

Annexure-II

Execute the CTCL Undertaking on a non-judicial stamp paper worth Rs.300/- if executed in State of Maharashtra or as per applicability of other state, whichever is higher). This Undertaking (including all pages, annexures and schedules) has to be notarised before a Notary Public. The persons signing should also sign in full at all places in the Undertaking where anything has been hand-written / any corrections have been made.

If the member is an individual, then the Undertaking has to be signed by the individual Trading cum clearing member himself. If the Trading cum Clearing Member is a firm, then all the partners are required to sign this Undertaking. If the Trading cum Clearing Member is a company, then the Undertaking has to be signed by the Managing Director or any Director of the company named as an authorised signatory of the company. If the Trading cum clearing member is a company, the Undertaking has to be accompanied with a certified copy of the resolution of the Board of Directors of the company authorising the person(s) executing the undertaking to do so. The Common Seal of the company has to be affixed by the company on this Undertaking in the presence of such persons as authorised by the Articles of Association of the company. The Board Resolution should clearly state that the affixation of common seal shall be made in the presence of such persons as authorised by the Articles of Association of the company and should also clearly state the names of such persons. The above persons should sign the undertaking as a token of their presence when the common seal is affixed.

Please type the following on the non-judicial stamp paper as the first page and sign.

The non-judicial stamp paper of Rs._____ forms part and parcel of this Undertaking executed by me/us Mr./Mrs/M/s._____ having my/our residence/office at _____ on this the _____ day of _____ 2004 at _____ IN FAVOUR of Multi Commodity Exchange of India Limited.

Signature**

(**to be signed by the person(s) signing the Undertaking)

CTCL UNDERTAKING
(Please do not retype the Undertaking)

I / We _____, an individual / a firm registered under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the Companies Act of 1956 / _____ Act, 19__, and residing at / having our registered office at _____ - give this UNDERTAKING on this the ____ day of _____ 200.... at _____ IN FAVOUR of Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act of 1956, with its registered office at Malkani Chambers, Off. Nehru Road, Vile Parle (East), Mumbai - 400 099 (hereinafter called 'MCX')

WHEREAS,

- a) MCX has provided the trading software to enable its Members to trade.
- b) In addition, MCX provides a Computer To Computer Link (hereinafter referred to as the 'CTCL facility') by which it provides a facility for order entry, receipt of order and trade confirmation and also for receipt of data relating to its trade quotations.
- c) MCX has decided that it shall make the CTCL facility available to its Members on case to case basis, subject to such terms and conditions as MCX may impose and one of the conditions is that they execute an undertaking in its favour in the format prescribed by it and agree to provide the said facility only to such persons (hereinafter referred to as the "Approved Persons") as MCX may permit and also agree to abide by and be bound by the various terms and conditions which it may prescribe in this regard from time to time.
- d) I/We have been admitted to the Membership of MCX, and am/are desirous of availing the CTCL facility by fulfilling all the terms and conditions as may be prescribed by MCX from time to time at its discretion in this regard.

NOW THEREFORE IN CONSIDERATION OF MCX having agreed to allow me / us to avail the CTCL facility, I / we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions.

1. That I / we shall make the CTCL facility available to the Approved Persons only after obtaining the prior written consent of MCX and subject to such terms and conditions as may be prescribed by MCX from time to time.
2. That in addition to such terms and conditions as may be prescribed under clause (1) by MCX, all the provisions of the Byelaws, Rules, Regulations and Circulars relating to use and operation of the Trading System shall also mutatis mutandis become applicable to the use and operation of the CTCL facility.
3. That notwithstanding anything contained in this Undertaking all my / our liabilities and obligations as a Trading cum Clearing Member of MCX shall not be affected nor shall be prejudiced in any manner whatsoever.
4. That without prejudice to the generality of the clause (3) of this Undertaking, I / we shall be responsible to settle all the trades executed by the Approved Persons on my / our behalf whether

such trades were executed with or without my permission / knowledge and that I shall be bound to complete / fulfill all my / our obligations / liabilities / commitments arising due to the trades executed by the Approved Persons on my / our behalf.

5. That MCX, at its discretion, may make the CTCL facility available to me / us at MCX's address first mentioned above or at any other address as MCX from time to time may notify to me / us or approve as being the location (hereinafter referred to as the Receiving Premises).
6. That I / we shall use the physical communication link (s) provided to me / us, for the purpose of having simultaneous access to both the CTCL facility and TRADING SYSTEM System.
7. That MCX, at its absolute discretion, may make the CTCL facility available to me / us only from the date of my / our enablement on the CTCL facility till such time as it may deem fit and further that the CTCL facility may at any time be withdrawn by MCX at its discretion without giving me / us any notice or any reasons whatsoever.
8. That the CTCL facility if made available to me / us by MCX will be made available to me / us by MCX on a non-exclusive basis only and that the same may be made available by MCX, at its discretion, to any other Trading cum Clearing Member whomsoever on such terms and conditions as it may deem fit.
9. That I / We may be entitled by giving one month's written notice to request MCX to withdraw the CTCL facility extended to me / us and such withdrawal shall be subject to such terms and conditions as may be prescribed by MCX including payment of such compensation to MCX as may be decided by MCX at its discretion.
10. That I / We shall be responsible and take all such steps, actions and proceedings to ensure and keep ensured that no Approved Persons in any way further makes the CTCL facility available to any other person nor shall extend the CTCL facility outside his/new premises and that in case I / We fail to ensure the same, MCX shall be empowered to take such action as it may deem fit, which action may include disabling me / us from having access to CTCL facility, and taking of such disciplinary actions as it may deem fit.
11. I / we undertake that
 - i. I / we shall at my / our own expenses provide all lines, cabling, software, hardware, equipment and other communication facilities required for transmission of the data between the Receiving Premises and my / our server at my / our office and also obtain the necessary approvals from relevant authorities.
 - ii. I/We shall ensure that the connectivity of the CTCL facility is as per the MCX and Department of Telecommunications (DoT) and/or Mahanagar Telephone Nigam Limited (MTNL) and/or any other appropriate governmental / statutory authority approved network diagram and that I/we shall produce the necessary approvals to MCX in order to meet one of its requirements for enabling me/us for having access to the CTCL facility.
 - iii. I/We undertake to ensure that access shall be given only to Approved persons and also a method shall be established to ