.

5.11.3 Members should not allow any cross margining between exposure of a client on Commodity Futures Exchanges and National Commodity Spot Exchanges.

5.11.4 Members should issue separate contract notes for trades on Commodity Futures Exchanges and National Commodity Spot Exchanges.]

5.12 {Requirement of Base Minimum Capital-

1. All types of Members of the Exchange without Algo trading and with Algo trading shall have to deposit by way of interest free Base Minimum Capital (BMC) of Rs. 10 lacs and Rs. 50 lacs respectively to the Exchange.

2. No exposure will be given on this BMC.

3. Minimum 25% of the above deposit shall be in the form of cash and balance 75% may be in the form of cash equivalents like Fixed Deposit/ Bank Guarantee.

4. The Members are required to deposit 50% of the applicable BMC by April 30, 2013 and remaining 50% by September 30, 2013. In case, a Member fails to comply with this requirement, the Exchange

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1 Inserted vide Exchange Circular No. MCX/COMP/127/2011 dated 16/04/2011 pursuant to the directions issued by the FMC vide its letter No. 5/1/2009/MD-I dated 28/03/2011

will block the Member’s existing security deposit if any, held with the Exchange towards the BMC, and the balance, if any, shall be deposited by the Member by the respective dates.

5. Trading Members, who clear and settle their trades through others, are required to deposit the aforesaid BMC to the Exchange by the respective dates.

6. BMC would be kept in a separate account by the Exchange and would be used only towards settlement of claims of the clients, payment of arbitration fee by the Member and dues payable by the Member on account of pending arbitration cases / arbitration awards and would not be used for meeting any of the Exchange’s dues.

7. If the Member fails to comply with the aforesaid BMC requirement by the respective due date(s), the Member’s trading terminal will be deactivated for trading from May 01, 2013 or October 01, 2013, as the case may be, and the trading facility shall remain deactivated until above requirements are fully complied with. In addition the member will be liable for consequential measures, if any, in this regard.

The applicable BMC amount and the respective due dates to be paid by a Member are given hereunder:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Applicable Base Minimum Capital (Rs. in lacs)</th>
<th>To be paid by April 30, 2013 (Rs. in lacs) 50% of BMC</th>
<th>To be paid by September 30, 2013 (Rs. in lacs) balance 50% of BMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Member without Algo Trading</td>
<td>10</td>
<td>Minimum Rs.1.25 in cash and balance Rs.3.75 in Cash equivalents (Fixed Deposit/ Bank Guarantee)</td>
<td>Minimum Rs. 1.25 in cash and balance Rs.3.75 in Cash equivalents (Fixed Deposit/ Bank Guarantee)</td>
</tr>
<tr>
<td>A Member with Algo Trading</td>
<td>50</td>
<td>Minimum Rs. 6.25 in cash and balance Rs. 18.75 in Cash equivalents (Fixed Deposit/ Bank Guarantee)</td>
<td>Minimum Rs. 6.25 in cash and balance Rs. 18.75 in Cash equivalents (Fixed Deposit/ Bank Guarantee)</td>
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Those members who opt for Algo trading will not be able to withdraw the additional BMC of Rs. 40 Lacs (subject to the maintenance of applicable Initial Security Deposit) for a period of 12 months should they later opt for non Algo trading. This amount would be retained without any exposure.

8. {The [Base Minimum Capital] Deposit lying with the Exchange will be refunded to the Member, in the following manner:

(i) [who did not activate trading at all and those Members who activated their trading account but never traded, refund after 6 (six) months from the date of issue of advertisement by the Member/Exchange with respect to surrender of membership; or]

(ii) who have activated trading, refund after 3 (three) years from the date of issue of advertisement by the Member/Exchange with respect to surrender of membership.

subject to approval of surrender of membership from the Exchange, Forward Markets Commission (FMC) and fulfillment of all dues / compliances under the Bye-Laws, Rules and Business Rules of the Exchange, Forward Markets Commission, and circulars issued by the Exchange from time to time.

However, the said [Base Minimum Capital] Deposit(s) may be retained beyond stipulated period, if there any unfulfilled obligations including arbitration claims, investor complaints, other grievances / claims, disciplinary action etc. against the Member which comes to the notice of the Exchange, before the stipulated period of release of the Deposit.}  

The above stipulations of interest free BMC (without any exposure being allowed) will also be applicable at the time of admission as a new Member and will accordingly be blocked from the Initial Security Deposit (ISD) applicable for

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"who did not activate trading at all, refund after 6 (six) months from the date of issue of advertisement by the Member/Exchange with respect to surrender of membership; or"


Clause VIII read as under:

"The Base Minimum Capital (BMC) along with the applicable Initial Security Deposit (ISD), if any, (i.e. ISD as available after the adjustment as stated above in point no. IV), shall be refunded to the Member after three years from the date of issue of advertisement by him with respect to surrender of membership and will be subject to approval of surrender of membership from the Exchange, Forward Markets Commission (FMC) and fulfillment of all dues / compliances under the Bye-laws, Rules and Business Rules of the Exchange, Forward Markets Commission and circulars issued thereunder. The said BMC along with Initial Security Deposit may be retained by the Exchange beyond the stipulated period, if any unfulfilled obligations including arbitration claims, investor complaints other grievances / claims, disciplinary action etc. against the Member come to the Exchange’s notice before the stipulated period of release of BMC and Initial Security Deposit (ISD)."
the type of membership applied for. In all such cases the ratio of cash versus cash equivalents for the BMC portion will be as specified above (1:3) and for the balance Initial Security Deposit (ISD) portion, if any, it will be 1:1.}

6. Admission fee

The admission fee paid by a member is non-refundable. However, a member is entitled to surrender or transfer his membership.

The applicable admission fee for different categories of members is as under:

a) Trading -cum- Clearing Member
   i. Deposit based: [Rs. 10,00,000/-]²
   ii. Non Deposit Based: [Rs. 25,00,000/-]³

b) Professional Clearing Member – [Rs. 10,00,000/-]⁴

c) Institutional Trading –cum- Clearing Member – [Rs. 25,00,000/-]⁵

d) Trading Member – [Rs. 7,50,000/-]⁶

6A. Initial Security Deposit

A member is required to pay Initial Security Deposit as under:

a) Trading -cum- Clearing Member
   i. Deposit based: [Rs. 65,00,000/-]⁷
   ii. Non Deposit Based: [Rs. 30,00,000/-]⁸

b) Professional Clearing Member – [Rs. 100,00,000/-]⁹

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c) Institutional Trading –cum- Clearing Member – [Rs. 100,00,000/-]³

7. **Annual subscription**

³A member is required to pay annual subscription in advance latest by April 30 of every year as under:

a) Trading -cum- Clearing Member – Rs. 75,000/-

b) Professional Clearing Member – Rs. 1,00,000/-

c) Institutional Trading –cum- Clearing Member – Rs. 1,00,000/-

d) ³[Trading Member – Rs.10,000/–]

However, the annual subscription for the existing TCM and ITCM will be Rs.50,000/- and Rs. 1,00,000/- for PCM for the year 2007-08 to be paid before April 30, 2007. Annual subscription paid after April 30, 2007 will be as per the new rates indicated as above.

Where a member fails to pay the Annual Subscription on or before due dates prescribed, the Exchange may at its discretion debit the settlement account of the respective members after the close of business hours of the respective due dates. In case of inadequacy/insufficiency of funds in the settlement accounts, interest @18% per annum on the balance payable till the time such default continues shall be charged.

8. **Transfer of Membership**

1. [Only full fledged Trading-cum-Clearing Members (Non-deposit based) can transfer their Membership who has paid the admission fees and security deposit in full to person(s)/entities as mentioned in Table at clause 1.4, subject to [prior approval of the Commission]⁴ meeting the conditions for transfer as mentioned in the schedule at Annexure XIX and settlement of all pending dues.] Besides, the transferor member is also required to pay a processing charges of Rs. 10,000/- (Ten Thousand Only) and transfer fee of [Rs.1,00,000/- (One Lac Only) or Rs. 50,000 (Rupees Fifty Thousand Only) whichever applicable]⁵. [The members are required to submit request for transfer of membership/ change in proprietor excluding cases of transfer within the Hindu Undivided Family (HUF) to the Exchange directly and

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⁴ Inserted as per Circular No.MCX/MEM/262/2007 dated 27/7/2007


the Exchange in turn will seek Commission’s prior approval. A transfer of membership becomes effective only upon approval thereof by the Exchange. Transfer of membership is allowed only in the case of full-fledged Trading-cum-Clearing-Members, and not in respect of any other class of member.

8.1.1 Only full-fledged

1.1 Only full-fledged Trading-cum-Clearing Members (Non-deposit based) can transfer their Membership who has paid the admission fees and security deposit in full.

1.2 Have completed 3 (three) years from the date of approval of their Membership.

1.3 Transfer of Membership shall be to persons / entities eligible under MCX Bye laws, Rules and Business Rules including Circulars and instructions issued by the Exchange from time to time.

1.4 The transfer can be done generally by a Member of the Exchange as specified in column 1 to the persons / entities mentioned in column 2, herein mentioned below:

<table>
<thead>
<tr>
<th>Constitution of Member</th>
<th>Persons / Entities to whom the Membership can be transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/HUF</td>
<td>Individual/ Partnership Firm/Body Corporate/ HUF/ Co-operative Society</td>
</tr>
<tr>
<td>Partnership Firm</td>
<td>Partnership Firm/ Body Corporate</td>
</tr>
<tr>
<td>Body Corporate</td>
<td>Body Corporate</td>
</tr>
</tbody>
</table>

a) Members intending to transfer their membership as above will have to submit the application form duly filled (Annexure 1) along with the following documents.

2.1 Agreement for transfer of membership on non-judicial stamp paper of appropriate value duly notarized (Annexure 2).

2.2 Undertaking by transferor on non-judicial stamp paper of appropriate value duly notarized (Annexure 3).

2.3 Undertaking by transferee on non-judicial stamp paper of appropriate value duly notarized (Annexure 4).

2.4 Board resolution for transfer of membership for Corporate only (Annexure 5 (a) & 5 (b)).

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2.5 Net worth certificate of the transferee as per the prescribed format of the Exchange duly certified by a Chartered Accountant (Annexure 6).

2.6 Shareholding-pattern/Sharing-pattern & details of Dominant Promoter Group (DPG) of the transferee for Corporate/Partnership Firm only (Annexure 7).

2.7 Copies of the Advertisements released in Newspapers by the Transferor inviting objections, if any, to the said transfer (Annexure 8).

3. Member shall pay the Exchange at the time of filing of the transfer application, the processing charge of Rs.10,000/- (Rupees Ten Thousand Only) and transfer fee of Rs.1,00,000/- (Rupees One Lac Only)(applicable for transfer of membership to another entity after lock in period),¹ / [Rs. 50,000 (Rupees Fifty Thousand Only)] (transfer of membership to a group /holding / subsidiary company or concern wherein existing DPG continues to hold more than 51% stake in the new entity)]² by demand draft / pay order in favour of “Multi Commodity Exchange of India Limited”.

4. The Transferee will pay security deposit, [as applicable including Base Minimum Capital]³ annual subscription and any other fees/charges as per the prevailing deposits / fees / charges applicable for new members. The Transferee will be required to maintain the net worth on a continuous basis as per the provisions of Bye laws, Rules, Business Rules including Circulars and instructions issued by the Exchange from time to time

5. Transfer request will be considered only on fulfillment of the conditions as specified in the Schedule enclosed.

¹ Amended vide Exchange Circular Ref No. MCX/MEM/151/2007 dated April 20, 2007. Prior to amendment Exchange Circular Ref No. MCX/150/2006 dated April 6, 2006, reads as under “transfer of membership to a company or concern belonging to one or more of the existing DPG constituents not resulting into change in dilution of DPG holding” / “transfer of membership to a company or concern belonging to one or more of the existing DPG constituents resulting into change in dilution of DPG holding below 51%” / “transfer of membership to another entity (other than subsidiary / holding / sister / associate company or concern belonging to one or more of the existing DPG constituents – after lock in period prescribed by Exchange)”

² Amended vide Exchange Circular Ref No. MCX/MEM/151/2007 dated April 20, 2007 read with Exchange Circular Ref No. MCX/150/2006 dated April 6, 2006. Prior to amendment Exchange Circular Ref No. MCX/150/2006 dated April 6, 2006, reads as under “transfer of membership to a company or concern belonging to one or more of the existing DPG constituents not resulting into change in dilution of DPG holding” / “transfer of membership to a company or concern belonging to one or more of the existing DPG constituents resulting into change in dilution of DPG holding below 51%” / “transfer of membership to another entity (other than subsidiary / holding / sister / associate company or concern belonging to one or more of the existing DPG constituents – after lock in period prescribed by Exchange)”

6. It may be noted that the Exchange reserves the right to reject / decline the transfer of membership without assigning any reason(s) whatsoever to the Member.

7. In case of any difference and / or dispute as to the interpretation, meaning or effect of the circular, the decision of the Exchange shall be final.]

8A. Transmission of Membership

1. Transmission of Membership will be allowed to Individual/Proprietary Firms, having Trading-cum-Clearing Membership/ Trading Membership of the Exchange subject to Bye Laws, Rules, and Business Rules of the Exchange

2. Membership of the Exchange will be transmitted in the name of legal heir (in whose name the interest in property, of the deceased, devolves by testamentary or intestate succession).

3. The legal heir, applying for transmission, will be required to submit following:-

(a) Processing charges of Rs.10,000/-
(b) Written request for transmission of membership
(c) Attested copy of the Death certificate
(d) In case of

- Intestate Succession
  
  (a) Succession Certificate / Legal Heir Certificate granted by Competent Authority.
  (b) No objection Certificate from other legal heirs (As per format given in Annexure-II)

- Testamentary Succession
  
  (a) Authentic copy of Will duly notarized by Notary Public U/s. 14 of Notaries Act.
  (b) Identification of the legatee of the Will.
  (c) Affidavit of attesting witness of the Will. (As per format given in Annexure-I)
  (d) No objection Certificate from other legal heirs. (As per format given in Annexure-II)
  (e) Undertaking of legal heir applying for transmission of membership on Non-judicial stamp paper of Rs. 300/- duly Notarized (As per format given in Annexure-III)

1 Clause 8A has been inserted as per Circular No. MCX/MEM/420/2007 dated 13/11/2007.
(f) Membership Application Form

(g) Net worth certificate in the prescribed format from the legal heir applying for transmission (As per format given in Annexure-IV) duly issued by practicing Chartered Accountant

4. The legal heir applying for transmission will pay security deposit [as applicable, including Base Minimum Capital]$^1$, annual subscription and any other fees/charges as per the prevailing deposits/fees/charges applicable for new members.

5. The legal heir applying for transmission will be required to maintain the net worth applicable to the deceased member at the time of admission on a continuous basis as per the provisions of Bye Laws, Rules, Business Rules including Circulars and instructions issued by the Exchange from time to time.

6. The legal heir applying for transmission shall be responsible to pay all the outstanding fees/charges/dues etc., interest payable thereon etc. of the Exchange/ FMC.

Request for transmission of membership will be considered only on fulfillment of above stated conditions and submission of documents as per the prescribed formats / requirements of the Exchange by the legal heir applying for transmission which can be granted to the applicant at the discretion of the Exchange

The Exchange reserves the right to reject / decline the transmission of membership without assigning any reason(s) whatsoever and the same shall be binding on the applicant/s.

8B. Nomination of Membership

a. An individual with sole proprietorship having membership with his own name / with trade name may make a nomination to his membership rights of MCX. The nominee has to be one of his Family members/ Legal heir(s) and shall in all case be eligible to become member of MCX. (Nominee must have complied all the relevant conditions / eligibility criteria of membership).

b. Nomination of any outsider [other than family member / legal heir(s)] will not be accepted unless and otherwise this is supported by a valid will, letter of probate and letter of Administration.

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c. The Nominator (Member of the Exchange) as well as Nominee, along with witness will have to sign the nomination form.

d. The nomination shall not be effective unless the nominating member of the Exchange, and in the case of a deceased member, his legal heirs or any of the family member in whose favor the nomination has been made shall have paid and satisfied all dues, fines, claims, charges, complaints against the main member.

e. If the nomination is such that it cannot be approved at the time of date of its implementation, Member will have to submit fresh nomination /successor of the member will have to nominate fresh among themselves.

f. If the member has appointed more than one nominee / or the successor to the member has appointed more than one nominee, then such all nominated persons will have to form a company/ partnership firm to effect nomination to new entity (if the member has revised/ changed the nomination the latest nomination received by the Exchange shall prevail).

g. Nomination shall become effective from the date of death of member or final approval of Relevant Authority whichever is later (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any) and in case of nomination made by successors the date of nomination shall be the date duly approved by the Relevant Authority (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any).

h. Nomination made by the member may be revoked by the Exchange / Relevant authority with prior written notice duly approved by Relevant Authority.

i. Exchange / Relevant Authority reserves right to reject the nomination request]

8C  Change in Designated Director

1. [Corporate members of the Exchange shall take prior approval from the Exchange and furnish necessary documents for any change in the Designated Directors.

2. Members shall have to pay Rs. 2500/- by the way of Demand Draft drawn in favour of Multi Commodity Exchange of India Limited, payable at Mumbai.]²
8D  'Change in Shareholding Pattern/ Change in Dominant Promoter Group’s Shareholding – Sharing Pattern

1. In case of corporate Member (other than subsidiary / joint venture of listed companies) or a partnership firm, the Member shall identify a Dominant Promoter Group (DPG). DPG shall consist only of individuals, not more than four in number who collectively shall hold at least 51% of the paid up equity capital of the Member company or the partnership firm, directly or indirectly.

2. Any change in the shareholding/sharing pattern of the company/partnership firm including that of the said DPG or their shareholding/sharing interest shall be effected only with the prior written permission of the Exchange.

3. Members are advised to note that any change as mentioned above is subject to fulfillment of membership eligibility criteria laid down by the Exchange as well as Relevant Authority from time to time.

4. The various charges and fees payable for change in name, shareholding etc. are as follows:

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>PROCESSING CHARGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where the change/increase does not result in dilution of DPG holding below 51%</td>
<td>Rs. 5000²</td>
</tr>
<tr>
<td>Where shareholding of its existing DPG constituents goes below 51%</td>
<td>Not allowed before lock in period of 3 years</td>
</tr>
<tr>
<td>Where the change results into change of DPG constituents but not resulting into change of shareholding/sharing pattern</td>
<td>Rs. 5000³</td>
</tr>
</tbody>
</table>

5. The charges/fees are payable upfront at the time of submission of requests by members by way of demand draft/bankers pay order or cheque payable at par in Mumbai in favour of ‘Multi Commodity Exchange of India Limited’.

² Amended vide Exchange Circular Ref. No. MCX/MEM/151/2007 dated April 20, 2007. Prior to amendment, the clause read as under:

“Where the change does not result in dilution of DPG holding below 51%, Processing Fee Rs. 5000, Fee Rs. 25,000” vide Exchange Circular Ref. No.: MCX/150/2006 dated April 6, 2006.

³ Amended vide Exchange Circular Ref. No. MCX/MEM/151/2007 dated April 20, 2007. Prior to amendment, the clause read as under:

“Where the change results into change of DPG constituents but not resulting into change of shareholding/sharing pattern, Processing Fee Rs. 5000, Fee Rs. 50,000” vide Exchange Circular Ref. No.: MCX/150/2006 dated April 6, 2006.
6. The Exchange reserves the right to decline any request from member, without assigning any reason whatsoever. In case of difference/dispute arising as to the interpretation, meanings or effect of the revised guidelines, the decision of the Exchange shall be final and binding on the members.\textsuperscript{1}

7. [No prior approval for change in shareholding (for corporates) /sharing pattern (partnership firms) will be required if such change:
   a. does not alter the shareholding/share of Dominant Promoter Group (DPG) constituents in percentage terms,
   b. does not lead to addition or deletion of a Dominant Promoter Group (DPG) constituent and
   c. does not result in change of management/ control.
   d. Also, no charges shall be payable to the exchange in such cases.

   However, the members are required to furnish all the documents in such cases as per prescribed formats and file the same with the exchange within 21 days of carrying out the change of shareholding/share in such cases.\textsuperscript{2}

8. [The Members of the Exchange are required to forward the application along with all the requisite documents to the Exchange in case of change in shareholding pattern / sharing pattern leading to “change in control” of the Company / Firm in order to enable the Exchange to obtain prior approval from the Commission.\textsuperscript{3}]

\textbf{8E Conversion of Membership/ Change In Constitution of Member}

1. {Where a Corporate / Partnership entity has been formed by converting the Individual / HUF Membership of the Exchange and erstwhile Individual / HUF will continue to hold a minimum of 51% stake in the new entity for a period of at least 3 years.

2. Where a Corporate entity has been formed by converting the Partnership Firm Membership of the Exchange and the dominant promoter group of the erstwhile Partnership Firm will continue to hold a minimum of 51% stake in the new entity for a period of at least 3 years.

3. The processing charge for conversion of membership is Rs. 10,000/- plus applicable Service Tax.\textsuperscript{4}}

4. [The Members of the Exchange are required to forward the application along with all the requisite documents for change of constitution of member to the Exchange in order to enable the Exchange to obtain prior approval from the Commission.]  

8F Change of Name

1. {The Members of the Exchange are required to forward the application along with all the requisite documents for change of name to the Exchange in order to enable the Exchange to obtain prior approval from the Commission. On receipt of approval from the Commission, the Exchange would intimate the members to effect the name change in their bank accounts and other related documents.}  

2. [The name of the new entity should not have the following words in the trade name:

a. Comex / Comdex / Exchange]  

9. Surrender of membership

a. [A Member of the Exchange desirous of surrendering the membership shall before making an application for surrender of membership comply with the following:

i. Intimate all his clients/constituents regarding surrender of membership at least 21 days prior to date of application of surrender of membership of the Exchange.

ii. Ensure that his open positions as on the date of the application are nil.

iii. Ensure that there are no pending dues towards the Exchange, clients and Forward Markets Commission.

iv. There are no pending disciplinary proceedings against him from the Exchange or Forward Markets Commission.

v. There are no investor complaints/ arbitrations pending against the member.

vi. The member has to make an application for surrender of membership in the prescribed format of the Exchange along with necessary documents. The application for surrender includes a request for deactivation also.

vii. The exchange shall process the request for deactivation keeping in view pending dues, disciplinary action, etc. De-activation, if approved, will be intimated to the member by the Exchange.

viii. On receipt of intimation of de-activation from the Exchange, the member shall publish an advertisement in prescribed format in a regional and in a national daily newspaper and forward the original copies of the advertisements to the exchange. The member shall also forward a request for surrender of leased line and VSAT, if any, and an application for cancellation of User IDs.

ix. On completion of 3 months from the date of publication of the advertisement, the Exchange shall process the application for surrender of membership subject to clearance of all pending dues/disciplinary proceedings etc. and investor complaints received by the exchange, if any.]
i. Intimate all his clients/constituents/Authorized Person(s) regarding surrender of membership at least 21 days prior to date of application of surrender of membership of the Exchange.

ii. Ensure that his open positions as on the date of the application are nil.

iii. Surrender existing connectivity like VSATs, leased lines, etc. and User IDs availed by the Member.

iv. Ensure that there are no pending dues towards the Exchange, clients and Forward Markets Commission.

v. There are no investor complaints/arbitrations pending against the Member.

vi. There are no pending disciplinary proceedings against him from the Exchange or Forward Markets Commission.

b. The Member has to make an application for surrender of membership to the Exchange along with necessary documents, the description and format of which is available on the Exchange Website.

c. Upon receipt of the application, the Exchange will deactivate the membership and advertise the same (at the cost of the Member), for the Member who has executed trades on the Exchange platform, for public information and clients’ complaints, if any, within one month from the

d. [The Exchange will seek prior approval from the Commission before approving the request for surrender. On prior approval of the surrender request by the Commission, the exchange will intimate the same to the member.]

e. [The Deposit(s) lying with the Exchange will be refunded to the Member, in the following manner:

   (i) who did not activate trading at all and those Members who activated their trading account but never traded, refund after 6 (six) months from the date of issue of advertisement by the Member/Exchange with respect to surrender of membership; or

   (ii) who have activated trading, refund after 3 (three) years from the date of issue of advertisement by the Member/Exchange with respect to surrender of membership.

   subject to approval of surrender of membership from the Exchange, Forward Markets Commission (FMC) and fulfillment of all dues/complaints under the Bye-Laws, Rules and Business Rules of the Exchange, Forward Markets Commission and circulars issued thereunder.

   However, the said Deposit(s) may be retained beyond stipulated period, if there any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action etc. against the Member which comes to the notice of the Exchange, before the stipulated period of release of the Deposit.]

f. Admission fee is not refundable, but margin deposits are refundable subject to settlement of all pending dues, outstanding contracts and charges, VSAT expenses, fees, etc.

i. [Member, who has surrendered his membership, has an option to provide non-cash collaterals such as Fixed Deposit Receipts, Bank Guarantee to the Exchange for a period of 3 (three) years in place of their existing Deposit(s) lying with the Exchange in order to enable the Exchange to meet his/her liability on account of arising of the said Member’s trade. Further, Members shall ensure to replace/renew such Deposit(s) suitably till the release of the same by the Exchange.]

j. The member shall be required to pay annual subscription and other charges, till surrender of membership is approved by the Exchange.

k. The application for surrender of membership once filed is irrevocable and irreversible.]
date of receipt of such application. Advertisements will be published in at least one national-level newspaper and one local newspaper which is widely circulated in the locality in which the Member concerned is located. In case where Member has not executed any trade on the Exchange platform, no advertisement will be issued.

d. The Exchange will provide 60 days for receiving complaints against the Member after the date of publication of the advertisement. On receipt of complaints (if any), the Exchange will redress complaints within 60 days from receipt of the same.

e. After satisfactory redressal of all the Investor Grievance Complaints / Arbitration (if any) against the Member and subject to clearance of all pending dues / disciplinary proceedings, etc. and if the Exchange considers the case eligible for surrender, the Exchange will intimate the FMC of the same within 15 days.

f. The Exchange may refund the deposit(s) of the Member like Base Minimum Capital, Security Deposits and others lying with the Exchange within three months from the date of intimation to the FMC subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, Forward Markets Commission and circulars issued there under. However, the said deposit(s) may be retained beyond the stipulated period, if there are any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action, etc., against the Member which comes to notice of the Exchange, before the stipulated date of release of deposit(s). Admission fee once paid is not refundable.

g. The Member shall be required to replace/renew the maturing non-cash component of the deposit suitably till the release of the same by the Exchange.

h. Members may note that if any User ID / connectivity including handover of equipments etc. / other facility is not surrendered or cancelled or handover by the Member, all relevant charges will continue to be applicable and payable by the Member till such time.

i. The application for surrender of membership once filed is irrevocable.

In case of any difference and/ or dispute as to the interpretation, meaning or effect of the circular, the decision of the Exchange shall be binding and final.

10. Insurance

The members shall be required to obtain insurance cover at their own cost, as per directions issued by the Exchange so as to protect themselves from risks and hazards relating to their business operations at the Exchange.
10A. Authorised Persons

Members desirous of dealing through authorized person(s) are required to seek approval of the Exchange by submitting an application in the prescribed format, duly completed in all respects to the Membership Department of the Exchange as per the regulatory framework of the Forward Markets Commission and also the Circulars issued by the Exchange from time to time.

i. “Authorized Person” means and includes any person whether being an individual (including proprietors), a partnership firm as defined under the Indian Partnership Act, 1942, a Limited Liability Partnership (LLP) or body corporate as defined under the Companies Act, 1956 or a Co-operative Society as defined under the Co-operative Societies Act, 1912/ Multi State Co-operative Societies Act, 2002/ any other respective State/UT Co-operative Society Act (including federations of such co-operative societies), who is appointed as such by a member of the Exchange and upon such approval by the Exchange for providing access to the trading platform of the exchange as an agent of the member.”

ii. Appointment of Authorised Person

(a) Members of the Exchange may appoint one or more Authorized Persons after obtaining specific prior approval from the Exchange.

(b) The approval as well as the appointment shall be specific for each such Authorized person.

iii. Procedure for Appointment

a) Member of the Exchange may apply to the Exchange in such format as may be notified by the Exchange from time to time for appointment as “Authorized Person”.

b) On receipt of the application for approval of the appointment of an Authorized Person from the Member, the Exchange may:-

i. accord approval on satisfying that the person is eligible for appointment as Authorized Person, or

ii. refuse approval on satisfying 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 discretion, considers such refusal or withdrawal to be in the interest of the market.

d) [All applications for Authorized Persons registration received by the Exchange on or after July 1, 2012 must be accompanied with a processing fees of Rs. 1000/- (plus applicable Service Tax) per application and the same would not be refunded in case of withdrawal of applications by the Member at any stage.]¹

iv. Eligibility Criteria

a) Individuals

An individual is eligible to be appointed as “Authorized Person” if he:

i. is a citizen of India;
ii. is not less than 18 years of age;
iii. has not been convicted of any offence involving fraud or dishonesty;
iv. 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;
v. has a good reputation and character;
vi. has passed at least 10th standard or equivalent examination from an institution recognized by the Central Government/State Government;
vii. possesses such certification that may be prescribed by the Exchanges, as approved 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;

i. if all the partners or directors, as the case may be, comply with the requirements contained in clause 18.6.1(i) above

ii. the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to deal in commodities derivatives contracts.

c) **A co-operative Society shall be eligible to be appointed as an “Authorized Person”**

i. if all the Members/ Directors by whatever name called, of the Managing Committee/Governing Body comply with the requirements contained in clause 18.6.1 above. However, in respect of clause at 18.6.1 (f) above, the Exchange may at its own discretion relax the criteria of educational qualifications.

ii. 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.

d) **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.

v. **Conditions of Appointment**

a) On being appointed as an “Authorized Person” of a Member of the Exchange, such person or entity shall not, during continuation of being an Authorized Person of such Member, qualify for becoming Authorized Person of any other Member of the 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 of the Managing Committee/Governing 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 the Exchange in which its 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 of the concerned Member of the Exchange of whom he is appointed as the Authorized Person.

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 Authorised Person shall be deemed to be those of the Member of the Exchange.

f) The Member and the “Authorized Person” shall enter into written agreement(s) in the form(s) specified by the Exchange from time to time. The agreement shall, inter alia, cover scope of the activities, responsibilities, confidentiality of information, conditions for appointment as “Authorized Persons” as prescribed in these regulations, particulars of remuneration (whether by way of salary, commission, allowance or otherwise), termination clause, etc

g) The permission granted by the Exchange for 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 in any manner whatsoever to waive, reduce or affect the liability and responsibility of the Member in such matter.

vi. Withdrawal of Approval

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

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

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

c) on becoming ineligible under clause iii of these regulations at a subsequent date.

d) Upon the directions of the Commission.
e) [All applications for cancellation of registered Authorized Persons received by the Exchange on or after July 1, 2012 must be accompanied with processing fees of Rs. 500/- (plus applicable Service Tax) per application and the same would not be refunded in case of withdrawal of applications by the Member at any stage.]

vii. Obligations of the members of the Exchange

a) The Member shall enter into agreement prescribed by the Exchange with each of such Authorized persons after receipt of communication of acceptance of such Authorized Person 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 vii (a) 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 there from.

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 Member shall notify changes, if any, in the Authorized Person to all registered clients of that branch at least 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 Authorised Person to ensure that they comply with the Rules, Bye Laws and Regulation 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 client shall be transferred/ deposited/credited into any account of an Authorised Person.

j) All documents like contract notes, statement of 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 documents 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 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 as prescribed by the Exchange or the Commission, as the case may be, including Member and Constituent 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 clause (l) and (m) above should be available with the Member for Audit and inspection as and when required by the Exchange or the Commission.

viii. Obligations of the Exchange

a) The Exchange shall maintain a database of all the Authorized Persons, which shall include the following:

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

ii. Details of the Member with whom the Authorized Person is registered.

iii. Locations of the branch assigned to the Authorised Person.
iv. Number of terminals and their details, given to each Authorised Person.

v. Withdrawal of approval of an Authorized Person.

vi. Change in the status or constitution of Authorized Person

vii. Disciplinary action taken by the Exchange against any Member for violations of the Forward Contracts (Regulation) Act, 1952, Bye-laws, Rules, Regulation and directions of the Commission or the Exchange, as the case may be, by the Authorized person.

All the above details, except (i) above, shall be made available on the website of the Exchange.

b) While conducting the inspection of the Member, the Exchange shall also conduct inspection of the branches where the terminals of Authorized Persons are located and records of the operations carried out by them.

c) Any dispute between a client and an Authorized Person shall be treated as a dispute between the client and the Member and the same shall be redressed by the Exchange accordingly.

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

10B. Anti Money Laundering and Know Your Customer (KYC) Norms

[Members/Intermediaries to follow and adopt the Prevention of Money Laundering Act 2002 and Prevention of Money laundering (Maintenance of records of the nature and value of transaction, the procedure and manner of maintaining and time for furnishing information and verification and maintenance of the identity of clients of the Banking companies, Financial Institutions and Intermediaries) Rules, 2005 and all other rules, regulations, notifications issued by the GOI from time to time. The following framework as advised by Forward Markets Commission may be followed:

i. The Members/Intermediaries in the Commodity Derivative Market (CDM) shall have adequate controls and procedures in place so that they know the customers with whom they are dealing. Adequate and due diligence on new and existing customers is a key part of these controls. The standards

1 Inserted as per Exchange Circular No.MCX/COMP/488/2009 dated 27/11/2009 pursuant to the directions issued by the FMC vide its letter no. 7/1/2008-MKT-II dated October 30, 2009
adopted should be such that they adhere in letter and spirit to the requirements as listed out in detail by the Prevention of Money Laundering Act, 2002 (PMLA).

ii. Appointment of Principal Officer:

The Members/Intermediaries shall designate a senior management officer as Principal Officer. The Principal Officer shall be located at the head/corporate office and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The Principal Officer will maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism. The name, designation and addresses (including e-mail addresses) of the ‘Principal Officer’ may be intimated to the Office of the Director-FIU, 6th Floor, Hotel Samrat, Chanakyapuri, New Delhi – 110021, India on an immediate basis.

iii. The Customer Due Diligence would include the following aspects:

(A) Customer acceptance policy: The Members/Intermediaries should develop clear customer acceptance policies and procedures, including a description of the types of customers that are likely to pose a higher than normal risk to them. In preparing such policies factors such as customers’ background, origin, public position, related accounts, business activities or other risk indicators should be considered. The Members/Intermediaries should develop graduated customer acceptance policies and procedures that require more extensive due diligence for higher risk customers. For example, the policies may require the fundamental account-opening requirements for a working individual with a small CDM transaction. It is, however, important that the customer acceptance policy is not so restrictive that it results in a denial of access to the market participants, especially the targeted beneficiaries like farmers. On the other hand, quite extensive due diligence would be essential for an individual with a high net worth whose source of funds is unclear. Decisions to enter into business relationships with high risk customers, such as politically exposed persons, should be taken exclusively at senior management level.

(B) Customer Identification: Customer identification is an essential element of KYC standards. A customer would include the person or entity that maintains an account with the member/intermediary or those on whose behalf an account is maintained (i.e., beneficial
owners). The Member/Intermediary should undertake the following processes for proper identification of customers:

i) Identifying the customer and verifying that customer’s identity using reliable, independent source documents;

ii) Identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the Member/Intermediary is satisfied that it knows who the beneficial owner is;

iii) In case of high value of transactions, obtaining information on the purpose and intended nature of the business relationship;

iv) Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the Members/Intermediaries knowledge of the customer, their business profile and risk profile, including, where necessary, the source of funds.

Indicative list of documents that may be obtained from the customers is enclosed at Annexure I.

(a) It is felt that in some specific cases, the more rigorous identification procedures should be put in place. The following list is indicative, and the member/intermediary can have advanced process for the customer which it feels has high risk profile. Such high risk customers would include the following, but may not be restricted to depending on other customers having high risks associated to them:

- Companies having close family shareholdings or beneficial ownership
- Non-face-to-face clients
- Non resident clients
- High Networth clients,
- Trusts, Charities, NGOs and organizations receiving donations
- Politically exposed persons (PEP) of foreign origin
- Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries which are perceived to be sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent)
- Clients with dubious reputation as per public information available.
(b) The above mentioned list is only illustrative and the Member/Intermediary should exercise independent judgment to ascertain whether new clients should be classified for more rigorous identification.

(C) Monitoring of Transactions

i. The Member/Intermediary should put in place a mechanism to monitor the transactions being conducted through it, for ensuring effectiveness of the Anti Money Laundering procedures. For this, the Member/Intermediary should keep a tab on the transaction profile of the clients. This would help them in identifying the abnormal trade profile of the suspected clients.

ii. The Member/Intermediary should pay attention to all complex, unusually large transactions / patterns which appear to have no financial or commercial justification. Very high account turnover, inconsistent with the size of the balance, may indicate that funds are being “routed / washed” through the account. Examples of suspicious activities can be very helpful to the member/intermediary and should be included as part of a jurisdiction’s anti-money laundering procedures and/or guidance. The Member/Intermediary may also implement internal reporting mechanism and have threshold limits for each class of customers and pay special attention to the transaction which exceeds these limits.

iii. The Member/Intermediary should ensure that a record of transactions is preserved and maintained for a period of ten years and that any transaction of suspicious nature is reported to the appropriate regulatory / other authority.

(D) Tracking and Reporting Suspicious Transactions

i. It is emphasized that considering the sensitivity of the issue, the Suspicious transaction reporting should be taken up with utmost care and seriousness. The Members/Intermediaries should ensure to take appropriate steps to enable suspicious transactions be recorded. They should have appropriate internal procedures for reporting of suspicious transactions. Indicative list of circumstances/ profile of the customer is indicated below to serve as a guidance to the Member/Intermediary for recognizing them:
a) Clients whose verification is complex and not confirmed from other sources;
b) Substantial increases in turnover without any reason;
c) i. Large cash deposits made with the member/intermediary;
    ii. The suspicious transaction should be immediately notified to the Principal Officer or any other designated officer within the member/intermediary.

The compliance cell of the member/intermediary should randomly examine a selection of transactions undertaken by clients to comment on their nature, i.e., whether they are suspicious transactions.

iv. Reporting of Transaction to Financial Intelligence Unit-India

In terms of the PMLA rules, Members/Intermediaries are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND)

a. Cash Transaction Reports: The Prevention of Money-laundering Act, 2002, and rule thereunder require every member/intermediary to furnish to FIU-IND information relating to
   • All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
   • All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;

The cash transaction report (CTR) (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month as per the format at Appendix 1 (Refer Exchange Circular No.488/2009 dated 27/11/2009 for format).

Members may refer to our Circular No. MCX/COMP/401/2009 dated October 1, 2009 with respect to dealings in cash.

b. Suspicious Transaction Reports: Every Member/Intermediary shall furnish to FIU-IND information of all suspicious transactions whether or not made in cash. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith –
   • gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
   • appears to be made in circumstances of unusual or unjustified complexity; or

34
appears to have no economic rationale or bonafide purpose; or
• gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

The Suspicious Transaction Report (STR) should be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature as per Appendix II (Refer Exchange Circular No.488/2009 dated 27/11/2009 for format). The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.

Members/Intermediaries should carefully go through all the reporting requirements and formats given in the website of Financial Intelligence Unit, India – http://fiuindia.gov.in/

The related hardware and technical requirement for preparing reports in manual/electronic format, the related data files and data structures thereof are also given in the website. Members/Intermediaries, which are not in a position to immediately file electronic reports, may file manual reports to FIU-IND as per the formats prescribed.

The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND. Utmost confidentiality should be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.

The Principal Officer and other designated staff may visit the website of FIU http://fiuindia.gov.in/ for detailed guidelines and updates regarding the PMLA, 2002 and notifications issued from time to time.

v. Registration on FIN net gateway

a. The Members of the Exchange are required to register on the FINnet gateway and inform the compliance to the Exchange.¹

b. Members are required to appoint a Principle Officer and inform the name of such Principal Officer to “The Office of the Director-Financial Intelligence Unit, Ministry of Finance (FIU)” and mark a copy of the letter to the Membership Department.²

¹ Inserted vide Exchange circular no. MCX/COMP/102/2014 dated March 26, 2014.
CHAPTER II
MARKET OPERATIONS

11. Deposit

a) Initial Security Deposit: The members of the Exchange are required to pay interest free security deposit as prescribed by the Exchange at the time of admission, which will be used as initial margin for giving exposure to the members linked to the percentage of the margin applicable for each commodity. This is payable only by way of demand draft drawn in favour of ‘Multi Commodity Exchange of India Limited’ payable at Mumbai.

b) Additional Deposit: To increase the exposure limits for trading, the members may remit additional security deposit in the following forms:

1. Cash
2. Cash Equivalent:
   a. Bank Guarantee (BG) with approved bank
   b. Fixed Deposit Receipt (FDR) with approved bank
3. Approved securities as defined under section 2(h) of SC(R) Act, 1956 in demat form with the approved custodian(s) of the Exchange.
4. Warehouse receipt(s) of approved commodities issued by designated warehouse/vault.

Additional security deposit can be submitted with the Exchange in the following manner:

(A) Additional security deposit in the form of cash and cash equivalent (BG and/or FD):

i. The ratio of Cash and Cash Equivalent should be maintained at 25:75

   • This means that Cash should be maintained at 25% of the total of Cash and Cash Equivalent (i.e. Cash + BG + FD) and
   • Balance 75% can be in the form of Cash and/or BG and/or FD.

ii. Members maintaining Cash Margin Deposits of Rs. 50 lakh and above, may apply to the Exchange to be exempted from

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2 Amended vide Exchange Circular Ref. No. MCX/C&S/187/2007 dated 17/05/2007; prior to Amendment the said clause read as under:
   “If the member is maintaining Cash of Rs. 50.00 lakh and above, then he can give BG and/or FD of any amount without any upper limit.”
the requirement of having to maintain deposits in the specified ratio and can give BG and/or FDR of any amount without any upper limit.

The format of the undertaking is available as Annexure – XXXIII.

(B) Additional security deposit in the form of approved Securities (Equity shares/ Units of Mutual fund schemes):

i. The custodian will do the valuation for the approved Securities thus pledged with the Exchange after applying the hair cut. Such valuation will be considered for additional security deposit with following conditions,

➤ Valuation will be accepted with the upper limits as specified in Rule 12(d) below or as specified by the Exchange from time to time

ii. Exchange will accept incremental securities files from the approved Custodian/s to facilitate the members on best efforts basis, the time intervals for which have been fixed as under:

<table>
<thead>
<tr>
<th>File No.</th>
<th>File Run by the Custodian</th>
<th>Timelines for grant of limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8:30 a.m.</td>
<td>Before 10:00 a.m. (before commencement of market)</td>
</tr>
<tr>
<td>2</td>
<td>1:30 p.m.</td>
<td>After 2:00 p.m.</td>
</tr>
<tr>
<td>3</td>
<td>5:00 p.m.</td>
<td>After 5:30 p.m.</td>
</tr>
</tbody>
</table>

(C) Additional security deposit in the form of Warehouse receipt (WR) of approved Commodities from the Exchange designated warehouse / vault along with valid quality certificate:

i. The Exchange will do the valuation for the warehouse receipts of approved commodities thus pledged with the Exchange after applying the hair cut. Such valuation will be considered for additional security deposit with following conditions,

➤ Valuation will be accepted with the upper limits as specified in Rule 12(e) below or as specified by the Exchange from time to time.

Maximum valuation of the said approved securities (equity shares) and/or warehouse receipts (collectively, i.e. B+C), allowed for consideration would be equivalent to the deposits maintained with

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1 Amended vide Exchange Circular Ref. No. MCX/C&S/104/2013 dated March 15, 2013 w.e.f December 05, 2012
2 ibid
the Exchange in the form of Cash and considerable Cash equivalent, as mentioned in point A above. It implies that if the member gives the shares worth of Rs. 100.00 lakh and warehouse receipts worth Rs. 50.00 lakh then he should have maintained equivalent amount (i.e. Rs. 150.00 lakh and above) in the form of Cash plus considerable BG/FD with the Exchange. In case the valuation of cash and considerable cash equivalents is not sufficient to accept the considerable valuation of the equity shares and warehouse receipts put together then the valuation of equity shares will be considered first, and the balance valuation acceptable will be considered for the warehouse receipts thus pledged.

The security deposit paid by the member is interest-free refundable deposit. Security deposit, whether initial deposit, additional deposit and margin, paid by the members constitute part of the Settlement Guarantee Fund. In case of surrender or transfer of membership right, the initial security deposit and / or additional security deposit is refundable subject to settlement of all pending dues, claims and charges. Initial Security deposit is subject to lock in period of 3 years.]

12. Additional Deposit

(a) **Forms of additional deposit:** The additional deposit / margin can be paid either in the form of demand draft or money transfer through the clearing bank or in the form of bank guarantee or fixed deposits, subject to conditions specified below. In case a member intends to get his additional security deposit released to him during its tenure or on its maturity, he shall send a request to the Exchange through MCX eXchange or on the letterhead duly signed by the authorized signatory. Any request for withdrawal of the additional security deposit will be considered by the Exchange subject to clearance of Exchange dues.

(b) **Bank Guarantee:** The Exchange will accept bank guarantees strictly as per the format prescribed by it as per Annexure-IVa issued by the banks as decided by the Exchange; list of banks are given in Annexure-V. Bank Guarantee for security deposit should be issued for a minimum period of 12 months and for additional margin for a minimum period of 3 months, with a specific claim period of minimum 30 days. If an issuing bank does not provide for a specific claim period beyond the expiry date, the maturity period of such Bank Guarantee shall be reduced by 30 days before the expiry date of Bank Guarantee, which shall be deemed as a claim period. The bank guarantee must be issued by the bank on behalf of the member himself. A third party bank

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1 Amended vide Exchange Circular Ref. No. MCX/Tech/047/2010 dated 20/02/2010
2 Revised as per Exchange circular no. MCX/C&S/313/2008 dated 01/10/2008
3 Amended vide Exchange Circular Ref No. MCX/C&S/196/2009 dated May 14,2009
Business Rules

guarantee instrument issued on behalf of some person other than the member himself will not be acceptable.
In Case where the Bank has executed a Master Bank Guarantee Agreement with the Exchange. The format of Fresh Bank Guarantee (BG) under the Master agreement will be accepted as per Annexure – IV(b) \(^1\)

A member will be required to renew the bank guarantee submitted by him prior to its expiry. In case of renewal of bank guarantees with a specific claim period, the Members shall furnish the renewal document strictly in the prescribed format at least 7 working days before the date of expiry of the bank guarantee. The format for such renewal is given at Annexure-VI.

The Members may also opt to give a fresh bank guarantee in favour of Multi Commodity Exchange of India Limited instead of renewing the expired bank guarantees. A bank guarantee deposited by a member, which has expired, shall be excluded for the purpose of computing the benefit provided to such member towards exposure. The processing of bank guarantee instruments, its validation and upload in to the system will take at least 3 working days.

While submitting the Bank Guarantee, members shall ensure that the bank guarantee instrument strictly confirms to the format specified by the Exchange and that:

i. Bank Guarantee has to be on Non-Judicial stamp paper of minimum Rs.300/- or the value prevailing in the State where executed, whichever is higher.

ii. No relevant portion is left blank,

iii. All the blanks in the format are required to be duly filled/ cancelled, wherever necessary, by the issuing bank along with their stamp and signature against each blank, if filled separately

iv. All handwritten corrections and blanks are attested by the bank by affixing the bank seal/stamp along with the signature of at least one authorized signatory.

v. All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal/stamp along with the signature of at least one authorised signatory.

vi. Each page of the bank guarantee should bear the bank guarantee number [and date/s as mentioned in the format] \(^2\) and should be

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\(^1\) Inserted as per Exchange Circular Ref. No. MCX/C&S/196/2009 dated May 14, 2009 (HDFC Bank)


\(^2\) Amended vide Exchange Circular Ref No. MCX/C&S/196/2009 dated May 14,2009
Business Rules

- signed (with bank’s seal/stamp) by at least two authorised signatories of the bank.
- Expiry date and Claim period should be mentioned in Bank Guarantee
- It is free from any discrepancy.

In case the bank guarantee does not strictly conform to the above-mentioned conditions, the same shall not be accepted by the Exchange.

(c) **Fixed Deposit Receipts:** Members may submit fixed deposit receipt (FDR) issued by the approved banks for the purpose of Additional deposit. The FDR should be issued in the favour of ‘MCX - A/c MEMBER NAME’ (e.g. MCX A/c-ABC Ltd) by any of the approved bank(s) as per Annexure-V.

The Member shall submit the fixed deposit certificate along with a letter issued by the member himself as per Annexure-VII. All such fixed deposits shall be under lien of the Exchange and the bank must confirm that such lien has been recorded and that the Exchange has first charge on such fixed deposit receipts by issuing a letter along with the fixed deposit receipt as per Annexure-VIII. The processing of fixed deposit instruments, its validation and upload in the system will take at least 3 (three) working days and therefore, the members should be entitled to get additional exposure limit at least after 3 (three) working days from receipt thereof by the Exchange.

1. Exchange prescribed formats for Submitting FDR:
   - A. For Member Lien Letter – Annexure VII
   - B. For Bank Lien Letter – Annexure VIII
     - a. Fresh FDR – Annexure “VIIIA”
     - b. Renewal FDR (with old FDR no.) – Annexure “VIIIB”
     - c. Renewal FDR (with new FDR no.) – Annexure “VIIIC”

2. It should be in the name of “MCX A/c Member Name” (e.g. MCX A/c – ABC Ltd.)

3. FDR should be accompanied with the Bank Lien Letter and Member Lien letter which should strictly comply with the Annexure C & Annexure D respectively and FDR no. to be mentioned on both these letters.

4. Endorsement by the member – On the reverse of FDR stamp affixed and signed.

5. Endorsement by the Banks - Any correction / Hand written instructions on the FDR.

6. The minimum value of FDR that may be accepted shall be Rs.50,000 and multiples thereof. The FDR should be issued for minimum

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*Revised as per Exchange circular no. MCX/C&S/313/2008 dated 01/10/2008*
period of 3 months in case of additional margin deposit and for a minimum period of 36 months in case of security deposit (Initial Margin)

7. In case of renewal of FDR, the member shall furnish the renewal letter from the respective issuing bank.

8. [The margin benefit for the Fixed Deposit Receipts so placed by the Members with the Exchange shall be granted up to the date of maturity of the fixed deposit receipt.

At the end of the business day of maturity day of Fixed Deposit, the margin benefit shall stand withdrawn and the members limit will be reduced to the extent of matured Fixed Deposit Receipt. Members can either opt for the renewal of the instrument or submit a request to the Exchange for the release of the matured instrument & cancellation of lien marked in favor of the Exchange.]

To facilitate prompt service to the Members, they are allowed to submit their Bank guarantee (BG) / Fixed Deposit Receipts (FDR) instruments in the prescribed format to the regional offices of MCX.

(d) [Securities: Members can submit securities approved by the Exchange in demat form with the approved custodian(s) for the purpose of additional deposit. The scheme for depositing approved securities (equity shares in electronic form), is as under:

a) Equity shares as collateral/units of approved mutual fund schemes]

i. Members can deposit equity shares of approved companies and units of approved mutual fund schemes in electronic form ('Demat Securities') in the designated depository accounts maintained by the Custodian(s) approved/appointed by the Exchange in this regard. These securities shall be pledged in favour of Multi Commodity Exchange of India Limited (the Exchange).

ii. The securities shall be subject to a minimum margin / hair cut as specified by the Exchange from time to time. The custodian does the valuation of the said shares pledged after applying the hair cut specified.

iii. The Exchange may issue / revise the list of approved securities and the margin / hair cut requirements from time to time.

1 Inserted vide Exchange Circular Ref. No. MCX/C&S/073/2010 dated March 11, 2010 w.e.f. 01/04/2010
3 Inserted vide Circular No. MCX/C&S/104/2013 dated 15/03/2013 w.e.f.25/03/2013

* dihd
iv. The securities will be accepted from a member with the following upper limits or such amount as may be decided from time to time:¹

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>Applicable Haircut %</th>
<th>Maximum Limit (Net of Hair-Cut)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shares of one Company (single ISIN) – Annexure I</td>
<td></td>
<td>Rs. 500 Lacs</td>
</tr>
<tr>
<td>2</td>
<td>Shares of one Company (single ISIN) – Annexure II</td>
<td>As applied by stock exchange</td>
<td>Rs. 500 Lacs</td>
</tr>
<tr>
<td>3</td>
<td>Shares of one Company (single ISIN) – Annexure III</td>
<td></td>
<td>Rs. 200 Lacs</td>
</tr>
<tr>
<td>4</td>
<td>Units of Mutual Fund Schemes (Single ISIN) – Annexure IV</td>
<td>20%</td>
<td>Rs. 100 Lacs</td>
</tr>
<tr>
<td><strong>Total of Shares and Mutual Funds (all ISINs)</strong></td>
<td></td>
<td></td>
<td>Rs. 2500 Lacs</td>
</tr>
</tbody>
</table>

v. In case of discontinuation of a security from the list of approved securities, the members should replace such securities within a period of 2 (two) working days or within such time as may be specified by the Exchange after which the valuation of such securities will be reduced from the additional security deposit.

b) Ownership of Securities

i. The securities that may be deposited shall be subject to the beneficial ownership of the Member, any of the partners of the Member or any of the directors of the Member, in case of individual, partnership or corporate Members respectively as the sole/first joint holder provided no depositor of securities shall be a minor as on the date of deposit thereof.

¹ Amended vide Exchange Circular Ref. no. MCX/C&S/318/2015 dated 09/11/2015 w.e.f. 16/11/2015., prior to amendment the clause read as under:

“The securities will be accepted from a member with the following upper limits or such amount as may be decided from time to time:

a. Shares of single ISIN (one company) from List - A to Annexure - XIII - upper limit (Net of hair-cut) Rs. 500 lakh

b. Shares of single ISIN (one company) from List - B to Annexure - XIII – upper limit (Net of hair-cut) Rs. 200 lacs

c. Shares of all the ISINs (collectively) - upper limit of Rs. 2500 lacs”

ii. In case of reconstitution/restructuring or any such change in the partners/directors of the Member, as applicable, a Member shall be required to replace the securities belonging to such outgoing partners or directors held in their name solely or jointly, as the case may be, immediately and no benefit shall be given by the Exchange for such securities towards Additional Margin Deposits or such similar requirements.

c) **Securities not acceptable:** The following securities shall not be accepted for the purpose of security deposit:
   
i. Securities not as per the approved list;
   
ii. Partly paid up securities;
   
iii. Securities subject to any lock in period, buy back scheme, any charge or lien, encumbrance of any kind or whose title is questioned before a Court or any regulatory body or such other limitations.

d) **Opening of accounts:**

i. Members are required to open a separate demat account with the Exchange approved custodian(s) for depositing securities.

ii. For this purpose, Members, who are individuals, may open an account in their name if securities offered are held in their names. Members who are a partnership firm may open an account in their partners' names if shares are held in the names of the partners as the case may be, and Members who are corporate body may open an account in the corporate name or in the name of their designated directors as the case may be depending upon the beneficiary of shares. However, these accounts are required to be separate and used for the purpose of such deposit of securities only.

iii. Members who are interested in availing of this facility may get in touch with the officials of the approved Custodian(s) to ascertain the modalities with regard to deposit of securities.

e) **Marking of pledge:** Members along with joint holders, if any, may deposit dematerialized securities with the custodian by marking a pledge of the securities in favour of the Exchange. In addition to any document as may be required by the approved custodian(s) in this regard, the following documents are required to be provided to the approved custodian(s):

i. Deed of pledge is to be executed in the format prescribed by the Exchange and available with the approved custodian(s) on a non-
judicial stamp paper of Rs.100/- or of such prescribed amount as may be applicable to an agreement if the deed of pledge is executed in the State of Maharashtra. In case the deed of pledge is executed outside the State of Maharashtra, the stamp duty payable in that particular State shall be payable, at the time of execution and the deed of pledge shall be stamped for the differential amount (if the stamp duty is higher in Maharashtra) within three months of its first receipt in the State of Maharashtra. The differential amount of stamp duty payable on such instrument shall be the amount of stamp duty in the State of Maharashtra, less the amount of stamp duty, if any, already paid under any law in force in India, when it was executed. Alternatively, the document may be stamped with stamp duty as applicable in the State of Maharashtra or as applicable in the State where document is executed, whichever is higher.

ii. Certified true copy of the relevant Board Resolution in case of a corporate body.

iii. Members and the joint holders, if any, shall give the necessary pledge instruction(s) to the approved Custodian for the securities to be pledged in favour of the Exchange. Once the securities are accepted and duly pledged by the approved Custodian, the approved Custodian shall inform the Exchange the value of the securities after adjusting the relevant margin percentages / haircut as stipulated by the Exchange and the same shall be considered as additional margin deposit.

f) Valuation

i. Equity share and units of mutual funds scheme shall be clubbed with the approved securities to arrive at the eligible collateral valuation, subject to single ISIN limit.1 The value of the securities deposited will be reckoned at the last closing price / rate every day.

ii. Valuation will be done on the basis

   a. at the rates prevalent at National Stock Exchange of India Limited (NSE),
   b. in the event of the securities not being traded at NSE, the rates at The Stock Exchange, Mumbai (BSE).
   c. In case a security is not traded in either of these stock exchanges on the date of valuation, the last traded price at

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1 Amended vide Exchange Circular Ref. no. MCX/C&S/104/2013 dated March 15, 2013. Prior to Amendment the clause read as under:

“The value of the securities deposited will be reckoned at the last closing price / rate every day as being provided by National Securities Depository Ltd. (NSDL) or the Central Depository Services (India) Limited (CDSL), as the case may be, to the approved custodian(s) prior to the date of deposit.”
NSE shall be considered and failing the same, the last traded price at BSE would be reckoned for this purpose.

However, in case any security is not traded during the six months preceding the date of such valuation, the same will not be considered for the purpose of valuation.

iii. The valuation as explained above shall be reduced by the relevant margin percentage (hair cut) to arrive at the collateral value of the securities. Only the value net of margins so arrived (hereinafter referred to as ‘net value’) shall be considered as the value of such securities.

iv. The approved custodian(s) shall do valuation of securities daily or at such regular intervals and in such manner as may be specified by the Exchange.

v. [The securities that are accepted by MCX towards collateral are divided into two Groups; Group 1 consisting of those securities that are included in the NSE NIFTY and Group 2 consisting of part of the other securities which are acceptable as collateral by NSE from time to time, Group 2 is further divided into sub-categories.

vi. The applicable haircut will be as defined in the approved securities circular issued by the Exchange, from time to time, calculated on the basis of NSE prices.]

g) Release of securities deposited (cancellation of pledge)

i. Members may withdraw or replace the pledged securities from time to time.

ii. Members are advised to submit a letter for withdrawal of the pledged securities as per the format specified by the Exchange from time to time.

iii. The Exchange may consider the request for release provided

a. such member has no outstanding obligations / positions / dues towards the Exchange if any, and that there is no other liability under the Rules, Bye-Laws and Business Rules of the Exchange, and

b. the Exchange is of the opinion that such release does not entail any risk.

iv. Upon receipt of a request from a Member for withdrawal of securities, the Exchange may in accordance with the provisions detailed above, inform the approved custodian(s) to release such specific securities. The said custodian(s) shall then cancel the pledge marked in favour of the Exchange and release such securities to the said Member.

h) Custodian charges

i. The approved custodian(s) will specify the charges to be levied for the above services and the manner in which the payments are to be made to them.

ii. The Members shall pay the bills raised by the approved Custodian(s) within 15 days of receipt of such bills directly to the custodian. In case the concerned member does not pay such bills within the stipulated period, appropriate action, as may be decided by Relevant Authority or the Exchange, as it deems fit and proper, shall be initiated against the said Member.

i) Warehouse Receipts: Members can submit warehouse receipt(s) of commodities approved by the Exchange towards additional deposit. The scheme of depositing the warehouse receipt(s) is detailed as under:

a) Warehouse Receipt (WR) as collateral

i) Members can deposit warehouse receipt (WR) of approved commodities from the designated warehouses/vaults approved/appointed by the Exchange in this regard. These WR(s) shall be pledged in favour of Multi Commodity Exchange of India Limited (the Exchange).

ii) The WR shall be subject to a minimum margin / haircut as specified by the Exchange from time to time. The Exchange does the valuation of the said WR(s) thus pledged after applying the haircut specified.

iii) The Exchange may issue / revise the list of approved commodities and the margin / haircut requirements from time to time.¹

¹ Inserted vide circular No. MCX/258/2005 dated 18/7/2005 w.e.f. 28/7/2005.
iv) The WR(s) will be accepted from a member with upper limits or such amount as may be decided by the Exchange from time to time.

WR(s) of all the commodities (collectively) - upper limit of Rs. 5000 lakh for TCM & Rs.10000 lakhs for ITCM/PCM.

v) In case of discontinuation of a commodity from the list of approved commodities, the members should replace the WR(s) of such commodities within a period of 2 (two) working days or within such time as may be specified by the Exchange after which the valuation of such WR(s) will be reduced from the additional security deposit.

vi) The commodity, whose quality certificate is expiring, needs to be revalidated. The member will be intimated of such expiring quality certificate at least 2 weeks in advance. The member in turn will initiate the process to get such commodity to be revalidated. During this revalidation process the valuation of the WR of the said commodity will be reduced for considering the additional security deposit.

vii) In case the member fails to initiate the revalidation process and if, only 5 days are left out for the quality certificate to expire, the valuation of the WR of such commodity will be reduced from additional security deposit. The member will be intimated of the same.

viii) As mentioned above, if after reduction of the valuation, the security deposits available with the Exchange are less than the margins utilized, then the member needs to bring in more security deposit on immediate basis. If the member fails to do so, the open positions of the member on the Exchange will be squared off by the Exchange in the way and manner it deems fit. Any loss incurred in the process of such square off will be on account of the member and that the member will have to bear the same in totality.

b) Ownership of Warehouse Receipt (WR)

i) The WR(s) that may be deposited shall be subject to the beneficial ownership of the Member, any of the partners of the Member or any of the directors of the Member, in case
of individual, partnership or corporate Members respectively as the sole/first joint holder provided no depositor of WR(s) shall be a minor as on the date of deposit thereof.

ii) In case of reconstitution/restructuring or any such change in the partners/directors of the Member, as applicable, a Member shall be required to replace the WR(s) belonging to such outgoing partners or directors held in their name solely or jointly, as the case may be, immediately and no benefit shall be given by the Exchange for such WR(s) towards Additional Margin Deposits or such similar requirements.

c) **Warehouse Receipt (WR) not acceptable**

The following warehouse receipts shall not be accepted for the purpose of security deposit:

i) WR(s) where the lien is not marked in the favour of the Exchange

ii) WR(s) of the commodities that are not in the list of approved commodities;

iii) WR(s) of the commodities whose quality certificate is not from the Exchange approved quality assayer

iv) WR(s) of the commodities whose quality certificate is not valid or has expired or if the expiry date is within 15 days from the date of deposit

v) WR(s) that are not of the designated warehouse/vault;

vi) WR(s) subject to any charge or lien, encumbrance of any kind or whose title is questioned before a Court or any regulatory body or such other limitations.

d) **Marking of pledge**

Members along with joint holders, if any, may deposit the WR(s) of the approved commodities with the Exchange by marking a pledge in favour of the Exchange. Following documents are required to be provided to the Exchange:

i) Warehouse Receipt (WR) of approved commodity duly pledged along with valid quality certificate.
ii) Deed of pledge is to be executed in the format prescribed by the Exchange on a non-judicial stamp paper of Rs.100/- or of such prescribed amount as may be applicable to an agreement if the deed of pledge is executed in the State of Maharashtra. In case the deed of pledge is executed outside the State of Maharashtra, the stamp duty payable in that particular State shall be payable, at the time of execution and the deed of pledge shall be stamped for the differential amount (if the stamp duty is higher in Maharashtra) within three months of its first receipt in the State of Maharashtra. The differential amount of stamp duty payable on such instrument shall be the amount of stamp duty in the State of Maharashtra, less the amount of stamp duty, if any, already paid under any law in force in India, when it was executed. Alternatively, the document may be stamped with stamp duty as applicable in the State of Maharashtra or as applicable in the State where document is executed, whichever is higher.

iii) Certified true copy of the relevant Board Resolution in case of a corporate body.

iv) Members and the joint holders, if any, shall give the necessary pledge instruction(s) to the Warehouse / vault for the WR(s) to be pledged in favour of the Exchange. Once duly pledged WR(s) are accepted, the Exchange will do the valuation of the WR(s) after adjusting the relevant margin percentages / haircut as stipulated by the Exchange and the same shall be considered as additional margin deposit.

e) Valuation

i) The value of the Commodities under the WR(s) deposited will be reckoned at the last closing price / settlement price of the previous day as being declared / disseminated by the Exchange for the near month contract of the said commodity.

ii) Valuation will be done on the following basis:

a. at the rates prevalent at MCX, for the near month futures contract of the said commodity

b. if the tender / delivery period has begun for the near month contract of the said commodity, then the rates
of the immediate far month futures contract of the said commodity will be considered.

c. in the event of the commodity not being traded at MCX, the rates of the spot market of the said commodity as decided by the Exchange will be considered.

i) The valuation, as explained above, will be reduced by the relevant margin percentage (haircut) to arrive at the collateral value of the WR(s). Only the value net of margins so arrived (hereinafter referred to as ‘net value’) shall be considered as the value of such WR(s).

ii) The Exchange shall do valuation of WR(s) daily or at such regular intervals and in such manner as may be specified by the Exchange.

f) **Release of WR(s) deposited (cancellation of pledge)**

i) Members may withdraw or replace the pledged WR(s) from time to time.

ii) Members are advised to submit a letter for withdrawal of the pledged WR(s) as per the format specified by the Exchange from time to time.

iii) The Exchange may consider the request for release provided

    a) such member has no outstanding obligations / positions / dues towards the Exchange if any, and that there is no other liability under the Rules, Bye-Laws and Business Rules of the Exchange, and

    b) the Exchange is of the opinion that such release does not entail any risk.

iv) Upon receipt of a request from a Member for withdrawal of WR(s), the Exchange may process such request and issue a letter to the warehouse / vault to cancel the pledge marked in favour of the Exchange and release such WR(s) to the said Member.]
13 **Trading Days:**

The Exchange shall operate on all days except on Saturdays, Sundays and Exchange specified holidays. A list of holidays for each calendar year will be notified by the Exchange in advance.

14 **Trading Hours:**

a. The Exchange will have trading session from Monday to Friday for different commodities as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Trade Timing</th>
<th>Client Code Modification timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Nonagricultural Commodities</td>
<td>10.00 am to 11.55 pm</td>
<td>11.45 pm to 11.59 pm</td>
</tr>
<tr>
<td>Internationally linked agricultural Commodities (Cotton, CPO &amp; Kapas)</td>
<td>10.00 am to 9.30 pm</td>
<td>9.30 pm to 9.45 pm</td>
</tr>
<tr>
<td>Agricultural commodities (Except internationally linked Agri Commodities)</td>
<td>10.00 am to 5.00 pm</td>
<td>5.00 pm to 5.15 pm</td>
</tr>
</tbody>
</table>

b. The Exchange may extend, advance or reduce trading hours by notifying the Members as and when it deems fit and necessary due to any technical or operational reasons.

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Prior to Amendment

3 The Table amended vide Exchange Circular Ref No: MCX/T&S/302/2015 dated October 29, 2015 pursuant to SEBI approval vide letter no SEBI/CDMRD/DMP/04/30412/2015 dated October 28, 2015. Prior to Amendment the table read as under:

<table>
<thead>
<tr>
<th>Days</th>
<th>Timings</th>
<th>Commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday to Friday</td>
<td>10.00 A.M. to 05.00 P.M.</td>
<td>All Commodities</td>
</tr>
<tr>
<td></td>
<td>05.00 P.M. to 11.30 P.M.</td>
<td>All Commodities except Agricultural Commodities</td>
</tr>
<tr>
<td>Saturday</td>
<td>10.00 A.M. to 2.00 P.M.</td>
<td>All Commodities</td>
</tr>
</tbody>
</table>
15 Trading Parameters

a) **Base Price:** At the time of making a contract available for trading on the system, the Exchange will decide its base price, which will be a notional price based on the spot market price of that commodity on the previous day and a notional carrying cost. However, this is done only on the first day of commencement of trading in a contract. For all subsequent days, the base price is taken as equal to official closing price of a contract for the previous trading day.

b) **Closing Price:** At the end of a trading day, the system calculates the Closing Price of each and every contract traded on the system. The logic for calculation of Closing Price is as follows:

i. Closing Price is equal to weighted average price of all trades done during the last 30 minutes of a trading day.

ii. If the number of trades during last 30 minutes are less than 10, then it is based on the weighted average price of the last 10 trades executed during the day.

iii. If the number of trades done during the day are less than 10, then it is taken as the weighted average of all the trades executed during the day.

iv. If no trades have been executed in a contract on a day, then the official closing price of the last day is taken as the official Closing Price.

Provided that in such cases, the Exchange will have the right to modify the Closing Price for the purpose of marking to market and making the open positions closer to the market.

c) **Dissemination of Opening, closing, highest and lowest rates:** During the trading session, the Exchange will continuously disseminate opening, closing, highest and lowest rates through its trading system, which will be on real time basis.

d) **Life of the Futures Contract:** The life of a contract shall mean the period when the contract will be available for futures trading i.e., the period between the start of trading and the day it expires. This period may also be known as the trading cycle of the contract.

e) **Expiry Date:** Each Futures Contract shall expire on the close of trading on 15th or if 15th happens to be a holiday on the immediate previous working day of the Delivery Month prescribed for the contract.
Provided that if the preceding day is suddenly declared as holiday, then the contract shall be advanced after consultation with the Regulator.¹
Provided that the above expiry day shall apply in all such cases where the contract specification of a commodity specified by the Exchange does not lay down any other expiry day, as in such cases the expiry day of all contracts in that commodity will be the date as specified in that contract.

**ea) Change in Expiry Dates:**

i. The Exchange may advance expiry dates of running contracts when physical market is closed in the notified basis centre on the expiry day of the contracts due to festivals, strikes, erratic weather conditions etc.

ii. Decision about advancing of running contracts will be intimated to the trade participants at least 10 days before the revised expiry dates. The delivery period may be advanced accordingly for contracts having staggered deliveries. The final settlement prices of such contracts will be fixed as per the existing procedures.

iii. In case of sudden closure of physical market under any emergency situations noticed at the basis centre, the Exchange will decide further course of action in consultation with the Forward Market Commission. Under such circumstances, the final settlement prices of these running contracts would be fixed on the basis of the last polled spot price, which was disseminated to the trade participants.]

f) **Contractual Liability Termination:** Members can extinguish their contractual liabilities by either entering into an offset deal or by delivery.

g) **Invalidation of a Traded Contract:** The Exchange may invalidate a matched contract if according to the Exchange, a member has attempted to conclude the transaction in violation of the Bye-laws of the Exchange or with an intention of price manipulation, price rigging or price distortion.

h) **Settlement Guarantee:** The Exchange shall guarantee the settlement of the net settlement liability of the clearing members for all the trades done on the Exchange in accordance with the Bye-Laws of the Exchange. The settlement guarantee of the Exchange is confined only to the extent of settlement liability in terms of daily pay in and pay out as well as the final settlement as per the Due Date Rate.

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"Provided that if the preceding day is suddenly declared as holiday, then the contract shall expire on the succeeding working day."

i) **Governing Law / Jurisdiction:** Every Futures contract transacted as per Bye-laws of the Exchange shall take effect as a contract made in Mumbai in the State of Maharashtra and shall be governed by Indian Laws under the jurisdiction of the High Court, Mumbai.

j) **Due date Rate:** The Due date Rate with respect to a contract means the average of the closing prices of the last 5 trading days of the contract maturity or the average of last 5 days closing price in spot market (of the market / place which is the basis of that contract), whichever is higher. Provided that the Exchange shall have the power to alter or modify such Due Date Rate on the basis of upcountry prices, if it is expedient to do so.

k) **Force-Majeure:** In case Import of Specified commodities (which are substantially dependent upon import from outside) under Open General License (OGL) is banned/canalised during the trading session and the official announcement is made about the same, then the outstanding contracts will be settled on the basis of preceding day’s closing price. If however the official announcement regarding banning/canalising of Imported Specified commodities is made after the closing of trading then the outstanding contracts will be settled on the basis of the current day’s closing price.

Any fluctuation / change in Import duty structure is on sellers’ account.

In case of any natural calamity like flood, earthquake, strikes etc., which has such a substantial bearing on the physical market of that commodity that the availability of the commodity in the country is expected to reduce at least by 50%, making delivery of the commodity virtually impossible, then the Board will have the power to settle the contract before maturity, as per the official closing price, subject to FMC approval.

In case of system related problems, while the Exchange will attempt to rectify the problem at the earliest, though it will not be responsible for the consequential losses, if any.

l) **Contract Specifications:** The contract specification in respect of each underlying commodity in which futures trading has to commence will be notified in advance by the Exchange specifying full details of the quality standards, delivery procedure and other trading and settlement parameters relating to tick size, Unit of Trading, unit of delivery, delivery centers, minimum and maximum order size and the basis in terms of quality, etc. All such contract specifications will be notified as an Annexure to these Business Rules, which will form an integral part of these Rules and shall be binding on all members, traders, clients and constituents trading on the Exchange.
m) Any contract entered into in violation of these norms or not confirming to the specifications laid down by the Exchange shall be considered as void.

16. **Order Management**

(a) **Order Types**

The Exchange Members will be able to submit the following types of orders:

- **Limit order**, specifying the price at (or better than) which the trade should be executed.
- **Market order**, which should be executed at whatever be the prevailing price on or after submission of such order. If there is no market at that point of time, it takes the last traded price and remains in the system.
- **Day orders** are available for execution during the current trading session until executed or cancelled. All day orders will get cancelled at the end of the day during which such orders were submitted.
- **Good till date**, which should be available for execution till end of the date indicated in the order or till the last trading day of that contract month, whichever is earlier.
- **Good till cancel**, which is available for execution till maturity of the contract or till it is cancelled, whichever is earlier.
- **Stop loss orders**, which are kept by the system in suspended or abeyance mode and are activated only on trigger of a price, as defined by the member.
- **Immediate or Cancel (IOC)** orders will get cancelled if not executed on submission of such an order. Such orders will not remain in the order book.

(b) **Modification and cancellation of orders**

A Member shall be permitted to modify or cancel his orders. The order can be modified by effecting changes in the order input parameters.

Time priority on order modification will not change for an order due to decrease in its quantity or decrease in disclosed quantity, otherwise the time priority of the order will change.

(c) **Order Validation**

Orders entered into the Trading System by the Members shall be subject to various validation requirements as prescribed by the Exchange including price and quantity restrictions as may have been decided by the Exchange. Orders that do not meet the validation checks will not be accepted by the Trading System.
• The Exchange may specify the minimum disclosed quantity for orders that will be allowed.
• The Exchange may specify the number of days after which Good Till Cancelled orders will be cancelled by the system.
• The Exchange shall specify the lot size in which orders can be placed for a contract traded on the Exchange.
• The Exchange shall specify from time to time price steps (tick size) in which orders shall be entered on the trading system of the Exchange.

17. Matching Rules

(a) The Exchange may launch more than one order book running either parallel or at different time spans, either with the same order matching rules or with different matching rules. The Exchange is also entitled to modify or change the matching rules relevant to any market or order books any time where it is necessary to do so.

(b) Without prejudice to the generality of the above, the order matching rules will have the following features:
• Orders in the Normal market will be matched on price-time priority basis.
• Best buy order shall match with the best sell order.
   (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.)

(c) When an active buy/sell order gets potentially matched with a passive buy/sell order originating from the same ‘Trading Member Id – User Id – Client Code’ or ‘Trading Member Id – User Id – CTCL Id – Client Code’ combination as applicable, system shall cancel the counter side passive order and the active order shall be considered for further processing instead of executing the self-match trade. This functionality shall be called as Self-Match Prevention Functionality (SMPF). Self-Match Prevention Functionality would be applicable for all order categories and clients (including *OWN*), except Spread IOC/2L/3L orders and auction orders.¹

18. Margin requirements

(a) The initial security deposit paid by a member will be considered as his initial margin deposit for the purpose of allowable exposure limit. Initially, every member is allowed to take exposure up to the level permissible on the basis of such initial deposit. However, if a member wishes to create more exposure, he has to pay additional deposit.

¹ Inserted vide Exchange Circular Ref No. MCX/TECH/354/2014 dated October 28, 2014
(b) If there is a surplus deposit lying with the Exchange towards margin, it is not refunded to the member, unless a written request is received from the member for refund. However, the member continues to get additional exposure limit on account of such additional / surplus deposit. In case of receipt of written request for refund of additional deposit, the same may be returned within 7 working days.

(c) The Exchange shall deploy various risk management measures as follows:

(i) **Liquid Assets**: ‘Liquid Assets’ means assets as specified by the Exchange and/ or SEBI from time to time to cover various margins and deposit requirements

(ii) **Initial Margin**

‘Initial Margin’ means and includes margin computed through Value at risk (VaR) methodology to cover potential losses for at least 99% of the days subject to minimum percentage floor value as prescribed by the Exchange and/ or SEBI from time to time. The computation of portfolio initial margin would have two components. The first is the computation of initial margin for each individual contact. At the second stage, these contract initial margins would be applied to the actual portfolio positions to compute the portfolio initial margin. The EWMA volatility estimates for contracts shall be updated at discrete time points each day (with a gap of not more than 2 hours between any two consecutive updates and at the end of the trading session) and the latest available scaled up WMA volatility estimates would be applied to member/client portfolios on a real time basis. In order to achieve this, the estimated EWMA volatility (standard deviation) shall be scaled up by a factor of 3.5. The Minimum value of initial margin would be subject to commodity specific floor value as may be specified by SEBI from time to time. Margins shall be computed at the level of portfolio of each individual client comprising his positions in futures contracts across different maturities. For Trading/Clearing Member level margins computation, margins would be grossed across various clients. The proprietary positions of the Trading Member would also be treated as that of a client for margin computation.

(iii) **Extreme Loss Margin** means margin to cover the loss in situations that lie outside the coverage of Initial Margin. Extreme Loss margins shall be such percentage of the gross open positions as may be prescribed by the Exchange and/ or SEBI from time to time and shall be deducted from the liquid assets of the clearing member on an online, real time basis.
(iv) ‘Additional Margin’ means margins specified by the Exchange or SEBI over and above any other margins.

Exchange shall have the right to impose additional risk containment measures over and above the risk containment system mandated by SEBI.

(v) ‘Tender period Margin/Pre-expiry Margin’ means the margin which may be increased gradually every day beginning from the pre-determined number of days before the expiry of the contract as applicable. The quantum of tender period margin as appropriate based on the risk characteristics of the particular commodity shall be decided by the Exchange from time to time.

(vi) Special Margin

1 [In case the price fluctuation in a contract during the trading session hits the upper or lower limits of the circuit filter applicable on that contract compared to the base price of the day and the circuit filter is relaxed, a special margin equivalent to the percentage by which the circuit filter is relaxed is applied.

Such special margin amount is immediately blocked out of available margin deposits of the members having outstanding position in that contract and in case the available margin of a member is not sufficient to cover such special margin required, then a margin call is sent to the member which is required to be remitted by the member immediately. In such case, since the available deposit is already exhausted, he is suspended from trading and such suspension continues during such trading session till collection of required margin amount is completed.]

Calendar Spread Benefit

A calendar spread is an open position of one expiration that is hedged by an offsetting position of a different expiration. Spread margin benefit shall be permitted in the following cases:

I. Different expiry date contracts of the same underlying.

II. Two contracts variants having the same underlying commodity

A charge of minimum 25% of the initial margin (ie a calendar spread benefit of approximately 75% of margins) on each of the individual legs of the spread shall be levied as calendar

1 Amended earlier vide Circular No. MCX/344/05 dated 15/10/05, w.e.f 17/10/05. Earlier amended vide circular no. MXC/090/05 dated 8/3/05.
spread charge. In case of such spread positions additional margins shall not be levied.

No benefit in ELM would be provided for spread positions i.e. ELM shall be charged on both individual legs. Calendar spread benefit shall not be considered for the open position in a contract in tender/delivery period.

(vii) Delivery Period Margin:

a. ‘Delivery period margin’ means margin levied by the Exchange on the long and short positions marked for delivery till the pay-in is completed by the member. Once delivery period margin is levied, all other applicable margins may be released. When a contract enters into delivery period towards the end of its life cycle, delivery period margin is imposed. Such margin is applicable on both outstanding buy and sales side, which continues up to the settlement of delivery obligation or expiry of the contract, whichever is earlier. The delivery period margin is calculated at the rate specified for respective commodity multiplied by the net open position held by a member in the expiring contract. When a seller submits delivery documents along with surveyor’s certificate, his position is treated as settled and his delivery period margin to such extent is reduced. When a buyer pays money for the delivery allocated to him, his delivery period margin is reduced on such quantity for which he has paid the amount. If delivery does not happen with respect to certain open position and is finally settled by way of difference as per the Due Date Rate, the delivery period margin is released only after final settlement of difference arising out of such closing out as per the Due Date Rate.

b. In case a member submits documentary evidence so as to prove that the position held by him in a futures contract is totally hedge position, based on physical stock in his custody, or based on his export or import obligation, he can claim exemption from payment of special margin, if any, imposed on such contract. Provided that such exemption is allowed only in case it is proved beyond doubt to the satisfaction of the Exchange that it is totally a hedge position.

c. In case of any failure in fulfillment of obligations on the part of a member, the Exchange is entitled to forfeit or utilize the margin deposits lying with the Exchange for meeting such
obligations and in such a case, the total margin deposit of that member shall stand reduced to such extent.

(viii) **Minimum Liquid Networth Requirement**: ‘Minimum Liquid Networth’ means the Clearing Member’s liquid assets arrived at after deduction of Initial margins, Extreme Loss Margins, Additional margins or any other margins as may be specified by the Exchange and/or the SEBI from time to time.

(ix) **Mark to market settlement**: ‘Mark to market settlement’ means settlement of all open positions of clients/members done on a daily basis in cash.

(x) **Base Minimum Capital**: ‘Base Minimum Capital’ means exposure free deposit required from members, as may be specified by the Exchange and/or SEBI from time to time.

(xi) **Settlement Guarantee Fund (SGF)**: ‘Settlement Guarantee Fund’ is the fund maintained by the Exchange which shall be used only for the purpose of settlement guarantee.

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1 The Clause (c) of Business Rule 18 is amended vide Exchange Circular Ref. No. MCX/T&S/276/2015 dated October 01, 2015 pursuant to SEBI Circular No CDMRD/DRMP/01/2015 dated October 01, 2015. Prior to Amendment the said clause read as under:

"(c) Different types of margins collected by the Exchange are as follows:

(i) Ordinary (Initial) Margin
Ordinary margin requirement is calculated by applying the margin percentage applicable for a contract on the value of the open positions after netting at the level of individual client and grossed across all clients in respect of client positions and on the value of open positions in respect of proprietary positions without any netting off between client and proprietary positions. If a member has open position in different contracts of the same commodity running concurrently, the member is required to pay margin separately on each of these contracts. Similarly, if a member has open position in different commodities, the total amount required is calculated as sum total of margin required in each contract separately. The computation methodology in respect of ordinary margin is as follows:
- Intra day: During the trading day the margin is calculated on the absolute difference between total sales in value terms and total buy in value terms in respect of all transactions executed in a contract during the day on client/proprietary basis in addition to previous day’s open position carried forward at the official closing price of previous day.
- End of day: At the end of the trading day, the margin amount is computed on gross position on individual client and proprietary basis in a contract in quantitative term multiplied by the official closing price.

(ii) Special Margin
In case the price fluctuation in a contract during the trading session hits the upper or lower limits of the circuit filter applicable on that contract compared to the base price of the day and the circuit filter is relaxed, a special margin equivalent to the percentage by which the circuit filter is relaxed is applied. Such special margin amount is immediately blocked out of available margin deposits of the members having outstanding position in that contract and in case the available margin of a member is not sufficient to cover such special margin required, then a margin call is sent to the member which is required to be remitted by the member immediately. In such case, since the available deposit is already exhausted, he is suspended from trading and such suspension continues during such trading session till collection of required margin amount is completed.

Calendar Spread Benefit
A calendar spread is an open position of one expiration that is hedged by an offsetting position of a different expiration. Calendar spread benefit is permitted in margin computation in respect of open positions of a member at the client/proprietary level in contracts for the same commodity but of different expirations. The computation methodology of calendar-spread benefit is as follows:

Calendar spread benefit shall not be considered for the open position in a contract in tender/delivery period.

The calculation of calendar-spread benefit requires determination of Leg-1 and Leg-2. Leg-1 is the lesser of the aggregate of open buy contracts or of open sell contracts in the same commodity for a client. Leg-2 is the higher of the two. The calendar-spread benefit is the aggregate of:

(a) (\(\text{Around 75\%}\) of the margin computed on the basis of the applicable rates on Leg-1 contracts; and

(b) (\(\text{Around 75\%}\) of the margin computed on the basis of the applicable rates on Leg-2 contracts multiplied by Leg-1 divided by Leg-2.)

(iii) Delivery Period Margin:
[SPAN Margin Computation Methodology]

i. Initial margin computation using SPAN (Standard Portfolio Analysis of Risk):

The initial margin will be computed using SPAN which is portfolio based margining system. The SPAN identifies overall risk in a portfolio of contracts for each client of a member.

SPAN calculates margin requirements of a portfolio of contracts; the prime objective of SPAN is to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day.

SPAN constructs scenarios of probable changes in prices and volatilities in order to identify the largest loss a portfolio might suffer from one day to the next. It then sets the margin requirement at a level sufficient to cover this one-day loss.

ii. Details of SPAN

The calculations in SPAN are executed by the Exchange/Clearing House and results of these calculations are called Risk arrays. Risk arrays, and other necessary data inputs for margin calculation are then provided to members in a file called the SPAN Risk Parameter file (RPF).

Members can apply the data contained in the Risk parameter files, to their specific portfolios of contracts, to determine their SPAN margin requirements.

SPAN will estimate risk of portfolios, and re-value the same under various scenarios of changing market conditions.

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a. When a contract enters into delivery period towards the end of its life cycle, delivery period margin is imposed. Such margin is applicable on both outstanding buy and sales side, which continues up to the settlement of delivery obligation or expiry of the contract, whichever is earlier. The delivery period margin is calculated at the rate specified for respective commodity multiplied by the net open position held by a member in the expiring contract. When a seller submits delivery documents along with surveyor's certificate, his position is treated as settled and his delivery period margin to such extent is reduced. When a buyer pays money for the delivery allocated to him, his delivery period margin is reduced on such quantity for which he has paid the amount. If delivery does not happen with respect to certain open position and is finally settled by way of difference as per the Due Date Rate, the delivery period margin is released only after final settlement of difference arising out of such closing out as per the Due Date Rate.

b. In case a member submits documentary evidence so as to prove that the position held by him in a futures contract is totally hedge position, based on physical stock in his custody, or based on his export or import obligation, he can claim exemption from payment of special margin, if any, imposed on such contract. Provided that such exemption is allowed only in case it is proved beyond doubt to the satisfaction of the Exchange that it is totally a hedge position.

c. In case of any failure in fulfillment of obligations on the part of a member, the Exchange is entitled to forfeit or utilise the margin deposits lying with the Exchange for meeting such obligations and in such a case, the total margin deposit of that member shall stand reduced to such extent.”

Earlier amended vide Exchange Circular Ref. No. amended Rule 18 (c) (i) and (ii) as per Circular No. MCX/164/04 dated 7/12/04. w.e.f.7/12/04, MCX/344/05 dated 15/10/05, w.e.f 17/10/05, MCX/090/05 dated 8/3/05 MCX/T&S/469/2007 dated 29/12/2007 w.e.f.01/01/2008, MCX/180/2009 dated 27/04/2009.

Amended as per Exchange Circular No.MCX/180/2009 dated 27/04/2009
iii. Risk Arrays

The SPAN risk array represents how a specific derivative instrument will gain or lose value, from the current point in time to a specific point in time in the near future (typically it calculates risk over a one day period called the ‘look ahead time’), for a specific set of market conditions which may occur over this time duration.

The specific set of market conditions evaluated, are called the risk scenarios, and these are defined in terms of:

(a) How much the price of the instrument is expected to change over one trading day, and

(b) How much the volatility of that price is expected to change over one trading day

The results of the calculation for each risk scenario - i.e. the amount by which the contracts will gain or lose value over the look-ahead time under that risk scenario - is called the risk array value for that scenario. The set of risk array values for each contract under the full set of risk scenarios constitutes the Risk Array for that contract.

In the Risk Array, losses are represented as positive values, and gains as negative values. Risk array values are typically represented in the currency (INR) in which the contract is denominated.

SPAN further uses a standardized definition of the risk scenarios, defined in terms of

(i) the ‘price scan range’ or probable price change over a one day period,

(ii) and the price ‘volatility scan range’ or probable volatility change of the instrument over a one day period.

These two values are often simply referred to as the ‘price scan range’ and the ‘volatility scan range’. There are sixteen risk scenarios in the standard definition. These scenarios are listed as under:

1. Price unchanged; volatility up
2. Price unchanged; volatility down
3. Price up by 1/3 of price scanning range; volatility up
4. Price up by 1/3 of price scanning range; volatility down
5. Price down by 1/3 of price scanning range; volatility up
6. Price down by 1/3 of price scanning range; volatility down
7. Price up by 2/3 of price scanning range; volatility up
8. Price up by 2/3 of price scanning range; volatility down
9. Price down by 2/3 of price scanning range; volatility up
10. Price down by 2/3 of price scanning range; volatility down
11. Price up by 3/3 of price scanning range; volatility up
12. Price up by 3/3 of price scanning range; volatility down
13. Price down by 3/3 of price scanning range; volatility up
14. Price down by 3/3 of price scanning range; volatility down
15. Price up extreme move, double the price scanning range (cover 35% of loss)
16. Price down extreme move, double the price scanning range (cover 35% of loss)

SPAN uses the risk arrays to scan probable Price market price changes and probable volatility changes for all contracts in a portfolio, in order to determine value gains and losses at the portfolio level.

As stated above, SPAN starts at the last Price settlement/ market price and scans up and down three even intervals of price changes ('price scan range').

After scanning of 16 different scenarios of Price settlement/ market price and volatility changes, SPAN selects the largest loss from among these 16 observations. This "largest reasonable loss" is the ‘Scanning Risk Charge’ for the portfolio

iv. Computation SPAN Portfolio Margin Requirement

The total margin requirements for a member for a portfolio of contracts will be computed as follows:

(i) SPAN will add up the Scanning Risk Charges and the Intra commodity Spread Charges and
(ii) Total Initial Margin requirement is equal to SPAN Risk Requirement (as per (i) above), less Inter-commodity Spread credits.

v. Updation of risk parameters:

The parameters for computation of SPAN margin shall be updated as decided by the Exchange/ Clearing Corporation from time to time. Risk Parameter File (RPF) shall be updated based on the prices calculated at before start of market hours, 10:30 am., 12:30pm., 1:30 pm., 3:00 pm., 5:00 pm., 7:00 pm., 8:30 pm., 10:30 pm., and after end of market hours. The risk parameters files shall be made available to the members on MCX website.
In addition to the above timings, the Exchange may generate additional Risk Parameter File(s) in case of volatile market scenario.¹

vi. **Risk Reduction Mode (RRM)**

The trading members/clearing members shall be mandatorily put in risk-reduction mode when 90% of the member’s Liquid Assets available for adjustment against margins/deposits get utilized for margins/deposits. When a member moves in to risk reduction mode:

1. All unexecuted orders shall be cancelled.
2. Fresh orders placed by members shall be checked for sufficiency of margins and orders that do not satisfy sufficiency of margins will be rejected.
3. Fresh orders can be placed only in Regular Lot (RL) with Immediate or Cancel (IOC) time validation only.
4. Members will be able to trade in normal mode as and when the utilization goes below 85%.
5. Multi-leg orders (Spread IOC/2L/3L) and stop loss orders would not be allowed.
6. Members would not be allowed to place fresh orders with custodian participant code.
7. Clearing members would not be allowed to approve/reject INST trades.
8. New order in Spread Product would not be allowed, when Member is in Risk Reduction mode.
9. Members (CM/TM) would be allowed to place Trade Modification request, when in Risk Reduction mode.
10. When a member is placed in Risk Reduction Mode, the following message shall be displayed in MAT / TWS “Member xxxxx is in voluntary square off”.
11. When a member is removed from Risk Reduction Mode following message shall be displayed in MAT / TWS “Member xxxxx is out of voluntary square off”.

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¹ Amended vide Exchange Circular Ref. No. Circular No: MCX/T&S/329/2015 dated November 20, 2015. Prior to Amendment the said clause read as under:

> “The parameters for computation of SPAN margin shall be updated as decided by the Exchange/ Clearing Corporation from time to time. To start with, the parameters shall be updated 8 times in a day during trading, based on the prices calculated at 10:30 A.M., 01:30 P.M., 5:00 P.M., 7:00 P.M., 8:30 P.M. and 10:30 P.M., apart from end of the trading and Beginning of the trading.”

19. Clearing Banks

(a) Exchange to Regulate: The Exchange shall specify the processes, procedures, and operations that every Clearing member shall be required to follow for participation in the clearing and settlement activities and operating their bank accounts with the Clearing Banks appointed by the Exchange.

(b) Functions of Clearing Bank: The Exchange has appointed the following Clearing Banks viz., [YES Bank], [Development Credit Bank Ltd.], [Bank of India, City Bank N.A., Corporation Bank, Kotak Mahindra Bank Ltd., State Bank of India, Union Bank of India], [ICICI Bank Ltd.], [Punjab National Bank], [Canara Bank], [Dhanlaxmi Bank], [Tamilnad Mercantile Bank Ltd.], HDFC Bank, Indiabulls Bank and UTI Bank for electronic transfer of funds between clearing members and the Exchange.

(c) Members to have account with the Clearing Bank: Every Member of the Exchange shall have designated bank accounts with any of such branches of the designated Clearing Bank, which has electronic funds transfer facility. Members shall operate the Settlement account only for the purpose of settlement of deals entered through the Exchange, for the payment of margin money and for any other purpose as may be specified by the Exchange. Every member of the Exchange is required to open the following accounts with any of the clearing banks stated above:

- **Settlement Account or Clearing account**, in which the member will not have cheque book facility for issuing cheques to any outsiders. He can only issue cheques from this account for transfer of funds from this account to his Client Account. Apart from such transfer, only the Exchange will have power to withdraw money from this account by way of direct debit instruction. In respect of all pay in, margins, charges and other dues payable to the Exchange, the Exchange will send direct debit instructions to the bank advising them to debit settlement account of the respective member by such payable amount.

- **Client Account**, in which the member can deposit all cheques, cash, etc. received from the client and from this account he should issue cheques to his clients towards their receivable amount. The member will have cheque book facility in this account and he will also be entitled to issue transfer instructions to the bank for transferring money from this account to the Settlement account to meet his pay in or margin obligations.

(d) Clearing Bank to act as per the instructions of the Exchange: The Exchange shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement between the members. For this purpose, the members of the Exchange will submit a letter to the bank, as per Annexure-IX for authorizing the Exchange to issue such debit and credit instructions. The Clearing Bank shall act as per the instructions received from the Exchange in the funds movement. Instructions of the Exchange as to debits and credits to a member’s accounts shall be deemed to be irrevocable, confirmed and binding. In order to enable the Exchange to issue such instructions for debiting their account and also to authorize the Exchange in respect of freezing the account or to hold further debits, every member will be required to submit a written undertaking addressed to the bank in such effect. This undertaking will also authorize the bank to sweep the Client account of the respective member for any shortfall in the settlement account. Besides, the Exchange will also have the power to freeze various accounts of the member maintained with the Clearing bank, in case of any default or shortfall in pay in or margin account.

(e) Clearing Bank to inform exchange of default in funds settlement: If there is any funds default arising out of the instructions received from the Exchange, the Clearing Bank shall inform the Exchange immediately.

(f) Clearing Account(s) of Exchange in the Clearing Bank: The Exchange will maintain its Settlement account with the Clearing bank and all money received from the members towards pay in or margin, shall be used appropriately for settlement.

(g) Operational Procedure: The operational procedure relating to settlement account, pay in and pay out activities and the exact time schedule in order to maintain financial discipline shall be adhered to by the members of the Exchange. The operational procedure, for the time being, shall be as follows:

- After end of the trading session every day, a file will be downloaded to the TWS of the members through FTP file transfer protocol, which will contain details of the transactions done by the member on that day, position carried forward from previous day, closing position of the day including net obligation of the member.

- The net obligation report will further provide the amount of margin deposit, margin utilized, available deposit / margin required, pay in / pay out amount, transaction for payable / receivable, etc. The net obligation report is available and downloaded terminal wise and it is also consolidated at the member’s level in terms of net obligation payable / receivable.

- On the basis of this file, the Exchange will generate an automated statement for debit and credit of settlement accounts of the respective members by the amount payable / receivable by them. This file will be sent electronically to the bank next day morning at 10 am.
follow for participation in the clearing and settlement activities and operating their bank accounts with the Clearing Banks appointed by the Exchange.

(b) Functions of Clearing Bank: The Exchange has appointed Clearing Banks (Annexure “Vb”) for electronic transfer of funds between clearing members and the Exchange.

(c) Members to have account with the Clearing Bank: Every Member of the Exchange shall have designated bank accounts with any of such branches of the designated Clearing Bank, which has electronic funds transfer facility. Members shall operate the Settlement account only for the purpose of settlement of deals entered through the Exchange, for the payment of margin money and for any other purpose as may be specified by the Exchange. Every member of the Exchange is required to open the following accounts with any of the clearing banks:

• Settlement Account or Clearing account (with the designated branch of the Clearing Bank), in which the member will not have cheque book facility for issuing cheques to any outsider. Members can only issue instructions from this account for transfer of money from this account to their Client Account. Apart from such transfer, only the Exchange will have power to withdraw money from this account by way of direct debit instruction. In respect of all pay in, margins, charges and other dues payable to the Exchange, the Exchange will send direct debit instructions to the bank advising them to debit settlement account of the respective member by such payable amount.

• Client Account, in which the members can deposit all monies received from the clients and from this account can issue cheques to their clients towards their receivable amount. The members will have cheque book facility in this account and will be entitled to issue transfer instructions to the bank for transferring money from this account to the Settlement account to meet their pay in or margin obligations.

The member must have sufficient clear balance in his settlement account in as to effect such debits. In case the amount of margin is payable, the member is not allowed to trade until he deposits required margin deposit along with additional deposit for enabling him to create fresh position. For collection of such required margin amount, the bank will run the margin file at 10 am and report to the Exchange electronically successful debits. However, for paying additional amount towards margin, the member has to send a fax to MCX specifying the amount he is interested to pay towards additional deposit / margin. On the basis of this written request, the Exchange will forward individual debit instructions to the bank for debiting the respective settlement account and crediting the Exchange settlement account. As soon as the Exchange gets such confirmation, the limits are accordingly increased.

Thereafter, at 10.30 am, the bank will run the debit files in respect of pay-in. The member must have sufficient balance in his account to meet his pay-in obligation. By 10.45 am, the Exchange will get confirmation about the successful and failed instructions. In respect of failed instructions, the member is immediately suspended from trading. He is allowed to trade only when he pays the pay-in obligation.

In this process, trading permission is allowed to only those members who settle their margin as well as pay-in obligation before 11 am, when trading commences. In case a member fails to meet the pay-in obligation by 11 am on T + 1, the Exchange may commence the process of squaring off his position after 11 am, depending upon magnitude of the problem.

(d) Clearing Bank to act as per the instructions of the Exchange: The Exchange shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement with the members. For this purpose, the members of the Exchange will submit an undertaking to the bank, as per Annexure-IX authorizing the Exchange to issue such debit and credit instructions. The Clearing Bank shall act as per the instructions received from the Exchange for the funds movement. Instructions of the Exchange as to debits and credits to a member’s accounts shall be deemed to be irrevocable, confirmed and binding. This undertaking will also authorize the bank to sweep the Client account of the respective member for any shortfall in the settlement account. Besides, the Exchange will also have the power to freeze various accounts of the member maintained with the Clearing bank, in case of any default or shortfall in pay in or margin amount.

(e) Clearing Bank to inform Exchange of default in funds settlement: If there is any funds default arising out of the instructions received from the Exchange, the Clearing Bank shall inform the Exchange immediately.

(f) Clearing Account(s) of Exchange in the Clearing Bank: The Exchange will maintain its Settlement account with the Clearing bank and all money received from the members towards pay in or margin, shall be used appropriately for settlement.

(g) Operational Procedure: The operational procedure relating to settlement account, pay in and pay out activities and the exact time schedule in order to maintain financial discipline shall be adhered to by the members of the Exchange. The operational procedure, for the time being, shall be as follows:

- After end of the trading session every day, a file will be downloaded to the members through SFTP (secured file transfer protocol), which will contain details of the transactions done by the member on that day, position carried forward from previous day, closing position of the day including net obligation of the member.

- The net obligation report will further provide the amount of margin deposit, margin utilized, available deposit / margin required, pay in / pay out amount, transaction fee payable / receivable, etc. The net obligation report is consolidated at the member’s level in terms of net obligation payable / receivable.

- Exchange will generate an automated statement for debit and credit of settlement accounts of the respective members by the amount payable / receivable by them. This file will be sent electronically to the bank at the end of the “T” trade day for execution on “T+1” settlement date.

- The members must have sufficient clear balance in the settlement account so as to enable the Exchange to effect such debits. In case the amount of margin is payable, the members are not allowed to create fresh positions until they deposit required margin along with additional deposit or realign exposure to reduce margin requirements below deposit levels. For collection of such required margin amount, the bank will run the
margin file by 9.30 am and report to the Exchange electronically successful debits. However, for paying additional amount towards margin, the member has to communicate to the Clearing Bank/MCX specifying the amount to be paid towards additional deposit/ margin. Clearing Banks, on the basis of this communication from the member/ Exchange will debit the respective member’s settlement account and credit the Exchange settlement account. As soon as the Exchange gets such confirmation, the limits will be increased accordingly.

• Simultaneously, by 9.30 am, the bank will run the debit files in respect of net obligation pay-in. The members must have sufficient balance in their settlement account to meet the pay-in obligation. By 9.45 am, the Exchange will get confirmation about the successful, partially executed and failed instructions. In respect of partially executed/ failed/ non-confirmed instructions, the pending shortage amount shall be blocked from the collateral deposits of the member with the Exchange before the start of the market. Such reduced deposits would then be available to the member at the start of market for exposure requirements. The amount so blocked shall be released progressively on the confirmation of successful execution of the pending shortages by clearing bank.

Exchange shall run the pay-out files by 11.00 am to credit the member settlement account for the mark to market profits.

• In case a member fails to meet the pay in obligation as stated above, on T + 1 settlement date, the Exchange may commence the process of squaring off members open positions at the start of the market or during the day, depending upon the cumulative dues on account of pending shortages and online losses vis-a-vis the deposits placed with the Exchange.

20. Clearing House

(a) Regulation of clearing house: The Exchange Clearing House will monitor and perform all activities relating to delivery, funds settlement, margining, managing the settlement guarantee fund, etc.

(b) Functions of Clearing house: The Clearing House will collect margin from the members, effect pay in and pay out and monitor delivery and settlement process. For carrying out such activities, it may appoint various agencies as its agents and may delegate such activities and responsibilities to such agencies, as it may desire.

(c) Clearing House to deliver: The Clearing House will allocate deliveries, which it has received from the selling member to the buyer and the same shall be binding on the buyer.

(d) Lien on Member's deposits and deliveries: When a member is declared a defaulter, all deposits, margins, delivery documents and other assets of such defaulter member lying with the Exchange shall be under lien and first
charge of the Exchange, irrespective of the fact whether such assets or deposits belong to the member or his clients. No client or any other person can claim any charge or right on any such deposit, margin or delivery documents under any circumstances.

(e) **Clearing Assistants for the Clearing House**: In respect of delivery of precious metals (gold and silver), a Clearing Member may nominate Clearing Assistants (not more than two for each delivery center), who shall be competent to sign on behalf of such member all clearing forms, vouchers, claim notes, receipts and other documents and transact on his behalf all such business as is necessary to be transacted in all matters connected with the operations of the Clearing House. Each Clearing Assistant shall be issued an Identity Card by the Exchange, which shall be displayed by him on his person during his presence at the Clearing House premises. The member may apply for clearing assistant. Clearing Member who has to give or take delivery of precious metals or any other tender / delivery documents shall either attend personally in the Clearing House or be represented by his Clearing Assistant at the proper time.

(f) **Clearing Code and Clearing Forms**: A member shall be allotted a Clearing Code, which must appear on all forms used by the member connected with the operation of the Clearing House. All Clearing Forms shall be signed by the member or his Clearing Assistant.

(g) **Specimen Signatures**: A member shall file with the Clearing House specimens of his own signature and of the signatures of his Clearing Assistants.

(h) **Delivery and payment through Custodians and Clearing Members**: The Clearing House shall maintain a register of Custodians, Banks, Trust Companies and other firms approved by the Executive Committee which may act for members and their constituents in giving and taking delivery of precious metals.

(i) **Notices and Directions**: All Clearing Members shall comply with the instructions, resolutions, orders, notices, directions and decisions of the Executive Committee in all matters connected with the operations of the Clearing House.

(j) **Liability of the Clearing House**: The Clearing House shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any delivery passing through the Clearing House and the only obligation of the Clearing House in this matter shall be to facilitate the delivery and payment in respect of delivery.
(k) **Liability of the Exchange:** No liability shall attach either to the Exchange, its officials, or to the Executive Committee or any member of the Executive Committee by reason of anything done or omitted to be done by the Clearing House in the course of its operations nor shall the Exchange, its officials, or the Executive Committee or any member of the Executive Committee be liable to answer in any way for the title, ownership, genuineness, quality, quantity or validity of any delivery or any other documents passing through the Clearing House nor shall any liability attach to the Exchange, its officials, the Executive Committee or any Member of the Executive Committee in any way in respect of such delivery and any other documents.

(l) **False or misleading statements:** The Exchange may fine, suspend or expel a clearing member who makes any false or misleading statement in the Clearing Forms required to be submitted in conformity with these Regulations or any resolutions, orders, notices, directions and decisions of the Clearing House.

(m) **Class of contracts covered:** The Clearing House shall be responsible in the manner stated above only in respect of contracts executed on the trading system of the Exchange and Bye-Laws of the Exchange. It shall not deal with, monitor or guarantee settlement of negotiated deals, off the floor transactions, bilateral contracts, loan transactions or other transactions not covered under the Bye laws of the Exchange.

(n) In the event of disruption in the office or administrative services of the Exchange or the Designated Clearing Bank due to technical reasons including Computer System break-down or due to absence, non-attendance and/or strike by the employees or due to any unforeseen circumstances or due to natural or other calamities such as earthquake, out-break of war, general strike or any such circumstance of a force majeure nature, the daily clearing shall be suspended for such days and period till normalcy is restored. The office of the Exchange shall immediately notify all the members about the suspension and/or postponement of daily clearing settlement as also about the restoration or return of normalcy and resumption of daily clearing and settlement work. If the circumstances so demand, the Managing Director or any other relevant authority of the Exchange may order closure of the market in terms of relevant Bye-laws and call an emergency meeting of the Board of the Exchange to deal with the abnormal situation.

21. **Delivery Procedure**

(a) **Delivery Period:** Each Futures Contract for specified delivery month shall be deemed to have entered the delivery period from such date of its expiry month, as specified by the Exchange in the relevant contract. The futures
contract can be performed by delivery of the underlying commodity within this period on designated tender days fixed by the Exchange. Provided that the Exchange will have the right to fix, alter, extend or postpone such delivery period, if it is expedient to do so.

(b) **Designated Tender Days:** The tendering of deliveries shall be permitted only on specific tender days during the delivery period. Such tender days will be notified by the Exchange in advance.

(c) **Compulsory Tender of Delivery:** Any Member keeping an "Open Position" as at the close of business on the contract expiry date shall be obliged to compulsorily tender delivery for the entire short position or accept delivery for the entire long position, as the case may be. In case he fails to do so, penalty will be imposed on him for such failure and the open position of the member will be closed out at the due date rate.

(d) **Delivery Orders:** All deliveries tendered by Members on designated tender days shall be in the form of 'Delivery Orders' issued in favour of the buyers, as per instructions of MCX. The Delivery Orders shall be filled up in the prescribed form and shall clearly state the contract particulars including quantity, quality and the delivery center, along with full postal address of the place where goods are stored. The Delivery Orders must be received by MCX by 3 pm on the specified delivery days, otherwise it is treated as valid only for the subsequent delivery day.

(e) Each delivery order issued shall be in multiples of minimum deliverable lots and shall be designated for only one delivery center and one location in such center. The tenderer of delivery order shall also clearly disclose the identity of the Member/Registered Non-Member, if any, who shall be performing the delivery. The seller shall not issue delivery order at a place where there is a restriction against movement of goods from such place by any person or Government authority or local authority at the time of issuing such delivery order. The seller shall, at his cost, give permit to the buyer wherever such permit is necessary for movement of goods. If the seller is unable to supply such permit to the buyer, it will be treated as no delivery and he shall be liable to pay such penalty as may be applicable for failure to tender delivery.

(f) **Delivery Order** once submitted cannot be withdrawn or cancelled or changed, unless so agreed by MCX in writing.

(g) **Delivery Lot:** The Contracts traded at MCX are deliverable in such lots as may be specified for respective commodities. Members with a short open position opting to tender deliveries shall be permitted to issue Delivery Orders only in such lots. Any member with an open position of such number of contracts that is not convertible into multiples of deliverable lots
then he shall be required to square-up such outstanding 'odd lot' before expiry of the contract so as to make the total deliverable quantity a deliverable lot. In case any member fails to square-up outstanding odd lot until the contract expires resulting into odd lot position at the end of the contract expiry day, the delivery up to the nearest completed delivery lot will happen in the usual manner, while the residual odd lot will be settled in the following manner:

a. If the buyer has an odd lot position, while the total sale position of the seller member is in market lot, the buyer shall be obliged to take delivery from the place notified by the seller (i.e. sellers’ godown) and the buyer shall bear all transport expenses relating to such odd lot delivery.

b. If the seller has an odd lot position, while the total buy position of the buyer is in market lot, the seller shall be obliged to deliver the commodity at the place desired by the buyer and the seller shall bear all transportation expenses relating thereto.

c. If both the buyer and seller have odd lot position, then the cost of transportation relating to delivery of such odd lot shall be equally shared by both the parties.

Provided that irrespective of the settlement procedure relating to outstanding odd lot position as stated above, MCX shall be at liberty to impose fine on the members for their failure to square off their odd lot position before maturity of the contract

Provided further the place of delivery, which may be opted by the respective seller and buyer above shall be permitted only at the delivery centers approved by the Exchange for that commodity.

Odd Lot Treatment for Cotton Bales: The Contracts traded at MCX are deliverable in such lots as may be specified in contract specification of respective commodities. Members with a short open position willing to tender deliveries shall be permitted to issue Delivery only in deliverable lots. Any member with an open position not in deliverable lots shall be required to square-up such outstanding 'odd lot' before expiry of the contract so as to make the total deliverable quantity in a deliverable lot. In case any member fails to square-up outstanding odd lot till the contract expires on the final day resulting into odd lot position at the end of the contract expiry day, the delivery up to the nearest deliverable lot will happen in the usual manner, while the residual odd lot will be settled in the following manner:

1 [Odd Lot Treatment for Cotton Bales: The Contracts traded at MCX are deliverable in such lots as may be specified in contract specification of respective commodities. Members with a short open position willing to tender deliveries shall be permitted to issue Delivery only in deliverable lots. Any member with an open position not in deliverable lots shall be required to square-up such outstanding 'odd lot' before expiry of the contract so as to make the total deliverable quantity in a deliverable lot. In case any member fails to square-up outstanding odd lot till the contract expires on the final day resulting into odd lot position at the end of the contract expiry day, the delivery up to the nearest deliverable lot will happen in the usual manner, while the residual odd lot will be settled in the following manner.

1 Inserted as per Circular No.MCX/C&S/470/2011 dated 23/12/2011
a. If the buyer has an odd lot position, while the total sale position of the seller member is in deliverable lot, the buyer shall be obliged to take delivery from the place notified by the Exchange or at the designated delivery center and the buyer shall bear all transport expenses relating to such odd lot delivery. In case of splitting of warehouse receipts, the commodity pay out will be declared on or after E+3 basis instead of E+2 basis.

b. If the seller has an odd lot position, the penal provisions as applicable to the seller default as specified in the delivery and settlement provisions of the contract shall apply.

c. If both the buyer and seller have odd lot position, then the outstanding position shall be closed out at Due Date Rate (DDR) and penal provisions as applicable to the buyer and seller applicable for odd lot shall be applicable.

Provided that irrespective of the settlement procedure relating to outstanding odd lot position as stated above, MCX shall be at liberty to impose fine on the members for their failure to square off their odd lot position before maturity of the contract.

Provided further that the place of delivery, which may be opted by the respective seller and buyer above, shall be permitted only at the designated delivery centers approved by the Exchange.

Provided further that in case settlement of the outstanding odd lot, as referred in the relevant contract of the commodity, considers it as delivery default and provides its settlement by way of penal provisions, the close out amount will not be less than 10% but not exceeding 20% of the Due Date Rate (DDR) of the relevant contract expiry. Out of the penalty levied 1.75% will go to IPF, 0.25% will be exchange administration and rest amount shall be passed on to the counter party.

Provided further that irrespective of the procedure relating to settlement of outstanding odd lot position as stated above, the procedure, if any, as specified in delivery and settlement procedure applicable for the relevant contract shall be final and MCX shall have liberty to amend, modify or alter the same as deemed appropriate from time to time.

(h) Permissible limits for Delivered Quantity: The delivery shall be deemed to have been provisionally completed for each delivery order whenever the
seller has delivered the quantity for that delivery order within a tolerance limit as may be specified from time to time. The delivery is considered as fully complete only after the buyer lifts delivery and confirms receipt of delivery with the same quantity and quality. Provided that if no confirmation or objection is received from the buyer within such time, as may be notified by the Exchange for specific commodity, delivery is considered as complete without any further recourse available to the buyer.

(i) **Delivery Grades:** The Members tendering delivery will have the option of delivering such grades of Commodities as permitted by MCX. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the Exchange shall be binding on him.

(j) The Member tendering delivery will clearly specify the grade to be delivered in the Delivery Order. Once the delivery grade is specified, it cannot be changed for the same Delivery Order. Such delivery grade shall be in conformity with the surveyor’s certificate accompanied with the tender document.

(k) **Delivery Centers:** Delivery centers shall be such centers as may be notified by the Exchange for respective commodities. Members shall be obliged to tender delivery orders only at such centers as may be required by the Exchange.

(l) **Freight adjustment factor / Discount/Premium on up country delivery:** The Exchange shall notify the Discount/Premium for delivery of Specified commodities at various delivery centers. The same shall be notified to the members within one month, prior to commencement of trading in the concerned contract.

(m) **Evidence of Stocks in Possession:** At the time of issuing the Delivery Order, the Member must satisfy MCX that he holds stocks of the quantity and quality specified in the Delivery Order at the declared Delivery Center.

(n) Each Delivery Order shall be accompanied by a certificate from an approved surveyor as to the physical verification and certification of quantity of stocks in possession of tenderer at designated delivery center and quality specifications in conformity with the specifications of the grade being tendered. Such certification shall be dated and issued on the basis of inspection carried out not more than fifteen days preceding the date of the Delivery Order.

(o) In case of delivery of vegetable oil against his position in a vegetable oil contract, if the Seller tenders delivery from his own or private storage tank, that particular tank shall be sealed at both the inlet and outlet valves by the
approved surveyor, certifying quality and weight. However if the Seller opts to give delivery from an approved Tank Terminal, then the warehouse receipts duly issued and certified by the approved Tank Terminal and surveyors respectively shall accompany along with Delivery Order certifying quality and weight.

(p) The procedures followed for drawing samples and carrying out analysis tests shall be as per booklet issued by Bureau of Indian standards.

(q) The cost of survey and issuance of certification by an approved surveyor shall be borne by the Member submitting the Delivery Order.

(r) **Commingling of Vegetable Oil Stocks:** The Members originating the Delivery Order or their clients giving delivery shall be permitted to hold commingled stocks of tenderable grade of oil covered by the said Delivery Order which shall mean that such stocks may be mixed or kept together with other stocks of the same grade of oil duly certified by approved Surveyors.

(s) **Pricing of Delivery Order:** The basis price for a Delivery Order shall be the settlement price of the concerned contract on the day (which shall be a designated tender day) and on which the delivery is tendered. The basis price arrived at as above will have to be adjusted by applying Freight adjustment factor / Discount/Premium on up country delivery and the discount / premium in respect of quality.

(t) **Taxes, Duties, Cess and other Levies:** The price of all the contracts shall be quoted on the basis of "duties relating to import and excise paid" and "octroi paid". All other taxes including the Sales Tax, cess, municipal taxes or other levies shall be on account of the Member taking the delivery as Buyer. All the Sellers tendering goods shall have the necessary Registration from the Sales Tax and obtain other licences, if any, required by them. In case the selling member does not have a Sales Tax Registration number then he shall appoint an Agent/Nominee who has the required Sales Tax Registration and deliver the goods through him. The Member giving delivery and the Member taking delivery will exchange appropriate tax forms as provided in law and as customary, and neither of the parties will unreasonably refuse to do so. In case any of the member or his client fails to provide necessary forms in respect of sales tax resulting into pecuniary loss to the either party, the Exchange will impose a charge on the party in default and after collection thereof, will pass on the same to the member, who or whose client has suffered such loss. In addition to above, the Exchange can impose additional penalty on the party in default.

(u) **Allocation of Delivery Orders:** MCX shall allocate all Delivery Orders received on tender days/expiry day from Members holding short open
positions to Members holding long open positions before 4.00 p.m. on the
same day, when the tender document is received. The allocation of Delivery
Orders shall be done in a fair and equitable manner by MCX. The decision
of MCX shall be final and binding.

(v) **Publication of Delivery Orders Issued and Allocated:** MCX shall
display on its system, within reasonable time, full details of Delivery Orders
received on each designated tender day and the allocation made against the
same.

(w) **Acceptance of Allocated Delivery Orders:** The allocation of Delivery
Orders to Members with net buy or long positions shall be final and
binding on all members to whom it has been allocated and under no
circumstances a member shall have any right to refuse or challenge the
delivery allocation in his favour.

(x) **Payment by Member with Net `Buy' Position:** After receiving the
notice of allocation of Delivery Order from MCX, the Member with net
long position shall pay 100% value of the Delivery Order to MCX prior to
2.00 p.m. on or before the second working day (T+2) from the date of
assignment of the delivery order, and obtain the Delivery Order. The
payment shall be made through creating adequate credit balance in the
designated clearing account of the member maintained with the Designated
Clearing Bank.

(y) **Endorsement of Delivery Orders:** The Delivery Orders allocated to the
member with net long position shall be freely endorsable by him to his
clients who may be either a member or a client. Such allocation can also be
made by the buying member in favour of a third party, but such allocation
can be only once and subject to the full disclosure of details of the third
party to be given to MCX. However in case of dispute or default involving
the endorsee, the responsibility for contractual performance shall remain
vested with the original assignee of the Delivery Order (the buying
member).

(z) **Delivery Procedure:** The Member or his client or final endorsee in
possession of a Delivery Order shall be obliged to take delivery within such
period, as may be specified by the Exchange for specific commodity. He is
also entitled to lift delivery on various days during such defined period,
provided that on each day he has to lift at least 1/10th of his total allocated
delivery. In the event that the Member or his client in possession of
Delivery Order is unable to lift the material within prescribed working days
of receipt of Delivery Order, the seller shall claim and receive
compensation at such rate, as may be decided by the Exchange for specific
commodity in respect of warehouse charges, insurance charges, etc. In the
same manner if the seller fails to give delivery on the scheduled date or if the seller’s representatives is not available to effect delivery, the buyer shall claim and receive compensation at such rate, as may be specified by the Exchange for specific commodity.

(aa) The Buyer has to intimate to the seller the programme for taking delivery of the tendered goods at least 2 days in advance, with a copy to the Exchange. The Seller has to confirm and intimate in writing to the buyer with a copy to MCX at least 1 day in advance about his confirmation or change request in such schedule.

(bb) **Weighment at the time of delivery:** The goods tendered shall be weighed at Buyer's option, at the Seller's weigh-bridge or at an independent weigh-bridge to be mutually agreed, and weights determined in this manner shall be treated as final and fully binding on both the parties. The Buyer's representative shall present himself at the Seller's Storage Tank / warehouse installation at the time of delivery failing which the Seller reserves the right to proceed with sampling and weighment of the oil tendered for delivery even in absence of the Buyer's representative.

(cc) Delivery shall be treated as complete if the Seller supplies a quantity that is within the minimum and maximum prescribed quantity. When a certain quantity is supplied and if it falls short of minimum permissible quantity then the shortage will be calculated in relation to the mean of minimum and maximum quantity. Likewise when quantity supplied is more than maximum quantity then the balance shall be treated as excess quantity. For calculating such shortage or excess delivery, the total quantity delivered by a seller is to be considered collectively as well as the minimum truck load permissible in each instance.

(dd) In case of a shortage the Buyer shall be entitled to claim the difference between the price payable as per the Delivery Order and the market price on the date of delivery from the Seller if the ready market price is higher; whereas in case of excess delivery the Buyer will pay for the excess quantity at the price which is lower of the delivery order price or the ready market price on the date of delivery.

(ee) **Sampling and Analysis at the time of Delivery:**

In case the Buyer does not agree to the Surveyor's report as to the quality of the commodity, he shall desire for second sampling.

The system of drawing of samples tendered for delivery will be as prescribed in the Bureau of Indian Standards procedure. The samples shall be taken from the Seller's warehouse/ storage tank directly. Three Samples shall be drawn as under:
Business Rules

- One for the Buyer - First Sample
- One for the Seller - Second Sample
- One for final reference, if it becomes necessary - Third Sample

If the first sample collected by the Buyer and analyzed by the surveyor appointed by him, conforms to the specifications, then the goods tendered for delivery shall be accepted and no subsequent claims from the Buyer regarding quantum of rebate or any other indemnification shall be admissible nor sellers shall be obliged to pass any sealed samples to the Buyer if requested subsequently.

If the first sample as examined by the Buyer's surveyor fails to conform to the quality standards specified, the Buyer shall intimate the seller within 72 hours of collection of sealed sample along with a copy of the analyst's report. The seller shall immediately send the second sealed sample to an approved laboratory, which is also agreed by the buyer. The result of the same shall be binding on both the parties. In the event the Buyer and Seller do not mutually reach agreement as to the laboratory to be used for analysis, then MCX shall direct the seller to send the third sealed sample to any one of the approved laboratories / surveyor, as decided by the Exchange.

The analyst's report of the approved and agreed independent laboratory shall be forwarded by the seller to MCX under intimation to the Buyer within 72 hours of the submission of second sealed sample for analysis. MCX shall direct the party in whose favour the results have come to collect the cost of tests and detention charges from the other party. In case the commodity stands rejected then the seller shall be given 48 hours from the day of rejection to re-tender the goods. If the re-tendered goods does not conform to the quality standards, then it will tantamount to failure on the part of the seller to give delivery, which shall be closed out as per the Due Date Rate treating the same as shortage.

(ff) In order to ensure that tests are exactly comparable and that the results are consistent, the independent analyst shall determine the particular analytical test by applying the methods specified in relevant ISI. The analyst shall be required to append a certificate to that effect to the analysis report issued by him.

(gg) Cost of Transportation and Insurance: The Member taking delivery shall in all cases bear transportation and insurance cost from the seller’s godown / storage tank to his destination, except as provided under Rule(g) above. The Member or his client issuing the Delivery Order and giving delivery shall maintain adequate insurance cover for commodity held in stock prior to delivery and in no circumstances either MCX or the Member or his client
taking delivery will be responsible for any losses prior to delivery being completed.

(hh) Payment by MCX to the Tenderer: MCX shall pay the invoiced amount to the Member tendering delivery on completion of delivery and receipt of confirmation from the buyer to this effect. However, if the buyer fails to confirm or raise objection within such time, as may be specified by the Exchange for respective commodity, then the Exchange will pass on the proceeds to the seller.

(ii) Penalty for non performance: In order to enforce strict discipline in respect of performance of contract, the Exchange will follow the following procedure:

a. One day prior to commencement of delivery period of a contract, all the members having outstanding position in the expiring contract will be required to submit in writing to the Exchange in specified format their intention for tendering or lifting delivery alongwith details of quality, quantity, delivery center, etc.

b. Any member who does not submit such intention will not be allowed to tender delivery in that contract. However, even if a buyer submits his intention to lift delivery, it may be possible that he does not get delivery either fully or partially or that he would get delivery but at a different delivery center compared to the center desired by him.

c. If a member does not submit his intention to give or lift delivery, he will have only two options:

i. To square off his position anytime before contract expiry; or

ii. To settle his position as per the Due date rate in case he fails to square off his position before contract maturity. However, in case the position is settled as per the Due Date Rate, the member is also subject to pay a penalty at the rate of 5 % of the Due Date Rate for the unsettled quantity, which is appropriated by the Exchange.

d. If a member submits his intention to give delivery, but subsequently he fails to do so, his position will be closed out at the Due Date Rate and he shall also be required to pay a penalty of 10 % of the Due Date Rate for the unsettled quantity. Out of such penalty collected by the Exchange, 90 % amount will go to the buyer to compensate him for making funds arrangement and not getting delivery.
e. If a member submits his intention to give delivery, but there are no buyers interested to lift delivery, then the position of both the buyers and sellers to such extent will be closed out as per the Due Date Rate and in addition to such DDR, the buyers will be required to pay a penalty of 2% of the Due Date Rate, which will be paid to the seller.

f. If the buyer has submitted his intention to lift delivery, but subsequently when delivery is allocated to him, he fails to make payment for the delivery, then such buyer will be declared a defaulter and the position will be closed out as per the Official Closing Price of that day, while the delivery will vest will the seller himself. In such cases, the Exchange imposes 10% of the DDR as penalty on the buyer, out of which 90% goes to the seller and 10% is appropriated by the Exchange.

(jj) During tender and delivery period of commodity, members are required to submit the following documents including the documents relating to Sales tax/VAT

A. List of Documents:

1) The buyer member to submit his intention to take delivery along with the details of his client based on which the Exchange will mark delivery on priority basis.

2) The seller member is required to submit tender notice along with documentary evidence such as warehouse receipt and quality certificate to the effect that the seller is holding the goods at the time of giving tender notice.

3) The buyer member is to submit the sales tax/VAT registration number, name and address of buyer etc. for the purpose of raising the invoice by the seller.

4) The seller member to submit invoice favouring buyer member/buyer member's client.

1) Instructions:

i. Compliance on the part of the buying member

1. The buyer member is required to submit his intention in the specified format to take delivery on the expiry date of the contract in case of Both Option contract and on the respective tender days in case of seller’s

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1 Inserted as per Circular No.MCX/176/2005 dated 9/5/2005
Option and Compulsory Delivery contract by 3.00p.m. (Specified format is enclosed in Annexure-I)

2. The buyer member is required to furnish the details of his client i.e name and client code to whom the marking of delivery will take place before delivery marking date failing which Exchange will mark delivery on its own.

3. The buyer member requires to furnish further details of his client such as name, address, and sales tax/VAT registration number along with the intention on the scheduled date and time in case of Both Option contract to enable the seller member to raise/issue invoice on the pay out date. If he fails to furnish these details at the time of giving intention then his intention to take delivery shall not be considered. In case of Compulsory Delivery and Seller’s Option contract, the buyer member has to compulsorily furnish the same before the pay in (funds) day failing which seller member will be advised to issue invoice in the name of the buyer member.

4. The buyer member to submit the details of his representative such as identity proof etc. to lift the delivery from the warehouse to enable the Exchange to release Delivery Order. (Specified format is enclosed in Annexure-2)

5. Exchange will then issue Delivery Order to the buyer to lift the delivery.

ii. Compliance on the part of the Seller Member.

1) The seller member is required to submit tender notice in the specified format to take delivery on the expiry date of the contract in case of Both Option contract and on the respective tender days in case of Seller’s Option and Compulsory Delivery contract by 3.00p.m. (Specified format is enclosed in annexure-3)

2) The seller member is required to furnish the details of his client to whom the marking of delivery will take place before delivery marking date failing which Exchange will mark delivery on its own.

3) At the time of submission of intention, seller member is required to furnish documentary evidence such as warehouse receipt and quality certificate along with his
intention/tender notice in respect of his holding the goods at the warehouse.

4) The seller member to issue invoice in favour of the buyer and fax a copy of the same to the Exchange on or before declaration of pay out.

A time schedule of above activities is given hereunder for the information of the members:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Activities</th>
<th>Date and time. (For Both Option contract)</th>
<th>Date and time (For Sellers Option &amp; Compulsory Delivery Contract)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Submission of intention and tender notice in the specified format by the buyer and seller respectively along with the required details such as the client to whom delivery will be marked</td>
<td>On the expiry day i.e. E day</td>
<td>On the tender days.</td>
</tr>
<tr>
<td>2</td>
<td>Submission of clients details such as the name, address Sales Tax/VAT registration number, a copy of form no. ‘C’ if applicable etc. by the buyer.</td>
<td>On the expiry day i.e. E day</td>
<td>On tender days at the time of giving intention or before pay in (funds) day.</td>
</tr>
<tr>
<td>3</td>
<td>Seller to be informed about the client details of the buyer by the Exchange to issue invoice.</td>
<td>E+1 working day</td>
<td>E+1 working day or on pay in of funds day</td>
</tr>
<tr>
<td>4</td>
<td>Seller to furnish a copy of invoice to the Exchange before declaration of funds pays out.</td>
<td>On E+3 working day before 11.00a.m.</td>
<td>On E+3 working day before 11.00a.m.</td>
</tr>
</tbody>
</table>
Buying member to submit the details of his representative such as identity proof to lift the delivery from the warehouse to enable the Exchange to release **Delivery Order**.

One day before lifting the delivery.

One day before lifting the delivery.

Settlement of funds towards sales tax/VAT, CST and any other taxes as applicable.

E+4 working day by 3.00 p.m.

E+4 working day by 3.00 p.m.

Note: ‘E’ means expiry day of the contract.

All the sellers tendering goods shall have the necessary registration from the Sales Tax/VAT authorities and obtain other licences, if any, required by them. In case the selling member does not have a Sales Tax Registration number then he shall appoint an Agent/Nominee who has the required Sales Tax/VAT Registration and deliver the goods through him. The Member giving delivery and the Member taking delivery will exchange appropriate tax forms as provided in law and as customary, and neither of the parties will unreasonably refuse to do so. In case any of the member or his client fails to provide necessary forms in respect of sales tax resulting into pecuniary loss to either party, the Exchange will impose a charge on the party in default and after collection thereof, will pass on the same to the member, who or whose client has suffered such loss. An unregistered seller if he has collected the sales tax/VAT, has to refund the amount of tax so collected and also be liable to pay tax with penalty as applicable under relevant State Sales Tax laws. Similarly if a buyer submits exemption form though not eligible to claim exemption in such case he is liable to pay the applicable State Sales Tax with penalty as applicable under respective State Sales Tax laws.

In addition to this, the Exchange will impose additional penalty on the party in default as mentioned hereunder.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Seller / Buyer</th>
<th>Default activities</th>
<th>Penalty amount in Rs.</th>
<th>Computation of penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Seller</td>
<td>Delay in issuing invoice</td>
<td>10/-</td>
<td>Per day of default</td>
</tr>
<tr>
<td>2</td>
<td>Seller</td>
<td>Sale without having local sales</td>
<td>2000/-</td>
<td>Per event</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>tax registration or through commission agent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Buyer</td>
<td>Submission of tax exemption form but not eligible for the same</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10/–</td>
<td>Per day of default</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Buyer / Seller</td>
<td>Non furnishing of required documents as mentioned above (except the documents as mentioned in serial number 1, 2, 3) on time</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2000/–</td>
<td>Per event</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above penalties are levied by the Exchange are not part of penalty that may be levied by the respective State sales tax authorities or any other authorities on default towards tax/cess liabilities.}

**Extension of Delivery Period:** The Exchange, in consultation with the Advisory board of the specific commodity, shall have the power to extend the period of delivery or provide for longer period of delivery in the Delivery Order itself if such an extension of time has become necessary due to a force majeure.

21 A. 1[Norms Regarding Ownership, Net worth, Corporate Governance etc. for accreditation of Warehouse Service Provider (WSPs)]

1. **Eligibility Norms for Promoters of WSP**
   Promoters/ Promoter Groups should be responsible persons/entities of repute with a good business reputation and credibility, and who are in the business of public warehousing for at least 3 years and have knowledge of, and experience in, generally accepted warehousing and handling practices for Commodities, and are competent and willing to operate such a warehouse in accordance with the relevant regulations of the Exchange and others, as applicable.

2. **Financial Norms for the WSP**
   i) Net worth: The minimum net worth for the WSP shall be Rs. 25 crores. However for warehouses providing services for single commodity at a particular location, the minimum net worth requirement may be relaxed to –Rs. 10 crores.

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ii) Financial Security Deposits to be furnished by WSP and the acceptable forms for such Security Deposits:
The WSP shall furnish security deposit as under:
a. 3% for the value less than or equal to Rs. 250 crores
b. 4% for the value above Rs. 250 crores and equal to Rs. 500 crores and
c. 5% for the value above Rs. 500 crores, of the goods stored in the warehouses

iii) The security deposit shall be in cash or cash equivalent like Bank FDRs, Bank Guarantees, Government Securities etc. as may be prescribed by the Exchange.

iv) A daily monitoring of the security deposits vis-à-vis the value of the commodity stored needs to be done so as to ensure that the minimum stipulated security deposits are always maintained with the Exchange. The Exchange may ask for additional security deposit over that stipulated in (ii) above, if considered necessary.

3. Corporate Governance norms for WSP
i) The WSP should be a Corporate Body.
ii) The WSP Company should have a professional management team to oversee its functioning and operations.
iii) The WSP should have good internal systems and controls which should meet the operating guidelines, if any, issued by the Exchange in this regard. The WSP should have clear delegation of powers to meet operational requirement.
iv) The WSP shall submit a net worth certification to Exchange every six months.
v) The Financial Statements of the WSPs should be audited and submitted to the Exchange within six months of the end of Financial Year.
vi) The WSP should have a Customer Grievance Cell to handle customer complaints and WSP shall take proactive steps to resolve customer related issues and maintain a record of complaints received / resolved.
vii) The WSP should comply with Know Your Depositor Policy as prescribed by the Exchange from time to time.
viii) Management of WSP (defined as ‘key managerial personnel’ including whole time directors of WSP and their ‘relatives’ as per Companies Act, 2013) or entities owned or controlled by management of WSP/Group concerns or persons ‘acting in concert’ shall not be allowed to trade on the commodity Exchange in the commodity for which it is accredited by Exchange. However, there shall be no such restriction on trading in forward segment of Exchange in delivery-based forward contracts.
4. **Facilities & Infrastructure Requirement for WSP**

The Exchanges shall ensure that WSPs to be eligible for accreditation have reasonable facility and infrastructure for proper handling and storage of commodity like:-

a) Warehouses are physically and operationally suitable for the proper storage of Commodities and that specifically:
   - are of sound construction and in a state of good repair;
   - have adequate equipment, installed and maintained in good working order, as may be prescribed by the Exchange, for the movement of commodities into, out of and within the warehouse;
   - have adequate ventilation, installed and maintained in good working order, as may be prescribed by the Exchange, for the proper storage and preservation of grain quality;
   - have adequate lighting arrangement as may be prescribed by the Exchange;
   - are free from materials and substances that may adversely affect the quality of stored commodities;
   - have a safe work environment; and
   - ensure adequate security as may be prescribed by the Exchange and protection of stored or handled commodities from tampering or adulteration.

b) The WSP should undertake to have assaying/testing facilities for the commodities it intends to render warehousing facility, or should undertake to be associated with an assaying/testing agency which may preferably be certified by one or more national/international agencies like NABL (National Accreditation Board for calibration and testing Laboratories), BIS etc. The Exchange shall conduct independent pre-empannelment due diligence of Assayers. The exchange shall also identify and empanel another assayer(s) at each delivery location where the participants can get assaying done in respect of the goods which are proposed to be deposited or already deposited at Exchange accredited warehouse before depositing or withdrawing commodities. This facility shall be in addition to the assaying being done by the warehouse/assayer(s) appointed by Exchange.

c) WSP will provide for accurate and efficient weighing, sampling, inspection and grading of the Commodities in store, and the Exchange shall ensure that the WSP should have personnel who have knowledge and experience in sampling, weighing, inspecting and/or grading of Commodities.

d) The WSP shall have own or access to fumigation facilities/agencies for pest control activities.

5. **Insurance**

The WSP shall at all times ensure to fully cover the value of goods stored at Exchange approved warehouses under insurance for all perils relevant to the
commodities for which insurance cover is available and necessary. The WSP shall undertake to take insurance cover for risks such as viz. Fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, Burglary and Theft. The WSP should take Fidelity guarantee & crime insurance and Professional indemnity cover to cover all deliverable stocks on the Exchange. The value of goods to be insured should be marked to market on replacement value on ongoing basis.

6. Inspection/Audit

i) The WSP should ensure that there is periodic inspection/audit of the stocks stored in the warehouses and the inspection/audit report is submitted to the Exchange within a week of the completion of such inspection/audit.

ii) The Exchange shall ensure that the physical counting of stocks and their reconciliation with the corresponding electronic records is done periodically.

iii) The Exchange shall ensure independent audit of the stock in the warehouses by expert agencies at regular intervals but not less than once in a year. In addition, the audit may be risk based as identified by the Exchange.

For this purpose, the Exchange shall form a panel of independent expert agencies and the cost of such audit shall be borne by the respective Exchange. The result of such audit shall be displayed by the Exchange on its website immediately after the completion of the audit and submission of report by the auditor. The panel of such independent agencies shall also be reviewed by the Exchange from time to time. In addition, the Exchange shall also conduct in-house physical audit of accredited warehouses at regular intervals.

iv) The WSP would allow the members /clients holding electronic credit balances to do physical inspection of their goods. However, the request for such physical inspection would have to be submitted to the Exchange and the Exchange after verification of such request shall forward the same to the concerned WSP for allowing such inspection.

7. MIS System

i) WSP should have a Standard Operating Procedure (SOP) which is process-dependent and not person-dependent. It is desirable that there should be electronic record of information at the WSP and a MIS system with an arrangement for flow of real time information from the warehouse location to the central MIS and onwards to Exchange. The MIS should have the capability to capture and disseminate information regarding stock being held warehouse wise/location wise and the availability of space in the warehouses.

ii) The exchange shall display on a daily basis warehouse wise details of the space available, goods held, name of the warehouse service provider, details of location of the warehouse etc, on its website.

iii) The participants willing to deposit goods in Exchange accredited Warehouses would submit a request to the Exchange. The Exchange shall use a
Business Rules

transparent and time-bound process to identify the warehouse where the participants can deposit the goods. After such identification, the Exchange shall intimate the participants about the time, place and the warehouse where they can deposit the goods. The Exchange shall then issue directions to the concerned warehouse for accepting deposits from the concerned participants. The warehouseman shall accept the goods for deposits only at the instruction of Exchange concerned.

8. **Transparency in accreditation process**

The exchanges shall follow a transparent process for accreditation of WSP by issue of open advertisement etc. The process being followed for such accreditation shall be displayed on the website of the Exchange. The accreditation of the WSP shall be done with the approval of the Risk Management Committee of the Board of Directors of the Exchange.

9. The Exchanges shall ensure that the accreditation process of new WSPs as per above norms is completed latest by 31st March, 2015. The existing WSPs, shall not be allowed to operate in the Exchange beyond 30th June, 2015. The norms relating to Insurance, Inspection/Audit and MIS System should be implemented by 1st January, 2015. The compliance in this regard be reported to the Commission.

The accreditation process for WSP and the required formalities relating to empanelment of WSP shall be detailed on the Exchange website.

In addition to the above norms, the Exchange may stipulate further conditions to be complied with the by the WSPs from time to time.

22. **Approved Surveyors**

For the purpose of quality certification of the commodities to be delivered, the approved surveyors for the time being shall be as follows:

(a) SGS India Private Limited
(b) Geo – chem Laboratories Private Limited
(c) Dr. Amin Superintendents & Surveyors Private Limited
(d) Caleb Brett India Private Limited
(e) Atlas Surveyors

23. **Risk Management System**

(a) A member is allowed to trade only upon payment of minimum security deposit of Rs. 2.50 lakh in addition to compliance of all other requirements. On the basis of deposit of Rs. 2.50 lakh, he is allowed to take such exposure on which the margin requirement is equal to or less than Rs. 2.50 lakh.
Similarly, if a member has paid addition deposit or margin, the system allows him exposure up to such level, up to which the margin requirement on such exposure is equal to or less than total deposit (initial minimum security deposit + additional deposit / margin.) As soon as a member crosses such allowed exposure limit, he is suspended from trading. In case a member is suspended from trading due to crossing such limit, he can still log in to the system, he can view the market, but if he attempts to submit orders, such orders are rejected.

(b) The calculation of margin at trade level is on a real time basis, which implies that with every trade executed by the member, his allowable exposure limit is correspondingly reduced to the extent of limit exhausted towards execution of such trade. However, if the new trade results into reduction in his outstanding position, his available exposure limit increases correspondingly because of overall reduction in his outstanding position by virtue of such offsetting trades.

(c) The Exchange will collect margin from the Exchange Member on gross basis at the member level. The Exchange may switch over to client level margining subsequently.

(d) At end of day, the system recalculates margin requirement in respect of outstanding position of a member (outstanding quantity multiplied by closing price). Besides, the system will also calculate the settlement dues which would be the Mark-To-Market Margin and the profits or losses actually sustained. All these figures are communicated to the members through trade file downloads through FTP (File transfer protocol). The obligation of a member towards margin and pay-in is blocked out of his available deposit for the purpose of MTM limit and only the rest amount is available towards MTM loss at commencement of trading session next day. Thereafter, as soon as the pay-in of that member is complete and a confirmation to such effect is received from the bank, the pay-in amount blocked out of deposit is released for MTM purpose and thereafter, the member starts getting MTM limit on the entire deposit.

(e) In order to inform the member sufficiently in advance, the system tracks the exposure limits of the members on real time basis and alerts him at 60%, 75% and 90% level of their exposure. However, if a member’s exposure crosses 100% level, he is suspended by the system and in such a case, he is debarred from submitting any new order and the existing pending orders are deleted from the system.

(f) In case a member is suspended in the manner stated above and he is interested to square-off his outstanding position, he can send a fax to the Exchange in the specified format with a request to square off his position
and in such case, the Exchange may square off his position, though the Exchange does not take any responsibility for such squaring off.

Provided that even in absence of such request from the member, the Exchange may, if it so desire, square-off position of such member in case of non-payment of margin as stated above.

(g) A member can anytime during the trading session pay additional security deposit by depositing funds in his settlement account and inform the Exchange through fax or email. Thereafter, the amount will be collected by the Exchange from the settlement account of the Member and the exposure limit of the member will be increased accordingly.

(h) The initial margin percentage will be notified in advance for respective commodities. However, in case of abnormal volatility in any contract or in order to prevent defaults in the system, the margin percentage can be increased by the Exchange at any point of time during the continuance of a contract. As soon as the margin percentage is increased, the revised percentage will apply to all existing open positions as well as fresh position to be created subsequent to such increase. The incremental margin on existing position will be blocked out of existing margin deposit of the members and in case of any shortfall, the member will be required to deposit the same immediately, pending which he is suspended from trading.

(i) In case a member is required to pay to the Exchange any amount towards pay in or margin obligation and he fails to pay the same, the Exchange will be at liberty to square off his position either on the same day or on subsequent days. However, a member cannot take shelter under this clause for any subsequent liability resulting from an existing open position, which was to be squared off by the Exchange but was not squared off by the Exchange for any reason. In order to carry out such squaring off of positions of a defaulting member, the Exchange may feed such offsetting transactions on account of and on behalf of such defaulting members as limit order or market orders, for the existing open position, either in full or in part and all differences and loss arising out of such squaring off shall be settled by such defaulting member.

(j) In case the Exchange submits the offsetting orders for square off trades of a member, but due to lack of liquidity or otherwise, if the position could not be squared off, the defaulting member would be responsible for final settlement of those contracts.

Further, in such a scenario, the Exchange may direct other members of the Exchange having outstanding position in such contract to compulsorily
reduce their position on that day at least by such percentage, which is sufficient to square off the position of such defaulting members.

(k) In case a member fails to pay margin obligation payable at beginning of the trading session and such payment is not received even till end of day, such unpaid margin amount will not be carried forward to the subsequent day’s obligation, because the margin obligation at end of day will be calculated afresh depending upon the closing price at end of that date. But, in case of pay in obligation, the unpaid amount will be carried forward to the subsequent days, and the system would automatically track all unpaid amounts in this manner member-wise and send an additional debit instruction to the bank on all subsequent days, till either the amount is repaid or the member is declared a defaulter. Such unpaid amount will also be blocked out of his available deposits for the purpose of calculation of allowable MTM limits.

(l) The various scenarios with respect to pay in / pay out and margin payable as reflected in the End of day report and its impact on the system are as follows:

- If a member has payable obligation both towards pay in as well as margin, he will not be able to put his orders next day morning (though he would be able to log in), unless he pays at least the margin payable amount immediately. If he pays margin demanded, his suspension is revoked immediately, but then also if he wants to increase his exposure, he has to pay extra margin for increasing his exposure, failing which he will be allowed to square off only.

- If a member has only pay in obligation but no payment required towards margin, he will be allowed to trade at commencement of trading session next day morning, provided that his available deposit would be reduced by the amount of pay in. Thereafter, as soon as the pay-in is complete and confirmation file is received from the bank, his blocked limit is released immediately.

- If a member has obligation to pay margin, while in respect of pay in he has got a receivable amount, he will be allowed to log in to the system and to have view facility also, but he will not be allowed to submit orders, unless he pays fresh margin equivalent to his obligation plus additional margin as per his wishes so as to create fresh position. However, if a member pays margin only to the extent of his actual margin obligation, he will be allowed by the system only to square off his position, but as soon as he increases his position, he will again be suspended from trading.
24. **Surveillance:**

In order to ensure market integrity and also to curb price rigging, price manipulation, cornering of the market, circular trading and defaults in the market, the Exchange will use various on-line and off-line surveillance tools, such as:

(a) **Mark to market Loss Monitoring:** During the trading session, the system keeps track of loss, both notional and booked, incurred by every member up to the last executed trade. This is calculated by the system on real time basis by way of computing the difference between the actual trade price of a member and the last trade price of the market. Such calculation happens for every member after execution of each and every trade. Every time when such loss amount goes beyond the levels of 60%, 75% and 90% of the total MTM limits of a member, the member gets a warning signal. Thereafter, when it crosses the 75% of the deposit, the member is suspended by the system. In such calculation, there is no allowance given in respect of profit made by such member in a different contract. This is monitored by the system to curb any default in the process of day trading.

(b) **Maximum Allowable Open Position:** In order to avoid building of huge open position in any commodity, the Exchange will specify the maximum open position limit across all members of the Exchange, which will be around 75% of the size of such commodity in India. There would be further restriction at the member level to the effect that any member cannot hold more than 25% of such market wide open position limit, notwithstanding any deposit or margin paid by such member. This would be monitored after end of the trading session every day. Any member who, either on his own account or on account of his client, violates such limit in respect of any contract, will be subjected to the following:

   i. To reduce the position in the immediate next trading session so as to bring the total open position in the contract below the threshold limit fixed by the Exchange.

   ii. If he fails to do the above, then the Exchange will compulsorily reduce his position in any subsequent trading session at its discretion and the member shall be responsible to bear all consequential loss or differences.

   iii. Besides, the member will also be required to pay a fine, which may be decided by the Exchange, depending upon the magnitude of violation.

(c) (i) **Circuit Filter:** The Exchange notifies a daily circuit filter limit for commodities in terms of percentage of variation allowed in a day.

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1 Amended as per Circular No. MCX/344/05 dated 15/10/05, w.e.f 17/10/05. Earlier amended vide Circular No. MCX/090/05 dated 8/3/05.
with respect to the previous close price. Circuit filter provides the maximum range within which a contract can be traded in a session. Such circuit filter can be different for different contracts. The orders, which are in violation of such circuit filter, will be rejected by the system.

In case of volatility whenever such circuit filter limit is hit, a cooling period of 15 minutes shall be observed by the Exchange. Thereafter the price band shall be relaxed by another 50% of the existing daily price range for the purpose of trading.

In case the price again hits the revised circuit filter range, no trades/orders shall be permitted beyond the revised limits and the trading shall be allowed only within the revised range of circuit filter.

(ii) Special Margin: In case the price fluctuation in a contract during the trading session hits the upper or lower limits of the circuit filter applicable on that contract compared to the base price of the day and the circuit filter is relaxed, a special margin equivalent to the percentage by which the circuit filter is relaxed is applied.

Such special margin amount is immediately blocked out of available margin deposits of the members having outstanding position in that contract and in case the available margin of a member is not sufficient to cover such special margin required, then a margin call is sent to the member which is required to be remitted by the member immediately. In such case, since the available deposit is already exhausted, he is suspended from trading and such suspension continues during such trading session till collection of required margin amount is completed. If the price volatility reaches 100% of the circuit filter limit, orders will be accepted by the system only upto the price level equivalent to such circuit filter.]

(d) Circular Trading, concentration, price rigging, price manipulation and other market abuses: The Exchange will monitor Circular Trading, concentration, price rigging, price manipulation and other market abuses and take suitable actions whenever such practices are identified.

(e) [Levy of Charges to deter System abuse:

i. System abuse charges in case of Spread IOC Orders together with Combination Orders (originating through any mode) based on the Order to Trade Ratio applicable at Member level is as under:

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1 Inserted vide Exchange Circular No.MCX/T&S/456/2011 dated 15/12/2011 w.e.f. 01/01/2012.
Business Rules

**Daily Order to Trade Ratio Member-wise**

<table>
<thead>
<tr>
<th>Daily Order to Trade Ratio Member-wise</th>
<th>Charge (Per order)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20</td>
<td>NIL</td>
</tr>
<tr>
<td>More than 20 up to 40 (On incremental basis)</td>
<td>1 paise</td>
</tr>
<tr>
<td>More than 40 up to 60 (On incremental basis)</td>
<td>3 paise</td>
</tr>
<tr>
<td>More than 60 (On incremental basis)</td>
<td>5 paise</td>
</tr>
</tbody>
</table>

ii. In case, the number of Spread IOC and Combination Orders per day per Member exceeds 5 lakh orders but is less than 10 lakh orders and where it exceeds 10 lakhs the charge levied will increase to two and four times respectively of the charge structure specified in the above table.

iii. Further, to ensure fair usage of the Automated Trading Facility (ATF) by market participants, it is decided to levy a System abuse charge based on the Order messages (including order entry, modification and cancellation) to Trade Ratio applicable in case of the orders originating through ATF (excluding Spread IOC and Combination Orders through ATF) at Member level as under.

<table>
<thead>
<tr>
<th>Daily Order messages to Trade Ratio Member-wise</th>
<th>Charge (Per message)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 50</td>
<td>NIL</td>
</tr>
<tr>
<td>More than 50 up to 100 (On incremental basis)</td>
<td>1 paise</td>
</tr>
<tr>
<td>More than 100 up to 200 (On incremental basis)</td>
<td>3 paise</td>
</tr>
<tr>
<td>More than 200 up to 300 (On incremental basis)</td>
<td>5 paise</td>
</tr>
<tr>
<td>More than 300 (On incremental basis)</td>
<td>8 paise</td>
</tr>
</tbody>
</table>

25. **Transaction Fee**

(a) ¹ {Every Member is required to pay Minimum Usage Fee of Rs.25,000/- per quarter at the beginning of each quarter of a financial year.}

² [The above Minimum Usage Fee paid will be set off against the transaction fee payable under this business rule by the member for the financial year ending on 31st March, 2011. Any unadjusted Minimum Usage Fee as at 31st March, 2011 would be allowed to be carried forward and

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adjusted against the Minimum Usage Fee/Transaction Fee payable for the subsequent financial years.]

(b) The Exchange will levy a transaction fee on the transactions registered with the Exchange. Such transaction fee will be computed on value basis or volume basis, as may be decided from time to time, which will be computed on both purchases and sales separately.

(c) Transaction fee per Rs. 1 lakh of turnover value is required to be paid by the members based on their daily turnover in all the futures contracts in all the commodities traded at the Exchange as tabulated below: with effect from February 26, 2014

<table>
<thead>
<tr>
<th>Group A: Commodities (Non - Agri)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average daily turnover</strong></td>
</tr>
<tr>
<td>Upto Rs. 350 crore</td>
</tr>
<tr>
<td>On incremental turnover above Rs. 350 crore</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group B: Commodities (Agri)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average daily turnover</strong></td>
</tr>
<tr>
<td>Upto Rs. 20 crore</td>
</tr>
<tr>
<td>On incremental turnover above Rs. 20 crore</td>
</tr>
</tbody>
</table>

Average daily turnover in all the futures contracts, in all the commodities will be calculated at the end of every month by way of dividing the total turnover of the member of the Exchange (including Saturdays) by the total number of trading days (excluding Saturdays).

The transaction fee shall be debited on a monthly basis to the settlement account of the members in the first week of the succeeding month.

(d) 

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1 Amended vide Exchange Circular Ref. No. MCX/C&S/053/2014 dated February 26, 2014: prior to amendment the clause read as under:

"Transaction fee (per Rs. 1 lac of turnover value) is required to be paid by the members based on their daily turnover in all the futures contracts in all the commodities traded at the Exchange as tabulated below:

<table>
<thead>
<tr>
<th>Average daily turnover</th>
<th>Transaction fee rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 350 crore</td>
<td>Rs. 2.10</td>
</tr>
<tr>
<td>On incremental turnover above Rs. 350 crore</td>
<td>Rs. 1.40</td>
</tr>
</tbody>
</table>
Where a member fails to pay minimum usage Fee on or before due dates prescribed, the Exchange may at its discretion debit the settlement account of the respective members after the close of business hours of the respective due dates. In case of inadequacy/insufficiency of funds in the settlement accounts, interest @18% per annum on the balance payable till the time such default continues shall be charged.

26. Reports

A member can take back up of his trades any time during the trading session or after its closure while he is connected to the trading system. This provides all trades done during such trading session, but does not provide any position outstanding from previous session. But, after end of trading session, the Exchange will download the following reports to the members of the Exchange through FTP (File transfer protocol), which consists of full report of all his earlier position, today’s trades and net outstanding position. This report is named as Obligation Report, which also provides details of total deposit of that member, deposit utilized, deposit available for trading, pay in / pay out amount, transaction fee, charges, etc. The Exchange also downloads the Bhav Copy to provide details about open, high, low, close, volume, value and other statistical details.

27. Dealing with clients

(a) Every Member of the Exchange shall make available a set of folder / booklet as per the format under Annexure – XI, Annexure-XII & Annexure-XIII. Member of the Exchange shall have to ensure that a copy of the whole set is obtained from its clients before accepting or placing orders on the Client’s behalf.¹

<table>
<thead>
<tr>
<th>Upto Rs. 230.00 crore</th>
<th>Rs. 2.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>On incremental turnover above Rs. 230.00 crore to Rs. 1000.00 crore</td>
<td>Rs. 1.25</td>
</tr>
<tr>
<td>On incremental turnover above Rs. 1000.00 crore</td>
<td>Rs. 1.00</td>
</tr>
</tbody>
</table>

Average daily turnover in all the futures contracts in all the commodities will be calculated at the end of every month by way of dividing the total turnover of the Member of the Exchange (including Saturdays) by the total number of trading days (excluding Saturdays).

The transaction fee shall be debited on a monthly basis to the settlement account of the members in the first week of succeeding month after adjusting the Minimum Usage Fee.

Where a member fails to pay minimum usage Fee on or before due dates prescribed, the Exchange may at its discretion debit the settlement account of the respective members after the close of business hours of the respective due dates. In case of inadequacy/insufficiency of funds in the settlement accounts, interest @18% per annum on the balance payable till the time such default continues shall be charged.¹


¹ Amended vide Exchange Circular No. MCX/COMP/469/2011 dated 22/12/2011
(b) When establishing a relationship with a new Client, Members of the Exchange must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and his trading objectives by registering the client with them in the format prescribed as CLIENT REGISTRATION FORM, as per the format under Annexure-XII. The Member of the Exchange shall also obtain from all Corporate Clients an approved copy of the board resolution permitting trading in futures contracts in commodities.¹

(c) Member of the Exchange shall make the Client aware of particulars of Member’s registration number allocated by the Exchange, employee primarily responsible for the Clients affairs, the precise nature of business to be conducted, the risk associated with business in trading in contracts listed in the exchange including any limitations on that liability and the capacity in which the Member of the Exchange acts and the Client’s liability thereon by issuing to the Client a copy of the model RISK DISCLOSURE DOCUMENT along with copy of Rights & Obligations of Members, Authorized Persons & Clients as specified in [Annexure-XIII]². The Member of the Exchange shall furnish a copy of the Risk Disclosure Document and Rights & Obligations of Members, Authorized Persons & Clients to all his clients and to get and maintain their acknowledgement on second copy of the same document.³

(d) The Member of the Exchange shall provide extracts of relevant provisions governing the rights and obligations of Clients as Clients of Members of the Exchange, relevant manuals, notifications, circulars any additions or amendments thereto of the Exchange, or of any regulatory authority, to the extent it governs the relationship between Members of the Exchange and Clients, to the Clients at no extra cost.

(e) The Member of the Exchange shall also bring to the notice of his Clients, any indictments, strictures or disciplinary actions taken against him by the Exchange or any other regulatory authority.

(f) A Member of the Exchange shall make adequate disclosures of relevant material information in the dealings with its/ his Clients.

(g) No Member of the Exchange or person associated with the Member of the Exchange shall guarantee a Client against a loss in any transactions effected by the Member of the Exchange for such Client.

(h) The Exchange Member shall not recommend to the Constituent a sale or purchase of contracts available on the Exchange, unless he has reasonable grounds to believe that such recommendation is suitable for the Constituent on the basis of facts, if any, disclosed by the Constituent, whether in writing

¹ Ibid
² Annexure amended vide Exchange Circular No. MCX/COMP/116/2014 dated April 1, 2014
³ Ibid
or orally, regarding the objectives; Constituent’s holdings of contracts & underlying commodities, financial soundness and investment.

(i) The Exchange Member shall make adequate disclosures of relevant material information in his dealing with his Constituent including the current best price of order and trade or order quantities on the Trading System, any relevant announcement from the Exchange relating to margin, trading restrictions as to price, quantity or whether the Exchange Member is the counter party to a trade executed on the exchange with the Constituent.

(j) The Exchange Member shall not furnish any false or misleading information or advice with a view to inducing the Constituent to do business in particular contract or contracts and which shall enable the Exchange Member to profit thereby.

(k) The Exchange Member shall explain the trading system and order matching process to the Constituent before accepting any orders from him.

(l) [.....................]

(m) [........................]

(n) The Exchange Member shall not accumulate or withhold Constituent’s order/ unexecuted balances for contracts listed in the Exchange, if he has adequate margin of such client with him. The Exchange Member shall place all orders forthwith.

(o) The Exchange Member shall act promptly in accordance with the instructions provided by the Constituent unless he has discretion as to the timing relating to entering and/or execution of the order, in which case he must exercise prudently his judgment as to the best moment for entering that order in the system.

(p) 2Members of the Exchange shall issue contract notes to their constituents/clients either in hard copy duly signed by the member or in soft copy under digital signature of the member in accordance with Information Technology Act, 2000 within 24 hours of the execution of the trade as per the specified format attached as Annexure XIV. Thus the requirement of issue of trade confirmation slips is being discontinued. Also, the contract notes will now be required to be issued within 24 hours of the execution of the trade instead of the current requirement of 48 hours.

(q) Exchange member shall at all times keep the money of the Constituent in the Member Clients account maintained with the Clearing bank. He shall

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1 Deleted vide Exchange Circular No.MCX/COMP/195/2008 dated 06/06/2008
2 Amended as per Circular MCX/COMP/195/2008 dated June 6, 2008
not use this money for his own transactions or for transactions of such
other client or for any purpose other than margin and pay in relating to
transactions entered into by such client paying the margin.

(r) The member shall collect specified margin from his client before
entertaining any order from him.

(s) [Custodial Participant: Those constituents who are Institutions /
Domestic Corporate Bodies and such other entities/firms etc, as may be
approved by the Exchange may apply for a Custodial Participant code (CP
Code), whereby such entities can have a facility to execute trades through
one or more than one Trading Member (TM) / Trading cum Clearing
Member (TCM) / Institutional Trading Member (ITCM) and settle through
a Professional Clearing Member (PCM) or an Institutional Clearing
Member (ITCM). Such entities who have been allocated a Custodial
Participant code shall be termed as Custodial Participant (CP)

i. Procedure for appointment of Clearing Member (PCM/ITCM) by
Custodial Participant:

- CP shall enter into an agreement (format in Annexure
  XXVIII) with a Clearing Member.
- The Clearing Member shall apply to the Exchange / Clearing
  House / Clearing Corporation of the Exchange in the format
  prescribed in Annexure XXIX, along with a copy of the
  agreement, for allotment of CP code.
- Upon receipt of CP code from the Clearing House / Clearing
  Corporation of the Exchange, the CP shall intimate the CP
code allotted to him to the TM/TCM/ITCM through whom
he desires to trade on the Exchange.

ii. Procedure for settlement of obligations on account of Custodial
Participant:

- Trading Members (TM/ TCM/ ITCM) who place orders on
  behalf of a CP in the trading system of the Exchange shall
  enter the CP code under ‘INST’ facility, along with the order
details including the client code allotted to the CP.
- Trades resulting out of the orders sent to the trading system of
  the Exchange with CP codes shall be made available by the
  Exchange to the relevant Clearing Member (PCM/ ITCM), for
  approval or rejection.
- Clearing Member of CP shall approve or reject such trades
  within the stipulated time, i.e. upto 11.45pm / 11.59 pm (and
  on Saturdays upto 2.15 pm), on the same day in such manner

1 Inserted vide Exchange Circular No. MCX/C&S/154/2009 dated April 02, 2009
and through such facility as may be provided to the Clearing Member from time to time.

- All such trades which have been approved by Clearing Member shall form part of the obligation of the Clearing Member concerned and such Clearing Member shall be fully and completely responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of such obligations.

- Trades of CP which have not been approved by Clearing Member shall be considered as trades pertaining to the respective Trading Members under such client codes as keyed in by the trading member who executed such trades and shall form part of the obligation of those Clearing Member who clear and settle for such Trading Members.

iii. Procedure for change of Clearing Member
If a Custodial Participant desires to change his Clearing Member, the relevant documents as described herein below need to be executed in advance and submitted to the Exchange:

- Agreement (as per format in Annexure XXVIII) with the incoming (new) Clearing Member
- Application to the Exchange / Clearing House / Clearing Corporation for change of Clearing Member affiliation (as per format in Annexure XXX)
- Letter from the outgoing Clearing Member agreeing to the arrangement (as per format in Annexure XXXI)
- Letter from the incoming Clearing Member undertaking to act as clearing member (as per format in Annexure XXXII).

iv. Effect of failure on the part of Clearing Member
For any failure on the part of the Clearing Member to meet the requirements specified as per the Rules, Bye-Laws and Business Rules of the Exchange and as intimated and / or amended through Exchange Circulars from time to time, including maintenance of minimum deposits, payment of margin obligations, fulfillment of settlement obligations and adherence to exposure limits, or for any other reason that the Relevant Authority of the Exchange may deem fit, including, action initiated by any statutory / regulatory agency, pursuant to any acts of violation / contravention of any Statutes, Rules or Regulations, committed by the Clearing Member and / or Trading Members and / or Custodial Participants, clearing and settling through such Clearing Member, the Exchange may withdraw any or all of the membership rights of such Clearing Member including withdrawal of trading facilities of all Trading
Members and/or clearing facility of CPs clearing and settling through such Clearing Member, without any notice, including but not limited to any other actions as stipulated in the Rules, Bye laws and Business Rules of the Exchange.

1. Member shall not accept cash from the client whether against obligations or as margin money for trading in commodity derivatives. Payments shall be received/made by the members from/to the clients strictly by account payee crossed cheques/demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI. The Members shall accept the cheques drawn only by the clients and also issue cheques in favour of the clients only for their transactions. However, the Members may receive the amount in cash to the extent not in violation of the provisions of Income Tax Act,[Prevention of Money Laundering Act and any other law as may be in force from time to time. The acceptance of cash by itself shall not constitute any trade abuse and acceptance of cash by Members from their clients for commodity futures trading shall be guided only by the provisions of the relevant laws in this regard.]

2. Members shall take Undertaking as per Annexure – XXVI from the inactive client before he is allowed to trade to the effect that
   (a) the client is desirous to reopen its trading account
   (b) he has already completed KYC formalities at the time of originally enrolling with the member and
   (c) there is no material change in respect of the information contained in the said KYC.

However, if there are any material changes in respect of the said client, viz., address, bank account, PAN no. etc., then the fresh KYC formalities are required to be complied with.


UCC Documentation: Members of the Exchange should collect and maintain in their back office the Permanent Account Number (PAN) allotted by the Income Tax Department for all their clients. In case the

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1 Inserted vide Exchange Circular No. MCX/COMP/250/2009 dated June 09, and amended vide Exchange Circular No MCX/COMP/401/2009 dated 01/10/2009 and MCX/COMP/082/2014 dated March 15, 2014. prior to amendment the same was read as under: “Member shall not accept cash from the client whether against obligations or as margin money for trading in commodity derivatives. Payments shall be received/made by the members from/to the clients strictly by account payee crossed cheques/demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI. The Members shall accept the cheques drawn only by the clients and also issue cheques in favour of the clients only for their transactions. However, in exceptional circumstances, the Members may receive the amount in cash to the extent not in violation of the provisions of Income Tax Act, as may be in force from time to time.

Non compliance charges for cash dealings shall be 0.5% of the total value of the cash transactions. The Exchange may take such strict action as it may deem fit including levy of higher fines/deactivation of trading terminals/suspension etc. in case of large number of instances involving large amounts or if the violation is of repetitive nature.”


3 Amended vide Exchange Circular No.MCX/COMP/317/2008 dated 07/10/2008 w.e.f. 01/01/2009
client claims that he does not have PAN as he is not an IT assessee, some other identification evidence like Passport No., Driving Licence No., Kissan Card No., Voter ID etc. should be taken from the clients.

(x) **Confidentiality:** Members of the Exchange should collect details of the clients mentioned in the client registration form or any other information pertaining to clients should be kept in confidence and these details should not be disclosed to any person/entities except as required under the law.

(y) **Record Maintenance:** Members shall be required to maintain and preserve for a period of seven years, a mapping of client IDs used at the time of order entry in the trading system with those unique client IDs along with client name, address and other particulars given in the Know Your Client (KYC) form.

(z) **Issue of Contract Notes and Statement of Accounts:**

i. Contract Notes must be delivered within 24 hours of the transactions made by or on behalf of the client and the proof of delivery of the same needs to be preserved by the member.

ii. The delivery of contract note to a client must be in physical form only, unless a client specifically indicates his preference for contract notes in electronic form.

iii. If any client needs electronic contract note (ECN), he has to be provided with an 'ECN declaration form' via email as per the format and procedure given at Annexure -XXVII. [This declaration will remain valid till it is revoked by the client.]

iv. The ECN declaration form should normally be in English. In case a client is not conversant with the English language, the ECN form should be bi-lingual i.e., in English and the local language known to the applicant.

v. ***

vi. The client can revoke the ECN facility and opt for the contract note in the physical form only by giving 7 working days’ notice to the member and copy of the same would be retained by the client.

vii. 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.

(aa) **Pledging of Securities as Margin by Clients:** The clients shall be necessarily required to be the beneficial owner of pledged securities offered

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2 Inserted vide Exchange Circular MCX/COMP/087/2014 March 19, 2014
3 Omitted vide Exchange Circular MCX/COMP/087/2014 March 19, 2014, prior to omission, the said clause read as:

"The above declaration needs to be obtained from the client afresh before 1st April of every financial year by following the same procedure. Thus, such declaration would be valid for that financial year only."
as permissible collaterals. In cases, where the client is not the beneficial owner of the pledged securities offered as collaterals, such securities shall not be utilized for meeting the obligations of the client without obtaining a written consent for the same from the holder/owner of those pledged securities offered as collaterals. The onus of proving that the consent was obtained shall squarely remain on the member concerned.]

(a)  

(Quarterly Settlement of Account of Client: Members of the Exchange shall 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.

i. 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.

ii. 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.

iii. There shall be no inter-client adjustments like any inter family / group company/ related accounts for the purpose of settlement of the client account.

iv. In respect of each client, the time difference between two settlements should not be more than 90 days or in other words the settlements should be done once in a quarter and that such settlement need not be on a particular date for all the clients of the member.  

v. Every case of non-settlement of client account on quarterly basis shall attract a penalty of Rs.5000/-.

Provided that, the Members are not required to refund amounts, below Rs. 10,000/- to clients for the purpose of quarterly settlement.

(ac)  

[Pre-funded Instruments (Pay Orders and Demand Drafts) / Electronic Fund Transfer

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1 Amended vide Exchange Circular No. MCX/COMP/052/2012 dated 14/02/2012 w.e.f. 01/04/2012 pursuant to the directions of FMC vide letter dated 02/02/2012.
3 Inserted vide Exchange Circular No: MCX/COMP/192/2013 dated 24/05/2013 pursuant to the directions of FMC vide letter 20/05/2013.
If the aggregate value of the pre-funded instruments like Demand Draft/Pay Order is Rs 50,000 (Fifty Thousand) or more per day per client, the Member shall not accept the instrument unless the same is accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The bank certificate shall be any one of the following:

a) Issuing bank shall certify on its letterhead or on a plain paper with its seal duly affixed;
b) Copy of the requisition slip duly certified by the bank which issues the instrument;
c) Copy of the passbook/bank statement as proof of the account debited to issue the instrument;
d) On the reverse side of the instrument, the bank account-number debited and name of the account holder shall be authenticated by the issuing bank.

In respect of electronic fund transfers, Members shall maintain an audit trail of the funds received through such transfers to ensure that the funds are received from their clients only.

(ad) [Segregation of Client Account in Commodity Futures Exchange]

Members of the Exchange, in addition to his trading on the recognized Commodity Futures Exchanges, may trade on behalf of the same client on the National Commodity Spot Exchanges, which are granted exemption by the Government of India under Section 27 of the Forward Contracts (Regulations) Act, 1952 and in respect of whom the Government of India has nominated FMC as the ‘designated agency’; subject to the following conditions:

a) The capital adequacy and net worth criteria prescribed by the Commodity Futures Exchanges should be met separately by the Members.
b) Members of the Commodity Futures Exchanges should maintain separate ledgers for business done by clients on Commodity Futures Exchanges and National Commodity Spot Exchanges.
c) Members should not allow any cross margining between exposure of a client on Commodity Futures Exchanges and National Commodity Spot Exchanges.

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d) Members should issue separate contract notes for trades on Commodity Futures Exchanges and National Commodity Spot Exchanges.

28. **Brokerage**

The Exchange may specify the maximum and minimum brokerage rates, which shall be adhered to by the members of the Exchange while dealing with their clients. Such brokerage rates may be commodity specific absolute figure or in terms of percentage on value of a contract irrespective of class of commodity. Such brokerage amount must be shown separately in the contract notes to be issued by the members to their clients. The maximum brokerage rate for the time being shall be 1% in case of non-delivery transactions and 2% (plus expenses) in case of transactions resulting into delivery.

28A **Exchange of Futures for Physicals (EPF)**

(a) Members are permitted to open/close their Futures positions and Swap their Futures positions with physical positions for a corresponding spot transaction by reporting their Exchange of Futures for Physicals (EPF) transactions subject to submission of requisite documentation as stipulated and only after subsequent approval of the Exchange thereof and as per the following guidelines.

i) An Exchange of Futures for Physicals (EFP) transaction involves simultaneous transactions in a cash commodity market and a futures market.

ii) In an EFP, one party enters into agreement to buy the physical commodity and simultaneously sells (or gives up a long) futures contract while the other party enters into agreement to sell the physical commodity and simultaneously buys (or gives up a sell) futures contract.

iii) The parties are allowed to open/close their futures positions in a noncompetitive manner by reporting their EFP transaction, subject to final approval of the Exchange thereof. All opening/closing of the positions are done in the same month contracts.

iv) The parties should negotiate and agree upon the price, quantity, quality, location and other terms for their cash market transaction.

v) The quantity of the futures and cash commodity (to be) exchanged, the price of the cash commodity, and other terms are privately

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negotiated by the parties rather than being competitively executed on the Exchange trading platform.

vi) EFP transactions are permitted during the tenure of a futures contract. However, during the tender & delivery period of that futures contract no EFP will be permitted.

vii) There should be a simultaneous (commitment to) transfer of cash commodity in the cash market between the parties for opening/closing of futures positions.

viii) The quantity covered by the related cash market position must be approximately equivalent to the quantity covered by the futures contracts.

ix) An EFP may be executed of any commercially reasonable price agreed upon by the parties. However, the “Negotiated Price” could reflect differentials based on quality, location and timings including transportation, quality differentials in the product.

x) The (underlying) commodity should be the same in cash and futures market with the exception of quality and other parameters.

xi) EFP for closure or swap future positions is applicable only in respect of historical futures positions of the relevant contract listed in the Exchange, meaning the futures positions to be closed or swapped is not applicable to new positions opened on the day of application for EFP.

xii) There may be only two parties in an EFP transaction.

xiii) An EFP transaction can be through a single or two Clearing Members.

xiv) The EFP transaction should be a bona fide transaction between two parties who do not have the same beneficial ownership.

xv) The approval/rejection of the EFP transaction is at the sole discretion of the Exchange. The Exchange shall not be bound to provide any reasons for the rejection of the proposed EFP transaction submitted by the member to the Exchange.

xvi) The Exchange will complete the EFP transaction by opening/closing of corresponding futures positions on the parties at the intimated price by both the parties, subject to it is within the specified period’s High & Low prices & conforming to the standard minimum tick increment for the given commodity. The specified
period’s High & Low prices for Agri commodities should be between 10.00 am to 1.30 pm and between 10.00 am to 5.00 pm in case of other than agri commodities during Monday to Friday and between 10.00 am to 11.30 am on Saturday for all commodities on the date of its reporting to the Exchange.

xvii) The parties are allowed to open/close their futures positions in a noncompetitive manner by reporting their EFP transaction (in the prescribed format to the Exchange by 2.30 pm and 6.00 pm for agri and non-agri commodities respectively during weekdays and by 12.30 pm on Saturday, subject to submission of requisite documentation as stipulated and subsequent to approval of the Exchange thereof. All opening/ closing of the positions are done in the same month contracts at the price intimated by both the parties within the specified period’s High & Low of the day(refer Sr.No.xvi above). The Exchange to intimate its approval or rejection of EFP transaction to the Members by 4.00 pm in case of agri commodities and by 7.30 pm in case of other than agri commodities during weekdays and by 1.30 pm on Saturdays.

xviii) The Exchange’s role in respect of the physical transaction between the counterparties shall restrict only to approval of the EFP transaction. The responsibility, risks and enforcement of settlement of the physical transaction shall lie with the respective counterparty.

xix) Duties & Responsibilities of Clearing Member
• Clearing Members on opposite sides of an EFP must subsequently approve the terms of the transaction, including price, quantity, commodity, contract month and date prior to submitting the transaction to the Exchange. All EFP transactions must be submitted to the Exchange by a clearing member acting on its own behalf or for the beneficial account of a customer who is a party to the transaction. Clearing members are responsible for exercising due diligence as to the bona fide nature of EFP transactions submitted on behalf of customers. Clearing Members should not square off outstanding futures positions for which closure request of futures positions towards EFP transaction is submitted to the Exchange.

• Clearing members/Parties to any EFP transaction must maintain all documents relevant to the futures and the cash, including all documents customarily generated in accordance with cash market or other relevant market practices and any documents reflecting payment and transfer of title. Any such
documents must be provided to the Exchange upon request and it shall be the responsibility of the clearing member to provide the requested documentation on a timely basis.

Process Flow of an EFP: The following is process flow for reporting EFP transactions to the Exchange:

- The parties should negotiate and agree upon the price, quantity, quality, location and other terms for their cash market transaction.

- The parties should negotiate and agree upon the price (within the high and low prices of time period mentioned under Sr. No.xvi above) which they will intimate the exchange for closing/ opening of futures positions and such position limits have to be within the Open Interest limits prescribed by the FMC applicable for that commodity.

- Parties should inform their respective Clearing Members about the deal and submit the supporting documents.

- Each Clearing Member shall submit to the Exchange the “Request for Approval of EFP Transaction” in the prescribed formats (Form A – for Closing Existing Futures Positions, or Form B – for Opening New Futures Positions) along with the requisite supporting documents to verify the validity and authenticity of proposed transaction within the time period mentioned under Sr.No.xvii above.

- The Exchange will verify all the documents submitted and then approve/reject the EFP transaction and intimate the parties accordingly.

- Where the request for EFP transaction is approved, Exchange will initiate activities concerning to the registration of EFP deals only at the end of that trading day.

- The future positions arising out of EFP transaction will be subject to all usual margins applicable to that commodity.

- The EFP price/s would not be considered for calculation of closing/ settlement price of that contract and details of EFP transactions would not be reflected in Bhavcopy of that day. The volume of EFP transaction/s shall be updated in the Exchange records once the transaction is approved/ entered by the Exchange.
• The Exchange shall complete the EFP transaction by opening/closing of corresponding futures positions on the parties on the negotiated price submitted to the exchange in the format provided only at the end of that trading day.

xxi) Documents to be submitted by EFP Parties to Clearing Members and Exchange:
   • Purchase Bills/ Sales invoice/ Copy of Agreement etc.
   • Proof of stock/ Proof of Delivery etc.

(b) List of commodities eligible for EFP Transactions is as under

i) Gold and Gold mini
ii) Silver and Silver mini
iii) Copper
iv) Zinc
v) Aluminium
vi) Nickel
vii) Lead
viii) Chana
ix) Wheat
x) Mentha Oil
FORM-A

(FOR CLOSURE OF EXISTING FUTURES POSITIONS)

APPROVAL OF EXCHANGE OF FUTURES FOR PHYSICALS (EFP) TRANSACTION

Note:
1. To be printed on the letterhead of respective Clearing Member firm with all the blanks in the format duly filled and bearing the stamp of the member firm.
2. Requests from both counter-parties shall match in order to process the request further.
3. This form shall be accompanied by supporting documents as prescribed by the Exchange.

Date:
To
Market Operations Department
Multi Commodity Exchange of India Limited
Mumbai

Dear Sir/Madam,

Sub: Request for approval of EFP transaction

In pursuance of the guidelines issued by the Exchange to execute EFP transaction, we hereby submit our request for approval of EFP transaction. The requisite details are furnished below:

<table>
<thead>
<tr>
<th>Details of Existing Futures Position on MCX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details of Futures Positions</td>
</tr>
<tr>
<td>Long Position Holder</td>
</tr>
<tr>
<td>Short Position Holder</td>
</tr>
<tr>
<td>Applicant/Counterparty</td>
</tr>
<tr>
<td>CM Code &amp; Name</td>
</tr>
<tr>
<td>TM Code &amp; Name</td>
</tr>
<tr>
<td>Client Code, Name &amp; Address</td>
</tr>
<tr>
<td>Contract Details</td>
</tr>
<tr>
<td>E.g. Gold Feb ‘08</td>
</tr>
<tr>
<td>No. of lots to be Closed &amp; Price</td>
</tr>
</tbody>
</table>
## Details of Corresponding Physical Transaction

<table>
<thead>
<tr>
<th>Details of Cash Market Transaction</th>
<th>Long Position Holder (Buyer)</th>
<th>Short Position Holder (Seller)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant/Counterparty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Commodity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description of the Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Quantity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Location and Address of Warehouse/s</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enclosed Supporting Documents by the Applicant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I/We understand that the function of MCX in respect of the physical transfer between the parties to this physical contract and/or the parties intending to enter into this physical contract as mentioned above shall be limited to verification of proof of intention before approval of the request for execution of EFP transaction.

I/We further undertake that the responsibility, risks and enforcement of settlement of this physical contract/intention to contract shall lie with me/us and the counter party to this physical contract/intention to contract.

I/We shall not hold the Exchange liable for any loss or damage caused to me/us in relation to this physical contract/intention to contract for the relevant underlying instrument after completion of the EFP exercise by the Exchange.

I/We certify that the information mentioned above is correct and I/We undertake to maintain all records in our books for necessary inspection and audit by the Exchange / regulatory authorities.

Yours faithfully,

**Authorized Signatory**

Name:

Designation:
CLIENT UNDERTAKING
EXCHANGE FOR PHYSICAL TRANSACTIONS

The Client Undertakes:

The Client acknowledges and undertakes that it shall provide to the Member full details of the physical transaction (including documentary evidence) which attach to EFP transactions effected by the Member on behalf of the Client. The Client acknowledges that upon request, this information MUST BE PROVIDED to the Member and the Exchange to ensure the Member’s compliance with the Business Rules of MCX. The Client understands that failure to comply with the provisions of MCX EFP Rules may result in disciplinary action by MCX against the Member.

The information provided in the attached documents is true to the best of my knowledge.

_______________________________  ________________________________
Client authorized signatory               Member authorized signatory

__________________________  __________________________
Date                             Date
FORM-B

(FOR OPENING OF NEW FUTURES POSITIONS)

APPROVAL OF EXCHANGE OF FUTURES FOR PHYSICALS (EFP)
TRANSACTION

Note:
1. To be printed on the letterhead of respective Clearing Member firm with all the blanks in the format
duly filled and bearing the stamp of the member firm.
2. Requests from both counter-parties shall match in order to process the request further.
3. This form shall be accompanied by supporting documents as prescribed by the Exchange.

Date:
To
Market Operations Department
Multi Commodity Exchange of India Limited
Mumbai

Dear Sir/Madam,

Sub: Request for approval of EFP transaction

In pursuance of the guidelines issued by the Exchange to execute EFP transaction, we hereby submit our request for approval of EFP transaction. The requisite details are furnished below:

<table>
<thead>
<tr>
<th>Details for Opening of Futures Position on MCX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Futures Position to be Opened</td>
</tr>
<tr>
<td>Applicant/Counterparty</td>
</tr>
<tr>
<td>CM Code &amp; Name</td>
</tr>
<tr>
<td>TM Code &amp; Name</td>
</tr>
<tr>
<td>Client Code, Name &amp; Address</td>
</tr>
<tr>
<td>Contract Details</td>
</tr>
<tr>
<td>No. of lots to be Opened &amp; Price</td>
</tr>
</tbody>
</table>
## Details of Corresponding Physical Transaction

<table>
<thead>
<tr>
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<th>Long Position Holder (Buyer)</th>
<th>Short Position Holder (Seller)</th>
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</thead>
<tbody>
<tr>
<td>Applicant/Counterparty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Commodity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description of the Quality</td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
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<td>Trade Price</td>
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<td></td>
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<tr>
<td>Trade Value</td>
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<td>Delivery Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Location and Address of Warehouse/s</td>
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</tr>
<tr>
<td>Enclosed Supporting Documents by the Applicant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I/We understand that the function of MCX in respect of the physical transfer between the parties to this physical contract and/or the parties intending to enter into this physical contract as mentioned above shall be limited to verification of proof of intention before approval of the request for execution of EFP transaction.

I/We further undertake that the responsibility, risks and enforcement of settlement of this physical contract/intention to contract shall lie with me/us and the counter party to this physical contract/intention to contract.

I/We shall not hold the Exchange liable for any loss or damage caused to me/us in relation to this physical contract/intention to contract for the relevant underlying instrument after completion of the EFP exercise by the Exchange.

I/We certify that the information mentioned above is correct and I/We undertake to maintain all records in our books for necessary inspection and audit by the Exchange/regulatory authorities.

Yours faithfully,

**Authorized Signatory**

Name:

Designation:
CLIENT UNDERTAKING

EXCHANGE FOR PHYSICAL TRANSACTIONS

The Client Undertakes:

The Client acknowledges and undertakes that it shall provide to the Member full details of the physical transaction (including documentary evidence) which attach to EFP transactions effected by the Member on behalf of the Client. The Client acknowledges that upon request, this information MUST BE PROVIDED to the Member and the Exchange to ensure the Member's compliance with the Business Rules of MCX. The Client understands that failure to comply with the provisions of MCX EFP Rules may result in disciplinary action by MCX against the Member.

The information provided in the attached documents is true to the best of my knowledge.

_______________________________                      _______________________________
Client authorized signatory                                      Member authorized signatory

_______________________                      _________________________
Date                                      Date
CHAPTER III
TRADING SYSTEM

29. Trading System

i. The entire trading operation at MCX shall be conducted under the automated Screen based Trading system, which is called as ‘MCX Trading System’. The Exchange will provide such Automated Trading facility in all contracts permitted to MCX by FMC.

ii. Trading on the Exchange shall be allowed only through approved Workstation(s) located at approved locations for the office(s) of a Member. If an approved workstation of a Trading Member is connected by LAN or any other way to other workstations at any place it shall require an approval of the Exchange. For every TWS, a member shall be required to specific permission from the Exchange and obtain user id in advance.

iii. Each 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 system.

iv. A 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/Participant.

v. A member shall not have any title, rights or interest with respect to Trading System, its facilities, software and the information provided by MCX. 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.

vi. A Member shall not, permit itself or any other person(s) to:

- use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange
- use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange
- copy, alter, modify or make available to any other person the software provided by the Exchange
- use the software in any manner other than the manner as specified by the Exchange.
- attempt directly or indirectly to decompile, dissemble or reverse engineer the same.
vii. A Member 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.

viii. The Exchange will provide the application software for installation of TWS. However, the member has to arrange at his own cost the system software required for installation of trading application. Besides, he has to arrange for installation of trading application software at his TWS at his own cost.

30. **Approved Users**

[For every TWS to be used by a member, he shall be required to obtain registration of the Approved User in the specified format \(^2\) (Annexure XXII) who will be responsible for such TWS. Such Approved Users can be his own employees responsible for such TWS or branch, sub-brokers, franchisees or remisiers. Before termination of such Approved Users, the member shall be required to obtain prior permission of the Exchange. In case it is found that the member has allotted a TWS to any user not registered with the Exchange, the Exchange may suspend such member forthwith.

A member of the Exchange shall be entitled to get registered without the payment of any charge upto three Approved Users for every VSAT or IDU owned or paid for by the member for use through the specific VSAT / IDU. Similarly, for every leased line paid for by the member, the member shall be entitled to get registered without the payment of any charge upto five Approved Users for use through the specific leased line. In respect of a member who either owns or has paid for a VSAT / IDU and/or leased line, the Exchange shall allot free of cost a unique Member-Administrator-ID for use through a specific VSAT / IDU or lease line connection of the member. **A member who does not own or has not paid for a VSAT / IDU and/or leased line shall be entitled to get only one Approved User registered without the payment of any charge. Such member shall not be entitled to get additional Approved User registered until the member obtains a VSAT / IDU and/or leased line. In case of other members, additional Approved Users, for use only through internet could be registered on payment of Rs.1,000/- (Rupees one thousand) per month per User or Rs.10,000/- (Rupees ten thousand) per year per User which will be over and above any hardware, software or networking related costs to be borne by the member directly.]

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31. **Connectivity**

In order to connect the TWS of the members with MCX server at Mumbai, the members will have to connect with MCX using the VSAT provided by HCL Comnet Ltd., the VSAT vendor approved by MCX. The VSAT will be installed at each Trading-cum-Clearing-Member’s (TCM) office. The TCM has to ensure the availability of site for the installation of antenna at an open space, provision of routing the cable from the antenna (out door unit) to the VSAT IDU (in door unit), power supply and security. To start with, MCX has provided for VSAT connectivity only, though subsequently connectivity over alternate media such as leased line, ISDN as well as Internet may be considered.

**Terms relating to VSAT Connectivity**

(a) In order to get the VSAT connectivity, the member is required to submit a questionnaire sufficiently in advance in the form prescribed under Annexure-XVI.

(b) The member is also required to sign ‘VSAT Undertaking” as per format prescribed under Annexure-XVII. He is also required to furnish a No objection Certificate from the Society or owner of the premises where the VSAT antenna is proposed to be located.

(c) **Pre-installation requirement and specification of the site for VSAT equipment:** Members are requested to make provision for the installation of antenna at an open space as given below. It is recommended to identify this place nearer to the VSAT IDU location. Approximate weight of the antenna, alongwith mounts, cement blocks, etc. would be around 600 Kg.

(d) **Indoor equipments**

- The Indoor equipment should be located such that they are protected from dust, corrosive fumes, heater, radiators and direct sunlight.
- The ambient temperature should be between 15 degree and 30 degree Celsius, for which an air-conditioned environment is required.
- Sufficient space should be given for ventilation and movement.

(e) **Outdoor site requirements for Antenna and RF system**

- Non-penetrating Antennas do not require any civil construction work on the rooftop. Before installing the antenna, member should get necessary permissions.
- Space required for antenna is approximately 10 feet x 10 feet.
- Access to the antenna location should be provided as and when required.
- It is highly recommended to conduit the IFL cables to extend the cable life. The conduit should not have electrical cable running within 2 feet along its route.

(f) **Power Requirements at the Site**

- VSAT operates on 230V AC. The primary power outlet for the Indoor equipment should be within 6 feet from the equipment. An independent breaker protected point of 3 pin 5 Amps socket should be provided for Powering the IDU.
- A stabilized power should be provided from the online UPS. Dedicated earth is to be provided for both the UPS and Indoor equipment.
- The earth resistance should be less than 2.5 Ohms. The voltage between the earth & the neutral should be less than 2V.
- 1 KVA Online UPS is required at the site.
- Providing proper earthing is the responsibility of the member.

(g) **Commercial charges:** A member has to provide Rs.2.00 lakh (rupees two lakh only) as an initial amount for a single VSAT to be installed at the member’s office. The breakup of the above deposit are as follows:

i) Rs. 1.25 lakh is payable towards the cost of the VSAT, which includes,
   - site survey
   - installation
   - transportation
   - commissioning of VSAT antenna and RFT equipment
   - cost of the IFL cable (up to 100 ft)
   However, sales tax, octroi and entry tax, if any, will be payable by the member separately.

ii) Remaining Rs. 0.75 lakh deposit is towards the recurring charges, which includes:
   - Broadcast and interactive bandwidth charges along with DOT & WPC charges, and
   - Annual maintenance charges.

(h) **Recurring charges:** The recurring charges of VSAT is dependent upon the actual usage of broadcast and interactive bandwidth as well as maintenance and support facilities, which will be worked out at the end of every year. A bill will be raised towards such charges every month on
tentative basis, while at the end of the year the final adjustment in terms of charges payable and bills already paid will be done.

The Exchange will collect Rs. 5000/- per month per VSAT from the date of commencement of trading by a member, which will be adjusted against the final bill towards bandwidth charges and AMC at end of every financial year and rest amount will be refunded / collected from the respective member.

(i) **Surrender of VSAT equipment**: VSATs once installed cannot be surrendered to MCX. At the time of surrender, the entire VSAT equipment will be transferred to the members books at the depreciated value as computed by the exchange and after the deduction of taxes, levies as applicable. However, member can transfer the VSAT equipment to any other MCX member with the prior written intimation and approval from the exchange. In this case the transferee has to pay the necessary shifting and re-deployment charges, as may be prescribed by the exchange.

(j) **Shifting Charges**: In case the member wants to shift VSAT antenna from one location to the other, they have to inform to the exchange in writing. The member has to pay Rs.10,000/- for the shifting (dismantling of antenna equipment, re-site survey and re-installation) of the VSAT within the same building, Rs.15,000/- for intra city/town and Rs.25,000/- for inter city/state transfer. In addition to that, the member has to pay transportation charges, octroi and entry tax etc extra in actual to the exchange.

(k) **Usage of existing VSAT**: In case the participant member is having existing VSAT supported by HCL Comnet, the same can be used for MCX application. However, the equipment has to be certified by the HCL Comnet engineer before re-deployment in the MCX Network. The member has to pay Rs.25, 000/- for verification, site survey and redeployment of the VSAT equipment. In case the VSAT equipment is found faulty, the member has to pay the rectification changes to HCL Comnet directly. In addition, the member has to pay transportation charges, octroi and entry tax and other out of pocket expenses to HCL Comnet directly.

In the case of usage of existing VSAT equipment, the deposit of Rs.75,000/- towards recurring charges, as mentioned earlier will remain the same, but the payment of Rs. 1.25 lakh towards equipment will not be required.

(l) **Connectivity problems**: The primary responsibility for maintenance and support of the entire VSAT network will be that of HCL Comnet. In case a member faces any problem relating to connectivity, he has to contact the Exchange help desk.
32. **Expansion of trading terminals**

With every VSAT installation, a member will be entitled to have up to 3 trading terminals at the same location, apart from one member's Admin ID. All classes of members are entitled to expand their trading terminals. A member can set up multiple terminals either in the same city, where he is located or in multiple cities within India, either by way of opening branch offices or by appointing their franchise/approved users, but in such cases, all his obligations will be netted out at the member level, and he shall be required to settle all such trades, in respect of margin, pay in as well as final settlement, irrespective of the fact whether the trades are done by him or through his other terminals.

**Terms relating to expansion of terminals:** A member shall be entitled to expand his trading terminals by virtue of opening up branches, tying up with franchise/approved users or appointing sub-brokers. For setting up such terminals, he will be required to apply to the Exchange in the format prescribed under Annexure-XV specifying name of the approved user in charge of such terminal, giving details of the location where the additional terminal is to be installed and also to undertake responsibility relating to all trades done through such terminal. The Exchange will not charge any additional fee or deposit for setting up such additional terminals except the cost of VSAT installation and deposit, software installation and out of pocket expenses relating thereto. There can be various models of expansion of terminals, such as:

(a) **Direct connectivity to MCX system:** The member can install terminals at various places, which can be linked to the MCX system through VSAT directly. In such cases also, the member will be able to set trading/exposure limits for all such terminals from his office using the member administrator terminal.

(b) **Private network of a member:** If a member is already having a private network or he proposes to put in place a private network of VSAT, leased line or ISDN connectivity for expanding his terminals, such private networks could be connected to MCX system by way of installing one VSAT at member's central office. However, if the number of terminals are large, the member may be required to get a leased line (which would be decided by MCX on case to case basis) with adequate bandwidth between his central office and MCX office so as to support the interactive traffic of all such terminals. In respect of performance and maintenance of such private network, the member has to bear all costs and assume all responsibilities and the Exchange will not be responsible in any manner. This is subject to the member obtaining relevant approvals from the relevant statutory agency.
33. **Contingency Management**

In the event of failure of a Member’s workstation and/or the loss of access to the trading system, the Exchange may assist the member in squaring off his outstanding position on best effort basis. For this purpose, the member must forward a valid request in writing in a clear and precise manner, as per format specified under Annexure-XVIII. The Exchange will execute such orders on behalf of the member subject to such terms and conditions, which the Exchange may deem necessary to be imposed. The Member shall be accountable for the trades executed by the Exchange on their behalf and shall indemnify the Exchange against any losses or costs arising out of the above situation.

34. **Major Breakdown of the system or failure of communication link**

In the event of a major breakdown of the system or failure of communication link, the Managing Director of the Exchange may decide to extend the trading hours or to operate a separate trading session on the same day after end of usual trading session. Such decisions will be taken considering the overall interests of the market.

Provided that if the breakdown of the system or communication link is so severe that at least 75% of the active members are not able to trade, the market will be halted and a separate trading session will be commenced after fixing the problem.

In such cases, the Managing Director will take appropriate decision regarding merger of clearing for the purpose of pay in or treating it separately, as may be expedient to do under those circumstances.
CHAPTER IV
INSPECTION AND DISCIPLINARY ACTIONS

35. Records, Books of accounts and Inspection

MCX will conduct inspection of books of accounts of the members periodically. The scope of such inspection will, in normal circumstances, be limited to the operations of the member at MCX and his off-market deals, but in special circumstances the Exchange may decide for extending the scope of such inspection. MCX, directly or through empanelled Chartered Accountant Firms, will conduct such inspection. All members of the Exchange shall be required to maintain books of accounts, documents, counterfoil of contract notes and other details for such period, as may be directed by the Exchange. They shall produce such records before the Inspection team as per directions issued by the Inspection team and extend their full co-operation in terms of providing information so as to carry out inspection smoothly. In addition to the normal inspection of the Books of Accounts, audit of statutory compliance and adherence to the Articles, Bye-laws, Rules, Regulations, Circulars and Notifications issued by MCX from time to time, The Exchange may take suitable action based on the inspection report, if it deems proper.

Generally the inspection may cover the following aspects:

a) Failure to follow the norms as prescribed by MCX for client accounts, know-your-client scheme etc.¹

b) Unauthorised use / misuse of the TWS, software and other facilities provided by MCX.

c) Improper maintenance of books and records.

d) Violations in the issue of contract notes (not having pre-printed serial nos., signatory not authorised, contract note not in proper format, (e.g. contract price & brokerage not appearing on the contract notes separately, proper rates not given or any information on the contract note tampered with in comparison to the data available with MCX, Unauthorised change of Client codes against the Trade nos., printing of Order number on the Contract Note, etc.)

e) Failure to abide by / respond to the circulars, communications, notices issued by MCX.

f) Unfair trade practices.

g) Detection of circular trading, etc.

h) Detection of Insider Trading.

i) Attempt to forge / indulged in forging of signatures/authorisations of officials (MCX or any other regulatory body),

j) Suppression of material facts and not taking prior approval of the Exchange regarding change in shareholding pattern, nature of Organisation, activities, change in Memorandum and Articles of Association, change of address, change of telephone / fax numbers, or such things which are likely to affect his operations on MCX, including information about himself being convicted, declared insolvent, etc.

k) Coercing / attempting / indulging in influencing another member.

l) Dealing with black listed clients / persons.

36. Fines and Penalties

The following fines, penalties and other disciplinary actions will be initiated for the violations enumerated below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Violation</th>
<th>Fines and Penalties</th>
</tr>
</thead>
</table>
| 1.      | Default in completing pay-in obligation on T+1, in full or in part,  
   i. Up-to 3 instances in last 30 days  
   4th instance onwards in the last 30 days | @0.50% of pay-in shortfall (subject to minimum Rs.100/- and maximum Rs.10,000/-)  
   @0.75% of pay-in shortfall (subject to minimum Rs.2,500/- and maximum Rs.15,000/-) |
| 2.      | If the margin deposit is reduced below the initial security deposit, to be maintained with the Exchange, including due to the adjustments as mentioned in 1 above. | a) Rs. 5,000/- and temporary deactivation / suspension till further compliance  
   If the default continues, in addition to the above charges, interest @ 18% per annum shall be levied daily during the default period, on the amount required to build the initial |

### Business Rules

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<thead>
<tr>
<th></th>
<th>Event Description</th>
<th>Action</th>
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</thead>
<tbody>
<tr>
<td>3.</td>
<td>Default in the payment of deficit margin, (margins over-utilized on trading day), before close of the banking hours on T+1 working day.</td>
<td>@ 0.50% on the deficit margin amount (subject to a minimum of Rs. 100/- and maximum Rs. 10,000/-)</td>
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<tr>
<td>4.</td>
<td>Violation of Maximum allowable open position limit or not reducing his position in spite of warning by the Exchange</td>
<td>1% of amount by which his exposure amount in that commodity exceeds the pre-determined maximum allowable open position limit, subject to a minimum of Rs.5000.</td>
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<tr>
<td>5.</td>
<td>Failure to pay subscription and other dues to the Exchange</td>
<td>If a member fails to pay the dues, other charges and fees to MCX within the stipulated time, the Executive Committee or the Managing Director may suspend him from doing business for such period as it may deem fit.</td>
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<tr>
<td>6.</td>
<td>Wrong declarations by the member</td>
<td>As may be decided by the Disciplinary Action Committee.</td>
</tr>
<tr>
<td>7.</td>
<td>Non-submission of information / documents</td>
<td>As may be decided by the Disciplinary Action Committee.</td>
</tr>
<tr>
<td>8.</td>
<td>Violation of any clause of the Memorandum and Articles of Association, Rules, Bye-laws, Regulations, Circulars, Notifications or Orders issued under the authority of MCX</td>
<td>As may be decided by the Disciplinary Action Committee.</td>
</tr>
<tr>
<td>9.</td>
<td>Violation of any clause of FCRA or directions issued by FMC</td>
<td>As per the norms prescribed by FMC.</td>
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<tr>
<td>10.</td>
<td>Price manipulation, cornering, price rigging or other market abuses</td>
<td>The case will be reported by the Surveillance department and the Executive Committee will have the authority to decide fines, penalties, withdrawal of trading and clearing rights, etc. as it may think fit.</td>
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### Business Rules

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<tbody>
<tr>
<td>11.</td>
<td>Appointment of a User without prior permission of MCX</td>
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<tr>
<td>12.</td>
<td>Other violations relating to deliveries, settlements or other matters pertaining to the Exchange</td>
</tr>
</tbody>
</table>

1. Monetary penalty on the concerned member for violations in the open interest (either on own account or on account of clients) are linked to the quantum / value of violation committed and to be charged from the concerned member for each such violation as under:

   i. Where the violation is more than 2% of the prescribed limit (s) – Limit exceeded x Closing price x number of days such violation continued x 2% (0.02) or Rs. 10000/- whichever is higher.

   ii. Where the violation is upto 2% of the prescribed limit (s) – Limit exceeded x Closing price x number of days such violation continued x 2% (0.02) or Rs. 10000/- whichever is lower.

   iii. The member has to ensure reduction in position and to bring it within the prescribed limit (s) by the next trading day after the day of violation. In case such violation continues, the Exchange would square-off the excess position without any further notice to the member by putting the orders on behalf of the member in that client code and will not be responsible for the consequences of such action.

2. In case, the instance at 1 (a) above is observed for more than 3 times in a month across the market, the Exchange would suspend the concerned member for a period of one week.

3. The monetary penalty as stated (1) above, will be credited to the Investor Protection Fund of the Exchange.

4. No Pay-out of corresponding financial gains, made through violations of restriction on creating fresh position during last 5 days in Seller / Both option contracts by defaulting client / proprietary position taken by any member will be made (liable to subsequent recovery if credited) and also liable for a penalty of Rs. 2500/- per day.

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1 Inserted as per Circular No.MCX/300/2006 dated 1/8/2006 w.e.f. 1/8/2006 issued pursuant to the directions issued by the FMC in its letter dated 24/7/2006.

5. [The financial gains made by taking fresh position during last 5 trading days in violation of the direction of the Commission in respect of sellers option contract or both option contract is not payable to the violator but will instead be deposited in the Investor Protection Fund of the Exchange.]

6. In respect of international referenceable commodities, viz. Zic, Copper, Aluminium, Lead, Tin, Nickel, Crude Oil, and Natural Gas, the Commission has permitted taking fresh positions during last five days of expiry of the said contracts within permissible open position limits.


<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Violations</th>
<th>Non-Compliance Charges</th>
<th>Other Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Failure of the Buyer Member to submit details of registered buyer in the favour of whom the Invoice needs to be issued within 4 working days after settlement (payout) of the contract.</td>
<td>The Exchange will levy charges of Rs.1000 per instance. Additional Rs.100 per day will be charged till the receipt of details by the Exchange.</td>
<td>Over and above the monetary charges If the buyer member fails to submit the details, it will be deemed that delivery is for the buyer member. Accordingly, the Invoice will be issued in favour of the buyer member. Subsequent modification of the invoice will not be entertained.</td>
</tr>
</tbody>
</table>


## Business Rules

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Violations</th>
<th>Non-Compliance Charges</th>
<th>Other Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Failure of the Seller Member to arrange for Invoice in favour of the Buyer member/client and to send the same to the Buyer member/client under intimation to the Exchange within 3 working days from the date of receipt of the buyer details. Invoice can be raised by any of the following: 1) Registered Seller member 2) Registered Seller client 3) In case of unregistered Seller, through C&amp;F Agent.</td>
<td>Rs. 1000 per day for each day of default after 3 working days from receipt date of buyer details to the date of receipt of invoice by the Buyer / Exchange.</td>
<td>Over and above the monetary charges 1. The sales tax / VAT amount, based on the contract, may be refunded to the Buyer and the Seller member/client may not be given the credit of the same. In case such amount is already credited, the same may be debited to the seller member. 1. Any statutory action/s, fines or penalties that may be levied by the Tax authority.</td>
</tr>
<tr>
<td>3</td>
<td>Request from the Buyer member for modification or change in the Invoice already issued</td>
<td>Any request related to modification/change in the details of the Invoice may be treated as request case and the Exchange will not be obliged to entertain such requests and will act as facilitator only. Any request for modification/cha</td>
<td>**</td>
</tr>
</tbody>
</table>
Additionally, the Exchange may also consider such other disciplinary action against the defaulting members, as it may deem fit. These actions are initiated as a disciplinary action against errant members, in order that the delivery process is streamlined. This cannot however, be taken as a reason by the affected counter parties to claim compensation for a delay.

Payment of charges, for the delay, levied by the Exchange will in no case act as a substitute for non-fulfillment of statutory compliances by the members.

The penalties, fines and/or interest or any other charges, levied by any authority shall be payable by the defaulting members in addition to the charges mentioned above.

The decision of the Exchange shall be final and binding to all members.

1 [Further, the Exchange reserves the right to square-off the outstanding position of such defaulting member(s) and/or suspension of the said member(s). The Exchange may also consider other disciplinary action against the defaulting member(s) as it may deem fit and proper in terms of the provisions of its Bye-laws, Rules and Business Rules.]

8. **Penalty structure for delivery default:**

   i. The total amount of the penalty on the seller, in case of delivery default will be equal to 3.0 % + the difference between the Final Settlement Price (FSP) and the average of the three highest of the last spot prices of the 5 (five) succeeding days after the expiry of the contract (E + 1 to E + 5 days), if the average price so determined is higher than FSP; else this component will be zero.

   ii. The revised 3.0% penalty collected as mentioned above shall be utilized as follows:

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1 Inserted as per Exchange Circular No. MCX/029/2006 dated 21/1/2006 w.e.f. 23/1/06.

a. 1.75% component of the penalty shall be deposited in the Investor Protection Fund of the Exchange;
b. 1.0% component of the penalty shall go to the buyer who was entitled to receive delivery; and
c. Balance 0.25% component of the penalty shall be retained by the Exchange towards administrative expenses.

Explanation:

1. Incase of the delivery default by buyer, the Exchange will have the freedom to introduce the auction mechanism to deal with the buyer’s default.

2. The above revised penalty structure will be applicable to all the contracts of Agri commodities having compulsory delivery option (excluding Cardamom), launched on or after issuance of the circular i.e. 11.2.2009.]


9. ***

10. **Fines/ penalties prescribed for various violations/ non-compliances observed in the inspection of books of accounts of the member.**

<table>
<thead>
<tr>
<th>Rule/Byelaw /Regulation / Circular No.</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Books of Accounts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bye-laws 11.5</td>
<td>Not maintained</td>
<td>5000/-</td>
<td>N.A</td>
</tr>
<tr>
<td></td>
<td>Not maintained properly</td>
<td>2500/-</td>
<td>N.A</td>
</tr>
<tr>
<td></td>
<td>Not maintained for branch/ Sub-broker/ franchise</td>
<td>2500/- Per Office</td>
<td>N.A</td>
</tr>
</tbody>
</table>

1 Inserted vide Exchange Circular no. MCX/COMP/250/2009 dated June 09, 2009 Amended vide Exchange Circular No. MCX/COMP/401/2009 dated 01/10/2009 and omitted vide Exchange circular no. Circular no. Exchange Circular No. MCX/COMP/082/2014 dated March 15, 2014. Prior to omission the same was read as under: “Cash dealings: Non-compliance charges for cash dealings by the members shall be 0.5% of the total value of cash transactions”

<table>
<thead>
<tr>
<th>Business Rules</th>
<th>Description</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not maintained properly for branch/Sub-broker/franchise</td>
<td>1500/- Per Office</td>
<td>N.A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segregation of Exchange wise client ledgers not maintained</td>
<td>5000/- Per Office</td>
<td>N.A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-maintenance of vouchers (entries being directly posted to ledgers)</td>
<td>Advice</td>
<td>Warning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-maintenance of up-to-date bank reconciliation statements</td>
<td>Advice</td>
<td>Warning</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Registers and Documents**

<table>
<thead>
<tr>
<th>Bye-laws 11.5</th>
<th>Description</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-maintenance of registers (Register of Transaction / Register of Commodities/ Register of Complaints / Register of Margin Deposit)</td>
<td>Rs 1000/-per register per office</td>
<td>Rs 2500/- Per register per office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-availability of prescribed information in Registers. Non-availability of register of commodities</td>
<td>Advice</td>
<td>Warning</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rule/Byelaw/Regulation/Circular No.**

<table>
<thead>
<tr>
<th>Business rule 26</th>
<th>Description</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-maintenance of Trading (TWS) reports</td>
<td>Advice</td>
<td>1000/-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Business Rules 27(a)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-execution of Member/sub-broker – constituents agreements</td>
<td>Rs 500/- Per default (Maximum 5000/-) Advice</td>
<td></td>
<td>Rs 1000/- Per repeated default (Maximum Rs 10000/-)</td>
</tr>
<tr>
<td>Execution of member/sub-broker -constituent agreement otherwise than in the prescribed format</td>
<td></td>
<td></td>
<td>Rs 500/Per default (Maximum of Rs.5000/-)</td>
</tr>
<tr>
<td>Business Rules 27 (b)</td>
<td>Non-obtainment of Client registration form (KYC form) Client registration form not completed or not supported by documents (KYC Form)</td>
<td>Rs 250/- per case Advice</td>
<td>Rs 500 per Case (Maximum of Rs. 5000/-) Rs 100/- Per case Advice</td>
</tr>
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<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td>Business Rules 27(c)</td>
<td>Risk Disclosure Document not signed with client.</td>
<td>Rs 250/- per default</td>
<td>Rs 500/- Per default (Maximum of Rs.10000)</td>
</tr>
<tr>
<td>Business Rules 27(b)</td>
<td>Risk Disclosure Document in the prescribed format not signed with client</td>
<td>Advice</td>
<td>Rs 250/- (Maximum of Rs. 5000)</td>
</tr>
<tr>
<td>Business Rules 27(b)</td>
<td>Non-obtainment of board resolution permitting trading in derivatives, from non-individual constituents</td>
<td>Advice</td>
<td>Rs 500/- Per default (maximum of Rs.5000/-)</td>
</tr>
<tr>
<td>Business Rules 27(P)</td>
<td>Non-maintenance of duplicates / copies of contract notes</td>
<td>Advice</td>
<td>Rs 500/ Per client Maximum Rs 10000/</td>
</tr>
</tbody>
</table>

**Banking Operations**

<table>
<thead>
<tr>
<th>Business Rules 19(c)</th>
<th>Non maintenance of Client a/c</th>
<th>Rs 10000/-</th>
<th>Rs 15000/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Rules 27(q)</td>
<td>Non-segregation of own and client transactions in separate bank accounts</td>
<td>Warning</td>
<td>Rs 10000/-</td>
</tr>
<tr>
<td></td>
<td>Use of Client bank account for purposes other than specified</td>
<td>Warning</td>
<td>Rs 5000/-</td>
</tr>
</tbody>
</table>

**Rule/Byelaw/Regulation/Circular No.**

<table>
<thead>
<tr>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
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</thead>
</table>

**Dealings with Clients**
<table>
<thead>
<tr>
<th>Business Rules 27 (f)</th>
<th>Business Rules</th>
<th>Rule/Byelaw /Regulation / Circular No.</th>
<th>Commodity due to constituents transferred to Member’s beneficiary account without authorization</th>
<th>Delay in delivery of commodities and payments to the clients</th>
<th>Non-maintenance of client code / Non maintenance of mapping of the trading codes to client codes</th>
<th>Quarterly statement of accounts for settlements and margins not sent to constituents</th>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular No. MCX/012/2006, dated 10/01/2006</td>
<td></td>
<td></td>
<td>(Maximum of Rs.5000)</td>
<td>Rs 500/- per default</td>
<td>Rs 500/- per day per client subject to maximum 25000/- (After expiry of scheduled pay-out date)</td>
<td>Warning</td>
<td>Rs 2500/-</td>
<td>Rs 5000/-</td>
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<tr>
<td>Dealings with intermediaries</td>
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<tr>
<td>Circular No. MCX/012/2006, dated 10/01/2006</td>
<td>Sharing of brokerage with another member</td>
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<tr>
<td>-an employee of another member or a person for or with whom members are forbidden to do business</td>
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<tr>
<td>-Persons who are not approved user</td>
<td>Rs.2500/</td>
<td>Rs.5000/</td>
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<tr>
<td>Dealing with unregistered intermediaries</td>
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<tr>
<td>Brokerage charged at a rate higher than the permissible maximum limit</td>
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<tr>
<td>Doing business with or for the trading members who are prohibited to transact, including suspended/expelled/defaulted trading member; defaulting constituents and employees of other trading members</td>
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<tr>
<td>Rule/Byelaw /Regulation / Circular No.</td>
<td>Violations Observed</td>
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<tr>
<td>Bye-laws 4.7 Business Rules 27 (p)</td>
<td>Contract Notes</td>
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<tr>
<td></td>
<td>Non-issue of contract notes</td>
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<td>Issue of contract notes otherwise than in the prescribed format</td>
<td>Rs 2500/-</td>
<td>Rs 5000/-</td>
<td></td>
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<tr>
<td></td>
<td>without the signature of authorized signatory or which do not bear a running serial number or bear a serial number which is not initiated at the beginning of each financial year</td>
<td>Issue of MCX contract notes for transactions not executed on the exchange/for fictitious transaction</td>
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<tr>
<td></td>
<td>Difference in trade rate as per the TWS system and the rate charged</td>
<td>Excess amount to be returned to the client and fine equal to twice the excess amount charged or Rs. 25,000/-, whichever is higher, to be levied on the member.</td>
<td></td>
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<tr>
<td></td>
<td>Adopting a procedure (like use of PRO code for clients’ trades) to evade margin</td>
<td>0.5% of the margin amount or Rs 10,000/- whichever is higher</td>
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<tr>
<td>Membership Requirements</td>
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</tr>
<tr>
<td>Rule 26(b)</td>
<td>Shareholding pattern</td>
<td>Rs 5000/-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Circular No. MCX/204/2005, dated 27/05/2005</td>
<td>not verifiable due to incomplete / absence of records</td>
<td></td>
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<td></td>
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<tr>
<td>Rule/Byelaw /Regulation / Circular No.</td>
<td>Violations Observed</td>
<td>One or Few Instances</td>
<td>Multiple Instances</td>
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<tr>
<td></td>
<td>Any change in the shareholding pattern / profit sharing ratio without the prior approval of the Exchange involving dilution not below the minimum prescribed shareholding of the dominant promoter group</td>
<td>Rs 10000</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Any other change in the shareholding pattern / profit sharing ratio of the Trading Member without the approval of the Exchange</td>
<td>Rs 2500/</td>
<td></td>
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<tr>
<td></td>
<td>Change in the shareholding pattern without the approval of the Exchange which has resulted in the dilution of the shareholding / profit sharing ratio of the dominant group below 51%</td>
<td>Rs 25000/-</td>
<td>Rs 50000/</td>
<td></td>
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<tr>
<td></td>
<td>Change in the designated directors without the prior approval of the exchange</td>
<td>Rs 2000/-</td>
<td>- per instance</td>
<td></td>
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</tr>
<tr>
<td>Circular NO. MCX/012/2006, 10/01/2006</td>
<td>Member acting through or on behalf of another member for trading on the Exchange without the prior approval of the Exchange in writing</td>
<td>Rs 2500/-</td>
<td>Rs 5,000 per instance</td>
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<tr>
<td>Rule/Byelaw /Regulation / Circular No.</td>
<td>Violations Observed</td>
<td>One or Few Instances</td>
<td>Multiple Instances</td>
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<td></td>
<td>Dealing with one member of another exchange for proprietary trading without intimating the name of such member to MCX Dealing with more than one member/sub-broker of another exchange for proprietary trading Dealing with a member of another exchange on behalf of constituents without necessary registration</td>
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</tr>
<tr>
<td>Circular No. MCX/195/2006, dated 13/05/2006</td>
<td>Non-compliance of Networth requirements as per the exchange.</td>
<td>Rs.1000/</td>
<td>Rs.5000/</td>
<td></td>
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</tr>
<tr>
<td>Circular No. MCX/259/2006, dated 29/06/2006</td>
<td>Non completion of MCCP certification Examination</td>
<td></td>
<td>Rs.1000/</td>
<td></td>
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<tr>
<td><strong>Office Management</strong></td>
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</tr>
<tr>
<td>Business Rules (30)</td>
<td>Usage and operation of a trading terminal by a person (an employee of the trading member) other than an approved user</td>
<td>First time advice then 250/ -per trading terminal. (Maximum of Rs.2500)</td>
<td></td>
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</tr>
<tr>
<td>Business Rules 29 (b)</td>
<td>Trading terminals provided to unregistered intermediaries or unauthorised extension of trading network / non submission of required details of terminals to the Exchange</td>
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<tr>
<td></td>
<td>Terminals for which information has been uploaded but with minor errors</td>
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<td></td>
<td>For each unauthorised / non-approved USER ID, a fine of Rs 1000/- per USER ID be levied for the first five USER ID’s and the fine amount be stepped up by Rs 5000/- per USER ID in successive batches of five terminals each thereafter.</td>
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</tr>
</tbody>
</table>
### Rule/Bylaw /Regulation / Circular No.

<table>
<thead>
<tr>
<th>Violations Observed</th>
<th>One or Few Instances</th>
<th>Multiple Instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular No. MCX/295/2006, dated 28th July 2006</td>
<td>Non-display of Notice Board</td>
<td>Rs.500/- per Office</td>
</tr>
<tr>
<td>Circular No. MCX/324/2006, dated 17th August 2006</td>
<td>Non-submission/ delayed submission of Annual compliance report on or before the due date</td>
<td>Non submission/Delayed submission of Annual Compliance Report on or before the due date in the prescribed format, penalty will be levied Rs.250/- per week.</td>
</tr>
<tr>
<td><strong>Books of Accounts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bye-laws 11.5</td>
<td>Not maintained</td>
<td>Rs.5000/-</td>
</tr>
<tr>
<td></td>
<td>Not-maintained properly</td>
<td>Rs.2500/-</td>
</tr>
<tr>
<td></td>
<td>Not maintained for branch</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. The Exchange, looking to the number of violations observed during the latest inspection as compared to the previous inspection finds gross indifference of the member to ratify and/or to improve on compliance requirements, may levy any further fine and/or other disciplinary measures in the interest of the healthy development of the market.

2. The Exchange reserves the right to increase the amount of penalty/penalty structure in addition to prescribed above which shall be final & binding to all the Members.

3. The Exchange, based on the time expended, costs incurred, of its own resources or outside agencies, may recover such costs in addition to the penalties prescribed above whenever any special investigation or inspection, either of its own findings or due to FMC, is carried out.]
11. Uniform penalties prescribed by the Forward Markets Commission for various violations/ non-compliances of members are as under.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Violation</th>
<th>Uniform Penalties as prescribed by Forward Markets Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>a) Non-Maintenance of following Books of Accounts / Records / Registers:</td>
<td>Minimum of Rs. 25,000/- and Maximum of Rs. 50,000/- per register or / and deactivation of trading terminals till compliance is done.</td>
</tr>
<tr>
<td></td>
<td>( \times ) Sauda Book</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \times ) Client Ledger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \times ) General Ledger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \times ) Journals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \times ) Cash Book</td>
<td></td>
</tr>
<tr>
<td></td>
<td>( \times ) Bank Pass Book</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) Non-Maintenance of the above mentioned books/ledgers properly.</td>
<td>Minimum of Rs. 10,000/- and Maximum of Rs. 25,000/- per register.</td>
</tr>
<tr>
<td>2</td>
<td>KYC Forms formalities – not maintained or /and not maintained properly</td>
<td>Rs. 10,000/- per client.</td>
</tr>
<tr>
<td>3</td>
<td>(a) Non-execution of member-client agreement</td>
<td>Rs. 10,000/- per client.</td>
</tr>
<tr>
<td></td>
<td>(b) Discrepancies / deviation from the prescribed member-client agreement, if such discrepancies/ deviations are detrimental to clients</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Risk Disclosure Document not issued to clients/incomplete</td>
<td>Rs. 5,000/- per client.</td>
</tr>
<tr>
<td>5</td>
<td>Non-segregation of clients money</td>
<td>Rs. 25,000/- or 1% on the non segregated client money, whichever is higher.</td>
</tr>
<tr>
<td>6</td>
<td>Use of clients funds for own purpose / for other clients.</td>
<td>Rs. 50,000/- or 1% per month of the money utilized, whichever is higher.</td>
</tr>
</tbody>
</table>

\(^1\) Inserted as per Exchange Circular No.MCX/COMP/113/2010 dated 05/04/2010 w.e.f. 01/04/2010
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Violation</th>
<th>Uniform Penalties as prescribed by Forward Markets Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Delay in Payment of Funds to Clients Account/Delay in transfer of Commodities to Clients</td>
<td>Rs. 5,000/- - Rs. 25,000/- per instance.</td>
</tr>
<tr>
<td>8</td>
<td>Delay in Payment of Funds to Clients / Delay in transfer of Commodities to Clients beyond 15 days from the date of receipt of request from Clients</td>
<td>Rs. 50,000/- or 1% of the value of the amounts / commodities, per instance</td>
</tr>
<tr>
<td>9</td>
<td>More than one ID to a client</td>
<td>Rs. 10,000/- per ID</td>
</tr>
<tr>
<td>10</td>
<td>Non-maintenance of client code/non mapping of trading code.</td>
<td>Rs. 10,000/- per client</td>
</tr>
<tr>
<td>11</td>
<td>Contract Note – non-issued</td>
<td>Rs. 10,000/- per client</td>
</tr>
<tr>
<td>12</td>
<td>Belated issue/no proof of receipt of contract note.</td>
<td>Rs. 5,000/- per client</td>
</tr>
<tr>
<td>13</td>
<td>Non-maintenance of duplicate copies of contract note sent</td>
<td>Rs. 5,000/- per client</td>
</tr>
<tr>
<td>14</td>
<td>Non-maintenance of Grievance/Complaints Register</td>
<td>Rs. 10,000/- per Register per office</td>
</tr>
<tr>
<td>15</td>
<td>Margin Collection: Non collection / partial collection</td>
<td>0.1% of the margin not collected.</td>
</tr>
<tr>
<td>16</td>
<td>Adopting procedure (like use of pro-code for client trade) to evade margin</td>
<td>0.5% per day of the margin money evaded or Rs. 5,000/- per day, whichever is higher</td>
</tr>
<tr>
<td>17</td>
<td>Net worth certificate – non-production/improper</td>
<td>Rs. 200/- per day.</td>
</tr>
<tr>
<td>18</td>
<td>Non-display of Information Board including details of Registration details as prescribed by the Exchange.</td>
<td>Rs. 10,000/- per office.</td>
</tr>
</tbody>
</table>
### Sr. No. | Violation                                                                 | Uniform Penalties as prescribed by Forward Markets Commission                                      |
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Unauthorized or Illegal Trading activities / Fictitious Transactions</td>
<td>Minimum of Rs. 1 lakh per case and Max. Rs. 5 lakh.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Offences like wash trades will be investigated by the exchange and other penalty provisions such as termination / suspension of members will be imposed.</td>
</tr>
<tr>
<td>20</td>
<td>Violation of the Advertisement Code of the Exchange</td>
<td>Rs. 5,000/- per instance</td>
</tr>
<tr>
<td>21</td>
<td>Trading (TWS/CTCL) terminals provided to intermediaries or unauthorized extension of trading network / non submission of required details of CTCL terminals to the Exchange</td>
<td>First Instance – Rs. 25,000/- per terminal.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repeated Instances – Rs. 50,000/- per terminal and / or deactivation of trading terminals till the compliance is made.</td>
</tr>
<tr>
<td>22</td>
<td>Non-payment of statutory dues/duties/fees etc.</td>
<td>Appropriate action by the Exchange. However, such additional action by the Exchange will in no way interfere with the penal provisions in the respective acts.</td>
</tr>
</tbody>
</table>

**Notes:**

1. In addition to the financial penalties as prescribed in the above clause, if any serious violations are noticed then, the Exchange shall deactivate trading terminal(s) of such members and initiate disciplinary proceedings which may culminate in suspension of membership of the Exchange.

2. Non-compliance pertaining to statutory requirements by members will lead to disciplinary proceedings.

3. Members may note that non-compliance charges/penalties for certain other violations which are not covered under this clause 11, continue to remain the same as prescribed in clause (10) above.
12. **Uploading of UCC data by the member prior to commencing trading on behalf of a client:**
   
a. Penalty at the rate of 1% will be imposed on the value of every trade that has been carried out by the member without uploading the UCC details of the clients.
   
b. If the client details are not uploaded within a month of the trade, the member is liable to be suspended.
   
c. The penalty applicable for non-submission of UCC details will be charged on a daily basis.

13. **Client Code Modification:**
   
i. The client code modification facility is allowed only for carrying out correction of genuine punching error(s) in the client code.
   
   ii. The facility will be extended only during 5.00 P.M. to 5.15 P.M. in respect of contracts traded upto 5.00 P.M. and during 11.30 P.M. to 11.45 P.M. for contracts traded upto 11.30 P.M. on all trading days except Saturdays. In respect of the trading days when the trading takes place up to 11.55 P.M. the client code modifications will be allowed only from 11.45 P.M. upto 11.59 P.M. On Saturdays, the same will be allowed between 2.00 P.M. to 2.15 P.M. In no circumstances, changes in the client codes will be permitted on the next trading day or thereafter.
   
   iii. Intra-day modifications of client codes other than as above will not be allowed.
   
   iv. Proprietary trades will not be allowed to be modified as client trade and vice-versa. Any violation of this provision will lead to disciplinary action against the Member by the Exchange.
   
   v. In order to ensure that client codes are entered with alertness and care, and this facility is not misused, a penalty on the client code changes shall be imposed by the Exchanges as per the following structure

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2 Amended vide Exchange Circular No.MCX/T&S/483/2011 dated 29/12/2011 w.e.f. 01/01/2012 pursuant to the directions issued by the FMC vide its letter dated No. 6/12/2010-MKT-I, FMC/2/2011/C/32 dated 26/12/2011 and also earlier directions from time time.
vi. The criteria for determining genuineness of client code modifications are as follows:

a) The difference in the Original Client Code and the Modified Client Code is such that most of the alphabets and numeric values are generally in the same sequence and are mostly identical. Only then, the same will be construed as a genuine punching error.

**Example:**
Client code FA 1234 wrongly entered as MN5678 would be construed as intentionally committed whereas FA1234 entered as AF1234 or FA1243 may be a genuine punching error.

b) Client codes modified by the same Member for the same client only once in a fortnight will be construed as genuine, subject to the above requirement.

c) The value of Client codes modification by the same Member is insignificant in comparison to the total value of such trades executed on the Exchange.

vii. Members are required to inform the Exchange on a daily basis in case of genuine punching error(s). The Exchange will decide on the genuineness of the client code modifications based on the aforesaid criteria.

viii. The conditions stipulated at (a), (b) and (c) are not mutually exclusive and shall be read together to determine the genuineness of Client Code Modification.

ix. The facility of Client Code Modification is to be resorted to by members only in the rarest of rare cases where genuine data entry errors have taken place. The Exchange shall take disciplinary action against the Members who resort to client code modifications without any genuine reason.]
CHAPTER V

ARBITRATION

37. ARBITRATION PROCEDURE

1. REFERENCE OF THE ARBITRATION

1.1. Every application for reference to arbitration shall be filed in the prescribed form with the Exchange. The Exchange upon receipt of reference may initiate steps to resolve the disputes so referred initially through conciliation / meditation as the case may be, and if in the opinion of the Managing Director / Deputy Managing Director, conciliation or mediation has failed to resolve the dispute, the matter shall be referred by the Exchange for arbitration.

1.2. Save as otherwise specified by the Relevant Authority, if the value of the claim, difference or dispute is more than Rs.10.00 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 Ten lakhs, 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 arbitrators as the case may be.

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.

1.4. In case a Warehouse refuses or fails to transfer commodities to the constituent the date of dispute shall be deemed to have arisen on

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

or

ii. 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;

1 Modified as per Exchange Circular No.MCX/474/2006 dated 8/11/06.
2. **CRITERIA AND PROCEDURE FOR SELECTION OF PANEL OF ARBITRATORS.**

2.1. Relevant Authority shall constitute every year in the month of April a panel of not less than 10 Arbitrators.

2.2. At least 50% of such panel shall be drawn from futures trading professional conversant with the trading at a commodity exchange and its Bye-laws, Rules and these Business Rules or having expertise in such areas like law or commodity economics, finance, commodity services and appraisal commodity physical trade etc.

2.3. The Board or Relevant Authority may appoint surveyor/s of the Exchange, as an Arbitrator, who shall adjudicate any dispute relating to quality as and when so required.

3. **PROCEDURE FOR APPOINTMENT OF ARBITRATOR**

3.1. (a) The Applicant and the Respondent shall submit to the Exchange in the order of descending preference, names of such number of persons as specified hereunder from amongst the panel of arbitrators constituted by the Exchange under bye law 15.3 for the respective seats of arbitration.

(b) The number of persons to be so selected by the Applicant and the Respondent shall be six if the seat of arbitration is at Mumbai and three in other cases.

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

(d) The Respondent shall submit the names in Form No. II/IIA within fifteen days of the receipt of Form No. I/IA from the Exchange.

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

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1 Amended pursuant to directives of the Forward Markets Commission vide its letter no. 2/3/2008- MKT-Amend-MCX dated April 24, 2012
3.2 The Exchange shall identify the sole arbitrator to whom the arbitration application will be referred in the following manner:

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

b) 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.

c) 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.

d) 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 panel of arbitrators.

3.3 In case claim exceeds Rs.10.00 lakhs the relevant authority shall identify Arbitration Tribunal to whom the arbitration application will be referred, in the following manner:

1. The Exchange shall identify three most common arbitrators in the order of preference given by both the Applicant and the Respondent.

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.

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.

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.

5. The panel of arbitrators so appointed shall select one among themselves to act as a presiding arbitrator within 15 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.

3.4

(a) 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.

(b) 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.

(c) 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.

3.5

(a) 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.

(b) 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.

4. VACANCY IN THE OFFICE OF THE ARBITRATOR

4.1 In case office of the sole arbitrator or any one or more of the arbitrators in the panel of arbitrators falls vacant after the appointment thereto, and before making the arbitral award due to
illness, death or termination the vacancy shall be filled up by the relevant authority.

4.2 For the purpose of para 4.1, the list of names of eligible persons in Form No II/I1A already submitted by the Applicant and by the Respondent shall be considered.

4.3 If no such eligible persons are available the applicant and respondent shall submit Form No.II / I1A against with fresh names.

5. FEE AND CHARGES

(a) The parties to the claim, difference or dispute shall deposit with the Exchange along with Form No. I/IA or Form No. III/IIIA as the case may be such monies as may be required by the exchange from time to time for defraying the costs that may be incurred for conducting the arbitration proceeding.

(i) Member of the Exchange, who is a party to the arbitration proceedings, either as an applicant or respondent, shall deposit the arbitration fee with the Exchange as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Amount of Claim</th>
<th>Amount of Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto Rs.5,00,000/-</td>
<td>Rs.8,000/-</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.5,00,001/- to 25,00,000/-</td>
<td>Rs.10,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>above Rs.25,00,000/-</td>
<td>Rs.14,000/-</td>
</tr>
</tbody>
</table>

(ii) Constituent of a Member, who is a party to the arbitration proceedings, either as an applicant or respondent, shall deposit the arbitration fee with the Exchange as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Amount of Claim</th>
<th>Amount of Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto Rs.10,00,000/-</td>
<td>Nii*</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.10,00,001/- to 25,00,000/-</td>
<td>Rs.8,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.25,00,001/ and above</td>
<td>Rs.14,000/-</td>
</tr>
</tbody>
</table>

*Upto a claim amount of Rs.10,00,000/-, the fee for arbitration proceedings is borne by the Exchange on behalf of the constituent, which may subsequently be reimbursed from the Investor Protection Fund of the Exchange.

1 Inserted as per the Exchange Circular No.MCX/Legal/053/2008 dated 5/2/2008 w.e.f. 6/2/2008.
2 Amended as per Exchange Circular no. MCX/Legal/157/2013 dated 23/04/2013
(iii) In case of counter claim and/or additional claim, the respective parties who make the counter claim and/or additional claim, as the case may be, shall deposit the additional amount as per the same fee structure mentioned in sub-clauses (i) and (ii) above.

(b) If the respondent being a constituent fails, neglects or refuses to make a deposit, 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.

(c) The Exchange shall have the right to recover the deposit from the Member from the monies lying to the credit of account of the member with the exchange, if the Member fails to make the deposit. In case of failure by the party making the reference to provide such deposit and 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. [Provided, in case of deactivated or absconding Member(s), who does not have sufficient fund to meet the prescribed Arbitration fees requirement in respect of Arbitration reference filed by the constituent(s) / client(s), the arbitration fees of such Member(s) shall be borne by the Exchange, which may be subsequently reimbursed from the Investor protection Fund of the Exchange.]¹

(d) In any claim, difference or dispute to which an 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 above provisions of Clause 5, then the Member to whom such agent of the Member is affiliated shall be liable to make the deposit with the Exchange.

(e) 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. All deposits towards costs and expenses shall be made with the Exchange and no payment shall be made to the arbitrators directly by the parties.

(f) Notwithstanding what is mentioned at (e) above, the Exchange may call for such additional deposits as it may deem fit if in its opinion

¹ Amended as per Exchange Circular no. MCX/Legal/157/2013 dated 23/04/2013
the deposits already made will be insufficient to defray the expenses of arbitration.

5A  [Seat of Arbitration]

(a) The Relevant Authority may provide for different seats of arbitration for different regions of the country either generally or specifically and in such an event the seat of arbitration shall be the place so provided by the Relevant Authority. Save as otherwise specified by the Relevant Authority, the seat of arbitration for different region shall be as follows:

<table>
<thead>
<tr>
<th>Seat of Arbitration</th>
<th>States covered by the RAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Arbitration Centres (RACs)</td>
<td>Delhi, Haryana, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Punjab, Jammu &amp; Kashmir, Chandigarh, Rajasthan</td>
</tr>
<tr>
<td>Delhi</td>
<td>West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chattisgarh</td>
</tr>
<tr>
<td>Kolkatta</td>
<td>Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman &amp; Nicobar, Lakshadweep, Pondicherry</td>
</tr>
<tr>
<td>Chennai</td>
<td>Maharashtra, Gujarat, Goa, Daman, Diu, Dadra &amp; Nagar Haveli, Madhya Pradesh</td>
</tr>
</tbody>
</table>

(b) The premises/location where the hearing of arbitration shall take place shall be such place as may be identified by the Exchange from time to time and intimated to the arbitrator and the parties to the dispute accordingly.

5B. Criteria for selection of Seat of arbitration

Save as otherwise specified by the Relevant Authority, the criteria for selection of Seat of Arbitration and place of hearing of a particular matter is as follows:

1 Amended vide Circular No.MCX/Legal/328/2008 dated 18/10/2008
<table>
<thead>
<tr>
<th>Parties to dispute</th>
<th>Criteria for selection of Seat by the Applicant for Arbitration</th>
<th>Place of hearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Vs Member</td>
<td>If the dealing offices of both the members from where the dealing was carried is situated in any one of the states covered by a particular RAC then the Applicant-Member shall select the Seat of that RAC for arbitration.</td>
<td>Hearing shall be held at the RAC where the Applicant – Member has filed the Application for arbitration and the Respondent – Member shall attend the hearing in that particular RAC</td>
</tr>
<tr>
<td>Member V/s Client &amp; Client V/s Member</td>
<td>Where the Client ordinarily resides in any one of the states covered by a particular RAC, then the Applicant shall select the Seat of that RAC for arbitration.</td>
<td>Hearing shall be held at that RAC where the Applicant has filed the application for Arbitration and the Respondent shall attend the hearing in that particular RAC.</td>
</tr>
</tbody>
</table>

Notwithstanding anything contained hereinabove and unless otherwise specifically agreed in writing between the Member and the Client, in respect of any claims, disputes and differences arising out of internet trading between the client and the member, the Seat of Arbitration shall be at the Regional Arbitration Centre having jurisdiction in any one of the states where the client ordinarily resided at the time of relevant trading took place.

**5C.** Application for arbitration in the prescribed form along with relevant enclosures shall be submitted and all correspondence relating to the said application shall be made by the Applicant with the Exchange at its Head
Office in Mumbai. Provided, however, that the documents can be submitted/filed before the arbitrator(s) at the time of hearing.

6. **PROCEDURE FOR ARBITRATION**

6.1  
(a) The Applicant shall submit to the Exchange the application for arbitration in Form No. I/1A, 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 in proof of claim.
   iii. Copies of Member - Constituent Agreement
   iv. Copies of the relevant Contract Notes, Invoice and Delivery Challan.

(b) The applicant shall submit three sets of applications in case of a sole arbitrator and six sets in case of arbitral tribunal.

(c) The Applicant shall also submit to the Exchange the following along with Form No. I/1A.
   i. A cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favor of Multi Commodity Exchange of India Limited.
   ii. Form No. II/IIA containing list of names of the persons eligible to act as arbitrators.

6.2  
(a) 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.

(b) If the Applicant fails to rectify the deficiency/defect within the prescribed period, the Exchange shall return the deficient/defective application to the Applicant.

(c) The Applicant shall have the right to file a revised application, which shall be considered as a fresh application for all purposes and be dealt with accordingly by the exchange.

6.3  
(a) Upon receipt of Form No.I/1A the Exchange shall forward a copy of the statement of case and related documents mentioned in clause (a) to the Respondent.
(b) Upon receiving Form No. I/IA, the Respondent shall submit Form II/IIA to the Exchange within 15 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 clause 3 above.

(c) Upon receiving Form No II/IIA from the Respondent, the arbitrator shall be appointed by the Relevant Authority as per the procedure.

6.4

(a) The Respondent(s) shall, within 15 days from the date of receipt of Form No I/IA from the Exchange submit to the Exchange Form No. III/IIIA along with the following enclosures:

- The Statement of Reply (containing all available defenses to the claim).
- The Statement of Accounts.
- Copies of the Member Constituent Agreement.
- Copies of the relevant Contract Notes, Invoice and Delivery Challan etc.
- Statement of the set-off or counter claim along with statements of accounts and copies of relevant contract notes and bills etc.

(b) The Respondent shall submit three sets of Applications in case of Sole arbitrator and 6 sets in case of Arbitral tribunal.

(c) The Respondent shall also submit to the Exchange a cheque/pay order/demand draft for the fee/charges payable at the seat of arbitration in favor of Multi Commodity Exchange of India Limited along with Form No. III/IIIA

6.5

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

6.6

(a) Upon receiving Form No. III/IIIA from the Respondent the Exchange shall forward one copy to the Applicant.

(b) The Applicant shall within 15 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.
(c) The Exchange shall forward the reply to the Respondent.

(d) The time period for filing 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.

7. REQUIREMENT FOR HEARINGS

7.1 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. One lakh 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.

7.2 If the value of claim, difference or dispute is more than Rs. One lakh the arbitrators shall offer to hear the parties to the dispute unless both parties waive their right for such hearing in writing.

8. NOTICE OF HEARING

8.2 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, 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.

8.3 The arbitrator/s may commence, proceed with, continue or conclude the reference notwithstanding any failure by a party to comply with any of the directions of the arbitrator/s and may also proceed with the arbitral proceedings in the absence of any or both the parties who fail or neglect to attend at the time and place appointed by the arbitrator/s, inspite of due notice.

9. ARBITRAL AWARD

9.1 The arbitral award shall be in writing and made in three originals duly dated and signed and dated.

9.2 The arbitrator shall file all the three original awards with the Exchange, which shall arrange to send one original each to the parties to the dispute and the Exchange shall retain the stamped original award. In case there are more than one Respondent, one
Original shall be sent to the first respondent and photocopies of the award shall be sent to the remaining respondent, duly certified.

10. COUNTER-CLAIM AND REPLY TO COUNTER-CLAIM

The Respondent in arbitration proceedings may make a counter-claim against the Claimant provided the counter-claim arises under the same transaction as the original claim. The Respondent shall submit the counter-claim if any with full details supported by all documents and information forming the basis of counterclaim within at or before the first hearing of the reference, but not afterwards unless specifically permitted by arbitral tribunal. The original Claimant may, within such period, or within such extended time as may be permitted by the arbitrator/s, submit a statement in reply to the counter-claim.

11. ARBITRATION FEES AND CHARGES, COSTS, ETC.

(a) The fees and expenses payable to arbitrator shall be as determined by the Relevant Authority from time to time.

(b) All fees and charges relating to the appointment of the arbitrator and conduct of arbitration proceedings shall be borne by the parties in such proportions as may be decided by the Relevant Authority / Arbitrator.

(c) The costs, if any, to be awarded to either of the party in addition to the fees and charges that have to be borne by the parties for conducting the arbitration shall be decided by the arbitrator.

(d) Unless the arbitrator directs otherwise each party shall bear their own expenses of traveling and other incidental expenses incurred.

(e) Other fees and expenses incurred: The parties to the arbitration are liable to pay costs for and expenses of witnesses, expenses connected with the selection and carriage of sample and examination of goods, Licensed Measure's Department or Assayers'/quality certifying agencies’ charges, conveyance, hire, cost of legal or technical advice or proceedings in respect of any matter arising out of the arbitration and any other incidental expenses and charges in connection with or arising out of the reference or award as the arbitral tribunal may, in its absolute discretion, think fit.

12. COMBINING OF CLAIMS

12.1 Where there are two or more applications for arbitration and the issue involved in the dispute arises out of similar transactions, the Relevant Authority may, if in his opinion it is proper to do so, with
the consent of the parties, fix the hearings of the disputes to be heard jointly or refer the applications for separate hearings where the parties do not so consent.

12.2 Where the applications are heard jointly, the awards, however, shall be given separately for each reference.

13. **DUTY OF THE PARTIES TO THE DISPUTE**

The parties shall do all acts necessary to enable the arbitrator 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 arbitrators 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.

14. **LANGUAGE**

The language of the arbitration proceedings and the award shall be English. If any documents filed by the parties are in a language other than English, the party filing such documents shall simultaneously furnish an English translation of the documents.

15. **INTERPRETATION**

For the purpose of this clause

i. Relevant Authority means Managing Director or Deputy Managing Director ¹ {or any officer(s) authorized by the Managing Director or Deputy Managing Director.}

ii. Applicant is the person who filed the claim for arbitration.

iii. Respondent is the person against whom the claim has been made by the Applicant including any person made a party by virtue of this Business Rule.

**********

¹ Inserted as per Exchange Circular No. MCX/LEGAL/57/2007 dated 14/2/07.
ANNEXURES

Annexure – I

Membership Application

- Please read the terms and conditions, guidelines and notes carefully before filling-up the application form.
- Please attach all relevant documents along with this application.
- Please use additional sheets to furnish information wherever necessary.
- Multi Commodity Exchange of India Ltd. or The Exchange or MCX has been used interchangeably unless otherwise specified.

Terms and conditions for seeking Trading Membership (TM) of MCX

1) A Trading Member means a person having been admitted as such, who shall have rights to trade on his own account as well as on account of his clients, but shall have no right to clear and settle such trades himself. All such trading members must be affiliated with any one of the Institutional Trading-cum-Clearing Member (ITCM) or Professional Clearing Member (PCM) having clearing rights on the Exchange.

2) An applicant shall be an Indian national.

3) The applicant shall submit the application form (part-A) along with an amount as specified in clause 10 of the application form. This amount has to be remitted to our Mumbai office by the way of demand draft favouring ‘Multi Commodity Exchange of India Ltd’ payable at Mumbai along with the following document, (duly attested by the applicant), which are a part of the Membership criteria:

   a) Proof of educational qualifications of the authorised signatories,
   b) Proof of experience of the authorised signatories.
   c) Proof of age and address of the applicant(s) or the authorized signatories in case of Registered Partnership Firm / Corporates (e.g. Passport, driving license, election ID card etc.),
   d) Networth Certificate not older than 6 months along with statement issued by Chartered Accountant,
      Net worth Criteria:
      i) Individuals / Registered Partnership Firms / HUF : Rs.10 lakh
      ii) Corporates : Rs. 25 lakh
   e) In case of a Partnership firm certified copies of Firm Registration Certificate, Registered Partnership Agreement, undertaking from all partners authorizing the Managing Partner, sharing pattern and details of Dominant Promoter Group (DPG)
f) In case of a Corporates, Board Resolution seeking membership of the 
Exchange and for appointment of authorized signatories and authorized 
persons, certified copy of Memorandum and Articles of Association, 
shareholding pattern and details of Dominant Promoter Group (DPG).
g) Form MR 
h) Undertaking for Debarred / Suspended / Default 
i) Certified copy of PAN card 
j) All applications shall come with a recommendation letter of the ITCM or 
PCM for registration of their applicants as Trading Members of MCX. 
k) Any other document which may be required by the Exchange.

4) The applicant shall be interviewed by the Exchange and in case corporate; the 
authorised signatories shall attend the interview.

5) On confirmation by the Exchange, the applicant shall remit the balance amount, 
if any, within 15 days from the date of intimation about the decision of the 
Exchange, appointing the said person as a Member of the Exchange. The 
payment shall be made by way of demand draft favouring ‘Multi Commodity 
Exchange of India Ltd.’ Payable at Mumbai.

6) The applicant shall submit the following documents (Part-B) with MCX after 
the Exchange has intimated the applicant about his selection. These documents 
would be required before commencement of the operations:

   a) Trading Membership Undertaking 
   b) VSAT Undertaking 
   c) No-objection Certificate for installation of VSAT - Dish Antenna 
   d) Questionnaire for VSAT, 
   e) CST / LST declaration 
   f) Internet undertaking 
   g) Bank reference letter from the Branch Manager of the Present Banker, 
   h) Bio data 
   i) Latest Annual Report / Auditors Report, and 
   j) Any other document, as may be specified by the Exchange

7) The Exchange reserves the right to accept or reject any application or amend 
the terms and conditions without assigning any reason whatsoever.

8) Incase the amount is not paid as per schedule provided by the Exchange, then 
the Exchange reserves the right to reject / terminate the membership and forfeit 
the money paid to MCX.

9) Application once submitted can not be withdrawn as the application are being 
processed on first-cum-first serve basis.
10) Fees and Deposit Structure:

A) Admission Fees* Rs. 7.50 lakh (Non-refundable)

B) Security Deposit PCM / ITCM shall suitably collect deposits from the Trading Member

C) Annual Subscription Fee* Rs. 0.10 lakh

D) Processing Fee* Rs. 0.10 lakh

E) Annual Insurance Premium* As applicable from time to time.

Note:

- VSAT charges* are Rs. 1.65 lakh which includes cost of communication charges for the first three years
- * Service Tax @ 10.30% is applicable.

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1 Revised as per Circular No.MCX/MEM/247/2008 dated 22.07.2008 w.e.f. 01.09.2008
APPLICATION FOR TRADING MEMBERSHIP
(Part - A)

The Managing Director & Chief Executive Officer,
Multi Commodity Exchange of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East),
Mumbai - 400 093. India.

Dear Sir,

I/We am/are desirous of becoming a Trading Member of Multi Commodity Exchange of India Limited (MCX). I/We, hereby apply for said membership and, undertake , to confirm to and to abide by the Memorandum & Articles of Association and Rules, Bye-laws, Regulation, Business Rules, Circulars, Notifications and Office Orders, issued by the exchange, from time to time. I/We shall be liable for all contracts and transactions in the Exchange entered into by us or by our authorized representatives and I/We comply with all requirements of the Exchange relating to settlement thereof. I/We shall also abide by all decisions of the Exchange with respect to the operations of the Exchange and would perform accordingly in meeting my/our financial, regulatory and operational responsibility as decided by the Exchange from time to time. I/We agree to be responsible for all non-compliance and the Exchange shall reserve all rights of disciplinary action for any non-compliance by me/us.

Pursuant to above, I/we submit below the details of my/our candidature:

1. Trade Name of the Applicant(full)
### Business Rules

<table>
<thead>
<tr>
<th>2. Office Address</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
</tr>
<tr>
<td>Pin code</td>
<td></td>
</tr>
<tr>
<td>Telephone No.</td>
<td></td>
</tr>
<tr>
<td>Fax No. (With STD Code)</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
</tr>
<tr>
<td>Name Of the Contact Person(s)</td>
<td></td>
</tr>
<tr>
<td>Mobile No.</td>
<td></td>
</tr>
</tbody>
</table>

Signature (1) :______________________________    Signature (2) :

__________________________    Rubber Stamp :

3. Name the Cities in which you are Operating or propose to operate

4. Nationality

5. Constitution

   Individual/ Registered Partnership Firm/
   Private Ltd Co./HUF/
   Public Ltd Co. / Others

6. Date of Incorporation/ registration

7. Details of Chief Executive/ Proprietor / Partner/ Director

   Name
   Designation
   Tel. No.
   Fax No.(with STD Code)
   Mobile No.
   Email ID

<table>
<thead>
<tr>
<th></th>
<th>Details of your existing bank</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td>Name and branch address</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Account No.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Account is operational since</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Present business/ occupation</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Present Net worth</td>
<td>Rs........................... Lakh as on..........................</td>
</tr>
<tr>
<td>12.</td>
<td>Are you a member of any other commodity/Stock Exchange?(provide details)</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Are you a sub-broker of any MCX Member? If yes, Provide No Objection Certificate From The member</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Signature (1) :______________________________</td>
<td>Signature (2) :</td>
</tr>
<tr>
<td></td>
<td>Signature (2) :______________________</td>
<td>Rubber Stamp :</td>
</tr>
<tr>
<td></td>
<td>Rubber Stamp :</td>
<td>Rubber Stamp :</td>
</tr>
</tbody>
</table>
14. Please give the following details of the applicant (as in point no.5 of the Guidelines for Filling-up the form):

**Strike off which is not applicable (Yes/ No)**

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes/ No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e) Have you been declared/ rendered incompetent to enter into contract under any law in force in India?</td>
<td></td>
</tr>
<tr>
<td>(f) Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any Law?</td>
<td></td>
</tr>
<tr>
<td>(g) Whether any court case is pending against applicant / director / partners?</td>
<td></td>
</tr>
<tr>
<td>(h) Have you ever been pronounced guilty of a criminal offence involving moral turpitude?</td>
<td></td>
</tr>
<tr>
<td>(i) Has any disciplinary action been taken by any commodity/ stock exchange against you or any of the partners/ promoter/ directors/ shareholders/ employees of yours?</td>
<td></td>
</tr>
<tr>
<td>(j) Have you ever been adjudged bankrupt or have been proved to be insolvent at any time?</td>
<td></td>
</tr>
<tr>
<td>(k) Have you ever been involved in litigations, suits, or proceedings or have been involved in any financial liability of contingent or unascertained nature?</td>
<td></td>
</tr>
<tr>
<td>(l) Have you ever been at any time convicted of an offence involving fraud or dishonesty of financial irregularities?</td>
<td></td>
</tr>
<tr>
<td>(m) Have you ever been associated with or a trading member of or subscriber to or a shareholder or debenture holder of any other commodity/ stock exchange?</td>
<td></td>
</tr>
<tr>
<td>(n) Have you ever been denied/ rejected membership of any commodity/ stock exchange or commercial organization? If yes, when?</td>
<td></td>
</tr>
<tr>
<td>(o) Have you committed any act which may render you liable to be wound-up?</td>
<td></td>
</tr>
<tr>
<td>(p) Have you ever been suspended / expelled / declared a defaulter on any other commodity Stock exchange or have been debarred from trading in commodities/ securities by any Regulatory Authorised like FMC, RBI, SEBI, etc.?</td>
<td></td>
</tr>
<tr>
<td>(q) Have you ever had a provisional liquidator or receiver or official liquidator appointed by a competent court against you?</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** In case answers to any of the above questions is yes, then please provide relevant details enclosing a separate sheet

15. Name of your authorised representative(s), who shall be responsible to the Exchange to ensure compliance of different provisions of the law and procedures
We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for membership or breach of any undertaking or condition of admission to membership may entail rejection of our application or expulsion of our membership.

I/ We hereby state that the above-mentioned particulars are true, correct and complete to the best my/ our knowledge and information. I/We state that no relevant material fact has been suppressed while applying for the Trading Membership of MCX.

I/We shall appear for interview, whenever called by the Exchange for my/ our seeking the Trading Membership of the Exchange.

I/We shall pay the required fees, charges and deposit to the Exchange and submit the necessary documents as stated in the terms and conditions and any other document as required by the exchange for my/ our seeking the Trading Membership of the Exchange.

Date: ..................................

Place: ..................................

Authorised Signatories:

Signature(s): ........................................  ........................................

(Name of the signatories) ........................................  ........................................

(Designation of the signatories) ........................................  ........................................

(Trade name of the applicant) ........................................  ........................................

Photographs  Affix Photograph and sign across the photograph  Affix Photograph and sign across the photograph
RECOMMENDATION OF ITCM / PCM

(Part - A)

We, hereby, approve and recommend the registration of Mr./Ms./M/s. ___________________________________________ as Trading Member of MCX. We shall clear his/her/their trade as ITCM / PCM or we permit them to use any PCM of MCX for clearing his/her/their Trades. (Please permit any one route of clearing and strike out the other route.)

We shall abide by the terms and conditions of MCX for Trading Members as may be applicable from time to time. We shall also abide by the Articles/Rules/Bye-laws/Notices/Circulars of MCX with regard to ITCM / PCM and Trading Members as may be applicable from time to time.

Date

Name of the ITCM / PCM:

__________________________

Address in full: ________________________________

Signature:

__________________________

Name of the Signatory:

__________________________

Designation:

__________________________

Rubber Stamp
1. Address Corporate shall write address of its registered office and other dealing office.
2. Branch office: Enclose a separate sheet for more than one branch and/or contact person.
3. Form of organization: Tick mark one and/or specify.
4. Networth: Write the amount of networth computed as certified by a Chartered Accountant.
5. Signature and photo: Authorised Signatory, as detailed below, shall sign the application, paste his recent passport size photo and sign across the photo:
6. Each and Every page of application form is to be signed and stamped by the authorized signatory.

<table>
<thead>
<tr>
<th>In case of</th>
<th>Signature by and photo of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Individual</td>
</tr>
<tr>
<td>Partnership firm</td>
<td>Managing partner, as authorized by the Registered Partnership Deed</td>
</tr>
<tr>
<td>HUF</td>
<td>Karta</td>
</tr>
<tr>
<td>Corporate</td>
<td>Two directors, authorized by the Board of Directors and supported by Board of Resolution</td>
</tr>
</tbody>
</table>

Please write / call to MCX at the following address for any further clarification:

Head – Membership,
Multi Commodity Exchange of India Ltd.,
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400093.
India.

Tel.: +91 22 6731 8888
Fax.: 022 6649 4151

email: membership@mcxindia.com,
helpdesk@mcxindia.com,
Website: www.mcxindia.com
Membership Application

Trading-cum-Clearing Member (TCM)

- Please read the terms and conditions, and guidelines carefully before filling-up the application form.
- Please attach all relevant documents along with this application.
- Please use additional sheets to furnish information, wherever necessary.
- Multi Commodity Exchange or The Exchange or MCX has been used interchangeably unless otherwise specified.
- MCX offers Trading-Cum-Clearing Membership of two categories.

Terms and conditions for seeking Trading-cum-Clearing Membership (TCM) of MCX

1) The applicant shall be an Indian national.
2) An applicant shall submit the application form (Part-A) along with an amount as specified in clause 9 of the application form. This amount has to be remitted to our Mumbai office by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd.’ payable at Mumbai along with the following document, (duly attested by the applicant), which are a part of the membership criteria:
   a) Proof of educational qualifications of the authorized signatories,
   b) Proof of experience of the authorized signatories,
   c) Proof of age and address of the applicant(s) or the authorized signatories in case of corporates (e.g. passport, driving license, election ID card etc.)
   d) Net worth Certificate not older than six months along with statement issued by a Chartered Accountant,

<table>
<thead>
<tr>
<th>Net worth criteria:</th>
<th>Non deposit based</th>
<th>Deposit based</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Individuals / Registered Partnership Firms / HUF/</td>
<td>Rs. 75 Lakh</td>
<td>Rs. 75 Lakh</td>
</tr>
</tbody>
</table>

ii) Corporates / Institutions / Banks:

c) In case of partnership firm, copy of firm Registration Certificate, Copy of Registered Partnership Agreement, undertaking from all partners authorising the managing partner and the sharing pattern.

f) In case of corporates, Board resolution seeking membership of the Exchange and for appointment of authorised signatories and authorised persons, certified copy of Memorandum and Articles of Association & shareholding pattern.

g) Form MR
h) Undertaking for Debarred / Suspended / Default
i) Copy of PAN Card
j) Any other document which may be required by the Exchange.

3) The applicant shall be interviewed by the Exchange and in case of corporate, the authorised signatories shall attend the interview.

4) On confirmation by the Exchange, the applicant shall remit the balance amount, if any, within 15 days from the date of intimation about the decision of the Exchange, appointing the said person as a Member of the Exchange. The payment shall be made by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd.’ payable at Mumbai.

5) The applicant shall submit the following documents (Part-B) with MCX after the Exchange has intimated the applicant about his selection. These documents would be required before commencement of the operations:

a) Trading-cum-Clearing Membership Undertaking
b) VSAT Undertaking
c) No-objection Certificate for installation of VSAT–Dish Antenna
d) Questionnaire for VSAT,
e) Bank reference letter from the Branch Manager of the Present Banker,
f) Bio data of the applicant
g) In case of Corporate, certified true copy of the Memorandum and Articles of Association and share holding pattern,
h) Internet Undertaking
i) Latest Annual Report / Auditors Report, and
j) Any other document, as may be specified by the Exchange

6) The Exchange reserves the right to accept or reject any application or amend the terms and conditions without assigning any reason whatsoever.

7) In case the amount is not paid as per schedule provided by the Exchange, then the Exchange reserves the right to reject / terminate the membership and forfeit the money paid to MCX.

8) Application once submitted cannot be withdrawn as the application are being processed on first-cum-first serve basis.
9) [Fee and deposit structure:

<table>
<thead>
<tr>
<th>Description</th>
<th>Non Deposit Based</th>
<th>Deposit Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Admission fee***:</td>
<td>Rs. 25.00 lakh (Non refundable)</td>
<td>Rs.10.00 lakh (Non refundable)</td>
</tr>
<tr>
<td>(b) Interest free Security Deposit**</td>
<td>Rs. 30.00 lakh</td>
<td>Rs. 65.00 lakh</td>
</tr>
<tr>
<td>(c) Annual Subscription Fee***:</td>
<td>Rs. 0.75 lakh</td>
<td>Rs. 0.75 lakh</td>
</tr>
<tr>
<td>(d) Processing Fee***:</td>
<td>Rs. 0.10 lakh</td>
<td>Rs. 0.10 lakh</td>
</tr>
<tr>
<td>(e) Annual Insurance Premium***:</td>
<td>As applicable from time to time</td>
<td>As applicable from time to time</td>
</tr>
<tr>
<td>(f) Minimum Usage Fee***:</td>
<td>Rs. 0.25 lakh per quarter</td>
<td>Rs. 0.25 lakh per quarter</td>
</tr>
</tbody>
</table>

* Category 1 membership is transferable after THREE years.

** Interest free Security Deposit is to be given in the ratio of 50 % cash and 50 % cash/ B.G./ F.D.

Interest free Security Deposit is refundable after THREE years on surrender of the membership.

*** Service Tax @ 10.30% is applicable].

Note: VSAT charges are Rs.1.65 lakh which includes cost of communication charges for the first three years.

---

1 Revised as per Circular No.MCX/ME/M/247/2008 dated 22.07.2008 w.e.f. 01.09.2008.
APPLICATION FOR TRADING-CUM-CLEARING MEMBERSHIP
(Part – A)

The Managing Director & CEO,
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai - 400 093. India.

Dear Sir,

I/We am/are desirous of becoming a Trading-cum-Clearing Member of Multi Commodity Exchange of India Limited (MCX). I/We, hereby apply for said membership and, undertake, to conform to and to abide by the Memorandum & Articles of Association and Rules, Bye-laws, Regulation, Business Rules, Circulars, Notifications and Office Orders, issued by the Exchange, from time to time. I/We shall be liable for all contracts and transactions in the Exchange entered into by us or by our authorized representatives and I/We shall comply with all requirements of the Exchange relating to settlement thereof. I/We shall also abide by all decisions of the Exchange with respect to the operations of the Exchange and would perform accordingly in meeting my/our financial, regulatory and operational responsibility as decided by the Exchange from time to time. I/We agree to be responsible for all non-compliance and the Exchange shall reserve all rights of disciplinary action for any non-compliance by me/us.

Pursuant to above, I/we submit below the details of my/our candidature:

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name of the Applicant (full)</td>
</tr>
<tr>
<td>3.</td>
<td>Name the Cities in which you are operating or propose to operate :</td>
</tr>
<tr>
<td>4.</td>
<td>Nationality</td>
</tr>
<tr>
<td></td>
<td>Business Rules</td>
</tr>
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<td>---</td>
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</tr>
<tr>
<td>5.</td>
<td>Constitution</td>
</tr>
<tr>
<td>6.</td>
<td>Date of Incorporation/ registration</td>
</tr>
<tr>
<td></td>
<td>Signature (1) :</td>
</tr>
<tr>
<td></td>
<td>Rubber Stamp :</td>
</tr>
<tr>
<td>7.</td>
<td>Details of Chief Executive/ Proprietor / Partner/ Director</td>
</tr>
<tr>
<td></td>
<td>Name :</td>
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<tr>
<td></td>
<td>Designation :</td>
</tr>
<tr>
<td></td>
<td>Tel. No.:</td>
</tr>
<tr>
<td></td>
<td>Fax No.:(with STD Code)</td>
</tr>
<tr>
<td></td>
<td>Mobile No.:</td>
</tr>
<tr>
<td></td>
<td>Email ID :</td>
</tr>
<tr>
<td>9.</td>
<td>Details of your existing Bank</td>
</tr>
<tr>
<td></td>
<td>Name and branch address :</td>
</tr>
<tr>
<td></td>
<td>Account No.:</td>
</tr>
<tr>
<td></td>
<td>Account is operational since</td>
</tr>
<tr>
<td>10.</td>
<td>Present business/ occupation</td>
</tr>
<tr>
<td>11.</td>
<td>Present Net worth</td>
</tr>
<tr>
<td>12.</td>
<td>a) Are you a member of any other Commodity/ Stock Exchange? (Provide details)</td>
</tr>
<tr>
<td></td>
<td>b) Are you a sub-broker of any MCX Member? If yes, Provide No Objection Certificate From the Member.</td>
</tr>
</tbody>
</table>
13. Please give the following details of the applicant (as defined in point no.5 of the Guidelines for Filling-up the form):

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes/ No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Have you been declared/ rendered incompetent to enter into contract under any law in force in India?</td>
<td></td>
</tr>
<tr>
<td>b) Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any Law?</td>
<td></td>
</tr>
<tr>
<td>c) Whether any court case is pending against applicant / director / partners?</td>
<td></td>
</tr>
<tr>
<td>d) Have you ever been pronounced guilty of a criminal offence involving moral turpitude?</td>
<td></td>
</tr>
<tr>
<td>e) Has any disciplinary action been taken by any commodity/ stock exchange against you or any of the partners/ promoter/ directors/ shareholders/ employees of yours?</td>
<td></td>
</tr>
<tr>
<td>If so, please provide details in a separate sheet.</td>
<td></td>
</tr>
<tr>
<td>f) Have you ever been adjudged bankrupt or have been proved to be insolvent at any time?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>g) Have you ever been involved in litigations, suits or proceedings or have been involved in any financial liability of contingent or unascertained nature?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>h) Have you ever been at any time convicted of an offence involving fraud or dishonesty of financial irregularities?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>i) Have you ever been associated with or a trading member of or subscriber to or a shareholder or debenture holder of any other commodity/ stock exchange?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>j) Have you ever been denied/ rejected membership of any commodity/ stock exchange or commercial organization? If yes, when?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>k) Have you committed any act which may render you liable to be wound-up?</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>l) Have you ever been suspended / expelled / declared a defaulter on any other commodity/ Stock exchange or have been debarred from trading in commodities/ securities by any</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>Business Rules</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
</tr>
</tbody>
</table>

Regulatory Authorised like FMC, RBI, SEBI, etc.?

m) Have you ever had a provisional liquidator or receiver or official liquidator appointed by a competent court against you?

(In case answers to any of the above questions is yes, then please provide relevant details enclosing a separate sheet)

<table>
<thead>
<tr>
<th>14. Name of your authorised representative(s), who shall be responsible to the Exchange to ensure compliance of different provisions of the law and procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Deposit based / Deposit based</td>
</tr>
</tbody>
</table>

(Strike whichever is not applicable)

<table>
<thead>
<tr>
<th>16. Commodities Interested</th>
</tr>
</thead>
</table>

Signature (1) : ___________________  
Signature (2) : ___________________

Rubber Stamp :  
Rubber Stamp :  

We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for membership or breach of any undertaking or condition of admission to membership may entail rejection of our application or expulsion of our membership.
I/ We hereby state that the above-mentioned particulars are true, correct and complete to the best my/ our knowledge and information. I/We also state that no relevant material fact has been suppressed while applying for the Trading-cum-Clearing Membership of MCX.

I/We shall appear for interview, whenever called by the Exchange for my/ our seeking the Trading-cum-Clearing membership of the Exchange.

I/We shall pay the required fees and deposit to the Exchange and submit the necessary documents as stated in the terms and conditions and any other document as required by the Exchange for my/ our seeking the Trading-cum-Clearing membership of the Exchange.

Date: ....................................
Place: ....................................

Authorised Signatories:

Signature(s):  

(Name of the signatories)  

(Designation of the signatories)  

(Name of the organization)  

Photographs

Affix Photograph and sign across the photograph

Affix Photograph and sign across the photograph
MCX MEMBERSHIP FORM GUIDELINES

1. Address Corporate shall write address of its registered office and others dealing office.
2. Branch office: Enclose a separate sheet for more than one branch and/or contact person.
3. Form of organization: Tick mark one and/or specify.
4. Networth: Write the amount of networth computed as certified by a Chartered Accountant.
5. Signature and photo: Authorised Signatory, as detailed below, shall sign the application, paste his recent passport size photo and sign across the photo:

<table>
<thead>
<tr>
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<tr>
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<tr>
<td>Partnership Firm</td>
<td>Managing Partner, as authorized by the Registered Partnership Deed.</td>
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<td>Karta</td>
</tr>
<tr>
<td>Corporate</td>
<td>Two directors, authorized by the Board of Directors and Supported by a Board Resolution.</td>
</tr>
</tbody>
</table>

Please write/call to MCX at the following address for any further clarification:

Chief - Membership

Multi Commodity Exchange Of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East),
Mumbai - 400093.India.
Tel. No.: 022 – 6731 8888,
Fax No.: 022 - 66494151
email: Membership@mcxindia.com,
      helpdesk@mcxindia.com
Website: www.mcxindia.com
MEM/RE/01

Membership Application

Professional Clearing Member (PCM)

MCX
Unparalleled Efficiencies , Unlimited Growth , Infinite Opportunities

Multi Commodity Exchange Of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai - 400 093. India.
Tel. No.: 022 – 6731 8888, Fax No.: 022 – 66494151
email: info@mcxindia.com, Website: www.mcxindia.com

Membership Application

• Please read the terms and conditions and guidelines carefully before filling-up the application form for professional Clearing Membership (PCM) of Multi Commodity Exchange of India Ltd. (MCX)
• Please attach all relevant documents along with this application.
• Please use additional sheets to furnish information, wherever necessary.
• Multi Commodity Exchange or The Exchange or MCX has been used interchangably unless otherwise specified.
1) The applicant for PCM shall be an Indian National.

2) An applicant shall submit the application form (Part-A) along with an amount as specified in clause 10 of the application form. This amount has to be remitted to our Mumbai office by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd.’ payable at Mumbai along with the following document, duly attested by the applicant, which are a part of the membership criteria
   a) Proof of educational qualifications of the authorized signatories,
   b) Proof of experience of the authorized signatories.
   c) Proof of office address,
   d) Proof of age of the applicant(s) of the authorized signatories,
   e) Net worth Certificate not older than six months along with computation statement issued by a Chartered Accountant, Net worth criteria Rs.500.00 lakh
   f) Copy of PAN Card of the applicant Company.
   g) Board Resolution seeking Professional Clearing membership of the Exchange, appointment of authorized signatories and authorized persons and
   h) Any other document, as may be specified by the Exchange
   i) The applicant shall be interviewed by the Exchange.

3) On confirmation by the Exchange, the applicant shall remit the balance amount, if any, within 15 days from the date of intimation about the decision of the Exchange, appointing the said person as a Member of the Exchange. The payment shall be made by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd.’ payable at Mumbai.

4) The applicant shall submit the following documents (Part-B) with MCX after the Exchange has intimated the applicant about his selection. These documents would be required before commencement of the operations:
   a) Professional Clearing Membership Undertaking,
   b) VSAT Undertaking,
   c) No-objection Certificate for installation of VSAT–Dish Antenna
   d) Questionnaire for VSAT,
   e) Bank reference letter from the Branch Manager of the Present Banker,
   f) Bio data of the authorised signatories,
   g) Certified true copy of the Memorandum and Articles of Association of the company,
   h) Shareholding pattern,
i) Latest Annual Report / Auditors Report, and
j) Internet Undertaking,
k) Any other document, as may be specified by the Exchange

5) The membership shall be subject to the approval of the Exchange.

6) The Exchange reserves the right to accept or reject any application or amend the terms and conditions without assigning any reason whatsoever.

7) In case the amount is not paid as per schedule provided by the Exchange, then the Exchange reserves the right to reject / terminate the membership and forfeit the money paid to MCX.

8) The PCM agrees that it would be subject to the risk management and operational measures advocated by MCX.

9) Application once submitted cannot be withdrawn as the application are being processed on first-cum- first serve basis.

10) Fee and deposit structure:
    (a) Admission fee**: Rs.10.00 lakh (Non-refundable)
    (b) Interest free Security Deposit: Rs.100.00 lakh*
        (Security Deposit shall be in the ratio of 50% cash and 50% cash / fixed deposit / bank guarantee).
    (c) Annual Subscription Fee**: Rs.1.00 lakh
    (d) Processing Fee**: Rs.0.10 lakh
    (e) Annual Insurance Premium**: As applicable from time to time.
    (f) Minimum Usage Fees (per quarter)** Rs. 0.25 lakh

* Refundable after THREE years on surrender of the membership.
** Service Tax @ 10.30% is applicable
Note: VSAT charges** are Rs.1.65 lakh which includes cost of communication charges for the first three years].

---

1 Revised as per Circular No.MCX/MEM/247/2008 dated 22.07.2008 w.e.f. 01.09.2008
APPLICATION FOR PROFESSIONAL CLEARING MEMBERSHIP

(Part - A)

The Managing Director & CEO,
Multi Commodity Exchange of India Limited
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai - 400 093. India.

Dear Sir,

We, being desirous of becoming an Professional Clearing Member (PCM) of Multi Commodity Exchange of India Limited (MCX), undertake, if admitted, to conform to and to abide by the Memorandum & Articles of Association and the Rules, Bye-Laws, Regulations, Business Rules, Circulars, Notifications and Office Orders issued by MCX from time to time.

We hereby further undertake that:

I. We shall be responsible and liable for all contracts issued, and transactions done, on MCX by Trading Members (TMs) or Trading-cum-Clearing Members (TCMs) clearing & setting their trades through us as PCM and we shall comply with all requirements of the Exchange relating to margining, clearing and settlement thereof.

ii. We hereby confirm that the methodology and operational procedure for trading, risk management, clearing and settlement may be decided by MCX in any manner whatsoever, and in all such matters decisions communicated to us by MCX shall be final and binding on us. Further, we shall not raise any objection to such procedure relating to trading, risk management, clearing and settlement in case the same is changed subsequently.
iii. We understand that PCM is responsible for all liabilities arising out of the trading business done on MCX by the members who are registered as TM or TCM with MCX and clearing & settling their trades through us as PCM. In case the TM or TCM using us for clearing & settling their trades, fails to meet their liability, than we as PCM shall still be obligated to pay MCX the full settlement obligation. Further in case of any default by us, the Exchange shall have full authority to use any of our deposit or funds available with the Exchange on any account to make good default. In cause we fail to still meet our obligation for any reason, then MCX will have absolute authority to take appropriate actions against us as a PCM, as they may consider fit or expedient including our declaration as defaulter.

iv. We further understand that our membership at MCX may be terminated forthwith without any recourse to us in the following cases:

1. in case we fail to fulfill our obligations;
2. in case we fail to fulfill the obligation on behalf of the TMs and/or TCMs;
3. if we fail to comply with the Exchange (MCX) requirement from time to time

We shall abide by all the decisions of MCX with respect to the operations of the Exchange and will perform, accordingly, in meeting our financial, regulatory and operational responsibilities as decided by the Exchange from time to time.

Pursuant to above, We submit below the details of our candidature:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name of the Applicant (full) :</td>
</tr>
</tbody>
</table>
| 2. | Office Address :
   | City :
   | State :
   | Pin code :
   | Telephone No. (O) :
   | Telephone No. (R) :
   | Fax No. (With STD Code) :
   | Email :
<p>| Name Of the Contact Person (s) : |</p>
<table>
<thead>
<tr>
<th>Business Rules</th>
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<table>
<thead>
<tr>
<th>Mobile No. :</th>
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<table>
<thead>
<tr>
<th>Details of branches:</th>
</tr>
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<tbody>
<tr>
<td>Address:</td>
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<table>
<thead>
<tr>
<th>Telephone No.:</th>
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<tr>
<th>Fax No. (with STD code):</th>
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<tr>
<th>Email :</th>
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<thead>
<tr>
<th>Name of contact person(s):</th>
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</table>

<table>
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<tr>
<th>Mobile No.:</th>
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<table>
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<tr>
<th>Nationality</th>
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<table>
<thead>
<tr>
<th>Constitution</th>
<th>Financial Institution / Bank / Others</th>
</tr>
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<table>
<thead>
<tr>
<th>Date of Incorporation/ registration</th>
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</table>

<table>
<thead>
<tr>
<th>Details of Chief Executive/ Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name :</td>
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<table>
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<tr>
<th>Designation :</th>
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<table>
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<tr>
<th>Tel. No.:</th>
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<tr>
<th>Mobile No.:</th>
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<table>
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<th>Email :</th>
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<table>
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<tr>
<th>Signature (1) :</th>
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<table>
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<tr>
<th>Signature (2) :</th>
</tr>
</thead>
</table>
8. **Income Tax Permanent Account No.**

9. **Details of your existing bank**
   - **Name and branch address:**
   - **Account No.:**
   - **Account is operational since**
   - **Telephone No.:**

10. **Present business/occupation**

11. **Present Net worth**
   - Rs..................... Lakh as on.....................

12. **Are you a clearing member of any other commodity / Stock Exchange? (provide details)**
   - **b) Are you a sub-broker of any MCX Member? If yes, Provide No Objection Certificate from The Member**

13. **Please give the following details of the applicant (as defined in point no.5 of the Guidelines for Filling-up the form):**
   - **a) Have you been declared/ rendered incompetent to enter into contract under any law in force in India?**  
     - Yes/ No
   - **b) Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any Law?**  
     - Yes/ No
   - **c) Whether any court case is pending against applicant / directors?**  
     - Yes/ No
   - **d) Have you ever been pronounced guilty of a criminal offence involving moral turpitude?**  
     - Yes/ No
   - **e) Has any disciplinary action been taken by any commodity / stock exchange against you or any of the promoter / directors / shareholders / employees of your organisation?**  
     - If so. Please provide details in a separate sheet.
     - Yes/ No
   - **f) Have you ever been adjudged bankrupt or have been proved to be insolvent at any time?**  
     - Yes/ No
   - **g) Have you ever been involved in litigations, suits, or proceedings or have been involved in any financial liability of contingent or unascertained nature?**  
     - Yes/ No
   - **h) Have you ever been at any time convicted of an offence involving**
fraud or dishonesty or financial irregularities?

(In case answers to any of the above questions is yes, then please provide relevant details)

Signature (1): ______________________  Signature (2): ______________________

Rubber Stamp: ______________________  Rubber Stamp: ______________________

14. Name of your authorized representative(s), who shall be responsible to the Exchange to ensure compliance of different provisions of law and procedures

We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for PCM or breach of any undertaking or condition of admission as PCM of MCX, may entail rejection of application or expulsion of our membership.

We hereby, state that the above-mentioned particulars are true, correct and complete to the best of our knowledge and information. We also state that no relevant material fact has been suppressed and we have applied for the PCM after considering the Memorandum & Articles of Association, Rules, Bye-Laws, Regulations, Business Rules, Circulars, Notifications and Office Orders issued by MCX and with the approval of the Board of our company and also in accordance with the Memorandum & Articles of Association of our company.

We shall appear for interview duly represented by the designated Directors of our organization, whenever called by the Exchange.
We shall pay the required fee and deposit to the Exchange as required by the Exchange from time to time and submit the necessary documents as stated in the terms and conditions and any other document as required by the Exchange for appointing us as Professional Clearing Membership of the Exchange.
We also undertake that we as PCM will not do any trading on our own account.

Date : ...................................

Place : ...................................

Authorised Signatories:

Signature(s):  

Names: ______________________________________

Designation: ______________________________________

Name of the Organisation: ______________________________________
Guidelines for filling-up the application from for Professional Clearing Membership of MCX

1. Address: Write address of registered office and other dealing offices.
2. Branch office: Enclose a separate sheet for more than one branch and / or contact person from trading would be suggested.
3. Form of organization: Tick mark one and / or specify.
4. Networth: Write the amount of networth as certified by a Chartered Accountant.
5. Signature and photo of PCM Two authorised signatories as authorised by the Board of Directors, as shall sign the application, paste his recent passport size photo and sign across the photo:

Please visit MCX website (www.mcxindia.com) for Rules, Bye-Laws and Business Rules (Regulations) or other information.

Please write to/call MCX at the following address / telephone no. for any further clarification:

Chief - Membership

Multi Commodity Exchange of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East),
Mumbai - 400093, India.
Tel.No.: 022 – 6731 8888,
FaxNo.: 022 – 66494151
email: membership@mcxindia.com,
helpdesk@mcxindia.com
Website: www.mcxindia.com
MEM/RE/01

Multi Commodity Exchange Of India Limited
Exchange Square, 255, Suren Road, Chakala,
Andheri (East), Mumbai - 400 093. India.
Tel. No.: 022 – 6731 8888, Fax No.: 022 – 66494151
email: info@mcxindia.com, Website:
www.mcxindia.com

<table>
<thead>
<tr>
<th>Membership Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Please read the terms and conditions, and guidelines carefully before filling-up the application form.</td>
</tr>
<tr>
<td>• Please enclose all relevant documents along with this application.</td>
</tr>
<tr>
<td>• Please use additional sheets to furnish information, wherever necessary.</td>
</tr>
<tr>
<td>• Multi Commodity Exchange or The Exchange or MCX has been used interchangeably unless otherwise specified.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Terms and conditions for seeking Institutional Trading-Cum-Clearing Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The applicant for ITCM shall be an Indian National.</td>
</tr>
<tr>
<td>2) An applicant shall submit the application form (Part-A) alongwith an amount as specified in clause 11 of the application form. This amount has to be remitted to our Mumbai office by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd’ payable at Mumbai alongwith the following document, duly attested by the applicant, which are a part of the membership criteria:</td>
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<tr>
<td>a) Proof of educational qualifications of the authorized signatories,</td>
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<td>b) Proof of experience of the authorized signatories,</td>
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<tr>
<td>c) Proof of office address,</td>
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<tr>
<td>d) Proof of age of the applicant(s) of the authorized signatories,</td>
</tr>
<tr>
<td>e) Net worth Certificate <strong>not older than six months</strong> along with computation statement issued by a Chartered Accountant,</td>
</tr>
<tr>
<td>Net worth criteria Rs. 100.00 lakh</td>
</tr>
<tr>
<td>f) Copy of PAN Card of the applicant.</td>
</tr>
<tr>
<td>g) Board Resolution seeking Institutional Trading -Cum-Clearing membership of the Exchange, appointment of authorized signatories and authorized persons, and</td>
</tr>
<tr>
<td>h) Any other document, as may be required by the Exchange</td>
</tr>
</tbody>
</table>
3) The applicant shall be interviewed by the Exchange.

4) On confirmation by the Exchange, the applicant shall remit the balance amount, if any, within 15 days from the date of intimation about the decision of the Exchange, appointing the said person as a Member of the Exchange. The payment shall be made by way of demand draft favouring ‘Multi Commodity Exchange of India Ltd.’ payable at Mumbai.

5) The applicant shall submit the following documents (Part-B) with MCX after the Exchange has intimated the applicant about his selection. These documents would be required before commencement of the operations:

a) Institutional Trading-cum-Clearing Membership Undertaking,

b) VSAT Undertaking,

c) No-objection Certificate for installation of VSAT–Dish Antenna

d) Questionnaire for VSAT,

e) Bank reference letter from the Branch Manager of the Present Banker,

f) Bio data of the authorised signatories,

g) Certified true copy of the Memorandum and Articles of Association of the company,

h) Internet Undertaking

i) Shareholding pattern,

j) Latest Annual Report / Auditors Report, and

k) Any other documents, as may be required by the Exchange.

6) The membership shall be subject to the approval of the Exchange.

7) The Exchange reserves the right to accept or reject any application or amend the terms and conditions without assigning any reason whatsoever.

8) In case the amount is not paid as per schedule provided by the Exchange, then the Exchange reserves the right to reject / terminate the membership and forfeit the money paid to MCX.

9) The ITCM agrees that it would be subject to the risk management and operational measures advocated by MCX.

10) Application once submitted cannot be withdrawn as the application are being processed on first-cum- first served basis.

11) Fee and deposit structure:

a) Admission fee**: Rs.25.00 lakh (Non-refundable)

b) Interest free Security Deposit: Rs.100.00 lakh*

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1 Revised as per Circular No.MCX/MEM/247/2008 dated 22.07.2008 w.e.f.01.09.2008
(Security Deposit shall be in the ratio of 50% cash and 50% cash/fixed deposit/bank guarantee)
c) Annual Subscription Fee**: Rs.1.00 lakh
d) Processing Fee**: Rs.0.10 lakh
e) Annual Insurance Premium**: As applicable from time to time.
f) Minimum Usage Fee**: Rs. 0.25 lakh per quarter

* Refundable after THREE years on surrender of the membership.
** Service Tax @ 10.30% is applicable.

Note: VSAT charges** are Rs.1.65 lakh which includes cost of communication charges for the first three years.]

Multi Commodity Exchange Of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai - 400 093. India.
Tel. No.: 022 – 6731 8888, Fax No.: 022 – 66494151
email : info@mcxindia.com, Website: www.mcxindia.com
APPLICATION FOR INSTITUTIONAL TRADING – CUM - CLEARING MEMBERSHIP  
(Part - A)
MCX will have absolute authority to take appropriate actions against us as an ITCM, as they may consider fit or expedient including our declaration as defaulter.

v. We further understand that our membership at MCX may be terminated forthwith without any recourse to us in the following cases:

1. in case we fail to fulfill our obligations to MCX;
2. in case we fail to fulfill the obligation of our sub-broker(s), authorized representative(s) or Trading Member(s), appointed under us,
3. if we fail to comply with the Bye-Laws, Rules and Regulations of MCX.

We shall abide by all the decisions of MCX with respect to the operations of the Exchange and will perform, accordingly, in meeting our financial, regulatory and operational responsibilities as decided by the Exchange from time to time.

Pursuant to above, We submit below the details of our candidature as an ITCM:

<table>
<thead>
<tr>
<th></th>
<th>Name of the Applicant (full)</th>
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<tbody>
<tr>
<td>1</td>
<td>Office Address</td>
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<td></td>
<td>City:</td>
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<td>State:</td>
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<td>Pin code:</td>
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<td>Telephone No. (O):</td>
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<td>Telephone No. (R):</td>
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<td>Name Of the Contact Person (s):</td>
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<td>Mobile No.:</td>
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<td>3. Details of branches:</td>
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<td>Address:</td>
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<td>Telephone No.:</td>
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<td>Fax No. (with STD code):</td>
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<td>Email:</td>
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<td>Name of contact person(s):</td>
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<td>Mobile No.:</td>
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<td>4. Nationality</td>
<td></td>
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<tr>
<td>5. Constitution</td>
<td>Cooperatives / Bank / Stock Exchange / Commodity Exchange / Trade Association / Others</td>
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<tr>
<td>6. Date of Incorporation / registration</td>
<td></td>
</tr>
<tr>
<td>7. Details of Chief Executive / Director</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
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<td>Designation:</td>
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<td>Tel. No.</td>
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<td>Mobile No.</td>
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<td>Email:</td>
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<td>9.</td>
<td>Details of your existing bank</td>
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<td>Name and branch address:</td>
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<td></td>
<td>Account No.</td>
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<td>Account is operational since:</td>
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<td></td>
<td>Telephone Number:</td>
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<tr>
<td>10.</td>
<td>Present business/ occupation</td>
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<tr>
<td>11.</td>
<td>Present Net worth</td>
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<tr>
<td></td>
<td>Rs.................., Lakh as on..................</td>
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<tr>
<td>12.</td>
<td>a) Are you a clearing member of any other commodity/ Stock Exchange? (provide details)</td>
</tr>
<tr>
<td></td>
<td>b) Are you a sub-broker of any MCX Member? If yes, Provide No Objection Certificate From the member</td>
</tr>
</tbody>
</table>
13. Please give the following details of the applicant (as defined in point no. 5 of the Guidelines for Filling-up the form):
   a) Have you been declared/ rendered incompetent to enter into contract under any law in force in India?  
   b) Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any Law?  
   c) Whether any court case is pending against applicant / directors?  
   d) Have you ever been pronounced guilty of a criminal offence involving moral turpitude?  
   e) Has any disciplinary action been taken by any commodity/ stock exchange against you or any of the promoter/ directors/ shareholders/ employees of your organisation? If so, please provide details in a separate sheet.
   f) Have you ever been adjudged bankrupt or have been proved to be insolvent at any time?  
   g) Have you ever been involved in litigations, suits, or proceedings or have been involved in any financial liability of contingent or unascertained nature?  
   h) Have you ever been at any time convicted of an offence involving fraud or dishonesty of financial irregularities?

   | Signature (1) : | Signature (2) : |
   | Rubber Stamp : | Rubber Stamp : |

   i) Have you ever been associated with or a trading member of or subscriber to or a shareholder or debenture holder of any other commodity/ stock exchange?  
   j) Have you ever been denied/ rejected membership of any commodity/ stock exchange or commercial organization? If yes, when?  
   k) Have you committed any act which may render you liable to be wound-up?  
   l) Have you ever been suspended / expelled / declared a defaulter on any other commodity / Stock exchange or have been debarred from trading in commodities/ securities by any Regulatory Authorities like FMC, RBI, SEBI, etc.?  
   m) Have you ever had a provisional liquidator or receiver or official liquidator appointed by a competent court against you?  

   (In case answers to any of the above questions is yes, then please provide relevant details enclosing a separate sheet)
14. Name of your Authorised Representative(s), who shall be responsible to the Exchange to ensure compliance of different provisions of the law and procedures.


Signature (1) : ___________________  Signature (2) : ___________________
Rubber Stamp :  Rubber Stamp :

We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for ITCM or breach of any undertaking or condition of admission as ITCM of MCX, may entail rejection of application or expulsion of our membership.

We hereby state that the above-mentioned particulars are true, correct and complete to the best of our knowledge and Information.

We also state that no relevant material fact has been suppressed and we have applied for the ITCM after considering the Memorandum & Articles of Association, Rules, Bye-Laws, Regulations, Business Rules, Circulars, Notifications and Office Orders issued by MCX and with the approval of the Board of our company and also in accordance with the Memorandum & Articles of Association of our company.

We shall appear for interview duly represented by the designated Directors of our company, whenever called by the Exchange.
We shall pay the required fee and deposit to the Exchange as required by the Exchange from time to time and submit the necessary documents as stated in the terms and
conditions and any other document as required by the Exchange for appointing us as an ITCM of the Exchange.

We undertake that we shall segregate the business done by us as an ITCM on our own account, or on account of our clients, and the business done by our sub-brokers / authorized representatives or trading members on their account or on account of their clients. We also agree that MCX shall not permit same classes of ITC Members to do business on their own account or on account of their clients like Stock Exchanges, Commodity Exchanges etc., where only the members of the respective Exchange shall be entitled to trade on their own account and also on account of their clients.

Date: ..................................
Place: ..................................

Signature(s): 

(Names of the signatories) 

(Designation of the signatories) 

(Name of the organization) 

Affix photograph and sign across the photograph
1. Address: Write address of registered office and other dealing office.
2. Branch office: Enclose a separate sheet for more than one branch and/or contact person.
3. Form of organization: Tick mark one and/or specify.
4. Networth: Write the amount of networth as certified by a Chartered Accountant.
5. Signature and photo of ITCM: Two authorised signatories as authorised by the Board of Directors, shall sign the application, paste his recent passport size photo and sign across the photo:

Please visit MCX website (www.mcxindia.com) for Rules, Bye-Laws and Business Rules (Regulations) or other information.

Please write/call to MCX at the following address for any further clarification:

Chief - Membership

Multi Commodity Exchange Of India Limited
Exchange Square, 255, Suren Road, Chakala, Andheri (East),
Mumbai - 400093. India.
Tel.No.: 022 – 6731 8888,
FaxNo.: 022 – 66494151
email: membership@mcxindia.com,
helpdesk@mcxindia.com
Website: www.mcxindia.com
Annexure-II

TCM ID: ______________________

Trading-cum-Clearing Membership Undertaking

Enclosed Membership Undertaking should be stamped as an Agreement:
(please use Non-Judicial stamp paper of Rs.100/- or the value prevailing in the state, whichever is higher)

Please type the following on the Stamp Paper as the First Page

Undertaking

This Non-Judicial Stamp paper of Rs._____ forms part and parcel of this Undertaking submitted to Multi Commodity Exchange of India Limited executed by

Mr./Mrs./M/s. _________________________________________________________
on ______________ day of _____________, 20 ___.

** Signature

This undertaking is given at _______ this ........ day of ..........., 20….

To
Managing Director & CEO
Multi Commodity Exchange of India Limited
Exchange Square,
255, Suren Road,
Chakala, Andheri (East)
Mumbai – 400 093.

Hereinafter called “MCX” (Which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include their successors and assigns)

BY

.......................... ...................................................................................

....
Regd. Office:

.......................... ...................................................................................

....
Hereinafter called “the Undersigned” (which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns).

WHEREAS MCX has agreed to admit the Undersigned as a trading-cum-clearing member on MCX in accordance with the Bye-Laws, Rules and Regulations of MCX in force from time to time.

AND WHEREAS MCX, as a precondition to the Undersigned being admitted as a Trading-cum-Clearing Member, requires the Undersigned to furnish the undertaking in the manner and on the terms specified herein below:

NOW THEREFORE in consideration of MCX admitting the Undersigned as a Trading-cum-Clearing Member of MCX, the Undersigned hereby undertakes and agrees that:

1. The Undersigned shall comply with all such requirements, existing and future, with regard to and in connection with appointment and continuance as a Trading-cum-Clearing Member;

2. On being admitted as a Trading-cum-Clearing Member, the Undersigned shall be active participant of MCX;

3. The Undersigned shall abide by, comply with and be bound by the Bye-Laws, Rules and Regulations of MCX as in existence or in force from time to time and any modification through any circular, order, direction, notice, instruction issued and in force from time to time;

4. The Undersigned shall abide by the code of conduct as laid down by MCX from time to time.

5. The Undersigned agrees that MCX shall be entitled to amend its Bye-laws, Rules and Regulations unilaterally and the Undersigned shall be deemed to have consented to them, and accordingly be bound by the Bye-laws, Rules and Regulations prevailing from time to time and MCX shall be entitled to all powers vested in them under its Rules, Regulations and Bye-laws, by which the Undersigned unconditionally agrees to be bound;

6. The Undersigned shall maintain and preserve such information, records, books and documents pertaining to the working of the Undersigned as a Trading-cum-Clearing Member for such period as may be specified by MCX from time to time;
7. The Undersigned shall permit MCX or any other authority appointed by it for inspection, access to all records, books, information, documents as may be required;

8. The Undersigned shall submit periodic reports, statements, certificates and such other documents as may be required by MCX, and shall comply with such audit requirements as may be framed specially by MCX from time to time;

9. The Undersigned shall follow and comply with such orders or instructions, whether being in the nature of a penalty or otherwise, as may be issued by MCX or any committee of MCX duly constituted for the purpose, in the event of the Undersigned committing any violation of any rules, regulation or practice or code of conduct prescribed by MCX in respect of conduct of the business in MCX

10. The Undersigned shall conduct business at MCX prudently and shall ensure that it will not be prejudicial or detrimental to public interest in general, and to MCX in particular;

11. If any difference/dispute shall arise as to the interpretation, meaning or effect of this undertaking or as to the rights and liabilities of the parties to this Undertaking or in respect of any other matter relating to MCX operations, the decision of MCX shall be final, conclusive and binding on the undersigned;

12. The Undersigned shall abide by and adopt the Rules and Regulations of the clearing and settlement systems of MCX and any other agencies appointed by MCX for this purpose and any amendments made thereto from time to time;

13. The Undersigned shall pay the costs and expenses including fees prescribed by MCX from time to time, as communicated by MCX forthwith on receipt of notice to the effect;

14. The Undersigned shall use MCX infrastructure facilities and equipment only for the purpose for which they are permitted to be used so;

15. The Undersigned shall furnish security deposits, pledge of securities, hypothecation of moveables, lien on bank accounts or such other security as may be required by MCX from time to time and to do all acts, deeds and things to enable MCX to exercise all or part of the above mentioned securities to secure recovery of default in payment and other incidental charges relating to default and other dues of MCX and clearing house, if any;

16. The Undersigned shall bring in additional margin deposits and funds as and when required as decided from time to time to participate in the trading & clearing operations on MCX;

17. The Undersigned are aware that the Undersigned would be/are admitted as a Trading-cum-Clearing Member of MCX on paying the prescribed membership fee and security deposit and that the membership is not transferable for a minimum period of three years or any minimum period as may be stipulated from time to time by MCX and the Undersigned do unequivocally undertake that the Undersigned shall not be entitled to make any claim for refund of the security deposit for a minimum
period of three years even if the Undersigned intend to cease or to discontinue to trade on MCX;

18. Without prejudice to the foregoing, MCX shall be entitled to forfeit any property, funds, amounts, deposits or other sums due to the Undersigned or to the credit of the Undersigned in such events or contingencies as may be stipulated in its Rules, Regulations and Bye-laws of MCX in force from time to time;

19. MCX shall not be held responsible or liable for any failure of computer systems, telecommunication network and other equipment installed at the offices of the undersigned and MCX shall also not be held responsible for any misuse, mishandling, damage, loss, defect etc, and MCX has the right to inspect and supervise all computer systems, software programmes, tele-communications equipment, VSAT etc, which are provided by MCX at the office of the Undersigned and the Undersigned shall not make any alterations, modifications and changes without prior written consent of MCX

20. The Undersigned shall not disclose, reveal, publish and advertise any material information relating to operations, membership, software, hardware, etc. of MCX without prior written consent of MCX except and to the extent as may be required in the normal course of its business. Similarly the undersigned hereby agrees not to use without express permission of MCX, the name of MCX to directly or indirectly promote business.

21. Where in the opinion of MCX any change in the composition of the Board of Directors of the Undersigned has resulted or is likely to result due to any direct or indirect transfer of shares or securities in the share capital of the Undersigned, MCX will be entitled to review continuation of the Undersigned as a Trading-cum-Clearing Member of MCX and, the Undersigned shall be bound by any decision taken by MCX in this regard which shall be final.

22. The Undersigned hereby confirms and undertakes that he is competent in all respects to become a Trading-cum-Clearing-Member of MCX and to participate in futures trading. The undersigned further confirms that in case of any doubt or reference in future regarding validity of his candidature to become a Trading-cum-Clearing-Member, the onus to prove the same shall lie on the undersigned himself and MCX shall not be liable for any matter in case of such eventuality.

23. The Undersigned hereby confirms that in case of default of the undersigned, he shall be liable to pay the dues of MCX out of his personal assets. The undersigned further agrees that in case of default of the undersigned, MCX shall be legally entitled to attach all personal, movable and immovable, properties of the proprietor, in case of proprietorship, of all partners in case of partnership firm and all directors in case of a company.

24. The Undersigned shall execute, sign, subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by MCX from time to time.
25. The Undersigned undertakes to make such contributions to Clients’ Compensation Fund pertaining to MCX as and when required by the exchange and also comply with all requirements of the exchange in respect thereof.

26. The Undersigned shall arrange to get itself registered with respective relevant authorities under the law of land for the purpose of participating in the trading & clearing operation of the exchange (MCX).

27. The Undersigned undertakes to subscribe to at his / its cost the mandatory centralized insurance cover as required by the exchange for the Trading-cum-Clearing Members in MCX to pay the insurance premium as may be required by the exchange and also to comply with all requirements of the exchange in respect thereof.

28. That the Undersigned shall forthwith inform MCX in writing as and when any notice is received by any one or more of the Undersigned in connection with any institution of insolvency proceedings against any one or more of the Undersigned and that it shall also inform MCX in writing before any one or more of the Undersigned initiate(s) any insolvency proceedings to be declared to be insolvent(s). The Undersigned further undertakes that it shall forthwith inform MCX in writing on the onset of any circumstance which is likely to or may render any one or more of the Undersigned to be declared to be insolvent(s) or which is likely to or may render any one or more of the Undersigned liable to be subject to insolvency proceedings.

29. That the fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with MCX, by the Undersigned from time to time, shall be subject to a first and paramount lien for any sum due to MCX and all other claims against the Undersigned for due fulfillment of engagements, obligations and liabilities of the Undersigned arising out of or incidental to any dealings made subject to the Byelaws, Rules and Regulations of MCX. MCX shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of other claims against the Undersigned, without any reference to the Undersigned;

30. That without prejudice to the rights, remedies whether legal or otherwise available to MCX upon the Undersigned's non-compliance with this Undertaking, the Undersigned shall indemnify and keep indemnified MCX against any loss/damage suffered by it whether legal or otherwise arising due to its non-compliance with the provisions of this Undertaking.

31. That this Undertaking shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned.

32. The undersigned further agrees that MCX reserves the right to terminate the membership of the applicant at any time in the event of non-compliance of any clause of this undertaking.

33. That the undersigned shall forthwith inform MCX of any change in its constitution.

The Undersigned do hereby confirm that the information provided in the application form of the Undersigned for the Trading-cum-Clearing Member of MCX is true and
correct to the best of the knowledge and belief of the Undersigned and that the above
undertakings will be binding on the successors and permitted assigns of the Undersigned.

Signed and Delivered  )
by the withinnamed  )
being the authorised person  )
in terms of the resolution  )
of the Board of Directors  )
at the duly convened meeting  )
held on ..........................  )
in the presence of  .................  )

Please type the following on the last page of the Undertaking (below the common seal)

The common seal of ____________________________ was hereunto affixed pursuant to a resolution passed at a meeting of

Signature

the Board of Directors of the company held on _______ day of ____________________ 2003 in the presence of * __________________________

Signature

(Name & Designation)

* As required by the Articles of Association of the Company

** To be signed by the person(s) signing the Membership Undertaking attached herewith
### Annexure-III

#### Bio data

<table>
<thead>
<tr>
<th>Name</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of birth</td>
<td></td>
</tr>
<tr>
<td>Address: Office</td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td></td>
</tr>
<tr>
<td>Tel. No.: Office</td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td></td>
</tr>
<tr>
<td>email</td>
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<tr>
<td>Mobile No.</td>
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<tr>
<td>Fax No.</td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td></td>
</tr>
<tr>
<td>Member of Commodity/Stock Exchange (specify name and period)</td>
<td></td>
</tr>
<tr>
<td>Work Experience (in detail)</td>
<td></td>
</tr>
</tbody>
</table>


Annexure-IVA

BG No.: ________________
BG issue Date: ___________

Format for issue of Fresh Bank Guarantee (General)

Enclosed Bank Guarantee should be stamped as under:

Non-Judicial stamp paper of Rs. 300/- or the value prevailing in the State where executed, whichever is higher.

The following is required to be typed on the Stamp Paper as the First Page and duly signed:

This Non-Judicial Stamp paper of Rs. ____ forms part and parcel of this Bank Guarantee number _______________ dated ___________ issued in favour of Multi Commodity Exchange of India Ltd. by us for M/s. ____________________.

FOR __________________________(BANK)

________________________(BRANCH)

AUTHORISED SIGNATORIES

SEAL OF THE BANK

1) The enclosed printed format is required to be used. The format is also available at MCX's website (www.mcxindia.com).
2) All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank if filled separately.
3) Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

BANK GUARANTEE

This guarantee is issued by ________________________________ (bank), a body corporate constituted under the ____________________ Act 19__, having its Head Office at ___________________________ (hereinafter referred to as the "Bank" which term shall wherever the context so permits, includes its successors and assigns) in favour of Multi Commodity Exchange of India Ltd., a national level Multi Commodity Exchange duly recognized under Forward Contracts (Regulation) Act, 1913, a company established under the Companies Act, 1956 and having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093 (hereinafter referred to as "MCX" which expression shall include its successors and assigns),

1 Revised as per Exchange Circular no. MCX/C&S/313/2008 dated October 01, 2008.
WHEREAS
1. M/s _________________________________________________, incorporated
under the Companies Act, 1956 and having its registered office at
__________________________________________________________
(Complete Address), (hereinafter referred to as the "Member", which expression shall include its successors and assigns ) * is/are a
Member of MCX.

OR
Mr./Ms. _________________________________________________, s/o / d/o /
w/o ________________________________________ resinding at
__________________________________________________________
(Complete Address), (hereinafter referred to as the "Member", which expression shall include his/her successors and assigns ) * is/are a Member of MCX.

OR
M/s _________________________________________________, a partnership
firm registered under the Indian Partnership Act, 1932 and having their office at
__________________________________________________________
(Complete Address), (hereinafter referred to as the "Member", which expression shall include their successors and assigns ) * is/are a Member of MCX.

2. At the request of the Member, MCX has agreed to accept a bank guarantee in lieu of
security deposit in favour of MCX from an approved commercial bank for an amount
of Rs.________________ (Rupees __________________________________ only).

3. The Member has requested the Bank to furnish to MCX a guarantee for
Rs._________ (Rupees ______________________________only).

NOW IN CONSIDERATION OF THE FOREGOING,

1. We, the ________________________________ (Name of Bank) having a
branch at
__________________________________________________________
(Complete Address of Branch) at the request and desire of the Member do hereby irrevocably and
unconditionally guarantee to pay a sum of Rs.________, (Rupees ___________
__________ only) to MCX as a security for due performance and fulfillment by the
Member of his /her/its engagements, commitments, operations, obligations or liabilities
as a Member of MCX including any
sums due by the Member to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried on or entered into or purported so to be, by the Member. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling all or any obligation or liability of the Member as directed and decided by MCX, with no reference to the Member.

2. The Bank hereby agrees that if in the opinion of MCX, the Member has been or may become unable to meet, satisfy, discharge or fulfill any obligations, liability or commitments or any part thereof to MCX, or its Clearing and Settlement mechanism /arrangement or to any other party as decided by MCX, then without prejudice to the rights of MCX under its Rules, Bye-Laws or Regulations or otherwise, MCX may at any time thereafter and without giving any notice to the Member invoke this guarantee to meet the aforesaid obligations, liabilities or commitments of the Member.

3. The Bank undertakes that it shall, on first demand of MCX, without any demur, protest or contestation and without any reference to the Member and notwithstanding any contestation by the Member, pay to MCX such sums not exceeding Rs_____________ (Rupees ___________________________ only) as may be demanded by MCX. The decision of MCX as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Bank, and any demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee.

4. The guarantee shall be a continuing guarantee and remain operative in respect of each of the obligations, liabilities or commitments of the Member severally and may be enforced as such in the discretion of MCX, as if each of the obligations, liabilities or commitments had been separately guaranteed by the Bank. The guarantee shall not be considered as cancelled or in any way affected on any demand being raised by MCX but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member. However the maximum aggregate liability
of the Bank during the validity of the guarantee shall be restricted to an aggregate sum of Rs._________ (Rupees ___________ ________________ only).

AUTHORISED SIGNATORIES

SEAL OF THE BANK

BG No.:________________

BG Issue

Date:______________

4a. Notwithstanding the above, the Bank notes that the nature of operations of the Member is such that the obligations, liabilities or commitments of the Member are of a continuing nature and as such, Bank agrees that this guarantee can be invoked by MCX even in respect of the obligations, liabilities or commitments of the Member towards MCX which might have arisen prior to the execution of this guarantee.

5. This guarantee shall not be prejudiced by the failure of the Member to comply with the Rules or Bye Laws or Regulations of MCX or any terms and conditions attendant to the Membership of MCX. MCX shall be at liberty to vary, amend, change or alter any terms or conditions or its Rules or Bye Laws or Regulations of Membership to MCX in general or as applicable to the Member in particular from time to time, without thereby affecting its rights against the Member or the Bank or any other security belonging to Member now or hereafter held or taken by MCX at any time. The discretion to make demands under this guarantee shall exclusively be that of MCX and MCX is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Member.

6. The validity of this guarantee shall not be affected in any manner whatsoever if MCX takes any action against the Member including DECLARATION OF A DEFAULTER, SUSPENSION or EXPULSION of the Member from the membership of MCX.

7. This guarantee shall not be affected by any change in the constitution of MCX or the Member or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by MCX to Member.

8. The Bank undertakes to pay to MCX, the amount hereby guaranteed within 24 hours of being served with a written notice requiring the payment of the amount either by hand delivery or by Registered Post or by Speed Post.
9. This guarantee may be invoked by MCX in part(s) without affecting its rights to invoke this guarantee for any liabilities that may devolve later.

AUTHORISED SIGNATORIES
SEAL OF THE BANK

BG No.:______________
BG Issue
Date:___________

10. The Bank undertakes not to revoke this guarantee during its currency except with the previous consent of MCX in writing and this guarantee shall be a continuous and irrevocable guarantee up to a sum of Rs. _____ (Rupees ________________ only).

11. Notwithstanding anything mentioned herein above,
   a) the liability of the Bank under this guarantee shall not exceed Rs. ________________ (Rupees ________________ only)
   b) This guarantee shall be valid for a minimum period of 3 months in case of additional margin and minimum period of 12 months in case of security deposit.
   c) The bank is liable to pay the guaranteed amount only if MCX serves upon the Bank a written claim or demand on or before ______________ (Claim Date).

Executed this ________________ day of ______________ at ______________ (place).

FOR __________________________(BANK)
____________________________(BRANCH)

AUTHORISED SIGNATORIES
SEAL OF THE BANK

208
Annexure-IV b

Format of issue of Bank Guarantee as per Master Agreement

BG issue date : ....................

To:
Multi Commodity Exchange of India Ltd.
Exchange Square,
Suren Road,
Chakala, Andheri (East),
mumbai-400093

Dear Sirs:

This guarantee bearing No. ______________is issued by______________, a body corporate
constituted under the Companies Act 1956, having its Head Office at
______________ (hereinafter referred to as the “Bank” which term shall wherever the
context so permits includes its successors and assigns) in favor of Multi Commodity
Exchange of India Limited, a company incorporated under the Companies Act, 1956 and
having its registered office at Exchange Square, Suren Road, Chakala, Andheri (East),
mumbai-400093 (hereinafter referred to as “MCX” which expression shall include its
successors and assigns).

Whereas

a. Mr./Ms.____________ s/o / d/o / w/o ______________, residing at
______________ (Complete Address), having his/her office at
______________ (Complete Address), (hereinafter referred to as the “Clearing Member”,
which expression shall include his/her successors and assigns)/ is/ are a Clearing
Member of MCX

OR

M/s ______________, a partnership firm registered under the Indian Partnership Act,
1932 and having their office at ______________ (Complete Address), (hereinafter
referred to as the “Clearing Member”, which expression shall include their successors and
assigns)/ is/ are a Clearing Member of MCX

OR

M/s ______________, incorporated as a company under the Companies Act, 1956 and
having its registered office at ______________ (Complete Address), (hereinafter referred
to as the “Clearing Member”, which expression shall include its successors and assigns)
is/ are a Clearing Member of MCX

1 Inserted as per Exchange Circular Ref. No. MCX/C&S/196/2009 dated May 14, 2009 (HDFC Bank)
Entered into Master Agreement with various banks vide Exchange Circular(s) Ref. No. MCX/C&S/059/2012 dated February 17,
(IndusInd Bank), MCX/C&S/348/2009 dated August 26, 2009 (Yes Bank)
b. One of the conditions of Clearing Membership of MCX is that the Clearing Member maintains with MCX margin deposit in the form of shares and other securities after applying suitable margins as prescribed by MCX

BG No:____________

Issue Date:___________

c. At the request of the Clearing Member, MCX has agreed to accept a bank guarantee in lieu of such margin deposit, as the case may be in favor of MCX from an approved commercial bank for an equivalent amount of Rs.____________/- . (Rupees ______________ Only)

d. The Clearing Member has requested the Bank to furnish to MCX a guarantee for Rs. _______/-(Rupees___________ Only)

Therefore these presents:
1. This guarantee shall be governed by the terms and conditions of the Master Agreement dated ______________ executed between the Bank and MCX and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.

2. The liability of the Bank under this guarantee shall not exceed Rs.________ (Rupees ___________ only)

3. This guarantee shall be valid for a period of ________ months i.e. up to_________. However, the Bank is liable to pay the guaranteed amount if MCX serves upon Bank a written claim or demand on or before ___________ (claim date)

Executed this ________ day of __________ at __________

FOR ………………………………………….. (BANK)

…………………………………………. (BRANCH)

Authorized Signatories

Seal of the Bank
Annexure-V (a)

1List of approved banks

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Public Sector Banks</th>
<th>S. No.</th>
<th>Private Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Allahabad Bank</td>
<td>1.</td>
<td>Axis Bank Ltd</td>
</tr>
<tr>
<td>2.</td>
<td>Andhra Bank</td>
<td>2.</td>
<td>Development Credit Bank Ltd</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Maharashtra</td>
<td>5.</td>
<td>HDFC Bank Ltd</td>
</tr>
<tr>
<td>6.</td>
<td>Canara Bank</td>
<td>6.</td>
<td>ICICI Bank Ltd</td>
</tr>
<tr>
<td>7.</td>
<td>Central Bank of India</td>
<td>7.</td>
<td>IDBI Bank Ltd</td>
</tr>
<tr>
<td>8.</td>
<td>Corporation Bank</td>
<td>8.</td>
<td>IndusInd Bank Ltd</td>
</tr>
<tr>
<td>11.</td>
<td>Indian Overseas Bank</td>
<td>11.</td>
<td>Karnataka Bank Ltd</td>
</tr>
<tr>
<td>15.</td>
<td>State Bank of Bikaner and Jaipur</td>
<td>15.</td>
<td>South Indian Bank Ltd</td>
</tr>
<tr>
<td>17.</td>
<td>State Bank of India</td>
<td>17.</td>
<td>The Catholic Syrian Bank Ltd</td>
</tr>
<tr>
<td>20.</td>
<td>State Bank of Travancore</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Syndicate Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Union Bank Of India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>United Bank Of India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>UCO Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Vijaya Bank</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annexure-V (b)

1List of Clearing Banks

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the Clearing Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>AXIS BANK LTD</td>
</tr>
<tr>
<td>2.</td>
<td>BANK OF INDIA</td>
</tr>
<tr>
<td>3.</td>
<td>CANARA BANK</td>
</tr>
<tr>
<td>4.</td>
<td>CITIBANK N.A.</td>
</tr>
<tr>
<td>5.</td>
<td>CORPORATION BANK</td>
</tr>
<tr>
<td>6.</td>
<td>DCB BANK LTD</td>
</tr>
<tr>
<td>7.</td>
<td>HDFC BANK</td>
</tr>
<tr>
<td>8.</td>
<td>ICICI BANK</td>
</tr>
<tr>
<td>9.</td>
<td>INDUSIND BANK</td>
</tr>
<tr>
<td>10.</td>
<td>KOTAK MAHINDRA BANK LTD.</td>
</tr>
<tr>
<td>11.</td>
<td>PUNJAB NATIONAL BANK</td>
</tr>
<tr>
<td>12.</td>
<td>STATE BANK OF INDIA</td>
</tr>
<tr>
<td>13.</td>
<td>TAMILNAD MERCANTILE BANK LTD.</td>
</tr>
<tr>
<td>14.</td>
<td>UNION BANK OF INDIA</td>
</tr>
<tr>
<td>15.</td>
<td>YES BANK</td>
</tr>
</tbody>
</table>

2Annexure-VI

BG No.:______________
BG Issue Date:______________
BG renewal date:______________

1 Updated as per Exchange Circular Ref. No. MCX/C&S/434/2013 dated 30/12/2013.

Format for Renewal of Bank Guarantee

The following is required to be typed on a non-judicial stamp paper of Rs. 300/- or the value prevailing in the State where executed, whichever is higher and duly signed:

This non-judicial stamp paper of Rs. ________ /- forms part and parcel of this extension letter dated _______________ for Bank guarantee bearing no ___________________ dated ______________ issued in favour of Multi Commodity Exchange of India Ltd. by us for

M/s/Mr./Ms. ________________________________________________
FOR ______________________________________ (BANK)
_________________________________ (BRANCH)  
AUTHORIZED SIGNATORIES
SEAL OF THE BANK

- The enclosed printed format is required to be used. Formats are also available at MCX's web-site - www.mcxindia.com
- All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank.
- Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

Date : ____________

To,
Multi Commodity Exchange of India Ltd.
Exchange Square,
CTS No. 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

We, ____________________________________________ (Bank) having our registered office at ____________________________________________

and our branch office at ____________________________________________
refer to the Bank Guarantee number: ____________ executed by us on the ____________ day of _______________ at ____________ (hereinafter referred to as "Said Guarantee") on account of Mr. / Ms./ M/s. ____________________________________________ having his/her/ its/registered office at ____________________________

(hereinafter referred to as a ‘Member’) for a sum of Rs ____________ (Rupees ____________ _________ only) in your favour.

OR

AUTHORIZED SIGNATORIES
SEAL OF THE BANK
We, ____________________________________________ (Bank) having our registered office at ______________________________________________________ and our branch office at ____________ refer to the Bank Guarantee number: ____________ executed by us on the ____________ day of ____________________ at _____________ (hereinafter referred to as "Said Guarantee") on account of M/s __________________ Limited, incorporated as a Company under the Companies Act, 1956 and having its registered office at ______________________________________________________ (Complete Address) ____________ (hereinafter referred to as a ‘Member’) for a sum of Rs ____________ (Rupees ______________________________ only) in your favour.

OR

We, ____________________________________________ (Bank) having our registered office at ______________________________________________________ and our branch office at ____________ refer to the Bank Guarantee number: ____________ executed by us on the ____________ day of ____________________ at _____________ (hereinafter referred to as "Said Guarantee") on account of M/s ____________, a partnership firm registered under the Indian Partnership Act, 1932 and having their registered office at _____________________________ ___________________________ (Complete Address) ____________ (hereinafter referred to as a ‘Member’) for a sum of Rs ____________ (Rupees ______________________________ only) in your favour.

The validity of the Said Guarantee was upto ____________________________.

We now at the request of the Member further extend the period of validity of the Said Guarantee upto ______________ and unless a demand under this guarantee is made on us in writing by you within 30 days after the date of expiry of this guarantee i.e. on or before ______________ all your rights under this guarantee shall cease and the bank shall be relieved and discharged from all liabilities thereunder.

The Said Guarantee may be invoked by MCX in part(s) without affecting its rights to invoke the Said Guarantee for any liabilities that may devolve later.

We hereby affirm and confirm that save and except to the extent as provided for herein above, the Said Guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till ______________.
Signed for and on behalf of ________________________________ on this ___ day
of _______________ at ___________________.

FOR ________________________________________(BANK)

________________________________________(BRANCH)

AUTHORIZED SIGNATORIES
SEAL OF THE BANK
Letter from the Member regarding Lien on Fixed Deposit
(On Member Letter-Head)

To
Multi Commodity Exchange of India Ltd.
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

Dear Sir,

FDR No.:___________ Issue Date _______________ Expiry
Date______________

As per the requirement of Multi Commodity Exchange of India Ltd. and in compliance of the prescribed norms of Multi Commodity Exchange of India Ltd., we have to furnish you security deposit and accordingly, have furnished you the same in the form of FDR from ______________ Bank, issued in the name of Multi Commodity Exchange of India Ltd. A/c.____________________ (name of the ‘Member’) for Rs. ____________/-(Rupees ___________________________ only.)

I/We hereby agree and consent that you shall have an irrevocable authority and do hereby authorize you to encash the said FDR and to withdraw the said FDR amount at any time, even prior to maturity, without notice to me/us for recovery/adjustment of Multi Commodity Exchange of India Ltd. dues and we have no objections whatsoever for the same.

I/We agree that you are hereby authorized to renew the FDR for period of one year each time till the FDR is released by you.

I/we agree that on the encashment of FDR, you will be entitled to the interest accrued on the said FDR and you are hereby authorized to receive the accrued interest from the Bank along with the principal amount (FDR amount) payable.

Yours faithfully,

Authorised Signatory
(Name & Stamp of Member)

1 Revised as per Exchange Circular no. MCX/C&S/313/2008 dated October 01, 2008.
Letter from the Bank confirming the Lien on Fixed Deposit
(On Letter Head of Bank)

To
Multi Commodity Exchange of India Ltd.
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

Dear Sir,

We refer to the fixed deposit receipt (FDR) bearing no. ______________ issued for
Rs.____________, in your name (A/c Clearing/Members name)

We hereby confirm that

i) There is no lock in period for encashment of the said FDR.

ii) The amount under the said FDR would be paid to you on demand, without demur,
on or before the maturity of the said FDR without any reference to the ______
(name of Clearing/Members name).

iii) Encashment whether premature or otherwise would not require any clearance from
any other authority / person.

iv) We agree that on the encashment of FDR, the interest accrued will also be released
to you.

v) We agree that the FDR will be renewed for such periods as you may instruct.

Yours faithfully

Authorised Signatory
(Name of the Bank)

Stamp of Bank

---

1 Revised as per Exchange Circular no. MCX/C&S/313/2008 dated October 01, 2008.
Letter from the Bank confirming the Lien on Fresh Fixed Deposit

Date:

To
 Multi Commodity Exchange of India Ltd.
 Exchange Square,
 255, Suren Road,
 Chakala, Andheri (East),
 Mumbai – 400 093.

Dear Sir,

We refer to the below mentioned Fixed Deposit Receipt (FDR) issued in the name of MCX A/c Member’s name

<table>
<thead>
<tr>
<th>FDR No</th>
<th>Issue Date</th>
<th>Amount</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We hereby confirm that

i) there is no lock in period for encashment of the said FDR.

ii) the amount under the said FDR would be paid to Exchange on demand, without demur, on or before the maturity of the said FDR without any reference to the ………………….(name of Member).

iii) encashment whether premature or otherwise would not require any clearance from any other authority / person.

iv) we agree that on the encashment of FDR, the interest accrued will also be released to Exchange.

v) we agree that the FDR will be renewed for such periods as Exchange may instruct.

Yours faithfully

Authorised Signatory
(Name of the Bank & Bank Stamp)

1 Annexeure-VIIIA

2 Annexeure-VIIIB

Letter from the Bank confirming the Lien on Fresh Fixed Deposit
(In case of Auto renewal where the old FDR no. is same)

Date:
To
Multi Commodity Exchange of India Ltd.
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

We refer to the fixed deposit receipt (FDR) issued, in the name of MCX A/c (Member's name). Details are as under.

<table>
<thead>
<tr>
<th>FDR No</th>
<th>Issue Date</th>
<th>Amount</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above FDR has been renewed for further period of _____months under the autorenewal facility on the request of the Member. Details are as follows.

<table>
<thead>
<tr>
<th>Renewal Date</th>
<th>Amount</th>
<th>New Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We hereby confirm that

i) There is no lock in period for encashment of the said FDR.

ii) The amount under the said FDR would be paid to Exchange on demand, without demur, on or before the maturity of the said FDR without any reference to the ………………… (name of Member).

iii) Encashment whether premature or otherwise would not require any clearance from any other authority / person.

iv) We agree that on the encashment of FDR, the interest accrued will also be released to Exchange.

v) We agree that the FDR will be renewed for such periods as Exchange may instruct.

vi) Old instrument will remain valid.

Yours faithfully,

Authorised Signatory
(Name of the Bank & Bank Stamp)

1Annexure-VIIIIC

Letter from the Bank confirming the Lien on Fresh Fixed Deposit
(In case of Auto Renewal where the old FDR no. is changed)

Date:

To
Multi Commodity Exchange of India Ltd.
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

We refer to the fixed deposit receipt (FDR) issued, in the name of MCX A/c ……….
(Member's name). Details are as under.

<table>
<thead>
<tr>
<th>FDR No</th>
<th>Issue Date</th>
<th>Amount</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above FDR has been renewed for further period of _____months under the autorenewal facility on the request of the Member. Details are as follows.

<table>
<thead>
<tr>
<th>New FDR No</th>
<th>Issue Date</th>
<th>New Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We hereby confirm that
i) There is no lock in period for encashment of the said FDR.

ii) The amount under the said FDR would be paid to you on demand, without demur, on or before the maturity of the said FDR without any reference to the …………………
(Name of Member).

iii) Encashment whether premature or otherwise would not require any clearance from any other authority / person.

iv) we agree that on the encashment of FDR, the interest accrued will also be released to Exchange.

v) we agree that the FDR will be renewed for such periods as Exchange may instruct.

vi) Old instrument will remain valid and no new instrument with new FDR No._____ is /will be issued.

Yours faithfully,

Authorised Signatory
(Name of the Bank & Bank Stamp)

Annexure-IX

Letter from Member to the Clearing Bank for operations of Clearing Account

Date: _______
From:  
[Clearing/Member name and address]  

To:  
[Clearing bank name and address]  

Dear Sir,

Sub.: Operation of Clearing Bank for Multi Commodity Exchange of India Ltd. (MCX) with effect from ______.  

Ref.: Our Clearing Bank Account No.:________ with [Clearing Bank name and address]  

With reference to the above, we note that:

1. Multi Commodity Exchange of India Ltd. has established a clearing and settlement system, whereby its members will be able to undertake the clearing and settlement of deals admitted.

2. The bank has been nominated / appointed as a Clearing Bank for the purpose of Clearing and Settlement by MCX.

As per the Bye-Laws, Rules and Regulations of

3. MCX, the member shall authorise the Clearing Bank to access their clearing account for debiting & crediting their accounts as per the instructions received from MCX from time to time.

4. Having due regard to the above, we hereby irrevocably authorise the Clearing bank to debit and credit our above mentioned account number from time to time as per instruction received from MCX. Further, we authorise the Clearing Bank to report balances and other information relating to this account to MCX as may be required by MCX from time to time.

5. We further hereby authorize MCX to debit and credit my above mentioned account and to seek balance information from the bank in respect of above mentioned account.

6. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / decided by MCX.

Yours faithfully

(Authorised Signatory)

Name of the Member
### Annexure-X

#### Stamp Duty Rates

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Commodity</th>
<th>Stamp duty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cotton</td>
<td>Re 1 for every unit of transaction of 4500 kgs or part thereof</td>
</tr>
<tr>
<td>2.</td>
<td>Bullion</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Re 1 for every unit of 50 Kgs of silver or part thereof</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Re 1 for every unit of 1 Kg of Gold or part thereof</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Re 1 for every unit of 100 sovereigns or part thereof</td>
</tr>
<tr>
<td>3.</td>
<td>Oilseeds</td>
<td>Re 1 for every 10000 Kgs of oilseeds or part thereof</td>
</tr>
<tr>
<td>4.</td>
<td>Yarn/ non mineral oils/ spices of any kind</td>
<td>Re 1 for every Rs. 10000 or part thereof of the value</td>
</tr>
<tr>
<td>5.</td>
<td>All other commodities</td>
<td>Rs. 20 per contract [Article 5 (4) of the Bombay Stamp Act]</td>
</tr>
</tbody>
</table>
1Annexure XI

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:

_________________________________________________________________

---

1 Revised Annexure XI vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Document</th>
<th>Brief Significance of the Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KYC (Account Opening) application form</td>
<td>KYC form - Document captures the basic information about the constituent and an instruction/check list.</td>
</tr>
<tr>
<td>3</td>
<td>Rights and Obligations of Members, Authorized Persons and Clients</td>
<td>Document stating the Rights &amp; Obligations of member, Authorized Person and client for trading on exchanges (including additional rights &amp; obligations in case of internet/wireless technology based trading).</td>
</tr>
<tr>
<td>4</td>
<td>Do’s and Don’ts for the Investors</td>
<td>Document detailing do’s and don’ts for trading on exchange, for the education of the investors.</td>
</tr>
<tr>
<td>5</td>
<td>Tariff sheet</td>
<td>Document detailing the rate/amount of brokerage and other charges levied on the client for trading on the Commodity Exchange(s) (to be added by the member).</td>
</tr>
</tbody>
</table>

**MANDATORY DOCUMENTS AS PRESCRIBED BY FMC & EXCHANGES**

**VOLUNTARY DOCUMENTS AS PROVIDED BY THE MEMBER * **

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

- *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
KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

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:________________________

1 Revised Annexure XII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
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**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Branch address</th>
<th>Bank account no.</th>
<th>Account Type: Saving/Current/Others</th>
<th>MICR Number</th>
<th>IFSC code</th>
</tr>
</thead>
</table>

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**

<table>
<thead>
<tr>
<th>Depository Participant Name</th>
<th>Depository Name (NSDL/CDSL)</th>
<th>Beneficiary name</th>
<th>DP ID</th>
<th>Beneficiary ID (BO ID)</th>
</tr>
</thead>
</table>

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.*

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the National Commodity Exchanges #</th>
<th>Date of Consent for trading on concerned Exchange</th>
<th>Signature of the Client</th>
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</tr>
</tbody>
</table>

# 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 : ____________

227
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
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

Whether you wish to receive communication from Member in electronic form on your Email-id [Yes / No]: ____________
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 Don’t’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 Client
FOR OFFICE USE ONLY

UCC Code allotted to the Client: ________________

<table>
<thead>
<tr>
<th>Name of the Employee</th>
<th>Documents verified with Originals</th>
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<tbody>
<tr>
<td>Employee Code</td>
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<td>Designation of the employee</td>
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<tr>
<td>Date</td>
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</tr>
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</table>

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 Don’t’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 Authorized Signatory

Date ________________

Seal/Stamp of the Member
KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Non-Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

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: _______

1 Revised Annexure XII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
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
   signatories/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

<table>
<thead>
<tr>
<th>Bank Name</th>
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<th>Bank account no.</th>
<th>Account Type: Saving/Current/Others</th>
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</table>

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

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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.*

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# 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

Details of any action/proceedings initiated/pending/ taken by FMC/ SEBI / Stock exchange / Commodit 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 (in case 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

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 Don’t’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: _______________

<table>
<thead>
<tr>
<th>Name of the Employee</th>
<th>Documents verified with Originals</th>
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<tr>
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<td>Designation of the employee</td>
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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 Don’t’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 _______________

Seal/Stamp of the Member

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

1 Revised Annexure XII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
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. Proofof Address (POA): - List of documents admissible as Proof of Address:
(Note: Documents having an expiry date should be valid on the date of submission.)


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:

<table>
<thead>
<tr>
<th>Types of entity</th>
<th>Documentary requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</td>
</tr>
<tr>
<td></td>
<td>• 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).</td>
</tr>
<tr>
<td></td>
<td>• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</td>
</tr>
<tr>
<td></td>
<td>• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.</td>
</tr>
<tr>
<td></td>
<td>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</td>
</tr>
<tr>
<td></td>
<td>• Copy of the Board Resolution for investment in commodity market.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td>Partnership firm</td>
<td>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</td>
</tr>
<tr>
<td></td>
<td>• Certificate of registration (for registered partnership firms only).</td>
</tr>
<tr>
<td></td>
<td>• Copy of partnership deed.</td>
</tr>
<tr>
<td></td>
<td>• Authorised signatories list with specimen signatures.</td>
</tr>
<tr>
<td></td>
<td>• Photograph, POI, POA, PAN of Partners.</td>
</tr>
<tr>
<td>Trust</td>
<td>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</td>
</tr>
<tr>
<td></td>
<td>• Certificate of registration (for registered trust only).</td>
</tr>
<tr>
<td></td>
<td>• Copy of Trust deed.</td>
</tr>
<tr>
<td></td>
<td>• List of trustees certified by managing trustees/CA. Photograph, POI, POA, PAN of Trustees.</td>
</tr>
<tr>
<td>Types of entity</td>
<td>Documentary requirements</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>HUF</td>
<td>• PAN of HUF.</td>
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<tr>
<td></td>
<td>• Deed of declaration of HUF &amp; List of coparceners.</td>
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<tr>
<td></td>
<td>• Bank pass-book/bank statement in the name of HUF.</td>
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<tr>
<td></td>
<td>• Photograph, POI, POA, PAN of Karta.</td>
</tr>
<tr>
<td>Government Bodies</td>
<td>• Self-certification on letterhead.</td>
</tr>
<tr>
<td></td>
<td>• Authorized signatories list with specimen signatures.</td>
</tr>
<tr>
<td>Registered Society</td>
<td>• Copy of Registration Certificate under Societies Registration Act.</td>
</tr>
<tr>
<td></td>
<td>• List of Managing Committee members.</td>
</tr>
<tr>
<td></td>
<td>• Committee resolution for persons authorised to act as authorised signatories with specimen signatures.</td>
</tr>
<tr>
<td></td>
<td>• True copy of Society Rules and Bye Laws certified by the Chairman/Secretary</td>
</tr>
</tbody>
</table>
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.

1 Revised Annexure XIII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
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 familiarise 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, Byelaws 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.
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. Requirements of professional diligence
   a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
   b. “professional diligence” means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with-
      i. honest market practice;
      ii. the principle of good faith;
      iii. the level of knowledge, experience and expertise of the Client;
      iv. the nature and degree of risk embodied in the financial product* or financial serice being availed by the Client; and

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1 Revised Annexure XIII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.

v. the extent of dependence of the Client on the Member.

*Commodity derivate contract]*

7. Authorised Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s)

**CLIENT INFORMATION**

8. 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.

9. 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.

10. 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.

11. [A. Protection from unfair terms in financial contracts**

   a. An unfair term of a non-negotiated contract will be void.

   b. A term is unfair if it –

      i. Causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and

      ii. is not reasonably necessary to protect the legitimate interests of the Member;

   c. The factors to be taken into account while determining whether a term is unfair, include –

      i. the nature of the financial product or financial service dealt with under the financial contract;

      ii. the extent of transparency of the term;

**contracts offered by commodity exchanges**
iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and

iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

d. A term is transparent if it-

i. is expressed in reasonably plain language that is likely to be understood by the Client;

ii. is legible and presented clearly; and

iii. is readily available to the client affected by the term.

e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11.B.

a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes-

i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and

ii. a standard form contract.

b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.

c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by-

i. an overall and substantial assessment of the financial contract; and

ii. the substantial circumstances surrounding the financial contract

d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.

11. C.

a. The above does not apply to a term of a financial contract if it-
i. defines the subject matter of the financial contract;

ii. sets the price that is paid, or payable, for the provision of financial product or financial service under the financial contract and has been clearly disclosed to the Client; or

iii. is required, or expressly permitted, under any law or regulations.

The exemption under point 11.c does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.\(^1\)

12. 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.

13. [A. Protection of personal information and confidentiality

   a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes-

      i. name and contact information;

      ii. biometric information, in case of individuals

      iii. information relating to transactions in, or holdings of, financial products

      iv. information relating to the use of financial services; or

      v. such other information as may be specified.

13.B. a. A Member must-

   i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;

   ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;

\(^1\) Inserted vide Exchange Circular No. MCX/COMP/116/2014 dated April 1, 2014.
iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;

iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and

v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.

b. A Member may disclose personal information relating to a Client to a third party only if-

i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;

ii. the Client has directed the disclosure to be made;

iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member-

1. informs the Client in advance that the personal information may be shared with a third party; and

2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or

vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorized transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-

c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

14. A Requirement of fair disclosure both initially and on continuing basis
a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.

b. In order to constitute fair disclosure, the information must be provided-
   i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
   ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
   iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.

c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding-
   i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
   ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
   iii. existence, exclusion or effect of any term in the financial product or financial contract;
   iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
   v. contact details of the Member and the methods of communication to be used between the Member and the Client;
   vi. rights of the Client to rescind a financial contract within a specified period; or
   vii. rights of the Client under any law or regulations.

14.B

a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures-
   i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
   ii. information relating to the status or performance of a financial product held by the Client, as may be required to
Business Rules

assess the rights or interests in the financial product or financial service; and

iii. any other information that may be specified.

b. A continuing disclosure must be made-

i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and

in writing and in a manner that is likely to be understood by a Client belonging to that category.1

MARGINS

15. 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.

16. 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

17. 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.

18. 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.

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19. 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.

20. 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).

21. 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

22. 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

23. 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.

24. 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**

**25.** The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

**26.** 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.

**27.** 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.

**28.** [Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients]

a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.

b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of-

   i. the Client’s right to seek redress for any complaints; and

   ii. the processes followed by the Member to receive and redress complaints from its Clients.

**29.** A. Suitability of advice for the Client

Right to receive advice that is suitable taking into account the relevant personal circumstances of the Client, such as the Clients financial circumstances and needs. This obligation would apply to persons who render advice to Clients and the regulator may specify categories of financial products and service that necessarily require such advice to be given.

a. A Member must-

   i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.

b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.

c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member-

   i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and

   ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

### 30. Dealing with conflict of interest

In case of any conflict between the interests of a Client and that of the Member, preference much be given to the Client interests;

a. A member must-

   i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and

   ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between-

       1. its own interests and the interests of the Client; or
       2. the interests of the concerned Member and interests of the Client, in cases where the member is a financial representative.

b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

In this section, “conflicted remuneration” means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients, that could, under the circumstances, reasonably be expected to influence the advice given by the member to a Client.\(^1\)

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\(^1\) Inserted vide Exchange Circular No. MCX/COMP/116/2014 dated April 1, 2014.
TERMINATION OF RELATIONSHIP

31. 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.

32. 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.

33. 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

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. 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.

41. A. [Protection from unfair conduct which includes misleading conduct & abusive conduct

   a. Unfair conduct in relation to financial products or financial services is prohibited.

   b. “Unfair conduct” means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair,
the ability of a Client to make an informed transactional decision and includes-

i. misleading conduct under point 41.B

ii. abusive conduct under point 41.C

iii. such other conduct as may be specified.

41.B.

a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading it if is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves-

i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or

ii. providing accurate information to the Client in a manner that is deceptive.

b. In determining whether a conduct is misleading under point 41.B.a., the following factors must be considered to be “determinative factors”-

i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Clients;

ii. the Client’s need for a particular financial product or financial service or its suitability for the Client;

iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;

iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;

v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and

vi. the rights of the Client under any law or regulations.

41. C.

a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it-

i. involves the use of coercion or undue influence; and

ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
b. In determining whether a conduct uses coercion or undue influence, the following must be considered-

i. the timing, location, nature or persistence of the conduct;

ii. the use of threatening or abusive language or behavior;

iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;

iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including-

v. the right to terminate the financial contract;

vi. the right to switch to another financial product or another Member and

vii. a threat to take any action, depending on the circumstances in which the threat is made; ]

**ELECTRONIC CONTRACT NOTES (ECN)**

42. 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.

43. 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.

44. 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.

45. 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.

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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.

46. 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.

47. 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.

48. 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

49. 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.

50. 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.

51. 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.
52. 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.

53. 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.

54. 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.

55. 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.
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 [http://www.mcxindia.com/SitePages/MembersDetails.aspx](http://www.mcxindia.com/SitePages/MembersDetails.aspx) 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 [http://www.mcxindia.com/SitePages/TradeVerification.aspx](http://www.mcxindia.com/SitePages/TradeVerification.aspx). 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.

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1 Revised Annexure XIII vide Circular MCX/COMP/469/2011 dated December 22, 2011. Pursuant to Circular MCX/COMP/089/2012 dated March 14, 2012 the same shall be applicable for all clients registering on or after April 1, 2012.
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.
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 Commodity Exchange. 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.
Annexure XIII-  

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.
- ***

[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.)

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2 Omitted vide Exchange circular no. MCX/COMP/087/2014 dated March 19, prior to omission the clause read as under:  
“This declaration is valid till 31st March ________ (yyyy)”
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.
**Annexure-XIV**

**CONTRACT NOTE**

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

Dealing Office Address of the Member
Tel. No:
Fax. No:
E-mail:

<table>
<thead>
<tr>
<th></th>
<th>Name of the Member</th>
<th>Address of the Member</th>
<th>FMC Unique Member Code</th>
<th>MCX Member Code</th>
<th>PAN No:</th>
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</table>

To
Name of the Constituent
Address of the Constituent
Unique Client Code of the Constituent.
PAN of the Constituent

Sir/ Madam,

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

<table>
<thead>
<tr>
<th>Order No.</th>
<th>Trade No.</th>
<th>Trade Tim</th>
<th>Contract</th>
<th>Quantity</th>
<th>Price</th>
<th>Value (Rs.)</th>
<th>Brokerage (Rs.)</th>
<th>Service Tax*</th>
<th>Amount Total</th>
<th>Contract</th>
<th>Quantity</th>
<th>Price</th>
<th>Value (Rs.)</th>
<th>Commodities</th>
<th>Brokerage (Rs.)</th>
<th>Service Tax*</th>
<th>Amount Total</th>
</tr>
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</table>


To be stamped as per the provisions applicable under the relevant Stamp Act
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<tr>
<th>Description</th>
<th>(Rs.)</th>
<th>(Rs.)</th>
<th>Tax (As Applicable) *</th>
<th>(Rs.)</th>
<th>(Rs.)</th>
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* Alternatively, these details may be furnished separately as Annexure to the Contract Note.

- 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 Business Rules and usages of Multi Commodity Exchange of India Limited.
- This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me/us, and in the event of any claim (whether admitted or not), difference or dispute in respect of any dealings, and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts have been entered into or not) shall be referred to arbitration as provided in the Rules, Bye-laws and Business Rules of Multi Commodity Exchange of India Limited.

The provisions printed overleaf form a part of the contract.

Yours faithfully,

Date:

Place: For __________________________ (Name of the Member)

Name & Signature of Partner / Proprietor / Authorised Signatory

PTO
**Bye-laws**

<table>
<thead>
<tr>
<th>(1) 15.4</th>
<th><strong>Reference to Arbitration:</strong> All claims, differences or disputes between the members inter se or between a member and a constituent member or between a member and a registered non-member client or arising out of or in relation to trades, contracts and transactions executed on the Exchange and 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 or fulfillment and/or the rights, obligations and liabilities of the parties thereto and including any question of whether such trades, contracts and transactions have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Bye-laws and Regulations that may be in force from time to time. Provided these Bye-Laws shall not in any way affect the jurisdiction of the Exchange on the clearing member through whom such a member has dealt with or traded in regard thereto and such clearing member shall continue to remain responsible, accountable and liable to the Exchange in this behalf.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) 15.5</td>
<td><strong>Trades, Contracts, Deliveries and Transactions Subject to Arbitration:</strong> In all trades, contracts, deliveries 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 such trades, contracts, deliveries 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 Bye-Law above shall be submitted to arbitration in accordance with the provisions of these Bye-laws, Rules and Regulations that may be in force from time to time.</td>
</tr>
<tr>
<td>(3) 15.11</td>
<td><strong>Limitation Period for Reference to Arbitration:</strong> All claims, differences or disputes referred to in the Bye-Laws above shall be submitted to arbitration within three years from the last transaction or delivery or payment effected between the member and his client or between two members of the Exchange, provided where the claim / complaint is not settled / resolved through the process of conciliation by the Exchange within three months of the receipt of the claim / complaint, the Exchange shall in such cases advise the concerned client to refer the case to arbitration. The time taken in dispute resolution and/or conciliation proceedings, if any, initiated and conducted in accordance with the provisions of the Arbitration and Conciliation Act and these Bye-Laws and the time taken by the Managing Director or Relevant Authority to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the limitation period of three years under the Bye-Laws, Rules and Regulations of the Exchange. Any claim made or any difference / dispute raised by any complainant / aggrieved...</td>
</tr>
</tbody>
</table>

---

1 Amended vide Circular No. MCX/Legal/138/2012 dated April 9, 2012
person, after expiry of the time limit specified herein, shall become time-barred for the purpose of availing of the remedy under the Bye-Laws, Rules and Regulations of the Exchange and may not, however, be invalid for seeking remedy under appropriate civil laws.

5A. Seat of Arbitration
(a) The Relevant Authority may provide for different seats of arbitration for different regions of the country either generally or specifically and in such an event the seat of arbitration shall be the place so provided by the Relevant Authority. Save as otherwise specified by the Relevant Authority, the seat of arbitration for different regions shall be as follows:

<table>
<thead>
<tr>
<th>Seats of Arbitration – Regional Arbitration Centres (RAC)</th>
<th>States covered by the RAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delhi</td>
<td>Delhi, Haryana, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Punjab, Jammu &amp; Kashmir, Chandigarh, Rajasthan.</td>
</tr>
<tr>
<td>Kolkata</td>
<td>West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chhattisgarh,</td>
</tr>
<tr>
<td>Chennai</td>
<td>Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman &amp; Nicobar, Lakshadweep, Pondicherry,</td>
</tr>
<tr>
<td>Mumbai</td>
<td>Maharashtra, Gujurat, Goa, Daman &amp; Diu, Dadra &amp; Nagar Haveli, Madhya Pradesh.</td>
</tr>
</tbody>
</table>

(b) The premises/location where the hearing of arbitration shall take place shall be such place as may be identified by the Exchange from time to time and intimated to the arbitrator and the parties to the dispute accordingly.

5B. Criteria for selection of Seat of arbitration
Save as otherwise specified by the Relevant Authority, the criteria for selection of Seat of Arbitration and place of hearing of a particular matter is as follows:

<table>
<thead>
<tr>
<th>Parties to dispute</th>
<th>Criteria for selection of Seat by the Applicant for Arbitration</th>
<th>Place of hearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Vs Member</td>
<td>If the dealing offices of both the members from where the dealing was carried is situated in any one of the states covered by a particular RAC then the Applicant-Member shall select the Seat of that RAC for arbitration.</td>
<td>Hearing shall be held at the RAC where the Applicant – Member has filed the Application for arbitration and the Respondent – Member shall attend the hearing in that particular RAC.</td>
</tr>
<tr>
<td>Member V/s Client</td>
<td>Where the Client ordinarily resides in any one of the states</td>
<td>Hearing shall be held at that RAC where the Applicant has filed the</td>
</tr>
<tr>
<td>Business Rules</td>
<td>&amp; Client V/s Member</td>
<td>states covered by a particular RAC, then the Applicant shall select the Seat of that RAC for arbitration.</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Notwithstanding anything contained hereinabove and unless otherwise specifically agreed in writing between the Member and the Client, in respect of any claims, disputes and differences arising out of internet trading between the client and the member, the Seat of Arbitration shall be at the Regional Arbitration Centre having jurisdiction in any one of the states where the client ordinarily resided at the time of relevant trading took place.</td>
<td></td>
</tr>
<tr>
<td>(6) 37</td>
<td>5C. Application for arbitration in the prescribed form along with relevant enclosures shall be submitted and all correspondence relating to the said application shall be made by the Applicant with the Exchange at its Head Office in Mumbai. Provided, however, that the documents can be submitted/filed before the arbitrator(s) at the time of hearing.</td>
<td></td>
</tr>
</tbody>
</table>
Annexure-XV

Application for Approval as Authorised User

From: __________________________
     (Name of Member)

ID No.: ________________________

To
Multi Commodity Exchange of India Limited
Mumbai

Dear Sir,

We____________________________ (Name of Member/ Client) hereby apply for approval of ___________________ (Name of the User) of…………………………………………………………………………(address) as our Authorised User.

We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades made, or affected by such user on the Trading System. We shall ensure that he/she will not execute any order on his/her own account or on account of anyone without such order having been approved by us in writing prior to execution.

For

(Name of Member/ Client)

Authorised Signatory

Date:
Place:
## Questionnaire For VSAT

**Date**: __________

**Name**: ____________________________________________

**Address**: ____________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

**Tel. No.**: ____________________________________________

**Contact Person**: ______________________________________

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Replies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Working days and hours at the site</td>
<td>Days: &lt;br&gt;Timings:</td>
</tr>
<tr>
<td>2.</td>
<td>Building</td>
<td>Number of storeys</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Height</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Floor on which Trading workstation is located</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx distance from the antenna to the server/trading room</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Any near by obstruction, if yes please specify</td>
</tr>
<tr>
<td>3.</td>
<td>Rooftop</td>
<td>Flat</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclined</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dimension of the door for entering the rooftop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx dimension of the available open space for the installation of Antenna (min space requirement is 10ft x 10ft)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nearest electrical earth point near the antenna</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>4. VSAT Antenna</strong></td>
<td>Whether adequate security is available to protect the communication equipment at the rooftop</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Any restriction to access site - specify</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To be transported to the Rooftop Through Lift</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Through Staircase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other (Please Specify)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provision for conduit from the Antenna to the trading workstation</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>5. VSAT Indoor Unit (IDU)</strong></td>
<td>Whether dust free Air-conditioned environment is available to host the IDU (approx size of IDU – 15”x13”x3”)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provision of 230 V, 3 pin 5 Amp socket for IDU</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Whether voltage between the earth and the neutral is less than 2V</td>
<td></td>
</tr>
<tr>
<td><strong>6. Capacity of UPS for IDU</strong></td>
<td>1 KVA Online UPS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minimum Intel PIII (1 GHz) / Celeron 1.2 GHz Processor (Intel PIV Processor recommended)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Minimum 128 MB RAM (256 MB RAM Recommended)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Minimum 20 GB HDD</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>CD ROM</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>10/100 Mbps Network Card</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>15” Colour Monitor</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Windows 2000 Professional or Windows NT 4.0 Workstation or Windows XP</td>
<td>Yes</td>
</tr>
<tr>
<td>Capacity of UPS connected to the PC - Trader Work Station</td>
<td>Approx power requirement per PC is 0.25–0.35 KVA, depends upon manufacturer and the configuration. It is recommended to consult with your UPS vendor before procurement.</td>
<td>____ KVA</td>
</tr>
</tbody>
</table>

Signature of the applicant member

**Note:**
1) Security pass to be arranged by the Member for accessing the rooftop and office of the Member.
2) Enclose a sketch describing the route of IFL cable from the ODU to IDU.
3) Provide any other pertinent information about the site that wasn’t asked elsewhere in this form.
Annexure-XVII

VSAT Undertaking

1. **Enclosed VSAT Undertaking should be stamped as an Agreement:** (please use Non-Judicial stamp paper of Rs.100/- or the value prevailing in your state, whichever is higher) – **Please type the following on the Stamp Paper as the First Page and sign:**

   **Undertaking**

   This Non-Judicial Stamp paper of Rs._____ forms part and parcel of this Undertaking submitted to Multi Commodity Exchange of India Limited executed by Mr./Mrs./M/s.

   ______________ on _____________ day of ____________ , 20___.

   **Signature**

   **To be signed by the person(s) signing the VSAT Undertaking attached herewith.**

2. **Please type the following on the last page of the agreement** (below the common seal)

   The common seal of __________________________________________

   ____________________________________________________ was hereunto affixed pursuant to a resolution passed at a meeting of the Board of Directors of the company held on _______ day of _____________________, 20____ in the presence of* __________________________________________

   Signature

   (Name & Designation)

   * As required by the Articles of Association of the Company

   **To be signed by the person(s) signing the VSAT Undertaking attached herewith.**
VSAT UNDERTAKING

THIS UNDERTAKING is made on this .......... day of ............... by ................................................. admitted as a trading-cum-clearing member of Multi Commodity Exchange of India Limited and having his address/its registered office at.......................................................... (Hereinafter referred to as “Trading-cum-clearing member” which expression shall unless repugnant to the context or meaning thereof include his/its heirs, successors, assigns and legal representatives in favour of Multi Commodity Exchange of India Limited, company incorporated under the Companies Act, 1956 with its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093 (hereinafter referred to as “MCX” which expression shall unless repugnant to the context or meaning thereof include its successors or assigns).

WHEREAS

1. MCX has introduced a trading system, for the purpose of providing a screen based trading facility for the whole territory of India, known as Online Automated Trading System (hereinafter referred as ‘MCX System’).

2. MCX through its MCX System has established trading facilities in the whole territory of India by setting up a central trading system at Mumbai connected to the Trading-cum-clearing members workstations through appropriate communication network using a Very Small Aperture Terminal (VSAT) Network. The trading-cum-clearing members will be connected to the central trading system through the hub of the VSAT network.

3. In order to use the said network known as MCXNET, MCX has extended the facility to use the MCXNET, to the trading-cum-clearing members subject to certain restrictions and conditions prescribed or to be prescribed by the Department of Telecommunications (DoT) and MCX.

4. Network provider engaged on shared hub basis by MCX had applied to the DoT for issue of a license for the installation and operation of private Closed User Group (CUG) VSAT network and which license was granted by the Director General of DoT.

5. Network provider has extended the facility to use the MCXNET to the trading-cum-clearing members subject to certain restrictions and conditions prescribed or to be prescribed by the Department of Telecommunications and MCX.

6. MCX upon completion of feasibility study for the prospective locations of leased line requirements will apply to DoT for issue of a license for the installation and operation of private Closed User Group (CUG) network and license would be issued by DoT.

NOW IN CONSIDERATION OF MCX permitting me/us as a trading-cum-clearing member to use the above mentioned MCXNET,

I/WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE AND AGREE

i. That ownership of the MCXNET will remain with MCX and will not be transferable to me/us in any manner.
ii. That Closed User Group for the MCXNET will consist of MCX and its Trading-cum-clearing members trading in the Commodity Market.

iii. To display in such manner at all locations connected with MCXNET all such notices or signs boards as may be prescribed or approved by MCX.

iv. To use MCXNET and all related or connected equipments only for the purposes prescribed or approved by MCX.

v. To subject network engineering and interface equipment to the examination and supervision of MCX or its authorized representatives or approved persons.

vi. To ensure that any communication emanating from the VSAT will first be routed to the hub and to ensure that there will be no direct communication by passing the hub between two VSATs.

vii. To use MCXNET subject to the condition that the license issued by the Director General, Department of Telecommunication may be amended or altered from time to time and is issued only for the specific approved systems/equipments/circuits/services and users and subject to the condition that the Director General, Department of Telecommunication, reserves the right to revoke the license suo moto at any time.

viii. To use MCXNET subject to the provisions of the Indian Telegraph Act, 1885, The Indian Telegraph Rules, The Indian Wireless Telegraphy Act 1933 and all other Rules and Regulations and relevant laws which are applicable.

ix. To use all communications through MCXNET for the exclusive in house communication of only approved users of the MCXNET and in no way, at no place and at no time to connect to Public Telecommunications/ Telex/ Data/ Telephone Network of Department of Telecommunication/ BSNL/ MTNL/ VSNL or any network of any other party unless permitted to do so by MCX upon permission to do so being granted to it by Department of Telecommunication.

x. To use the services provided on MCXNET for the bonafide use of authorized users of the MCXNET only.

xi. To ensure that the operation of the systems/Equipment of the MCXNET does not cause any harm/loss to the Department of Telecommunication or MCX.

xii. To ensure that the equipment approved for MCXNET is installed, replaced, repaired or removed only in the presence of authorized persons of MCX and for this purpose to provide reasonable facilities and assistance.

xiii. To use MCXNET in accordance with the Rules and Regulations and prescribed parameters of MCX.

xiv. To allow MCX to take over any part/component/equipment of MCXNET and also to replace any such equipment/services.

xv. To ensure that no communication/message which is prejudicial to the interests of the nation or to the security of India is passed over any part of MCXNET.
xvi. Notwithstanding anything contained in the terms and conditions applicable for operation of MCXNET, not to carry such messages (e.g. Electronic Transfer of Funds) which are prohibited by law on any part of MCXNET.

xvii. Not to hold the Department of Telecommunications or MCX responsible for any harm/loss damage of any kind to the user/users of MCXNET on account of any interruption on DOT/MCX systems or network.

xviii. To use MCXNET subject to and in accordance with the Byelaws, Rules, Regulations of MCX and such other conditions as may be prescribed by DOT or MCX from time to time.

xix. To ensure that the VSAT and related equipments are installed and used only in the approved premises under my/our control only by persons authorized or approved by MCX and to take all responsibility for authorized or unauthorized use of the MCXNET through such VSAT and related equipments.

xx. To indemnify and keep indemnified MCX to the extent of the damage, loss, harm, costs or which shall be incurred by MCX as a consequence of any.

   i. Contravention of any of the clauses mentioned above for which I/We am/are giving this undertaking to comply with or

   ii. Contravention of any of the Bye-laws, Rules, Regulations framed by MCX upon which MCX may adopt any course of action which may be either disciplinary or legal or impose any other penalty which MCX may deem necessary, which shall include the right of MCX to demand any amount of monetary compensation for any default on the part of Trading-cum-clearing member/from the Trading-cum-clearing member, and which amount in the case of a default in payment, may be adjusted by MCX at its discretion against my/our security deposit with MCX.

Signed and delivered by the within named Trading-cum-Clearing member

WITNESSES

Signature
(1) Name
Address

Signature
(2) Name
Address

Before me
Annexure-XVIII

Letter from Member authorizing MCX for making transactions on his behalf

(To be submitted on Member's letter head)

Date:____________

To
Multi Commodity Exchange of India Ltd.
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

Dear Sir,

Sub.: Order execution

We are not able to place any order in the Trader Workstation due to the following reason:
   a. Connectivity failure
   b. Power failure
   c. Deactivation / Suspension.

   d.

It is, therefore, requested that you may please do the order entry in the system on our behalf, as detailed in the Annexure, for which we will be responsible for clearing and settlement.

Thanking you.

Yours faithfully

For _____________________

Authorised Signatory

Encl.: As above.
Annexure XIX

Conditions for transfer

(Rule 8)
Circular No.MCX/036/07
SCHEDULE

Transfer shall take place only after the fulfillment of the following conditions:

1. Transferor shall be responsible to pay all the outstanding dues of the Exchange and FMC, if any, including the payment of annual subscription of the Exchange.

2. The transferor and the transferee shall execute the undertakings as per the format prescribed by the exchange.

3. The transferee should not be an existing member nor a director/partner/associate/holding Company or subsidiary of the existing Member of the Exchange.

4. The transferee shall be a fit and proper person.

5. Transferor shall continue to be a Party before Arbitration matters or any other proceedings in which a claim is made along with the transferee for any claim or dispute on account of dealings, transactions, contracts and covenants in the capacity as a member of the Exchange that has arisen before the actual transfer took place.

6. The transferee or the transferor has not been declared as defaulter by any other Commodity or stock exchange.

7. There is no disciplinary action pending against the transferor by the Exchange.

8. The transferor has no enforcement action pending from FMC.

9. There are no investor claims pending against the transferor.

10. The Transferor should release an advertisement in two Newspapers (one national and one regional) stating its intention to transfer its membership and inviting objections, if any, to the transfer

---

1 Entire Annexure XIX inserted as per Circular No.MCX/MEM/036/2007 dated 29/1/07
Annexure 1
(Rule 8.2)

Application for Transfer of Membership
(On Member’s Letter head)

Date:

To,
Membership Department
Multi Commodity of Exchange of India Limited (MCX)

Exchange Square,
255, Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093.

Dear Sir,

Sub: Application for obtaining approval from MCX for Transfer of Membership

I / We _______________________________ (Trade name of the existing Member / Transferor) member of MCX, have completed _____ years as a member of Multi Commodity Exchange of India Limited (MCX). I / We now proposed to transfer our above stated membership to ________________________ (name of the proposed member / buyer / Transferee).

The relevant particulars of our membership and the proposed member / buyer / Transferee are as under:

<table>
<thead>
<tr>
<th>Details of Transferor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Type of organisation / constitution</td>
</tr>
<tr>
<td>Date of approval of Membership</td>
</tr>
<tr>
<td>Member ID (if any)</td>
</tr>
<tr>
<td>UMC Code allotted by FMC (if any)</td>
</tr>
<tr>
<td>Volume of Trading (Turnover) for last 3 years (if any)</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Business Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of Board Resolution for transfer of membership (in case of Corporates)</strong></td>
</tr>
<tr>
<td><strong>Whether cleared all dues to the Exchange including Annual Subscription</strong></td>
</tr>
<tr>
<td><strong>Whether any investor grievances pending with the Member / Exchange / FMC</strong></td>
</tr>
<tr>
<td><strong>Whether any arbitration is pending</strong></td>
</tr>
<tr>
<td><strong>Whether any disciplinary action pending against under any Bye Law / Rules of Exchange</strong></td>
</tr>
<tr>
<td><strong>Whether any disciplinary action initiated / taken by FMC</strong></td>
</tr>
<tr>
<td><strong>Whether declared defaulters / readmitted by the Exchange</strong></td>
</tr>
<tr>
<td><strong>Whether any Legal proceedings pending in any Court or Forum concerning membership and/ or transactions undertaken by the Member</strong></td>
</tr>
<tr>
<td><strong>Any other cases, including prosecution pending</strong></td>
</tr>
<tr>
<td><strong>Details of Transferee</strong></td>
</tr>
</tbody>
</table>

I / We state that the above stated details are true and correct and I / We understand that for any wrong statement I / We are liable for legal action.

Thanking you,

Yours faithfully,

For ________________________________ (name of the Transferor)

____________________ (Signature)

Name of the Signatory

Rubber Stamp

Place: ........................................

Encl:
## Details of Transferee

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of the Applicant (full)</td>
<td></td>
</tr>
<tr>
<td>2. Registered Office Address</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td></td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Pincode:</td>
<td></td>
</tr>
<tr>
<td>Telephone No.:</td>
<td></td>
</tr>
<tr>
<td>Fax No.: (with STD Code)</td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td></td>
</tr>
<tr>
<td>Name of the contact person(s):</td>
<td></td>
</tr>
<tr>
<td>Mobile No.:</td>
<td></td>
</tr>
<tr>
<td>3. Nationality</td>
<td></td>
</tr>
<tr>
<td>4. Constitution</td>
<td>Individual/Registered Partnership Firm/Private Ltd Co./HUF/Public Ltd Co./Institution/Others</td>
</tr>
<tr>
<td>5. Date of incorporation/registration</td>
<td></td>
</tr>
<tr>
<td>7. Present business/occupation</td>
<td></td>
</tr>
<tr>
<td>8. Present Net worth</td>
<td>Rs......................... lakh as on .............................</td>
</tr>
<tr>
<td>9. Are you a member of any other Commodity/Stock Exchange? (Provide details)</td>
<td></td>
</tr>
</tbody>
</table>
10. Please give the following details of the applicant:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Have you been declared/rendered incompetent to enter into contract under any law in force in India?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>b) Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any law?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>c) Whether any court case is pending against applicant / directors / partners?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>d) Have you ever been pronounced guilty of a criminal offence involving moral turpitude?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>e) Has any disciplinary action been taken by any commodity/stock exchange against you or any of the partners/promoters / directors /shareholders / employees of yours? If so, please provide details in a separate sheet.</td>
<td>Yes/No</td>
</tr>
<tr>
<td>f) Have you ever been adjudged bankrupt or have been proved to be insolvent at any time.</td>
<td>Yes/No</td>
</tr>
<tr>
<td>g) Have you ever been involved in litigations, suits or proceedings or have been involved in any financial liability of contingent or unascertained nature?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>h) Have you ever been at any time convicted of an offence involving fraud or dishonesty or financial irregularities?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>i) Have you ever been associated with or a trading member of or subscriber to or a shareholder or debenture holder of any other commodity/stock exchange?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>j) Have you ever been denied / rejected membership of any commodity/stock exchange or commercial organization? If yes, when?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>k) Have you committed any act which may render you liable to be wound-up?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>l) Have you ever been suspended / expelled / declared a defaulter on any other commodity/ stock exchange or have been debarred from trading in commodities/securities by any Regulatory Authorities like FMC, RBI, SEBI, etc.?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>m) Have you ever had a provisional liquidator or receiver or official liquidator appointed by a competent court against you or your properties?</td>
<td>Yes/No</td>
</tr>
</tbody>
</table>

(In case answers to any of the above questions is yes, then please provide details enclosing separate sheet)
11. Membership Type

| Admission Fees based / Deposit Base (Strike whichever is not applicable) |

12. Commodities Interested

_____________________________
(Signature of the Transferee)

I / We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for transfer of membership or breach of any undertaking or condition for transfer of membership entail rejection of our application.

I/We hereby state that the above-mentioned particulars are true, correct and complete to the best of my/our knowledge and information. I/We also state that no relevant material fact has been suppressed.

For ____________________________ (Trade name of the Transferee)

____________________
(Rubber Stamp)

(Signature of the Transferee)

Name of the Signatory

Date: ........................................

Place: ........................................

The above facts have been verified by us and found to be true and correct.

____________________
(Signature of the Transferor)
Agreement for Transfer of Membership

This Agreement made and executed at _______________ on this ________ day of ________________

By and Between

__________________________________________________________________________ (hereinafter referred to as “Transferor”, which expression shall, unless excluded by or repugnant to the subject or context thereof, mean and include its affiliates, successors, successors-in-office and permitted assigns) through its Director or his / her designated representative of the FIRST PART

AND

__________________________________________________________________________ (hereinafter referred to as “Transferee”, which expression shall, unless excluded by or repugnant to the subject or context thereof, mean and include its affiliates, successors, successors-in-office and permitted assigns) through its Director or his / her designated representative of the SECOND PART

Transferor and Transferee are referred to jointly herein as “the Parties” and severally as a “Party” to this Agreement.

Transferor is a full fledged trading cum clearing member of Multi Commodity Exchange (MCX) registered on ----------------- having Membership ID --------- ---------------------------------- and UMC No--------------------------------------------

Transferee ......................................................... (Give details of transferee)

Transferee is desirous of acquiring the membership rights of MCX from the Transferor and the Transferor has decided to transfer his/her/ their Membership right of MCX to the Transferee subject to approval of MCX and as per the provisions of Bye-Laws, Business Rules, Rules including Circulars and instructions issued by MCX from time to time.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. The transfer of this Membership shall be subject to the compliance by Transferor and transferee of all the provisions of Bye-Laws, Rules and Business Rules including Circulars and instructions issued by MCX from time to time. The Transfer shall be further subject to the Forward Contracts (Regulations) Act, 1952 (hereinafter referred to as “FCRA”, the Forward Contracts (Regulation) Rules, 1954 (hereinafter
referred to as “FCRR”) all amended from time to time and the rules, regulations, directives, orders, guidelines, norms and circulars issued by the Government of India and / or FMC there under from time to time. The Transfer shall also be subject to appropriate approvals from the competent authority of MCX.

2. The Transferor shall be responsible to pay all the outstanding dues of MCX and FMC if any including the payment of Annual Subscription of MCX, Stamp duty, Service Charges, fines, penalties, transaction charges, taxes, duties, claims and all other dues and charges and all other liabilities arising due to business / work carried on by the Transferor during the period his/its Membership.

3. The consideration agreed and payable by the Transferee to the Transferor for acquiring the Membership right of MCX shall be Rs. _______(Rupees ___________________________ only). The consideration agreed upon herein is paid by the Transferee to the Transferor vide Demand Draft / Pay Order / Cheque No. _______ dated _______________ for Rs. ___________ (Rupees ___________________________ only), which the Transferor hereby acknowledges as full consideration received for the Membership of the Exchange.

4. The Transferor will be liable for all the outstanding dues, claims and charges, fees and other dues payable to constituents.

5. That the Transferor shall extend his/its full co-operation and sign all such papers and documents as required.

6. That the Transferor and the Transferee agree and acknowledge that they will execute an undertaking as per the format provided by MCX.

7. The Transferee is aware that the transfer agreement will not entitle him to become the Member of MCX automatically and that he/she should be otherwise qualified to be Member of MCX as per the Bye-Laws, Rules and Business Rules including Circulars and instructions issued by MCX from time to time. Transferee represented that he is qualified to become Member of MCX including having appropriate net worth and is not a director/ partner/ associate/holding company or subsidiary of an existing member of MCX.

8. In the event of failure on the part of Transferor to pay all the outstanding dues of MCX or FMC including the payment of Annual Subscription of MCX and FMC, Stamp duty, Service Taxes / Charges, fines, penalties, Transaction charges and all other dues and charges and all other liabilities arising due to business / work carried on by the Transferor during his/its Membership, the said amount shall be paid by the Transferee upon the latter’s admission in MCX as instructed by MCX & FMC from time to time.

9. It is further agreed by the Transferor that for any claims before arbitration/ courts arising out of the transaction by the Transferor before transfer, that the Transferor pleads himself will be a party and abide by the decision of the court/ arbitrator.
10. The **Transferee** understands and acknowledges that he/she can become Member of MCX only upon:

a) the **Transferor** has cleared all his/its dues to MCX and FMC if any up to the date of approval of the said transfer by the Exchange.

b) the **Transferee** has completed all the formalities with the Exchange for his/its registration as a Member including the payment of security deposit, processing charges to MCX and submission of all the information and the documents required for his/its registration as a Member of the Exchange.

c) the Membership Committee has recommended to approve the proposed transfer request and the Executive committee of the Exchange has admitted the Transferee as a Member of the Exchange,

Provided further that if after admitting the **Transferee** as a Member of the Exchange by the Board, FMC does not register the **Transferee** as a Member of the Exchange for any reason what so ever, the Membership shall provisionally continue till such time to be in the name of the **Transferee** till he/she transfer her/ his/its Membership in favor of another prospective eligible Member without any recourse to the Exchange or the Transferor.

Provided further that admission of Transferee as a member of MCX does not and can not give raise to any presumption whatsoever that transferor had cleared all the dues and settled all the claims.

11. The Transferor has agreed to transfer the following documents/ registers to the Transferee:

a)

b)

which the **Transferee** hereby acknowledges the receipt of the same from the Transferor.

12. This Agreement is subject to laws of India and to the exclusive jurisdiction of courts in India.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and the year first above written.

__________________________________________
**Signed by, for and on behalf of**

Authorized Signatory

Name:

Title:

__________________________________________
**Signed by, for and on behalf of**

Authorized Signatory

Name:

Title:
Undertaking by Transferor

(To be executed on Rs.300/- Non Judicial Stamp paper)

This undertaking made on this ____ day of __________, ______ by:

Mr. / Ms/ M/S. ----------------------------- resident of -----------------------------

--------------------------------------
(give complete details of Transferor)(hereinafter called the
="Transferor", which shall be deemed to include his/her heirs, successors and legal
representatives) in favour of Multi Commodity Exchange of India Limited, having its
Registered office at Exchange Square, 255,Suren Road, Chakala, Andheri (East), Mumbai-
400 093 India (hereinafter called the “MCX”, which shall include it’s affiliates, successors
and assigns).

WHEREAS

(a) The Transferor is a full fledged trading cum clearing member of MCX with effect from
__________ having Membership ID No.__________ and UMC No__________________.

(b) The Transferor, subject to the approval of MCX and as per the provisions of the Bye-
laws, Business Rules, Rules including circulars and instructions, has decided to transfer the
membership rights of MCX to ……………………… (Name of the Transferee).

NOW THEREFORE, in consideration of and as a condition precedent for MCX
permitting the Transfer of membership, the Transferor undertakes as follows:

a. The Transferor undertakes that he /she/ it has not committed any breach of the
provisions of Bye- Laws, Rules, Business Rules of the Exchange including any circular,
order, direction, notice, instruction issued by MCX from time to time;

b. The Transferor undertakes that he/she/it has maintained and preserved such
information, records, books and documents pertaining to the working of the Transferor
as a Trading-cum-Clearing Member and shall continue to preserve the said document
for a minimum period of 3 years or any other longer period as may be required by MCX
FMC or any other authority;

c. The Transferor undertakes to produce the same as and when required by MCX / FMC
for inspection and give access to all records, books, information, documents, etc. in
whatever form to MCX or FMC or any other authority;
d. The Transferor undertakes and represents that he/she/it has not been declared defaulter by any other Commodity Exchange;

e. The Transferor hereby confirms and undertakes that he/she/it has transferred/proposed to transfer the membership right to the Transferee for lawful consideration only.

f. The Transferor represents that he/she/it has cleared all the dues along with all the liabilities, claims, demands and further undertakes that there are no claims pending against it/him and if pending the Transferor undertakes to pay and discharge the same before actual transfer takes place. The Transferor undertakes to become a party to the Arbitration or any of the proceedings in which a claim is made along with the transferee for any claim or dispute on account of his dealing, transaction, contracts and covenants in the capacity as a member of MCX that had arisen before the actual transfer took place.

g. That the Transferor represents and undertakes that it had verified the antecedents of the transferee and satisfied that the transferee is qualified as per the Bye-Laws, Business Rules, Rules and requirements of MCX to become a member, and that he/it is fit and proper.

h. The Transferor undertakes to remain liable even after the transfer is effected for the commissions and omissions done by the transferor prior to the date of transfer and undertakes that MCX has full right and authority to take such actions against the Transferor as deemed fit and proper under its Bye-Laws, Rules, Business Rules of the Exchange including any circular, order, direction, notice, instruction issued by MCX from time to time and undertake to abide by such decisions of MCX;

i. The Transferor hereby confirms that in case of default of the Transferor, he/she shall be liable to pay the dues of MCX out of his/her personal or other assets. The Transferor further understands that in case of default of the Transferor, MCX shall be legally entitled to attach through due process of law the personal, movable and immovable, properties of the Transferor;

j. That the Transferor undertakes that as on date it/she/he has not received any notice in connection with any insolvency proceedings or creditors winding up proceedings and no proceedings are pending against the Transferor.

k. The Transferor further represents that FMC or any commodity exchange has not taken any disciplinary action against him/her;

l. That without prejudice to the rights, remedies available to MCX upon the Transferor's non-compliance with this Undertaking, the Transferor shall indemnify and keep MCX indemnified against any losses, damages, demands, charges or expenses, including attorney’s fees, suffered by MCX by virtue of transfer and on account of violation of this undertaking;
m. The Transferor acknowledges and undertakes that the consideration is being exchanged directly between himself/herself/itself and the Transferee. MCX is hereby authorised to proceed for transfer of membership based on the “Agreement for the transfer of Membership, undertakings, and other necessary documents executed for transfer of membership” and that the transfer process will not be stalled/challenged subsequently for lack or inadequacy of consideration or for any other reason or dispute between the Transferor and the transferee.

The Transferor hereby confirms that the information provided in this Undertaking is true and correct to the best of the knowledge and belief.

Name:
Signature:
Address:

Witnesses:
Name & address:
Annexure 4
(Rule 8.2.3)

Undertaking by Transferee
(To be executed on Rs.300/- Non Judicial Stamp Paper)

This Undertaking made on this __ day of __________, ______ by:

Mr. / Ms/ M/S. ------------------------------ resident of -------------------------------

(“Transferee ”, which shall be deemed to include his/her heirs, successors and legal
representatives) in favour of Multi Commodity Exchange of India Limited , having its
Registered office at Exchange Square, 255, Suren Road, Chakala, Andheri(East), Mumbai-
400 093 India  (hereinafter called the “MCX”, which shall include it's affiliates, successors
and assigns).

WHEREAS:

Transferee is desirous of acquiring membership rights of MCX from , the Transferor
herein. The Transferor has decided to transfer his/her/ their Membership right of MCX
to the Transferee subject to approval of MCX and pursuant to the provisions of Bye-Laws,
Rules, Business Rules including Circulars and instructions issued by MCX from time to
time.

NOW THEREFORE, in consideration of and as a condition precedent for MCX
permitting of the Transfer of membership, the Transferee undertakes as follows:

1. The Transferee undertakes that he / it will not commit any breach of the provisions of
Bye- Laws, Rules, Business Rules of the Exchange including any circular, order,
direction, notice, instruction issued by MCX from time to time;

2. The Transferee undertakes that he/it will maintain and preserve such information,
records, books and documents received from the Transferor for a minimum period of 3
years or such other period as may be required by MCX or FMC or any other authority;

3. The Transferee undertakes to produce the above said documents , if any , as and when
required by MCX / FMC for inspection and give access to all records, books,
information, documents, etc. in the form as may be required by MCX or FMC or any
other statutory authority;

4. The Transferee undertakes that he/She/it has received all the documents, registers,
records from the Transferor pertaining to the membership under transfer and further
undertakes to obtain necessary no objection from the existing clients of the Transferor
to continue to deal with them as his/her/ its clients;

5. The Transferee further undertakes that “Know Your Client” (KYC) requirement of the
existing client of the Transferor will be fully completed/ updated before commencement of any dealings with them;
6. The Transferee undertakes and represents that he/she/it has not been declared defaulter by any other Commodity or Stock Exchange;

7. The Transferee hereby confirms and undertakes that he/she/it will acquire / has acquired proposed membership right from the Transferor for lawful consideration only.

8. That the Transferee represents and undertakes that it/he/she is legally qualified to become a member as per the Bye- Laws, Business Rules, Rules and requirements of MCX and is not a director/partner/associate/holding company or subsidiary company of an existing member of MCX.

9. The Transferee undertakes to remain liable for the commissions and omissions done by him/her/it and undertakes that MCX has full right and authority to take such actions against the Transferee as deemed fit under the provisions of Bye- Laws, Business Rules, Rules of the Exchange including any circular, order, direction, notice, instruction issued by MCX from time to time and undertake to abide by such decisions of MCX;

10. The Transferee hereby undertakes that in case of default of the Transferor in settling the claims/demands/dues arising before transfer, the Transferee shall be liable to pay the dues of MCX. The Transferee further agrees that in case of default of the Transferee, MCX shall be legally entitled to attach through due process of law all personal, movable and immovable, properties of the Transferee;

11. That the Transferee undertakes that as on date he/she/it has not received any notice in connection with any insolvency proceedings or creditors winding up proceedings and no legal proceedings pending against the Transferee. The Transferee further represents that FMC or any commodity exchange has not taken any disciplinary action against him/her/it.

12. That the Transferee further undertakes that subsequent to transfer, in the event of failure on the part of Transferor to pay any liability, demand, charges etc. which had arisen prior to transfer the same shall be recovered from the Transferee.

13. That without prejudice to the rights, remedies will be available to MCX upon the Transferee's non-compliance with this Undertaking, the Transferee shall indemnify and keep indemnified MCX against any loss/damage suffered by MCX by virtue of this transfer and on account of violation of this undertaking.

14. Transferee understands and undertakes that this transfer per se does not entitle him to the membership of MCX and that he/she/it has to otherwise qualify for the membership, and that he/she/it will file necessary application as per format prescribed by MCX, attend an interview before the Membership Admission Committee and pay necessary fees, security deposit VSAT charges or any other charges as may be required to MCX to become member of MCX and that if found and not qualified MCX has every right to reject the membership.

15. Transferee acknowledges and undertakes that the consideration is being exchanged directly between himself/herself/itself and the Transferor. MCX is hereby authorised to proceed for transfer of membership based on the “Agreement for the transfer of Membership”, undertakings, and other necessary documents executed for transfer of membership and that the transfer process will not be stalled/challenged subsequently
for lack or inadequacy of consideration or for any other reason whatsoever or dispute between the transferee and the transferor.

16. The Transferee hereby confirms that the information provided in this Undertaking is true and correct to the best of the knowledge and belief of the Transferee.

Name:
Signature:
Address:
Witnesses:
Annexure –5(a)

(Rule – 8.2.4)

BOARD RESOLUTION (Transferee)

(CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF __________________________ (NAME OF COMPANY) HELD ON_________ (DATE) AT _________________ (PLACE OF MEETING)

Resolved that the Board of Directors of the company be and do hereby authorize the company to acquire the Membership rights of Multi Commodity Exchange of India Ltd from ___________________________________________(Name of the Transferor) and to make the necessary application and give the necessary undertakings, affidavits and such other documents as may be necessary for effecting the transfer of Membership in the Name of the company.

Resolved further that the company authorizes Shri_____________ (Director of the company) to execute all the necessary documents including irrevocable undertaking and to submit all such other necessary paper as are required by Multi Commodity Exchange of India Limited from time to time.

Certified to be true

For __________________________ (Name of Company)

_________________________________ (Signature)

(Affix Rubber Stamp of the company)
Annexure – 5(b)
(Rule 8.2.4)

BOARD RESOLUTION (Transferor)

(CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF __________________________ (NAME OF COMPANY) HELD ON__________ (DATE) AT ___________________ (PLACE OF MEETING)

Resolved that the Board of Directors of the company be and do hereby authorize the company to transfer Membership rights of Multi Commodity Exchange of India Ltd to __________________________(Name of the Transferee) and to make the necessary application and give the necessary undertakings, affidavits and such other documents as may be necessary for effecting the transfer of Membership to __________________________(Name of the Transferee).

Resolved further that the company authorizes Shri_____________ (Director of the company) to execute all the necessary documents including irrevocable undertaking and to submit all such other necessary paper as are required by Multi Commodity Exchange of India Limited from time to time.

Certified to be true

For __________________________ (Name of Company)

______________________________ (Signature)

(Affix Rubber Stamp of the company)
MEM/RD/05

Format of Networth Certificate

Certificate dated ............... submitted by ............... with MCX (For Corporates, Partnership Firms, Individuals, Sole Proprietor, Institutions, Co-operative Societies)

CERTIFICATE

This is to certify that the Net worth of M/s. / Mr. / Ms. ......................... as on ............... is Rupees ..................... only.

It is further certified that the computation of Net worth, based on my / our scrutiny of the books of accounts, records and documents, is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.

Place: ___________________________

For - (Name of Accounting Firm)

Date: ___________________________

Name of the Partner/Proprietor
Chartered Accountant
Membership Number

Computation of Networth of the Members

The Members will have the option of computing their net worth as per any of the two methods given below. However, once a Member chooses one of the two given methods, he will have to continue to compute his net worth using the same method unless a change of method is specifically approved by the Exchange.

Method 1:

The net worth to be computed as per any of the formats given below:

<table>
<thead>
<tr>
<th>Paid up Capital *</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net worth calculated as follows:</td>
<td></td>
</tr>
<tr>
<td>Paid up Capital</td>
<td></td>
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<tr>
<td>Add: Reserve &amp; Surplus</td>
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<tr>
<td>(excluding revaluation reserves)</td>
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<tr>
<td>Less: Accumulated losses if any -</td>
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<tr>
<td>Less: Miscellaneous Expenditure -</td>
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</tr>
<tr>
<td>Total Net worth</td>
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</table>
* Give details of capital issued after the date specified above.

**Method 2:**

By valuation of assets on the following basis:

A. Listed (Quoted) investments in the name of the applicant (at market value)
   (Detailed list to be enclosed)
B. Margin of 30% on market value of listed (quoted) Investments
C. Net value of listed Investments (A) – (B)
D. Investments in unlisted (unquoted) companies (as per note no. 2)
E. Margin of 50% on (D)
F. Net value of unlisted Investments (D) – (E)
G. Other Investments (at cost) like PPF, NSC at current value, Statutory deposits with
   MCX, Deposits with registered NBFCs, Bank FDs
H. Total Net Investments (C) + (F) + (G)
I. Market Value of Land & Building component of the Fixed Assets (Full details of
   such assets like survey number, location, address, extent of land & building to be
   furnished)
J. Margin on I at 50%
K. Net value of such fixed assets (I – J).
L. Debtors not exceeding 3 months + Cash & Bank balance
M. Current Liabilities
N. Long term liabilities
O. Net worth (H + K + L) – (M + N)

Notes:-

1. Valuation of fixed assets for the consideration of net worth would have to be certified
   by government approved valuers which should not be more than 2 years old. Only
   those items of land & building that are in the name of the member as well as in the
   possession of the member shall be included under the head (I) - Land & Building
   component of the Fixed Assets. Those properties that are leased out by the member
   or taken on lease shall not be included for computation of net worth. Fixed Assets
   other than Land & Building shall not be included for the purpose of computation of
   net worth.

2. Valuation of unlisted investments would be at “fair value” of the said investment, i.e.
   the average of the “break up value” and the “earning value”. For this purpose: -

   a) The “break up value” means the equity capital and reserves as reduced by intangible
      assets and revaluation reserves, divided by the number of equity shares of the investee
      company.

   b) The “earning value” means the value of an equity share computed by taking the
      average of profits after tax as reduced by the preference dividend and adjusted for
      extra-ordinary and non-recurring items, for the immediately preceding three years and
      further divided by the number of equity shares of the investee company and
      capitalised at the following rate: -
- In case of predominantly manufacturing company, eight percent;
- In case of predominantly trading company, ten percent; and
- In case of any other company, including an NBFC, twelve percent;
- If, an investee company is a loss making company, the earning value will be taken at zero. (For e.g. earning value for an NBFC with capitalisation rate of 12%, is earning per share multiplied by 100/12)

3. Details of items comprising investments, current assets, current liabilities and long term liabilities should be given separately.

4. Current assets should exclude loans to related entities, bad and doubtful debts and debts outstanding for more than 3 months, advance against capital assets, pledged securities / assets, prepaid expenses and also intangible assets.

5. Debtors should be distinguished as debtors arising from commodity operations and others.

6. Value of membership card / Deposits with any other Stock / Commodity Exchange are to be excluded for the purpose of computation of net worth.

7. Advance / Investment with or debts due from persons / entities notified under Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 are to be excluded for the purpose of computation of net worth.
SHAREHOLDING PATTERN (FOR CORPORATE)

(ON COMPANY’S LETTER HEAD)

SHAREHOLDING PATTERN  _____________________________ (Name of Member) as on ____________
Paid up capital : Rs.

Face value of each equity share (or any other instrument) : _____________ Rs.

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Name #</th>
<th>Number of shares held</th>
<th>Amt paid-up (Rs.)</th>
<th>%age of total</th>
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<td>100%</td>
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NOTES:
# In case of body corporate, give similar details thereof separately.
@ Persons holding 5% or more of the paid up capital should be shown separately and not clubbed in Others.

DATE:

PLACE:

SIGNATURE(s)  SIGNATURE(s)
DESIGNATED DIRECTORS  DESIGNATED DIRECTORS
WITH THEIR NAMES  WITH THEIR NAMES
Rubber stamp  Rubber stamp
AUDITOR’S CERTIFICATE

This is to certify that the Shareholding in as given above, based on my/our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Place:  
Date:  

For (Name of Accounting Firm)

Name of the Partner  
Chartered Accountant  
Membership Number  
Rubber stamp
SHARING PATTERN (FOR PARTNERSHIP FIRM)  
(ON FIRM’S LETTER HEAD)

SHARING PATTERN of ______________________________ (Member Name)  
as on ______________________________

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Name</th>
<th>Capital in the Firm</th>
<th>Share in Profits</th>
<th>Share in Losses</th>
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</table>

**TOTAL**  
100% 100%

Date: 
Place: 
Signature of Manaing Partner(s)

**CERTIFICATE**

This is to certify that the Capital and Sharing Pattern of ______________ as given above, based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Date: 
Place:  
For (Name of Accounting Firm)

Name of Partner  
Chartered Accountant  
Membership Number

**Rubber stamp**
DPG-1:

Details of Dominant Promoter Group as on _______

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name</th>
<th>No of Shares*</th>
<th>Total Amount Paid*</th>
<th>% of total*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Self Relative</td>
<td>Self Relative</td>
<td>Self Relative</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total:

Date:

Place:

Signature(s)

**CERTIFICATE**

This is to certify that the shareholding as given above, based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per the information provided to my /our satisfaction.

Date: For (Name of Chartered Accountant firm)

Place:

Name of Proprietor / Partner

Stamp of the firm of Chartered Accountants

Membership Number:

*For arriving at the shareholding of persons constituting the Dominant Promoter Group the shareholding of close relatives, namely parents, spouse, children and their descendants, brothers, sisters and associates only may also be counted provided these relatives give an irrevocable, unconditional support in writing on the prescribed format of Exchange.
DPG-2:

Undertaking from Relative of Persons constituting DPG (Dominant Promoter / Partner Group)

{Each relative is to submit separate copy of this disclosure in the form of Annexure}

I, Mr. / Ms. / Mrs. _______________, son / daughter / wife of __________________________ resident of ____________________

declare that

I am the absolute owner of ___________ (Number of shares) Shares of Rs.___________ each of Rs._____ per share paid up, which constitutes______ % of the total paid up capital of the company____________________ Private Limited / Limited ____________ as on this date.

OR*

I am partner in the Partnership Firm__________________________ For sharing profit and loss to the extent of ____% as as_______ (Date)

* Strike out whichever is not applicable.

I state that I shall irrevocably and unconditionally support in respect of my Shareholding / sharing pattern. Mr. / Mrs.____________________, a shareholder / partner in the above mentioned company / partnership firm. I further state that I have no objection to my above mentioned shareholding / sharing pattern being clubbed with the shareholding / sharing pattern of Mr / Mrs____________________ who is my_____________ (give relationship with the latter) for the purpose of determining the dominant promoter / partner group of the said Company / Partnership Firm

This support is irrevocable and I also undertake to give prior information to the Multi Commodity Exchange of India Limited before selling or otherwise transferring my part or whole of my above mentioned shareholding / sharing pattern.

WITNESS BY:

(1) Name:

Address:

Signature:

Place:

Date:

(2) Name:

Address:

Signature:

Place:

Date:
CERTIFICATE

This is to certify that the shareholding / sharing pattern of ______________________ as indicated above, based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.

Date: For (Name of Chartered Accountant firm)
Place:

________________________________________
Name of Proprietor / Partner
Chartered Accountants
Membership Number:
Stamp of the firm

*For arriving at the shareholding of persons constituting the Dominant Promoter Group the shareholding of close relatives, namely parents, spouse, children and their descendants, brothers, sisters and associates only may also be counted provided these relatives give an irrevocable, unconditional support in writing on the prescribed format of Exchange.
UNDERTAKING FROM CORPORATES SUPPORTING

We, M/s ______________________ Limited, incorporated as a company under the Companies Act, 1956 and having its registered office at: ______________________________ do hereby state that:

(a) The shareholding of Mr. / Ms. ______________________* in our company in direct proportion to our shareholding in the TCM company.

(b) We are having_________% shareholder of the TCM Company and Mr. / Ms ______________________ dominant promoters of the Trading Member Company along with his / her specified relatives i.e. ___________ are having_____% shareholding in our company.

(c) Mr. / Ms ______________________* have requested Multi Commodity Exchange of India Limited to consider their shareholding in our company in the irrevocable undertaking extending unconditional support to Mr. / Ms ______________________
(Name of the Dominant Promoters of the TCM company) to enable Multi Commodity Exchange of India Limited to consider aforesaid as dominant group.

(d) We hereby extend our unconditional and irrevocable support in support of Mr. / Ms ______________________ (Name of the Dominant Promoters of TCM company) for the purpose of the determining the dominant group in the said TCM company.

(e) We also undertake to give prior information to Multi Commodity Exchange of India Limited before effecting any change in the shareholding of Mr. / Ms ______________________*

WITNESS BY:
(1) Name: ______________________ Address: ______________________
Signature: ______________________ Place: ______________________
Date: ______________________

(2) Name: ______________________ Address: ______________________
Signature: ______________________ Place: ______________________
Date: ______________________

* Name of Dominant Promoters of the TCM Company along with their specified relatives having shareholding in the corporate giving the undertaking.
CERTIFICATE

This is to certify that the shareholding of ______________ as mentioned below, based on my / our scrutiny of the books of accounts, records and documents.

We further certify that the information given above is true and correct to the best of our knowledge and as per the information provided to our satisfaction.

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Name of Shareholder</th>
<th>No of Shares</th>
<th>Paid up Share Capital</th>
<th>% of share holding</th>
</tr>
</thead>
</table>

For ______________________

Date: ______________________
Place: ______________________

Name of Chartered Accountant Firm
Membership Number
Stamp of firm of Chartered Accountant

Firm
Public Notice

Transfer of Membership

Name of Member
Address

**Member of**
MCX
Registered Office: Exchange Square,
255, Suren Road, Chakala, Andheri (East),
Mumbai – 400 093.

NOTICE is hereby given that Mr./Ms./M/s. ____________________
______________
__________, Member of MCX having Membership ID No.
____________ and Forward Markets Commission, Unique Member Code No. as
____________ are applying / have applied to MCX for transfer of our Membership.

Any client/person having any claim / dispute / grievance against us arising out of our
transactions in commodities futures through MCX may furnish details of his / their claim in
writing to the Membership Department of the Exchange (MCX) at the Registered Office
address indicated above, enclosing therewith all supporting documents, within 15 days of
the publication of this Notice.

For ____________________ (Trade Name of the Member).

Signature of the Authorized Person

Name of the Authorized Signatory
Designation

Date:
Place:

------------------------------------------------
Application for surrender of Trading-cum Clearing Membership of MCX

(To be given on the letterhead of the member)

Date:

To
The Membership Department,
Multi Commodity Exchange of India Ltd. (MCX),
401, Boston House, 4th Floor,
Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093.

Dear Sir,

Sub: - Surrender of Trading-cum Clearing Membership of MCX

Name of the member:
Member ID:
FMC Unique Member Code:

This is with reference to the captioned subject,

1. I/We hereby apply for surrender of my/our Trading-cum Clearing Membership of the Exchange.

2. *The Board of Directors of our company at its meeting held on ___________ has decided to surrender our Trading-cum-Clearing Membership of the Exchange. The certified copy of the relevant Board resolution is enclosed.

   OR

   *The Partners of our firm at its meeting held on ___________ has decided to surrender our Trading-cum-Clearing Membership of the Exchange.

3. I/We hereby declare that:
   
   i. I/We have intimated all my/ our clients/ constituents regarding surrender of membership more than 21 days prior to date of this application.
   
   ii. My/Our open positions as on the date of this application are nil.
   
   iii. I/We have no pending dues towards the Exchange, clients and Forward Markets Commission.

1 Entire Annexure XX inserted vide Circular No.MCX/ME/189/2008 dated 3/6/2008
iv. There are no pending disciplinary proceedings against me/us from the Exchange or Forward Markets Commission.

v. There are no investor complaints/ arbitrations pending against me/us.

4. I/We are enclosing the original membership certificate(s) for cancellation of our registration as a member of the Exchange.

5. I/We request you to kindly de-activate / withdraw our trading facility.

6. I/We further undertake to replace/renew the maturing non-cash component of the initial security deposit suitably till the release of initial security deposit by the exchange.

Further, I/ We state that the above mentioned details are true and correct and I/We understand that for any wrong statement I/We are liable for legal action.

Kindly approve our application for surrender of our Trading-cum-Clearing membership.

Thanking you,

Yours sincerely,

1. __________________________ (Signature with rubber stamp of the entity)

2. __________________________ (Signature with rubber stamp of the entity)

Encl:

i. Original Membership Certificate
ii. Board Resolution, in case of Corporate Members
iii. Letter of Authority from all partners authorizing a partner/ Managing Partner

Notes:

- In case of an individual / HUF, the surrender application/ documents shall be signed by the Individual / Karta of HUF.

- In the case of a partnership firm, the surrender application shall be signed by Partner(s) by submission of letter of authority from all partners authorizing a partner/ Managing Partner to sign the surrender application / documents (suggested format enclosed).

- In the case of a Corporate, the surrender application / documents are to be signed by a director authorized by the Board as per the Board resolution (suggested format enclosed).
(Part – B)

Suggested format of Board resolution for Surrender of Trading-cum-Clearing Member

(To be given on the letter head of the member)

Certified true copy of the resolution passed at the meeting of the board of Directors of ____________________ (Name of the Company) held on ________________ (Date) at __________________________________________________________________________ (Place of meeting).

Resolved that the Board of Directors of the company be and do hereby authorize the company to surrender the Trading-cum-Clearing Membership of the Multi Commodity Exchange of India Limited and to make necessary application, give undertakings and such other documents as may be necessary for effecting the surrender of Trading-cum-Clearing membership.

Resolved further that Shri ____________________ and Shri ____________________, Directors of the company are authorized to sign jointly, singly or severally all the necessary applications, undertakings and such other documents as may be necessary for surrendering the Trading-cum-Clearing Membership of Multi Commodity Exchange of India Limited.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN

COMPANY SEAL

DATE

PLACE

Specimen Signatures of Authorized Signatories.

<table>
<thead>
<tr>
<th>Name of Authorized Signatory</th>
<th>Specimen Signature</th>
</tr>
</thead>
</table>
Letter of authority

From all Partners authorizing a Partner / Managing Partner for signing the application and related documents for Surrender of Trading-cum-Clearing Membership
(To be given on the letter head of the member)

To
Multi Commodity Exchange of India Ltd
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai-400093.

Dear Sir/Madam,

We, the partners, of ________________ (name of the firm) vide our meeting held on __________ have agreed to surrender our Trading-cum-clearing Membership of Multi Commodity Exchange of India.

Further, Mr/Mrs __________________ and Mr/Mrs __________________ Partner(s) of the firm are authorized to sign jointly, singly or severally all the necessary applications, undertakings and such other documents as may be necessary for surrendering the Trading-cum-Clearing Membership of Multi Commodity Exchange of India Limited.

Name of all Partners Specimen Signature of all Partners

Date
Place
Rubber Stamp of the Firm
Format of Advertisement for Surrender of Trading-cum-Clearing Membership

Trade Name of the Member
Address

NOTICE is hereby given that I/ We, Mr./Ms./M/s.________________________, Member of MCX having Membership Id No._______ and Forward Markets Commission Unique Member Code____________ have applied to MCX for surrender of Trading-cum Clearing Membership.

Any client/ person having any claim / dispute / grievance against us arising out of our transactions in commodities futures through MCX may furnish details of his / their claim in writing to the Membership Department of the Exchange (MCX) at the registered office indicated, enclosing therewith all supporting documents, within 90 days of the publication of this notice to:

Membership Department,
Multi Commodity Exchange of India Ltd. (MCX),
Exchange Square, 255, Suren Road,
Chakala, Andheri (East), Mumbai – 400 093

For (Trade Name of the Member)

Signature of the Authorized Person
Name of the Authorised signatory
Designation
Date:
Place:
Annexure - XXI

(Part – A)

Annexure – I
(Rule 8A)

To be submitted on Non-judicial stamp paper of Rs. 100/- & to be Notarized

Affidavit by the attesting witness to the Will

I, ______________ son of ______________ aged about ________ years residing at ______________, do hereby solemnly declare and affirm as under:

1. I have gone through the Will dated ____________ executed by ________________ wife/husband of ________________ residing at ________________.

2. I have signed the true copy of the said Will for the purposes of identification.

3. I say that I was the attesting witness to the Will of late ________________.

4. The other attesting witness ________________ and I signed the Will as witnesses after seeing late ________________ affixing his/her signature to the Will and we attested the same in the presence of each other and in the presence of the testator.

5. The late ________________ affixed his/her signature to the Will when he/she was in full possession of his/her senses and he/she knew fully well what he/she was doing, without any duress or threat.

6. I say that the said Will is the last Will / is the only Will executed by the deceased.

7. I say that the contents of this affidavit are true to the best of my knowledge and belief and nothing has been concealed.

Solemnly affirmed on _____ day of ______________, 200__ at _______.

(To be countersigned)
No objection Certificate to be submitted by Legal Heirs of the deceased in favor of the Applicant/s

Date:
To,
Multi Commodity Exchange of India Limited,
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai  400 093

Reg.  Transmission of Membership of late __________________________
(Membership Id__________) in favor of ________________.

I _________________, am (mention relationship) of late_____________________,
who was member of the Exchange under Membership ID _____________ and who expired on ________________.

I hereby agree and consent that I have no objection whatsoever in transmission of said Membership of Exchange to the name of ________________________, (mention relationship) of ___________________, who has applied for the same to the Exchange.

I confirm that neither myself nor my successors, shall have any claim or right or challenge the grant of membership to the applicant in any manner whatsoever.

________________________
Signature of legal heir
Name _________________
Address ______________________

Signed in presence of
Witness 1                  Witness 1
Signature: ________________  Signature: ________________
Name: _________________  Name: _________________
Address: _________________  Address: _________________

(To be countersigned)
Annexure - XXI

(Part – C)

Annexure – III
(Rule 8A)

To be submitted on Non-judicial stamp paper of Rs. 300/- & to be Notarized

Undertaking for Transmission of Membership

This Undertaking made on this _____ day of ____________, 200 by

Mr./Ms.______________________ resident of ___________________________(hereinafter referred to as the “Applicant” which shall be deemed to include his/her heirs, successors and legal representatives) in favour of Multi Commodity Exchange of India Limited, having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai 400 093 (hereinafter called as “MCX”, which shall include its affiliates, successors and assigns).

WHEREAS the Applicant is the legal heir of Member late _________ who expired on __________ (hereinafter referred to as “deceased Member”) of MCX bearing Membership No. ______; Dated ______ and

WHEREAS the Applicant has submitted to MCX the notarized copy of Succession Certificate/Probate granted by the competent court of Jurisdiction/Legal Heir Certificate granted by competent authority

WHEREAS the Applicant is desirous of succeeding the Membership rights of MCX from ________ (date) belonging to the deceased Member; and has submitted necessary no objection from other legal heirs of the deceased alongwith the application.

WHEREAS MCX has as a precondition to the Applicant being admitted as a Member on transmission of the Membership rights of the deceased Member, inter alia required the Applicant to furnish the undertaking in the manner and on the terms herein below, as per the Bye Laws, Rules, Business Rules including Circulars and instructions issued by MCX from time to time:

Now therefore in consideration of and a condition precedent for MCX permitting of Transmission of Membership, the Applicant undertakes as follows:

1. The Applicant undertakes to adhere to the Bye laws, Rules, Business Rules of MCX including any circular, order, direction and notice issued by MCX from time to time and shall comply with all such existing and future requirements with regard to admission and continuation as a Member.
2. The Applicant undertakes that he/she will maintain and preserve such information, records, books and documents pertaining to the business of the deceased Member and also of the Applicant as a member of MCX, for a minimum period of 3 years or for such period as may be required/specified by MCX or FMC or any other authorities from time to time.

3. The Applicant shall produce the information, documents, records and books as and when required by MCX or FMC for inspection in whatever form to MCX or FMC or any other authority.

4. The Applicant shall submit periodic reports, statements, certificates and such other documents as may be required by MCX, FMC or any other authority appointed for the purpose and shall comply with such audit requirements as may be stipulated by MCX, FMC or any other authority from time to time.

5. The Applicant undertakes that he/she has in possession all the documents, registers, records of the deceased Member pertaining to Membership under transmission and further undertakes to obtain necessary No Objection Certificate from the existing clients of the deceased Member to continue to deal with the Clients.

6. The Applicant undertakes that he/she shall submit all such documents to MCX, which are pending for submission from the deceased Member.

7. The Applicant further undertakes that “Know Your Client” (KYC) requirement of the existing Client(s) of the deceased Member will be fully completed / updated by the Applicant before commencing dealing with the Clients.

8. The Applicant undertakes and represents that he/she has not been declared as defaulter and no disciplinary action has been taken against him/her by MCX or any other Commodity Exchange or Stock exchange.

9. The Applicant represents and undertakes that he/she is legally qualified and is a fit and proper person to become a Member of MCX as per the Bye Laws, Rules, Business Rules and requirements of MCX and is not a director/partner/associate/holding company or subsidiary company of an existing member of MCX.

10. The Applicant undertakes that he/she shall remain liable for the commissions and omissions done by him/her and undertakes that MCX has full right and authority to take such actions against the Applicant as deemed fit and proper under the provisions of Bye Laws, Rules and Business Rules of the Exchange including any Circular, Order, Direction, Instruction issued by MCX from time to time and the Applicant undertakes to abide by such decisions of MCX.

11. That Applicant hereby undertakes that he/she will be liable for any unsettled claims, demands and dues arising before transmission of the Membership against the deceased Member including appearance and liability on the pending arbitration proceedings. The Applicant further agrees that in case of default of the Applicant, MCX shall be legally entitled to take action against of the
Applicant through due process of law and recover all such dues and liabilities against me/us.

12. The Applicant undertakes that there is no insolvency proceeding pending against him/her.

13. Without prejudice to the rights granted to the Applicant on transmission of Membership from deceased Member, the Applicant shall indemnify and keep indemnified MCX against any loss, damage suffered by MCX by virtue of this transmission and on account of violation of this undertaking.

14. The Applicant undertakes that if any dispute or claim arises on the validity or legality of the Will by any third Party, the Applicant shall be solely liable to the claims or disputes arising thereon and MCX shall be not liable or made a party to such claim or dispute and MCX reserves the right to recover damages from the Applicant to the extent of loss incurred due to such claims or disputes.

15. The Applicant understands and undertakes that this transmission per se does not entitle him to membership of MCX and he/she has to otherwise qualify for the Membership and that he/she will file necessary application as per format prescribed by MCX along with all necessary No objections, attend an interview before the Membership Admission Committee and pay necessary fees, security deposit, VSAT charges or any other charges as may be required to MCX to become a member of MCX.

16. The Applicant understands that if he/she is found not qualified to become a Member of MCX, MCX has every right to reject the transmission of Membership.

The Applicant does hereby confirm that the information provided in this undertaking is true and correct to the best of his knowledge and belief.

Signature: __________________________
Name: _____________________________
Address:____________________________

Witness:

Witness 1
Signature: ________________
Name: _______________________
Address: _________________

Witness 1
Signature: ________________
Name: _______________________
Address: _________________

(To be countersigned)
Annexure - XXI

(Part – D)

Annexure – IV
(Rule 8A)

MEM/RD/05

Format of Networth Certificate

Certificate dated ............ submitted by ............... with MCX (For Corporates, Partnership Firms, Individuals, Sole Proprietor, Institutions, Co-operative Societies)

CERTIFICATE

This is to certify that the Net worth of M/s. / Mr. / Ms. ......................... as on ............... is Rupees ..................... only.

It is further certified that the computation of Net worth, based on my / our scrutiny of the books of accounts, records and documents, is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.

Place: For (Name of Accounting Firm)
Date: 

Name of the Partner/
Proprietor
Chartered Accountant
Membership Number
Computations of Networth of the Members

The Members will have the option of computing their net worth as per any of the two methods given below. However, once a Member chooses one of the two given methods, he will have to continue to compute his net worth using the same method unless a change of method is specifically approved by the Exchange.

Method 1:

The net worth to be computed as per any of the formats given below:

<table>
<thead>
<tr>
<th>Paid up Capital *</th>
<th>Net worth calculated as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid up Capital</td>
</tr>
<tr>
<td></td>
<td>Add: Reserve &amp; Surplus</td>
</tr>
<tr>
<td></td>
<td>(excluding revaluation reserves)</td>
</tr>
<tr>
<td></td>
<td>Less: Accumulated losses if any -</td>
</tr>
<tr>
<td></td>
<td>Less: Miscellaneous Expenditure -</td>
</tr>
<tr>
<td></td>
<td>Total Net worth</td>
</tr>
</tbody>
</table>

* Give details of capital issued after the date specified above.

OR

Method 2:

By valuation of assets on the following basis:

A. Listed (Quoted) investments in the name of the applicant (at market value)  
   (Detailed list to be enclosed)
B. Margin of 30% on market value of listed (quoted) Investments
C. Net value of listed Investments (A) – (B)
D. Investments in unlisted (unquoted) companies (as per note no. 2)
E. Margin of 50% on (D)
F. Net value of unlisted Investments (D) – (E)
G. Other Investments (at cost) like PPF, NSC at current value, Statutory deposits with MCX, Deposits with registered NBFCs, Bank FDs
H. Total Net Investments (C) + (F) + (G)
I. Market Value of Land & Building component of the Fixed Assets (Full details of such assets like survey number, location, address, extent of land & building to be furnished)
J. Margin on I at 50%
K. Net value of such fixed assets (I – J).
L. Debtors not exceeding 3 months + Cash & Bank balance
M. Current Liabilities
N. Long term liabilities
O. Net worth (H + K + L) – (M + N)

Notes:-
1. Valuation of fixed assets for the consideration of net worth would have to be certified by government approved valuers which should not be more than 2 years old. Only those items of land & building that are in the name of the member as well as in the possession of the member shall be included under the head (I) - Land & Building component of the Fixed Assets. Those properties that are leased out by the member or taken on lease shall not be included for computation of net worth. Fixed Assets other than Land & Building shall not be included for the purpose of computation of net worth.

2. Valuation of unlisted investments would be at “fair value” of the said investment, i.e. the average of the “break up value” and the “earning value”. For this purpose:

   a) The “break up value” means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company.

   b) The “earning value” means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and non-recurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalised at the following rate:

   - In case of predominantly manufacturing company, eight percent;
   - In case of predominantly trading company, ten percent; and
   - In case of any other company, including an NBFC, twelve percent;
   - If, an investee company is a loss making company, the earning value will be taken at zero. (For e.g. earning value for an NBFC with capitalisation rate of 12%, is earning per share multiplied by 100/12)

3. Details of items comprising investments, current assets, current liabilities and long term liabilities should be given separately.

4. Current assets should exclude loans to related entities, bad and doubtful debts and debts outstanding for more than 3 months, advance against capital assets, pledged securities / assets, prepaid expenses and also intangible assets.

5. Debtors should be distinguished as debtors arising from commodity operations and others.

6. Value of membership card / Deposits with any other Stock / Commodity Exchange are to be excluded for the purpose of computation of net worth.

7. Advance / Investment with or debts due from persons / entities notified under Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 are to be excluded for the purpose of computation of net worth.
Annexure XXII

Guideline for Application of User ID Creation/Change or Cancellation

- Print the application form on the letter-head of member.
- Fill-up all blanks in the Application form (Don’t keep any column blank)
- Provide as much as possible details of user.
- Affix rubber stamp on each page of application and the same should also be signed by User and Member.
- The application form should be signed by Authorised Signatories (i.e. designated director in case of company / proprietor/ managing partner in case of Partnership firm/ karta in case of HUF).
- For application of User ID on internet, kindly forward annexure specified in circular no.MCX/19/2006 dated 14th Jan 2006. (Format for the same is given in Annexure II) The Internet User ID will not be created without the aforesaid annexure.
- For Cancellation of User ID, kindly mention the date on which you are sending the application and arrange to send the application on the same day by fax or by courier. (Any application receives after the date mentioned in application will not be processed).
- Submit the User ID undertaking on Non-Judicial Stamp Paper of Rs.100 within 3 days of the application.
- Kindly tick the appropriate column for mode of connectivity viz. VSAT/Leased Line/Internet.
- A member who does not own or has not paid for a VSAT/Leased Line shall be entitled to get only one Approved User registered without the payment of any charge. Such member shall not be entitled to get additional Approved User registered until the member obtains a VSAT/ Leased line.
- Note that any incomplete application/ request which is not properly filled will not be entertained by the exchange.
- Exchange reserves the right to allow/disallow any request by the member.
- In case of any query/doubt kindly contact our customer support department.

MEM/RE/12

(On Members Letter-Head)

Application for approval as Approved User

Member ID No.: __________

To,
Membership Department
Multi Commodity Exchange of India Limited
Exchange Square,

255, Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093
Fax No.: 022 – 6649 4151

Dear Sir,

Sub: Allocation of new User ID

I/We ____________________________ (Trade name of Member) hereby apply for
the approval of Mr./Ms. ____________________________ (Name of the User) to
act as our Approved User for trading on my/our behalf through Internet/VSAT/Leased
Line terminals.

<table>
<thead>
<tr>
<th>1. Status &amp; Address of the office where terminal is to be located.</th>
<th>2. Name of the person for whom this application for allotment of user ID is made (expand all initials)</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Regd. Office</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Head Office</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Dealing Office Address</td>
<td>☐</td>
</tr>
</tbody>
</table>

Address:

<table>
<thead>
<tr>
<th>City</th>
<th>Pin Code</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Phone No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Fax No</th>
<th>Mobile No</th>
</tr>
</thead>
</table>

E-Mail ID:

<table>
<thead>
<tr>
<th>3. Age of approved user</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Rules</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>4. Father’s name of Approved user</td>
<td></td>
</tr>
<tr>
<td>5. Address of the Approved user</td>
<td>Address:</td>
</tr>
<tr>
<td></td>
<td>City</td>
</tr>
<tr>
<td></td>
<td>State</td>
</tr>
<tr>
<td></td>
<td>Fax No</td>
</tr>
<tr>
<td></td>
<td>E-Mail ID:</td>
</tr>
<tr>
<td>6. Qualification of Approved user</td>
<td></td>
</tr>
<tr>
<td>7. PAN of Approved user or Copy of Application for PAN</td>
<td></td>
</tr>
<tr>
<td>8. Nationality of Approved user</td>
<td></td>
</tr>
<tr>
<td>9. Relationship of the proposed User with the Member i.e. an employee, agent on commission basis, client or others. (Pls. specify)</td>
<td></td>
</tr>
<tr>
<td>10. Mode of connectivity for trading from the office where terminal is located. (from where the proposed User would operate)</td>
<td>o VSAT ID o Lease Line ID o Internet</td>
</tr>
<tr>
<td>11. VSAT/Leased Line IP Address</td>
<td></td>
</tr>
<tr>
<td>12. User ID to be used on Internet (In case of Application for VSAT/Leased Line User ID)</td>
<td>YES / NO (Strikeout whichever is not applicable)</td>
</tr>
<tr>
<td>13. No. of Existing User IDs at the above VSAT/Leased line</td>
<td></td>
</tr>
</tbody>
</table>

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 Multi Commodity Exchange of India Limited (MCX).

In case of the said Mr./Ms. ______________________ 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 this application, as prescribed. I/We certify that I/we have not applied for any other user ID in the name of the said Mr./Ms. ______________________.
Business Rules

The User ID so allotted would be used by the said Mr./Ms. ________________________ only to access the MCX trading system.

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

I/We further certify that Mr. / Ms. ______________________ is not suspended/debarred by SEBI/BSE/NSE and other Stock Exchange/ Commodity Exchange.

Name & Signature of Approved User:

For (Name of Member)

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

Date:
Place:

Note: User ID’s shall be allotted after the Exchange is satisfied that the same can be allotted and at the discretion of the Exchange.
Dear Sir,

Trading through Internet

This has reference to your circular no. MCX/019/2006 dated January 14, 2006.

I have ___ user IDs of which ___ user IDs are accessing the trader workstation through Internet.

A list of those user IDs, listed as under, may please be allowed to log-in through the internet:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>User ID</th>
<th>Name of the user</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Yours faithfully
For (name of the member)

(Authorised Signatory)
Name of the Authorised Signatory
UNDEARTAKING FOR USER ID

(on a non-judicial stamp paper of Rs.100/-)

Whereas at our request made through M/s.____________________________, (Member ID NO___________) who is a member of Multi Commodity Exchange of India Limited (hereinafter referred to as “MCX”) has agreed to provide additional user ID/s to me/us and we hereby confirm that the terms and conditions of the undertaking for internet based trading been read and understood by me/us and I/we hereby undertake to comply with the same. We further undertake that we shall be responsible for all transaction done by me/us using this internet facility provided by MCX or for any risk arising out of internet use and shall not hold MCX responsible for any loss or risk arising from the use of internet trading.

Further, I/we __________________________________________(Name of the member) confirm that Mr/Ms.____________________________(Name of user) is not debarred/declared defaulter/suspended by SEBI/stock exchanges/other authorities.

I/we further confirm that I/we shall inform to MCX immediately whenever there is a change in our trading status/constitution due to above reasons.

Member Code ___________________ Approved User Code________________

Member Name ___________________ Approved User Name________________

Member Signature _______________ Approved User Signature ____________

Member Address _________________ Approved user Address_____________

_____________________________           ______________________________

_____________________________  ______________________________

_____________________________  ______________________________

(Approved User Photograph)
Application for Cancellation of Approved User

Member ID No.: __________

To,
Membership Department
Multi Commodity Exchange of India Limited
Exchange Square,
255, Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093
Fax No.: 022 – 6649 4151

Dear Sir,

Sub: Application for cancellation of User ID

One of our users, ____________ (Name of the user) having user ID No __________, provided by MCX, 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.
MEM/RE/12

Application for Change of Approved User

Member ID No.: ________

To,
Membership Department
Multi Commodity Exchange of India Limited

Exchange Square,
255, Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093
Fax No.: 022 – 6649 4151

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.

<table>
<thead>
<tr>
<th>User ID No.</th>
<th>Existing User Name</th>
<th>Proposed User Name</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Status & Address of the office where terminal is to be located.

- a. Regd. Office
- b. Head Office
- c. Dealing Office Address

Address:

<table>
<thead>
<tr>
<th>City</th>
<th>Pin Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>Phone No</td>
</tr>
<tr>
<td>Fax No</td>
<td>Mobile No</td>
</tr>
<tr>
<td>E-Mail ID:</td>
<td></td>
</tr>
</tbody>
</table>

1. Name of the person for whom this application for Change of User ID is made (expand all initials)
<table>
<thead>
<tr>
<th></th>
<th>Business Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Age of approved user</td>
</tr>
<tr>
<td>3.</td>
<td>Father’s name of approved user</td>
</tr>
<tr>
<td>4.</td>
<td>Address of approved user</td>
</tr>
<tr>
<td></td>
<td>Address:</td>
</tr>
<tr>
<td></td>
<td>City</td>
</tr>
<tr>
<td></td>
<td>State</td>
</tr>
<tr>
<td></td>
<td>Fax No</td>
</tr>
<tr>
<td></td>
<td>E-Mail ID:</td>
</tr>
<tr>
<td>5.</td>
<td>Qualification of approved user</td>
</tr>
<tr>
<td>6.</td>
<td>Relationship of the proposed User with the Member i.e. an employee, agent on commission basis, client or others (pls. specify)</td>
</tr>
<tr>
<td>7.</td>
<td>PAN of approved user</td>
</tr>
<tr>
<td>8.</td>
<td>Nationality of approved user</td>
</tr>
<tr>
<td>9.</td>
<td>Mode of connectivity for trading from the office where terminal is located, (from where the proposed User would operate)</td>
</tr>
<tr>
<td></td>
<td>VSAT ID</td>
</tr>
<tr>
<td></td>
<td>Lease Line ID</td>
</tr>
<tr>
<td></td>
<td>Internet</td>
</tr>
<tr>
<td>10.</td>
<td>User ID to be used on Internet</td>
</tr>
<tr>
<td></td>
<td>(In case of VSAT/Leased Line User ID)</td>
</tr>
<tr>
<td></td>
<td>YES / NO (Strikeout whichever is not Applicable)</td>
</tr>
<tr>
<td>11.</td>
<td>VSAT/Leased Line IP Address</td>
</tr>
</tbody>
</table>

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 Multi Commodity Exchange of India Limited (MCX). 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 MCX trading system.

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

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:
Annexure-VI

(On Members Letter-Head)

Application for Mapping of Member Administrator/Approved Users to the mode of connectivity

Member ID No.: _________

To,
Membership Department
Multi Commodity Exchange of India Limited
Exchange Square,
255, Suren Road, Chakala,
Andheri (East),
Mumbai – 400 093
Fax No.: 022 – 6649 4151

Dear Sir,

Sub: Mapping of Member Administrator / Approved Users to the mode of connectivity

I/We ____________________________ (Trade name of Member) hereby apply for the mapping of Member Administrator / Approved Users for trading through Internet/VSAT/Leased Line connectivity.

We hereby confirm that we intend to access and trade on Multi Commodity Exchange of India Limited as per mode of connectivity chosen below.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Member ID</th>
<th>User ID</th>
<th>Approved User Name</th>
<th>Mode of Connectivity (VSAT/Leased Line/ Internet)</th>
<th>IP Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

For (Name of the Member)

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

Date:

Place:
1Annexure - XXIII

Approved Custodian and its contact details

ADDRESS: HDFC Bank Ltd. - Custody Services, Lodha - I Think Techno Campus Building - Alpha, 8th Floor, Kanjur Marg (East), Mumbai 400 042.
Tel: 3075-2877/ 3075- 2848
Fax: 30507345/30507347/25799861

Stock Holding Corporation of India Limited (SHCIL) is empanelled as one of the Custodians for depositing securities towards additional deposit with the Exchange.

Contact details of officials of Stock Holding Corporation of India Limited (SHCIL) are as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contact Person Name</th>
<th>Contact Details</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Ganesh Zodge</td>
<td>022-27785532</td>
<td>Navi Mumbai</td>
</tr>
<tr>
<td></td>
<td></td>
<td>022-61778529</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ms. Rohini Henriques</td>
<td>022-61778514</td>
<td></td>
</tr>
</tbody>
</table>

List of the Equity shares towards additional security deposit as collaterals

**List – A**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Symbol</th>
<th>ISIN Code</th>
<th>Security Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ACC</td>
<td>INE012A01025</td>
<td>ACC Limited</td>
</tr>
<tr>
<td>2</td>
<td>ADANIPORTS</td>
<td>INE742F01042</td>
<td>Adani Ports and Special Economic Zone Limited</td>
</tr>
<tr>
<td>3</td>
<td>AMBUJACEM</td>
<td>INE079A01024</td>
<td>Ambuja Cements Limited</td>
</tr>
<tr>
<td>4</td>
<td>ASIANPAINT</td>
<td>INE021A01026</td>
<td>Asian Paints Limited</td>
</tr>
<tr>
<td>5</td>
<td>AXISBANK</td>
<td>INE238A01034</td>
<td>Axis Bank Limited</td>
</tr>
<tr>
<td>6</td>
<td>BAJAJ-AUTO</td>
<td>INE917I01010</td>
<td>Bajaj Auto Limited</td>
</tr>
<tr>
<td>7</td>
<td>BANKBARODA</td>
<td>INE028A01039</td>
<td>Bank of Baroda</td>
</tr>
<tr>
<td>8</td>
<td>BHARTIARTL</td>
<td>INE397D01024</td>
<td>Bharti Airtel Limited</td>
</tr>
<tr>
<td>9</td>
<td>BHEL</td>
<td>INE257A01026</td>
<td>Bharat Heavy Electricals Limited</td>
</tr>
<tr>
<td>10</td>
<td>BOSCHLTD</td>
<td>INE323A01026</td>
<td>Bosch Limited</td>
</tr>
<tr>
<td>11</td>
<td>BPCL</td>
<td>INE029A01011</td>
<td>Bharat Petroleum Corporation Limited</td>
</tr>
<tr>
<td>12</td>
<td>CAIRN</td>
<td>INE910H01017</td>
<td>Cairn India Limited</td>
</tr>
<tr>
<td>13</td>
<td>CIPLA</td>
<td>INE059A01026</td>
<td>Cipla Limited</td>
</tr>
<tr>
<td>14</td>
<td>COALINDIA</td>
<td>INE522F01014</td>
<td>Coal India Limited</td>
</tr>
<tr>
<td>15</td>
<td>DRREDDY</td>
<td>INE089A01023</td>
<td>Dr. Reddy's Laboratories Limited</td>
</tr>
<tr>
<td>16</td>
<td>GAIL</td>
<td>INE129A01019</td>
<td>GAIL (India) Limited</td>
</tr>
<tr>
<td>17</td>
<td>GRASIM</td>
<td>INE047A01013</td>
<td>Grasim Industries Limited</td>
</tr>
<tr>
<td>18</td>
<td>HCLTECH</td>
<td>INE860A01027</td>
<td>HCL Technologies Limited</td>
</tr>
<tr>
<td>19</td>
<td>HDFC</td>
<td>INE001A01036</td>
<td>Housing Development Finance Corporation Limited</td>
</tr>
<tr>
<td>20</td>
<td>HDFCBANK</td>
<td>INE040A01026</td>
<td>HDFC Bank Limited</td>
</tr>
<tr>
<td>21</td>
<td>HEROMOTOCO</td>
<td>INE158A01026</td>
<td>Hero MotoCorp Limited</td>
</tr>
<tr>
<td>22</td>
<td>HINDALCO</td>
<td>INE038A01020</td>
<td>Hindalco Industries Limited</td>
</tr>
<tr>
<td>23</td>
<td>HINDUNILVR</td>
<td>INE030A01027</td>
<td>Hindustan Unilever Limited</td>
</tr>
<tr>
<td>24</td>
<td>ICICIBANK</td>
<td>INE090A01021</td>
<td>ICICI Bank Limited</td>
</tr>
<tr>
<td>25</td>
<td>IDEA</td>
<td>INE669E01016</td>
<td>Idea Cellular Limited</td>
</tr>
<tr>
<td>26</td>
<td>INDUSINDBK</td>
<td>INE095A01012</td>
<td>IndusInd Bank Limited</td>
</tr>
<tr>
<td>27</td>
<td>INFY</td>
<td>INE009A01021</td>
<td>Infosys Limited</td>
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</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>TATA Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>28</td>
<td>ITC</td>
<td>INE154A01025</td>
<td>ITC Limited</td>
</tr>
<tr>
<td>29</td>
<td>KOTAKBANK</td>
<td>INE237A01028</td>
<td>Kotak Mahindra Bank Limited</td>
</tr>
<tr>
<td>30</td>
<td>LT</td>
<td>INE018A01030</td>
<td>Larsen &amp; Toubro Limited</td>
</tr>
<tr>
<td>31</td>
<td>LUPIN</td>
<td>INE326A01037</td>
<td>Lupin Limited</td>
</tr>
<tr>
<td>32</td>
<td>M&amp;M</td>
<td>INE101A01026</td>
<td>Mahindra &amp; Mahindra Limited</td>
</tr>
<tr>
<td>33</td>
<td>MARUTI</td>
<td>INE585B01010</td>
<td>Maruti Suzuki India Limited</td>
</tr>
<tr>
<td>34</td>
<td>NTPC</td>
<td>INE733E01010</td>
<td>NTPC Limited</td>
</tr>
<tr>
<td>35</td>
<td>ONGC</td>
<td>INE213A01029</td>
<td>Oil &amp; Natural Gas Corporation Limited</td>
</tr>
<tr>
<td>36</td>
<td>PNB</td>
<td>INE160A01022</td>
<td>Punjab National Bank</td>
</tr>
<tr>
<td>37</td>
<td>POWERGRID</td>
<td>INE752E01010</td>
<td>Power Grid Corporation of India Limited</td>
</tr>
<tr>
<td>38</td>
<td>RELIANCE</td>
<td>INE002A01018</td>
<td>Reliance Industries Limited</td>
</tr>
<tr>
<td>39</td>
<td>SBIN</td>
<td>INE062A01020</td>
<td>State Bank of India</td>
</tr>
<tr>
<td>40</td>
<td>SUNPHARMA</td>
<td>INE044A01036</td>
<td>Sun Pharmaceuticals Industries Limited</td>
</tr>
<tr>
<td>41</td>
<td>TATAMOTORS</td>
<td>INE155A01022</td>
<td>Tata Motors Limited</td>
</tr>
<tr>
<td>42</td>
<td>TATAPOWER</td>
<td>INE245A01021</td>
<td>Tata Power Company Limited</td>
</tr>
<tr>
<td>43</td>
<td>TATASTEEL</td>
<td>INE081A01012</td>
<td>Tata Steel Limited</td>
</tr>
<tr>
<td>44</td>
<td>TCS</td>
<td>INE467B01029</td>
<td>Tata Consultancy Services Limited</td>
</tr>
<tr>
<td>45</td>
<td>TECHM</td>
<td>INE669C01036</td>
<td>Tech Mahindra Limited</td>
</tr>
<tr>
<td>46</td>
<td>ULTRACEMCO</td>
<td>INE481G01011</td>
<td>UltraTech Cement Limited</td>
</tr>
<tr>
<td>47</td>
<td>VEDL</td>
<td>INE205A01025</td>
<td>Vedanta Limited</td>
</tr>
<tr>
<td>48</td>
<td>WIPRO</td>
<td>INE075A01022</td>
<td>Wipro Limited</td>
</tr>
<tr>
<td>49</td>
<td>YESBANK</td>
<td>INE528G01019</td>
<td>Yes Bank Limited</td>
</tr>
<tr>
<td>50</td>
<td>ZEEL</td>
<td>INE256A01028</td>
<td>Zee Entertainment Enterprises Limited</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Symbol</td>
<td>ISIN Code</td>
<td>Security Name</td>
</tr>
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<td>---------</td>
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<tr>
<td>1</td>
<td>8KMILES</td>
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<td>8K Miles Software Services Limited</td>
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<tr>
<td>2</td>
<td>ABAN</td>
<td>INE421A01028</td>
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<td>ABIRLANUVO</td>
<td>INE069A01017</td>
<td>Aditya Birla Nuvo Limited</td>
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<tr>
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<td>ADANIENT</td>
<td>INE423A01024</td>
<td>Adani Enterprises Limited</td>
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<td>ADANIPower</td>
<td>INE814H01011</td>
<td>Adani Power Limited</td>
</tr>
<tr>
<td>6</td>
<td>AJANTPHARM</td>
<td>INE031B01049</td>
<td>Ajanta Pharma Limited</td>
</tr>
<tr>
<td>7</td>
<td>AMARAJABAT</td>
<td>INE885A01032</td>
<td>Amara Raja Batteries Limited</td>
</tr>
<tr>
<td>8</td>
<td>AMTEKAUTO</td>
<td>INE130C01021</td>
<td>Amtek Auto Limited</td>
</tr>
<tr>
<td>9</td>
<td>APLLTDA</td>
<td>INE901L01018</td>
<td>Alembic Pharmaceuticals Limited</td>
</tr>
<tr>
<td>10</td>
<td>APOLLOHOSP</td>
<td>INE437A01024</td>
<td>Apollo Hospitals Enterprise Limited</td>
</tr>
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Deed of pledge by a Member

(To Be Executed on Non-Judicial Stamp Paper Of Rs 100/- or in Accordance With The Stamp Duty Rates Applicable at The Place Of Execution, whichever Is Higher).

DEED OF PLEDGE TO BE EXECUTED BY MEMBERS FOR PLEDGE OF SECURITIES

This Deed of Pledge (hereinafter referred to as “this Deed”) is executed at ___________ on this ___ day of _____ 20___ by ________________, S/o / d/o / w/o __________________ residing at _____________________ and having his office at __________________________________________*, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at ________________________________________,* limited incorporated as a company under the Companies Act, 1956 and having its registered office at ______________________________*. (hereinafter referred to as “ Member” which expression shall unless repugnant to the context thereof include its successors, administrators and assigns) in favour of Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as “ MCX” which expression shall unless repugnant to the context thereof, include its successors and assigns).
WHEREAS

a The Member is admitted as a Member of MCX

b One of the requirement of Membership is that the Member if desirous of availing exposure, shall maintain with MCX initial margin deposits/additional margin deposits (hereinafter, for brevity purpose, referred to as “margin deposits”) in the form of cash, bank guarantees or securities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as such Member including any sums due by such member to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by such member.

c Securities to be deposited by the Member for the purpose of availing additional exposure shall be in demat form and as approved by MCX from time to time.

d The Members shall deposit the securities with such custodian(s) acting as depository participants as may be determined by MCX from time to time.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of MCX having agreed to accept approved dematerialized securities as approved by it towards additional margin deposits to an extent of Rs._________ /- (Rupees _______________ only), the Member hereby pledges securities (hereinafter referred to as “Said Securities” and which are described in the Schedule annexed hereto and shall include all the securities deposited from time to time in addition to, substitution of or replacement thereof) with MCX as security for due performance and fulfillment by the Member of all his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including any sums due by the Member to MCX or any other party as decided by MCX, arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by the member.

2. The Member shall place the Said Securities in the absolute disposition of such Custodian/Depository Participant as may be appointed by MCX for the purpose, in such manner as decided by MCX and such disposition shall be indisputable notwithstanding the fact that the Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by MCX from time to time. The Member confirms, affirms and covenants with MCX that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Member.

3. The Member declares and assures that all the Said Securities are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further shall ensure that all the Said Securities over which pledge may be created in future shall be in existence and owned by him/it at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Member.

4. The Member agrees and undertakes that he/it shall not without the prior written permission of MCX create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged or those which may hereafter be pledged except to
MCX, that the Member shall not suffer any such charge, lien or encumbrance that may affect the Said Securities or any part thereof, and further undertakes that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to MCX in any manner.

5. The Member agrees, declares and undertakes that he/it shall be bound and shall abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialized form as formulated and determined by MCX pertaining to margin deposits, or such other requirements either in their existing form or as modified/changed/altered/amended from time to time pursuant to requirement/compliance of Membership.

6. The Member agrees and hereby authorizes that if in the opinion of MCX, the Member has failed to perform and/or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including payment of any sums due by him/it to MCX or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Member agrees that MCX may invoke the pledge and thereafter on giving one working day notice to the Member shall be empowered/entitled to, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/or other transfer shall be utilized towards dues/may be disbursed by MCX in such manner and subject to terms and conditions as it may deem fit and further the Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCX to effect such sale/disposal/or other transfer. The decision of MCX as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Member. The Member agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as margin deposits by MCX in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon any amount becoming due and appropriated under the Rules, Bye-laws and Business Rules of MCX.

7. The Said Securities pledged as security shall be available at the disposal of MCX as a continuing security and shall remain available for and in respect of all the obligations, liabilities or commitments of the Member jointly or severally and may be utilized as such at the discretion of MCX, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCX of the Said Securities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.

8. The Member agrees to be bound by the instructions of MCX to its custodian or the Depository Participant as the case may be, in respect of creation of pledge, invocation of pledge, release thereof, transfer of securities or sale of securities arising out of any obligations of the Member as referred hereinabove and the Member further agrees that MCX shall not be bound to notify the Member in case of invocation of pledge created by the Member by these presents.

9. The Member shall be released from his/its obligations, liabilities under this Deed only when MCX, in writing, expressly provides for the release of the Said Securities.
10. The Member agrees that MCX shall be entitled to sell, negotiate or otherwise transfer the Said Securities and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCX shall be entitled to receive from the Member all expenses incurred by MCX/Custodian for the aforesaid purposes.

11. The Member agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the Said Securities to the Custodian and/or the Depository Participant and to execute such further documents whether of a legal nature or otherwise as may be required by MCX for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Securities in dematerialized form.

12. The Member agrees that the deposit of the Said Securities and the pledge thereof shall not be affected in any manner whatsoever if MCX takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.

13. The Member agrees that MCX shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs, etc., arising out of the deposit of the Said Securities under these presents, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities are in the possession of MCX at the time of such loss or damage or the happening of the cause thereof. The Member shall at all times indemnify and keep indemnified MCX from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCX in respect of any acts, matters and things lawfully done or caused to be done by MCX in connection with the Said Securities or in pursuance of the rights and powers of MCX under this Deed.

14. The Member undertakes that the deposit of the Said Securities and the pledge thereof and any pledge of securities that may be created shall be binding on the Member as continuing and that the same shall not be prejudiced by any failure on the part of the Member to comply with the Rules, Bye-laws or Business Rules of MCX or any other terms and conditions attendant to the Membership of MCX and that MCX shall be at liberty to enforce its rights hereunder, notwithstanding its rights against the Member hereunder or under its Rules, Bye-laws and Business Rules including amendments thereof or in relation to the Said Securities or to any other security now or hereafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the Member in particular.

15. The executants hereby declare that he/it has been duly authorized to execute this Deed by way of Board Resolution of the Member (only in case of corporate members) as per the copy of Board Resolution annexed hereto.

16. This Deed shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this Deed.

Executed at _____________ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named Member **
In the presence of witnesses

1.

2.

* Strike out whichever is not applicable

** To be signed by

a. The individual if the membership is in his/her name.
b. All partners in case of a Partnership firm
c. By any two of the following persons in the case of a Company:
   ii) Managing Director
   iii) Whole-time Director
   iv) Directors (authorized by Board Resolution for the purpose)

**SCHEDULE**

<table>
<thead>
<tr>
<th>Company / Issuer of Security</th>
<th>Type of Security @</th>
<th>Unit Face Value</th>
<th>Total no. of securities</th>
<th>Remark</th>
</tr>
</thead>
</table>

@ Give details like equity shares, GOI/Treasury Bills, FDR as approved by MCX.
Deed of pledge by a person other than a Member

(To Be Executed on Non-Judicial Stamp Paper of Rs. 100/- or in Accordance with the stamp duty applicable at the place of execution, whichever is higher).

DEED OF PLEDGE TO BE EXECUTED BY PERSONS OTHER THAN MEMBERS FOR PLEDGE OF SECURITIES

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at ____________ on this ___ day of _________ 20___ by ________________________, S/o / d/o / w/o ________________, residing at ____________________________ and having his/her office at ____________________________ in favour of Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as “MCX” which expression shall unless repugnant to the context thereof include its successors and assigns).

WHEREAS

Mr. /Ms _____________________ s/o / d/o / w/o ___________________ residing at ________________ and having his/her/their office at ____________________________ M/s __________________________, a partnership firm registered under the Indian Partnership Act, 1932 and having their office at ____________________________, M/s __________________________ Limited, incorporated as a company under the Companies Act, 1956 and having its registered office at ____________________________

(Hereinafter referred to as “Member”, which expression shall include its successors and assigns) *

Whereas

a. _______________ is/are a Member of MCX.

b. One of the requirements of Membership is that the Member if desirous of availing exposure, shall maintain with MCX initial margin deposits /additional margin deposits (hereinafter for brevity sake referred to as “margin deposits”) in the form of cash, bank guarantees or securities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Member including any sums due by him/it to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried on or entered into by him/it.

c. The securities to be deposited by the Member or any other person, as a security for such Member shall be in dematerialized form and as may be approved by MCX from time to time.
d. At the request of the Member and as permitted by MCX, the Pledgor has agreed to offer his/its securities in dematerialized form for the purpose of margin deposits as aforesaid.

e. The Pledgor shall deposit the securities with such Custodian(s) appointed by MCX and acting as depository participants as may be determined by MCX from time to time.

**NOW THIS DEED WITNESSETH AS FOLLOWS:**

1. In consideration of MCX having agreed to accept dematerialized securities as approved by MCX as margin deposits to an extent of Rs.________ /- (Rupees ______________ only), the Pledgor hereby pledges securities (hereinafter referred to as “Said Securities” and which are described in the Schedule annexed hereto and the Said Securities shall include all the securities deposited from time to time in addition to, substitution of or replacement thereof) with MCX as security for due performance and fulfillment by the Member of all his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including any sums due by him/it to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by the Member.

2. The Pledgor shall place the Said Securities in the absolute disposition of such Custodian/Depository Participant as may be appointed by MCX for the purpose, in such manner as decided by MCX and such disposition shall be indisputable notwithstanding the fact that the Pledgor may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by MCX. The Pledgor further confirms, affirms and covenants with MCX that he/she shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which the Member owes as a Member of MCX.

3. The Pledgor declares and assures that all the Said Securities are in existence, owned by him/her and free from any prior charge, lien or encumbrance and shall ensure that all the Said Securities over which pledge may be created in future shall be in existence and owned by him/her at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Pledgor.

4. The Pledgor agrees and undertakes that he/she shall not without prior written permission of MCX, create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged or that may hereafter be pledged except favoring MCX, that he/she shall not suffer any such charge, lien or encumbrance that may affect the Said Securities or any part thereof, and further undertakes that he/she shall not do or allow anything to be done that may prejudice the Said Securities while he/she remains liable to MCX in any manner.

5. The Pledgor agrees, declares and undertakes that he/she shall be bound and shall abide by the terms and conditions of the Scheme for Deposit of securities in dematerialized form as formulated and determined by MCX pertaining to margin deposits or any such requirement, for its Members.

6. The Pledgor agrees and hereby authorizes that if in the opinion of MCX, the Member has failed to perform and/or fails to fulfill his engagements, commitments,
operations, obligations or liabilities as a Member of MCX including payment of any sums due by him/it to MCX or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, MCX may invoke the pledge and thereafter, on giving one working day notice to the Pledgor, shall be empowered/entitled to sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/or other transfer shall be utilized towards dues or may be disbursed by MCX in such manner and subject to terms and conditions as it may deem fit and further the Pledgor shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCX to effect such sale/disposal/or other transfer. The decision of MCX as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Pledgor. The Pledgor agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as margin deposits by MCX in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon amounts becoming due and appropriated under the Rules, bye-laws and Business Rules of MCX.

7. The Said Securities pledged as security shall be available at the disposal of MCX as a continuing security and shall remain available for and in respect of the obligations, liabilities or commitments of the Member severally and may be utilized as such at the discretion of MCX, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCX of the Said Securities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.

8. The Pledgor agrees to be bound by the instructions of MCX to its Custodian or the Depository Participant as the case may be, in respect of creation of pledge, invocation of pledge, release thereof, transfer of securities or sale of securities arising out of any obligations of the Member as referred hereinabove and the Pledgor further agrees that MCX shall not be bound to notify the Pledgor in case of invocation of pledge created by these presents.

9. The Pledgor shall be released from his/her obligations, liabilities under this Deed only when MCX, in writing, expressly provides for the release of the Said Securities.

10. The Pledgor agrees that MCX shall be entitled to sell, negotiate or otherwise transfer the Said Securities and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCX shall be entitled to receive from the Pledgor all expenses incurred by MCX for the aforesaid purposes.

11. The Pledgor agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the said securities to the custodian and/or the depository participant and to execute such further documents whether of a legal nature or otherwise as may be required by MCX for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialized form.
12. The Pledgor agrees that the deposit of the Said Securities and the pledge thereof shall not be affected in any manner whatsoever if MCX takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.

13. The Pledgor agrees that MCX shall not be under any liability whatsoever to the Pledgor or any other person for any loss, damage, expenses, costs etc arising out of the deposit of the Said Securities under these presents, in any manner, due to any cause whatsoever, irrespective of whether the Said Securities are in the possession of MCX at the time of such loss or damage or the happening of the cause thereof. The Pledgor shall at all times indemnify and keep indemnified MCX from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCX in respect of any acts, matters and things lawfully done or caused to be done by MCX in connection with the Said Securities or in pursuance of the rights and powers under this Deed.

14. The Pledgor undertakes that the deposit of the Said Securities and the pledge thereof and any pledge of securities that may be created shall be binding on the Pledgor as continuing and that the same shall not be prejudiced by the Member’s failure to comply with the Rules, Bye-laws or Business Rules of MCX or any other terms and conditions attendant to the membership of MCX and that MCX shall be at liberty, notwithstanding its rights against him/it hereunder or under its Rules, Bye-laws and Business Rules including amendments thereof in relation to the Said Securities or to any other security now or hereinafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the member or the Pledgor in particular.

15. This Agreement shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters out of this Agreement.

Executed at _____________ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named

Pledgor

In the presence of witnesses

1.

2.

* Strike out whichever is not applicable

**SCHEDULE**

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Draft of the letter to be given by the Member for release of securities kept as Additional Margin Deposit

Date:

The Clearing and Settlement Department,
Multi Commodity Exchange of India Limited,
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400093

Dear Sir,

Sub: Release of securities kept as additional margin deposit
Clearing Member Code: __________

We wish to withdraw the following securities kept as additional margin deposit.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Symbol</th>
<th>Series</th>
<th>Security Name</th>
<th>Qty</th>
<th>Custodian</th>
</tr>
</thead>
</table>

We request you to consider our request for release of the above-mentioned securities as per applicable norms for release of these securities.

Yours faithfully
For (name of the member)

Authorised Signatory
Name: ___________________________
Designation: _______________________

Illustrations for calculation of the Additional Security Deposit

1) If the member has given deposits in the following forms
   • Cash Rs. 20.00 lakhs
   • Cash Equivalents (i.e. BG + FD) of Rs. 100.00 lakhs
   • Approved equity shares worth Rs. 90.00 lakhs (valuation after hair cut)

Calculation of additional margin limits based on above deposits:
Cash = Rs. 20.00 lakhs
Cash equivalent (BG + FD) that will be considered = Rs. 60 lakhs (as per the ratio 1:3, even though the member has given BG+FD worth Rs. 100.00 lakhs
Hence total of Cash and considerable Cash equivalent = Rs. 80.00 lakhs ----- (A)

Maximum valuation of shares that will be considered = Rs. 80.00 lakhs (even though the member has pledged shares worth Rs. 90.00 lakhs only Rs. 80.00 lakhs is considered, equivalent to Cash + cash equivalent (as in A above))

Hence the member will get total margin limits of Rs. 160.00 lakhs

2) If the member has given deposits in the following forms
   • Cash Rs. 50.00 lakhs
   • Cash Equivalents (i.e. BG + FD) of Rs. 500 lakhs
   • Approved equity shares worth Rs. 200 lakhs (single ISIN)

Calculation of additional margin limits based on above deposits:
Cash = Rs. 50.00 lakhs
Cash equivalent (BG + FD) that will be considered = Rs. 500 lakhs (as the member maintains Rs. 50.00 lakhs and above in cash, the ratio will not apply)
Hence total of Cash and considerable Cash equivalent = Rs. 550.00 lakhs---- (A)

Valuation of the shares that will be considered = Rs. 100.00 lakhs (only Rs. 100.00 lakhs will be considered as an upper cap under one ISIN)

Hence the member will get total additional margin limits of Rs. 650.00 lakhs

3) Had the member given shares worth Rs. 650 lakhs under 3 ISINs, (say Rs. 300.00 lakhs of shares of RIL, Rs. 250.00 lakhs of shares of SBIN and Rs. 100.00 lakh of shares of L&T in above example 2, then Rs. 300.00 lakhs would have been considered. This is because only Rs. 100.00 lakh will be considered under one ISIN.
Hence total additional margin limits the member would enjoy will be Rs. 850.00 lakhs.
### List of Commodities

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category</th>
<th>Commodity</th>
<th>Haircut %</th>
<th>Upper Cap (Net of Hair-Cut)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agri Commodities</td>
<td>Cardamom</td>
<td>50%</td>
<td>Rs. 50 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cotton</td>
<td>50%</td>
<td>Rs. 200 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapas Khalli</td>
<td>50%</td>
<td>Rs. 200 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mentha Oil</td>
<td>50%</td>
<td>Rs. 200 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Potato (Agra)</td>
<td>50%</td>
<td>Rs. 15 Lacs</td>
</tr>
<tr>
<td>2</td>
<td>Bullions</td>
<td>Gold*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TCM Members</td>
<td>15%</td>
<td>Rs. 5000 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ITCM/PCM Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Upto Rs.5000 Lacs</td>
<td>15%</td>
<td>Rs. 5000 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In excess of Rs. 5000 Lacs</td>
<td>20%</td>
<td>Rs. 10000 Lacs</td>
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<tr>
<td></td>
<td></td>
<td>Gold Guinea</td>
<td>15%</td>
<td>Rs. 2500 Lacs</td>
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<tr>
<td></td>
<td></td>
<td>Silver</td>
<td></td>
<td>Rs. 5000 Lacs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Upto Rs.15 Crores</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>In excess of Rs. 15 Crores, upto 35 Crores</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>In excess of Rs.35 Crores, upto 50 Crores</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>

| Total of Commodities for TCM Members | Rs. 5000 Lacs |
| Total of Commodities for ITCM/PCM Members | Rs. 10000 Lacs |

**Note:**

1) In case of physical Warehouse Receipt, the member is required to send original WR along with the original valid Quality Certificate duly endorsed.

2) In case of demat Warehouse Receipt, the same to be transferred to the designated demat account of the Exchange as under:

   For CDSL – DP ID 11000022, Client ID 00000040
   For NSDL – DP ID IN001117, Client ID 10000013

3) The upper cap of the valuation of warehouse receipts for all the commodities put together will be Rs. 50.00 Crores/ 100.00 Crores subject to individual commodity wise upper caps.

---

Deed of pledge by a Member

(To Be Executed on Non-Judicial Stamp Paper Of Rs 100/- or in Accordance With The Stamp Duty Rates Applicable at The Place Of Execution, whichever Is Higher).

DEED OF PLEDGE TO BE EXECUTED BY MEMBERS FOR PLEDGE OF WAREHOUSE RECEIPTS OF APPROVED COMMODITIES

This Deed of Pledge (hereinafter referred to as “this Deed”) is executed at _______ on this ___ day of _______ 20___ by __________________, S/o / d/o / w/o __________________ residing at _____________________ and having his office at ______________________________________________*, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at ______________________________________________* , Limited incorporated as a company under the Companies Act, 1956 and having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as “ MCX” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a  The Member is admitted as a Member of MCX

b  One of the requirement of Membership is that the Member if desirous of availing exposure, shall maintain with MCX initial margin deposits/additional margin deposits (hereinafter, for brevity purpose, referred to as “margin deposits”) in the form of cash, bank guarantees, fixed deposit receipts, securities and/or warehouse receipts for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as such Member including any sums due by such member to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by such member.

c  Warehouse receipts of approved commodities to be deposited by the Member for the purpose of availing additional exposure shall be from Exchange designated warehouse and as approved by MCX from time to time.

d  The Members shall deposit the warehouse receipts with the Exchange and lien should have been marked in the favour of MCX.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1.  In consideration of MCX having agreed to accept warehouse receipts of approved commodities towards additional margin deposits to an extent of Rs._________/-(Rupees ___________________ only), the Member hereby pledges the warehouse receipts (hereinafter referred to as “Said WR(s)” and which are described in the Schedule annexed hereto and shall include all the warehouse receipts deposited from time to time in addition to, substitution of or replacement thereof) with MCX as
security for due performance and fulfillment by the Member of all his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including any sums due by the Member to MCX or any other party as decided by MCX, arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by the member.

2. The Member shall place the Said WR(s) in the absolute disposition of the Exchange for the purpose, in such manner as decided by MCX and such disposition shall be indisputable notwithstanding the fact that the Member may be permitted to have access to the Said WR(s) in the manner and subject to such terms and conditions as determined by MCX from time to time. The Member confirms, affirms and covenants with MCX that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Member.

3. The Member declares and assures that all the Said WR(s) are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further shall ensure that all the Said WR(s) over which pledge may be created in future shall be in existence and owned by him/it at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Member.

4. The Member agrees and undertakes that he/it shall not without the prior written permission of MCX create any charge, lien or encumbrance of any kind upon or over the Said WR(s) hereby pledged or those which may hereafter be pledged except to MCX, that the Member shall not suffer any such charge, lien or encumbrance that may affect the Said WR(s) or any part thereof, and further undertakes that he/it shall not do or allow anything to be done that may prejudice the Said WR(s) while he/it remains liable to MCX in any manner.

5. The Member agrees, declares and undertakes that he/it shall be bound and shall abide by the terms and conditions of the Scheme for the Deposit of Warehouse Receipts of approved commodities as formulated and determined by MCX pertaining to margin deposits, or such other requirements either in their existing form or as modified/changed/altered/amended from time to time pursuant to requirement/compliance of Membership.

6. The Member agrees and hereby authorizes that if in the opinion of MCX, the Member has failed to perform and/or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including payment of any sums due by him/it to MCX or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Member agrees that MCX may invoke the pledge and thereafter on giving one working day notice to the Member shall be empowered/entitled to, sell, dispose of or otherwise effect any other transfer of the Said WR(s) and/or underlying commodities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/or other transfer shall be utilized towards dues/may be disbursed by MCX in such manner and subject to terms and conditions as it may deem fit and further the Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCX to effect such sale/disposal/or other transfer. The decision of MCX as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Member. The Member agrees that one working day notice
mentioned above shall be deemed to be a reasonable notice, as this pledge of WR(s) is being accepted as margin deposits by MCX in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon any amount becoming due and appropriated under the Rules, Bye-laws and Business Rules of MCX.

7. The Said WR(s) of approved commodities pledged as security shall be available at the disposal of MCX as a continuing security and shall remain available for and in respect of all the obligations, liabilities or commitments of the Member jointly or severally and may be utilized as such at the discretion of MCX, as if each of the obligations, liabilities or commitments is secured by the Said WR(s). This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCX of the Said WR(s) and/or underlying commodities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.

8. The Member agrees to be bound by the instructions of MCX, in respect of creation of pledge, invocation of pledge, release thereof, transfer of warehouse receipts or sale of warehouse receipts and/or underlying commodities arising out of any obligations of the Member as referred hereinabove and the Member further agrees that MCX shall not be bound to notify the Member in case of invocation of pledge created by the Member by these presents.

9. The Member shall be released from his/its obligations, liabilities under this Deed only when MCX, in writing, expressly provides for the release of the Said WR(s).

10. The Member agrees that MCX shall be entitled to sell, endorse or negotiate or otherwise transfer the Said WR(s) and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCX shall be entitled to receive from the Member all expenses incurred by MCX for the aforesaid purposes.

11. The Member agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the Said WR(s) to the Exchange and to execute such further documents whether of a legal nature or otherwise as may be required by MCX for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Warehouse Receipts.

12. The Member agrees that the deposit of the Said WR(s) and the pledge thereof shall not be affected in any manner whatsoever if MCX takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.

13. The Member agrees that MCX shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs, etc., arising out of the deposit of the Said WR(s) under these presents, in any manner, due to any cause, whatsoever, irrespective of whether the Said WR(s) are in the possession of MCX at the time of such loss or damage or the happening of the cause thereof. The Member shall at all times indemnify and keep indemnified MCX from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCX in respect of any acts, matters and things lawfully done or caused to be done by MCX in connection with
the Said WR(s) and/or underlying commodities or in pursuance of the rights and powers of MCX under this Deed.

14. The Member undertakes that the deposit of the Said WR(s) and the pledge thereof and any pledge of warehouse receipts of the approved commodities that may be created shall be binding on the Member as continuing and that the same shall not be prejudiced by any failure on the part of the Member to comply with the Rules, Bye-laws or Business Rules of MCX or any other terms and conditions attendant to the Membership of MCX and that MCX shall be at liberty to enforce its rights hereunder, notwithstanding its rights against the Member hereunder or under its Rules, Bye-laws and Business Rules including amendments thereof or in relation to the Said WR(s) or to any other security now or hereafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the Member in particular.

15. The executants hereby declare that he/it has been duly authorized to execute this Deed by way of Board Resolution of the Member (only in case of corporate members) as per the copy of Board Resolution annexed hereto.

16. This Deed shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this Deed.

Executed at _____________ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named Member **

________________________
In the presence of witnesses

1. 

2. 

* Strike out whichever is not applicable
** To be signed by
  a. The individual if the membership is in his/her name.
  b. All partners in case of a Partnership firm.
  c. By any two of the following persons in the case of a Company:
     i. Managing Director
     ii. Whole-time Director
     iii. Directors (authorized by Board Resolution for the purpose)

**SCHEDULE**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>WR No.</th>
<th>Issuing Warehouse with address</th>
<th>Quality Assayer</th>
<th>QC Reference, validity date</th>
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</table>

364
Deed of pledge by a person other than a Member

(To Be Executed on Non-Judicial Stamp Paper of Rs. 100/- or in Accordance with the stamp duty applicable at the place of execution, whichever is higher).

DEED OF PLEDGE TO BE EXECUTED BY PERSONS OTHER THAN MEMBERS FOR PLEDGE OF WAREHOUSE RECEIPT OF APPROVED COMMODITIES

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at ___________ on this ___ day of _______ 20___ by_________________________

_________________________________________, S/o / d/o / w/o ________________ residing at _____________________________________and having his/her office at _________________________________________ (hereinafter referred to as “Pledgor” which expression shall unless repugnant to the context thereof include his/her successors, administrators and assigns) in favour of Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Square, 255, Suren Road, Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as “MCX” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

Mr. /Ms _____________________ s/o / d/o / w/o ___________________ residing at ________________________ and having his/her/their office at ___________________________ M/s ____________________________, a partnership firm registered under the Indian Partnership Act, 1932 and having their office at __________________________ (Hereinafter referred to as “Member”, which expression shall include its successors and assigns) *

M/s ____________________________ Limited, incorporated as a company under the Companies Act, 1956 and having its registered office at __________________________ (Hereinafter referred to as “Member”, which expression shall include its successors and assigns) *

Whereas

a. ________________ is/are a Member of MCX.

b. One of the requirements of Membership is that the Member if desirous of availing exposure, shall maintain with MCX initial margin deposits /additional margin deposits (hereinafter for brevity sake referred to as “margin deposits”) in the form of cash, bank guarantees, fixed deposit receipt, securities or warehouse receipt of approved commodities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Member including any sums due by him/it to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried on or entered into by him/it.

c. The warehouse receipts to be deposited by the Member or any other person, as a security for such Member shall be from designated warehouse for commodities as may be approved by MCX from time to time.
d. At the request of the Member and as permitted by MCX, the Pledgor has agreed to offer his/its warehouse receipts for the purpose of margin deposits as aforesaid.

e. The Pledgor shall deposit the warehouse receipts with the Exchange and the lien shall be marked in the favour of MCX.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of MCX having agreed to accept warehouse receipts of commodities as approved by MCX as margin deposits to an extent of Rs._______/- (Rupees ____________________ only), the Pledgor hereby pledges warehouse receipt(s) of approved commodities (hereinafter referred to as “Said WR(s)” and which are described in the Schedule annexed hereto and the Said WR(s) shall include all the WR(s) deposited from time to time in addition to, substitution of or replacement thereof) with MCX as security for due performance and fulfillment by the Member of all his/its engagements, commitments, operations, obligations or liabilities as a Member of MCX including any sums due by him/it to MCX or any other party as decided by MCX arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by the Member.

2. The Pledgor shall place the Said WR(s) in the absolute disposition of the Exchange for the purpose, in such manner as decided by MCX and such disposition shall be indisputable notwithstanding the fact that the Pledgor may be permitted to have access to the Said WR(s) in the manner and subject to such terms and conditions as determined by MCX. The Pledgor further confirms, affirms and covenants with MCX that he/she shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which the Member owes as a Member of MCX.

3. The Pledgor declares and assures that all the Said WR(s) are in existence, owned by him/her and free from any prior charge, lien or encumbrance and shall ensure that all the Said WR(s) over which pledge may be created in future shall be in existence and owned by him/her at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Pledgor.

4. The Pledgor agrees and undertakes that he/she shall not without prior written permission of MCX, create any charge, lien or encumbrance of any kind upon or over the Said WR(s) hereby pledged or that may hereafter be pledged except favoring MCX, that he/she shall not suffer any such charge, lien or encumbrance that may affect the Said WR(s) or any part thereof, and further undertakes that he/she shall not do or allow anything to be done that may prejudice the Said WR(s) while he/she remains liable to MCX in any manner.

5. The Pledgor agrees, declares and undertakes that he/she shall be bound and shall abide by the terms and conditions of the Scheme for Deposit of warehouse receipt of approved commodities as formulated and determined by MCX pertaining to margin deposits or any such requirement, for its Members.

6. The Pledgor agrees and hereby authorizes that if in the opinion of MCX, the Member has failed to perform and/or fails to fulfill his engagements,
commitments, operations, obligations or liabilities as a Member of MCX including payment of any sums due by him/it to MCX or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, MCX may invoke the pledge and thereafter, on giving one working day notice to the Pledgor, shall be empowered/entitled to sell, dispose of or otherwise effect any other transfer of the Said WR(s) and/or underlying commodities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/or other transfer shall be utilized towards dues or may be disbursed by MCX in such manner and subject to terms and conditions as it may deem fit and further the Pledgor shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCX to effect such sale/disposal/or other transfer. The decision of MCX as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Pledgor. The Pledgor agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of warehouse receipts is being accepted as margin deposits by MCX in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon amounts becoming due and appropriated under the Rules, bye-laws and Business Rules of MCX.

7. The Said WR(s) pledged as security shall be available at the disposal of MCX as a continuing security and shall remain available for and in respect of the obligations, liabilities or commitments of the Member severally and may be utilized as such at the discretion of MCX, as if each of the obligations, liabilities or commitments is secured by the Said WR(s). This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCX of the Said WR(s) and/or underlying commodities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.

8. The Pledgor agrees to be bound by the instructions of MCX in respect of creation of pledge, invocation of pledge, release thereof, transfer of warehouse receipt of approved commodities and/or underlying commodities or sale of warehouse receipts and/or underlying commodities arising out of any obligations of the Member as referred hereinabove and the Pledgor further agrees that MCX shall not be bound to notify the Pledgor in case of invocation of pledge created by these presents.

9. The Pledgor shall be released from his/her obligations, liabilities under this Deed only when MCX, in writing, expressly provides for the release of the Said WR(s).

10. The Pledgor agrees that MCX shall be entitled to sell, negotiate or otherwise transfer the Said WR(s) and/or underlying commodities and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCX shall be entitled to receive from the Pledgor all expenses incurred by MCX for the aforesaid purposes.

11. The Pledgor agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the said WR(s) to the Exchange and to execute such further documents whether of a legal nature or otherwise as may be required by MCX for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Warehouse Receipts of approved commodities.
12. The Pledgor agrees that the deposit of the Said WR(s) and the pledge thereof shall not be affected in any manner whatsoever if MCX takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.

13. The Pledgor agrees that MCX shall not be under any liability whatsoever to the Pledgor or any other person for any loss, damage, expenses, costs etc arising out of the deposit of the Said WR(s) under these presents, in any manner, due to any cause whatsoever, irrespective of whether the Said WR(s) are in the possession of MCX at the time of such loss or damage or the happening of the cause thereof. The Pledgor shall at all times indemnify and keep indemnified MCX from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCX in respect of any acts, matters and things lawfully done or caused to be done by MCX in connection with the Said WR(s) and/or underlying commodities or in pursuance of the rights and powers under this Deed.

14. The Pledgor undertakes that the deposit of the Said WR(s) and the pledge thereof and any pledge of WR(s) that may be created shall be binding on the Pledgor as continuing and that the same shall not be prejudiced by the Member’s failure to comply with the Rules, Bye-laws or Business Rules of MCX or any other terms and conditions attendant to the membership of MCX and that MCX shall be at liberty, notwithstanding its rights against him/it hereunder or under its Rules, Bye-laws and Business Rules including amendments thereof in relation to the Said WR(s) or to any other warehouse receipt now or hereinafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the member or the Pledgor in particular.

15. This Agreement shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters out of this Agreement.

Executed at ______________ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named

Pledgor

In the presence of witnesses

1.

2.

* Strike out whichever is not applicable

**SCHEDULE**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>WR No.</th>
<th>Issuing Warehouse with address</th>
<th>Quality Assayer</th>
<th>QC Reference, validity date</th>
<th>Value of WR</th>
<th>Remarks</th>
</tr>
</thead>
</table>


Draft of the letter to be given by the Member for release of warehouse receipt(s) kept as Additional Margin Deposit

Date:

The Clearing and Settlement Department,  
Multi Commodity Exchange of India Limited,  
Exchange Square, 255, Suren Road,  
Chakala, Andheri (East),  
Mumbai – 400093

Dear Sir,

Sub: Release of warehouse receipt(s) kept as additional margin deposit

Clearing Member Code: __________

We wish to withdraw the following warehouse receipts of approved commodities kept as additional margin deposit.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Commodity</th>
<th>WR No.</th>
<th>Issuing Warehouse with address</th>
<th>Quality Assayer</th>
<th>QC Reference, validity date</th>
<th>WR Value</th>
</tr>
</thead>
</table>

We request you to consider our request for release of the above-mentioned warehouse receipt(s) as per applicable norms for release of these securities.

Yours faithfully
For (name of the member)

Authorised Signatory
Name:
Designation:
Illustrations for calculation of the Additional Security Deposit

1) If the member has given deposits in the following forms
   - Cash Rs. 20.00 lakh
   - Cash Equivalents (i.e. BG + FD) of Rs. 100.00 lakh
   - Approved equity shares worth Rs. 90.00 lakh (valuation after hair cut)
   - WR of approved commodity from designated warehouse = 50.00 lakh (after hair cut)

   Calculation of additional margin limits based on above deposits:
   Cash = Rs. 20.00 lakh
   Cash equivalent (BG + FD) that will be considered = Rs. 60 lakh (as per the ratio 25:75, even though the member has given BG+FD worth Rs. 100.00 lakh
   Hence total of Cash and considerable Cash equivalent = Rs. 80.00 lakh ----(A)

   Maximum valuation of shares that will be considered = Rs. 80.00 lakh (even though the member has pledged shares worth Rs. 90.00 lakh only Rs. 80.00 lakh is considered, equivalent to Cash + cash equivalent (as in A above))

   Valuation of the WR will not be considered as Cash + cash equivalent is not sufficient even to accommodate full valuation of equity shares.

   Hence the member will get total margin limits of Rs. 160.00 lakh

2) If the member has given deposits in the following forms
   - Cash Rs. 30.00 lakh
   - Cash Equivalents (i.e. BG + FD) of Rs. 100.00 lakh
   - Approved equity shares worth Rs. 90.00 lakh (valuation after hair cut)
   - WR of approved commodity from designated warehouse = 50.00 lakh (after hair cut)

   Calculation of additional margin limits based on above deposits:
   Cash = Rs. 30.00 lakh
   Cash equivalent (BG + FD) that will be considered = Rs. 90 lakh (as per the ratio 25:75, even though the member has given BG+FD worth Rs. 100.00 lakh
   Hence total of Cash and considerable Cash equivalent = Rs. 120.00 lakh ----(A)

   Valuation of shares that will be considered = full Rs. 90.00 lakh as Cash + cash equivalent (as in A above) is Rs. 120.00 lakh

   Maximum valuation of WR that will be considered = Rs. 30.00 lakh as valuation of Eq. Shares + WR can be maximum to the valuation of Cash + cash equivalent (as in A above) which is Rs. 120.00 lakh

   Hence the member will get total margin limits of Rs. 240.00 lakh

3) If the member has given deposits in the following forms
   - Cash Rs. 50.00 lakh
• Cash Equivalents (i.e. BG + FD) of Rs. 500 lakh
• Approved equity shares worth Rs. 200 lakh (single ISIN)
• WR of approved (single) commodity from designated warehouse = 150.00 lakh (after hair cut)

Calculation of additional margin limits based on above deposits:
Cash = Rs. 50.00 lakh
Cash equivalent (BG + FD) that will be considered = Rs. 500 lakh (as the member maintains Rs. 50.00 lakh and above in cash, the ratio will not apply)
Hence total of cash and considerable Cash equivalent = Rs. 550.00 lakh ---(A)

Valuation of the shares that will be considered = Rs. 100.00 lakh (only Rs. 100.00 lakh will be considered as an upper cap under one ISIN)

Valuation of the WR that will be considered = Rs. 100.00 lakh (only Rs. 100.00 lakh will be considered as an upper cap under WR of one commodity)

Hence the member will get total additional margin limits of Rs. 750.00 lakh

4) Had the member given shares worth Rs. 650 lakh under 3 ISINs, (say Rs. 300.00 lakh of shares of RIL, Rs. 250.00 lakh of shares of SBIN and Rs. 100.00 lakh of shares of L&T) and WRs worth or Rs. 400 lakh in 3 commodities (say Rs. 125 lakh in Chana, Rs. 225 lakh in Jeera and Rs. 10 lakh in Silver) in above example 2, then,

Rs. 300.00 lakh would have been considered for equity shares and
Rs. 210.00 lakh will be considered for WRs.

This is because only Rs. 100.00 lakh will be considered under eq. Shares of one ISIN and Rs. 100 lakh will be considered under WR of one commodity.

Hence total additional margin limits the member would enjoye will be Rs. 1060.00 lakh
Annexure - XXIV

Form No- I: Arbitration Application

To,
The Arbitration Division,
Multi Commodity Exchange of India Ltd.,
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093

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 following person

a) Name : 
b) Status : 
c) Address : 
d) Registered Office : 
e) 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. 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 Multi 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 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.
Form No- II: Nomination and Appointment of Arbitrators

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Multi Commodity Exchange of India Ltd., Arbitration Matter No. MCX/Legal/____/0_.

BETWEEN

M/s __________________________________________

Mr./Mrs./Ms. __________________________________________

Applicant

Office/Residence Address
____________________________________________________

Tel: Office___________ Res.___________________ Fax: Office_____

Mobile No. ______________

AND

M/s __________________________________________

Respondent

Registered Office
__________________________________________________________________

Tel: Office___________ Res.___________________ Fax: Office_____

Res.________

Mobile No. ____________________

To,

Arbitration Division,
Multi Commodity Exchange of India Limited
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093

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.

4.

Yours faithfully,

Signature

Date:
Place:
Form No- III: Reply by the Respondent to Arbitration Application

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Multi Commodity Exchange of India 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
(TM/C)*
Registered Office _________________________________________
Tel: Office_______________ Res.________________ Fax: Office_________
Res._______
Mobile No. ____________________

To,

Arbitration Division,
Multi Commodity Exchange of India Limited
Exchange Square, 255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093

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 Multi Commodity Exchange of India Limited for an amount of Rs.______ (Rupees ______ only) payable at Mumbai 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.

‘TM’ stands for “Member” and ‘C’ stands for “Constituents”
* Strike whichever is not relevant.
Form No- IA: Arbitration Application

To,
The Arbitration Division.
Multi Commodity Exchange of India Ltd.,
Mumbai

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.

f) Name :

g) Status :

h) Address :

i) Registered Office :

j) Contact Number :
   - Office :
   - Residence :
   - Mobile No :
   - Fax No :
   - Email :

The amount of claim in the matter is:

(c) Rs. _____________ (in word) (Rupees_________________________only)

(d) 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 Multi 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:
Business Rules

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.
Form No- II A: Nomination and Appointment of Arbitrators

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

(W)*

Registered Office _________________________________________

Tel: Office_______________ Res.________________ Fax: Office_________
Res.________
Mobile No. ____________________

To,

Arbitration Division
Multi Commodity Exchange of India Limited
Mumbai

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”

**Form No- III A: Reply by the Respondent to Arbitration Application**

In the matter of an Arbitration under the Bye laws, Rules and Regulations of the Multi 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. _________________

To,

**Arbitration Division**
Multi Commodity Exchange of India Limited

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 Multi Commodity Exchange of India Limited for an amount of Rs.______ (Rupees ________ only) payable at Mumbai 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
Note: The Respondent shall affix the rubber stamp of the company on all the pages. The authorized representatives of the Respondent has 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.
Annexure - XXV

Format of Nomination
(Rule 8B)

I, ______________________________________ aged about ___________ years, s/o, d/o, w/o, _______________________, an individual under the trade name M/s__________________ registered with Multi Commodity Exchange of India(MCX)membership Number__________________, also registered with Forward Markets Commission (FMC) bearing no. _______________ do hereby at my own will and free consent, nominate Mr./Mrs./Miss __________________ years s/o, w/o, d/o, __________________ residing at ___________________________ who is my ________________ (relationship) to be the nominee to the rights, benefits and privileges of the membership rights to the extent applicable in respect of M/s ________________ (Name of Member / Trade Name of Member) after my death.

Signature of Nominator/ Member :

Name of Nominator/ Member:
Address of Nominator/ Member:
Date:
Place:

Signature of Nominee :

Name of Nominee :
Address of Nominee :
Date:
Place:

Signature of Witness :

Name of Witness:
Address of Witness:
Date:
Place:

Affix colored Passport Size Photograph of nominee
(Sign across the Photograph)

Affix colored Passport Size Photograph of witness
(Sign across the Photograph)

1 Annexure XXV inserted as per Circular No.MCX/111/2006 dated 18/03/2006.
**Format of change of Nominee**  
(Rule 8B)

This is with reference to my nomination dated ______________ wherein I had nominated Mr./Mrs./Miss ______________ to be my nominee to the rights, benefits and privileges of the Membership rights of Multi Commodity Exchange of India Limited (MCX) to the extent applicable in respect of M/s ______________ after my death.

I hereby on my own will and free consent withdraw the said nomination of Mr. /Mrs./Miss ______________ on this day with immediate effect and (*only if required) in its place now make the following new nomination:

I ___________________________ aged about ___________ years, s/o, d/o, w/o, ______________________, an individual Operating under the trade name M/s__________ having obtained FMC registration bearing No. __________ do hereby at my own will and free consent, nominate Mr./Mrs./Miss ___________ aged about ___________ years s/o, w/o, d/o, ______________ residing at ____________________________ who is my ______________ (relationship) to be the nominee to the rights, benefits and privileges of Membership rights of MCX to the extent applicable in respect of M/s ______________ after my death.

**Signature of Nominator/ Member:**

Name of Nominator/ Member:  
Address of Nominator/ Member:

Date:  
Place:

**Signature of Nominee:**

Name of Nominee:  
Address of Nominee:

Date:  
Place:

**Signature of Witness :**

Name of Witness:  
Address of Witness:

Date:  
Place:
Annexure - XXVI

Format of Undertaking for reactivation of trading account
(To be taken on the letterhead in case of non-individual client)

Date: _____________
To,
Member Name,
Registered Office Address

Sir,
I/we ______________________________ (name of the client-Individual/Non-individual), having trading account with Unique Client Code _________ allotted to me/us by your broking house situated at ____________ (branch name) since __________ (date of activation of the account).

I/we am/are not trading in commodity futures contracts on the MCX trading platform since __________ (last trade date). However, I/we am/are desirous to start trading again in commodity futures contracts on the MCX platform. In this regard, you are requested to reactivate my/our trading account and allow trading with immediate effect.

I/we hereby undertake that:

1. I/We have completed all the KYC formalities and submitted all the required documents thereof (Proof of Identity, Address Proof, Bank Proof, PAN, etc.), at the time of opening the trading account originally and enrolling as a client with you.

2. There are no changes in respect of my/our Address, Bank account, PAN details, as provided to you earlier. Further, there is no material change in the other information provided to you in KYC Form.

I/we declare that the information given above is true to my/our knowledge. I/we, therefore, request you that the requirement of fresh KYC may not be insisted upon.

Yours Faithfully,

______________
(Name of the Individual Client)

Or

For (Name of the Non-individual client)

______________
(Name of the Authorized Signatory - Designated Director/Managing Partner/Karta/Proprietor)
Annexure - XXVII

1Electronic 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 :

1 Inserted vide Exchange Circular No.MCX/COMP256/2011 dated 10/07/2011
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.
Annexure XXVIII

CLEARING MEMBER – CUSTODIAL PARTICIPANT AGREEMENT
(To be executed on non-judicial stamp paper of appropriate value – Rs 300 in Maharashtra)

This agreement is made on this ___________ day of ___ 20__, between ________________, a company/ partnership firm/ individual having registered office / office / residence at ___________________ (hereinafter called “Clearing Member”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns and ____________________, a company / partnership firm/ individual having its registered office/ office/ residence at ___________________ (hereinafter called “Custodial Participant” or “CP”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

Whereas

(a) ______ is a registered Institutional Clearing Member (ITCM)/ Professional Clearing Member (PCM) (hereinafter referred to as the Clearing Member) of MCX (Member Code _______ and FMC UMC ___________) and is inter alia authorized to clear and settle trades executed by the Trading Member (TM)/ Custodial Participants through the TM/ TCM/ ITCM (who has appointed the Clearing Member to clear and settle his trades) or on its behalf

(b) The CP desires to effect purchase and / or sale in futures contracts of approved commodities’ on MCX through a single or multiple trading members of MCX and clear and settle such trades through the Clearing Member

(c) The CP has approached the Clearing Member to undertake clearing & settlement of trades and to discharge his duties and obligations towards MCX on his behalf and the Clearing Member, in turn, agreed to clear and settle the trades done by the CP through trading member(s) of MCX subject to the provisions contained in the Rules, Bye Laws and Business Rules of MCX and / or its Circulars amended from time to time and the terms and conditions contained herein.

(d) The parties to this agreement are desirous of reducing the terms and conditions agreed, in writing, as contained herein:

Now, therefore, this agreement witnesseth as FOLLOWS:

1. At the request of the CP and in consideration of the CP agreeing to pay certain fees and charges as mutually agreed between the parties and abide by the terms and conditions contained in this agreement, Rules, Bye-Laws and Business Rules of MCX the Clearing Member hereby undertakes upon himself the obligations of clearing and settlement of the trades of the CP executed / done, through a single or multiple trading members of MCX and to do all the acts, deeds and activities arising from and / or incidental to the clearing and settlement of such deals.

2. Rights of the Clearing Member

2.1 The Clearing Member shall be entitled to demand / receive from the CP such
deposits in such form as the Clearing Member may specify from time to time.

2.2 Without prejudice to the generality of the above, the CP shall place with the Clearing Member an amount, as decided by the Clearing Member, as deposit which shall be continuously maintained during the subsistence of this agreement. Subject to the provisions of Rules, Bye Laws and Business Rules of MCX in case of any shortfall in such deposit, the Clearing Member shall be entitled to initiate any action necessary to protect his interests in this regard against the CP.

2.3 The Clearing Member shall be entitled to receive such fees, charges, or commission, in respect of various services which he renders or agrees to render to the CP, from the CP at such intervals as may be mutually agreed upon.

2.4 The Clearing Member shall specify, subject to the requirements prescribed by MCX from time to time, open position / margin limit up to which open positions can be taken by the CP. Such limits may be increased or reduced by the Clearing Member from time to time. The Clearing Member shall have the authority to initiate any action necessary to protect his interests in this regard, which may, inter alia, include restriction on further trading and close-out of open positions of the CP.

2.5 The Clearing Member shall be entitled to collect from the CP additional capital / margin(s) of such amounts of such kinds, as he may require, which at any point of time shall not be less than the amount stipulated by MCX from time to time. The Clearing Member shall have authority to collect such additional margin(s) as required by him or as per requirement of MCX.

2.6 The Clearing Member shall be entitled to receive from the CP such amounts as may be required to be paid towards daily mark to market settlement of futures contracts and final settlement of futures contracts, as per the requirement of MCX.

2.7 The Clearing Member shall have authority to close out / liquidate the open positions of the CP in accordance with the Rules, Bye-Laws, and Business Rules & Business Rules of the MCX. In the case of non-payment of dues by the CP towards margins, additional margins, daily mark to market as well as final settlement of futures contract, fees, commission and / or charges, by making necessary requests to MCX for initiating such action. In such case, any loss arising due to the closing out of open positions shall be payable by the CP and will be recovered from the CP by the Clearing Member.

2.8 The Clearing Member shall collect, preserve and maintain all the important documents, agreements, books of accounts, records, and computerized data of the CP for which the Clearing Member shall have free access to the premises occupied by the CP or by any other person on his behalf.

2.9 The Clearing Member shall have right to inspect the books of accounts, records, documents and computerized data of the CP for which the Clearing Member shall have free access to the premises occupied by the CP or by any other person on his behalf.

3. Obligations of the Clearing Member

3.1 The money deposited by each CP shall be kept in separate account by the Clearing Member, distinct from his own account and shall provide the details of margins collected for the trades executed by the CP, to MCX as per the requirements of MCX.
3.2 The Clearing Member shall inform the CP about the margin limit (including any increase or reduction in such limits) up to which open positions can be taken by the CP.

3.3 The Clearing Member shall be liable to pay to the CP any amount becoming due and receivable by the CP towards daily mark to market settlement of futures contracts and final settlement of futures contracts, as per the requirements of MCX.

3.4 The Clearing Member shall be required to refund any excess margin money to the CP unless otherwise agreed in writing.

3.5 The Clearing Member may settle the accounts on a periodical basis, if mutually agreed between Clearing Member and CP, which should be in accordance with the Rules, Byelaws and Business Rules of MCX.

3.6 In the event of default by the Clearing Member or his being declared defaulter by MCX, the Clearing Member shall render all assistance to the CP for transfer of the CP's positions to some other Clearing Member.

3.7 In the event of failure by the Clearing Member in the payment of any dues to CP, the CP shall, with the prior approval of MCX have the right to transfer his own open positions immediately to another Clearing Member. The Clearing Member shall be obliged to pay to the CP for any costs incurred for transfer of the open positions, if such event occurs.

3.8 If due to the default of the Clearing Member, the open positions of the CP are closed-out and any loss is incurred due to such close-out, the Clearing Member shall reimburse such loss to the CP, unless the default of the Clearing Member was on account of the CP.

3.9 The Clearing Member shall treat the information pertaining to the CP as confidential. The Clearing Member shall not disclose the same to any other person except to governmental, statutory, regulatory or legal authorities on a request made by any of these authorities in writing.

3.10 The Clearing Member shall be required to provide reports / statements of mark to market settlement and final settlement of trades, margin amounts and open positions to the CP, periodically as may be mutually agreed.

4. Rights of the Custodial Participant

4.1 The CP shall be entitled to have all the trades, executed through any trading member(s) & cleared and settled through the Clearing Member.

4.2 The CP shall be entitled to receive intimation from the Clearing Member about the margin / capital limits (including any increase or reduction in such limits) up to which open positions can be taken by the CP.

4.3 The CP shall be entitled to receive reports / statements of mark to market, obligation reports, delivery reports/ final settlement reports, from the Clearing Member, periodically as may be mutually agreed.

4.4 The CP shall be obliged to pay to / entitled to receive from, the Clearing Member such amounts towards daily mark to market settlement of futures contracts and final settlement of futures contracts, as per the requirement of MCX.
4.5 In the event of the Clearing Member being declared a defaulter by MCX, the CP, unless the CP himself has defaulted to the Clearing Member, shall be entitled to transfer his open positions to some other Clearing Member and recover any costs incurred for such transfers from the Clearing Member.

4.6 In the event of failure by the Clearing Member in the payment of any dues to CP, the CP shall, with the prior approval of MCX have the right to transfer his own open positions immediately to another Clearing Member. The CP shall also have the right to recover from Clearing Member any costs incurred for transfer of the open positions.

4.7 In case the open positions of the CP are closed-out due to the default of the Clearing Member, the CP, unless the CP himself has defaulted to the Clearing Member, shall be entitled to recover such loss from the Clearing Member.

5. Obligations of the Custodial Participant

5.1 The CP shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time.

5.2 Without prejudice to the generality of the above, the CP shall place with the Clearing Member such amount as may be decided by the Clearing Member as deposit which shall be continuously maintained during the subsistence of this agreement. Subject to the provisions of Rules, Bye Laws and Business Rules of MCX, the Clearing Member shall be entitled to initiate any action necessary to protect his interest in this regard against the CP.

5.3 The CP shall pay to the Clearing Member such fees, charges or commission in respect of various services which he renders or agrees to render to the CP at such intervals as may be mutually agreed upon by them.

5.4 The CP shall pay to the Clearing Member margins of such amounts as may be prescribed by MCX from time to time including additional margins, if any or such higher amount of margins as may be mutually agreed with the Clearing Member. The margins shall be deposited by the CP within such time and in such form as may be specified by the Clearing Member.

5.5 The CP shall be obliged to pay to / entitled to receive from, the Clearing Member such amounts towards daily mark to market settlement of futures contracts and final settlement of futures contracts, as per the requirement of MCX.

5.6 The accounts shall be settled on a periodical basis as may be mutually agreed between the Clearing Member and the CP.

5.7 The CP shall be obliged to reimburse to the Clearing Member any loss caused due to the closing out / liquidation of his open positions initiated by the Clearing Member, on account of non-payment of dues by the CP towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contracts, fees, charges, commission, penalties, expenses and any other sum, as per the requirement of MCX.

5.8 The CP shall do all such acts, deeds and activities that are necessary for the purpose of strict compliance with the Rules, Bye Laws and Business Rules of MCX by the Clearing Member.

5.9 If due to the default of the CP, the open position of the CP is closed-out and any loss is incurred due to such close-out, the CP shall be liable to reimburse such loss
to the Clearing Member.

6. Termination of the Agreement

This agreement entered into between the Clearing Member and the CP may be terminated by either of the parties by giving at least one month written notice to the other party or as may be mutually consented. A copy of such notice shall be given to all the trading members through whom the CP trades at such time and also to the Clearing House of the Exchange. The Clearing Member shall further request the Clearing House of the Exchange for cancellation of the CP code allotted to the Custodial Participant, with effect from the date and time at which this agreement is terminated. Such cancellation or termination shall not have any effect on transactions executed before the time and date of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such executed transactions.

7. Mode of Communication

Any communication between the Clearing Member and the CP shall be made in any one or more of the following ways:
(a) sending through electronic mail
(b) delivering by post
(c) sending by registered post
(d) sending under certificate of posting
(e) sending by express delivery post / courier services
(f) sending by telegram
(g) sending by fax
(h) affixing on the door at the last known business or residential address
(i) advertising at least once in any prominent daily newspaper

8. Force Majeure

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused and / or contributed to by any event of force majeure. For purposes of this clause, "force majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of governmental / statutory / regulatory / legal authority and such other acts or events beyond the control of the non-performing party.

9. No assignment

Neither party shall be entitled to assign or otherwise transfer this agreement or any benefits, rights, obligations or interests herein whether in whole or in part to any other agency without the prior written consent of the other.

10. Non-waiver

No forbearance, delay or indulgence by either party in enforcing the provisions of this agreement shall prejudice or restrict the rights of that party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for either party is exclusive of any other right, power or remedy available to that party and each right, power or remedy shall be cumulative.
11. Arbitration

11.1 All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and / or of any matter whatsoever arising out of the agreement, shall in the first instance be resolved mutually by the parties.

11.2 If the parties fail to resolve the same mutually, then the same shall be referred to the arbitration in accordance with the Rules, Bye laws and Business Rules of MCX.

12. Jurisdiction

This agreement shall be subject to the exclusive jurisdiction of the courts in ____________.

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of
CLEARING MEMBER :
By :
Signature :
Title :
Witness :

Signed for and on behalf of
CUSTODIAL PARTICIPANT :
By :
Signature :
Title :
Witness :
Annexure XXIX

APPLICATION FROM CLEARING MEMBER FOR ALLOTMENT OF CUSTODIAL PARTICIPANT (CP) CODE
(On the letter head of the Clearing Member)

Date:

Multi Commodity Exchange of India Limited
Exchange Square 3rd Floor,
Suren Road, Chakala
Andheri (East), Mumbai 400 093

Dear Sir,

Sub: Allotment Of Custodial Participant (CP) Code

MemberCode _____________
FMC UMC. ________

We wish to inform you that we have been appointed as Clearing Member by M/s (Name of Custodial Participant) who desires to trade through a single or multiple trading members at MCX. The letter of Custodial Participant confirming the appointment is attached herewith.

Details of the Custodial Participant are as follows:

<table>
<thead>
<tr>
<th>Name of the Custodial Participant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Office / Address</td>
<td></td>
</tr>
<tr>
<td>Name of contact person &amp; designation</td>
<td></td>
</tr>
<tr>
<td>Telephone No. &amp; Fax No.</td>
<td></td>
</tr>
<tr>
<td>Email id of contact person</td>
<td></td>
</tr>
<tr>
<td>FMC Registration No. (if available)</td>
<td></td>
</tr>
<tr>
<td>PAN details</td>
<td></td>
</tr>
</tbody>
</table>

We will undertake clearing and settlement of the trades done on behalf of the above mentioned Custodial Participant in MCX. We have entered into an agreement dated_______ with M/s ___________ (Custodial Participant) for the purpose, as required and a copy of the same is attached.

We therefore request you to allot CP code and oblige.

Yours sincerely

Authorised Signatory
Annexure XXX

APPLICATION FOR CHANGE OF CLEARING MEMBER FROM THE CUSTODIAL PARTICIPANT

Date:

Multi Commodity Exchange of India Limited
Exchange Square 3rd Floor,
Suren Road, Chakala
Andheri (East), Mumbai 400 093

Dear Sir,

Sub: Change of Clearing Member affiliation from _____________ (Member Code ____) to _____________ (Member Code ______)

Ref: CP Code:

We wish to terminate the arrangement, in respect of clearing and settlement of our trades on the Exchange, with the said clearing member M/s. _____________, with effect from.__________ at close of market hours

M/s ________ another Clearing Member of the Exchange will take over all our open positions from M/s ________ (outgoing Clearing Member), for the purpose of settlement and clear and settle the trades done on the Exchange, on our behalf with effect from. _____________(at start of market hours).

We attach the following documents for effecting the change:

- Letter dated ________ of M/s ________ (outgoing Clearing Member)
- Letter dated ________ of M/s ________ (incoming Clearing Member)
- Agreement dated______ between M/s. ___________ (incoming Clearing Member) and ourselves.

We, therefore, request that all our open positions be transferred from _____ (outgoing Clearing Member) to ________ (incoming Clearing Member) after the close of market hours of ___________

We forward this letter to you through M/s ______________ (incoming Clearing Member).

Yours sincerely

Authorised Signatory

Cc to: Trading Member(s) through whom the CP shall trade
Reader, you have opened a correspondence from the Multi Commodity Exchange of India Limited, addressed to an incoming clearing member. The letter is a formal communication regarding the change of clearing member affiliation. The sender, with whom the letter is being exchanged, is the outgoing clearing member. The letter outlines the agreement to terminate the clearing and settlement of trades on behalf of a custodial participant on the Exchange. It also details the arrangements for clearing and settlement operations until the termination date or when the participant's open positions are transferred to another clearing member, whichever comes later. The letter concludes with the sender's authorization signature, indicating the official disposition of the matter.
CONSENT LETTER FROM THE INCOMING CLEARING MEMBER  
(On the letterhead of the Incoming Clearing Member)

Date:

Multi Commodity Exchange of India Limited  
Exchange Square 3rd Floor,  
Suren Road, Chakala  
Andheri (East), Mumbai 400 093

Dear Sir,

Sub: Consent to act as Clearing Member for M/s _________ (Custodial Participant’s Name and Code))

Member Code _____________
FMC UMC registration No. ________

We wish to inform you that we have been appointed as Clearing Member for M/s ______ in respect of his trades through a single or multiple trading members at the Exchange. Details of the Custodial Participant are as follows:

<table>
<thead>
<tr>
<th>Name of the Custodial Participant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Office / Address</td>
<td></td>
</tr>
<tr>
<td>Name of contact person &amp; designation</td>
<td></td>
</tr>
<tr>
<td>Telephone No. &amp; Fax No.</td>
<td></td>
</tr>
<tr>
<td>Email id of contact person</td>
<td></td>
</tr>
<tr>
<td>FMC UMC Registration No. (if available)</td>
<td></td>
</tr>
<tr>
<td>PAN details</td>
<td></td>
</tr>
</tbody>
</table>

We hereby agree and undertake to act as Clearing Member and to clear and settle the trades on behalf of M/s. ______________________ (Custodial Participant). We have entered into an agreement dated_______ with M/s ___________ (Custodial Participant) for the purpose, as required and a copy of the same is attached.

You are requested to transfer the open positions, if any, of M/s. _______ (name of the Custodial Participant), to our account with effect from. ________(at start of market hours). We undertake to clear and settle all open positions and margin obligations of the above said Custodial Participant with effect from.________.

Yours sincerely

Authorised Signatory
Annexure – XXXIII

Undertaking - Consent to Maintain Minimum Cash Balance of Rs. 50 lakh

(To be submitted on the letterhead of the Member)

Date:

To

Multi Commodity Exchange of India Ltd,
Exchange Square,
255, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

Dear Sir,

Member ID : ____________

Sub: Consent to maintain minimum cash balance of Rs. 50 lakh

As per your circular no. MCX/C&S/187/2007 dated May 17, 2007, we hereby undertake to keep & maintain minimum Cash Margin Deposits of Rs. 50.00 Lakh towards margin deposit and the same amount shall not be utilized for MTM Pay-in. In view of the same, we request you to permit total collateral limits against Bank Guarantees and Fixed Deposit Receipts deposited with the Exchange.

We also undertake and confirm hereby that there will be no default in our MTM Pay-in. If the cash balance, at any point of time, falls below the minimum requirement of Rs.50 lakh, for any reason whatsoever, then the exemption granted under the provisions of the above mentioned circular will stand withdrawn with immediate effect.

Thanking You

Yours faithfully
For (Member Name)

Authorised Signatory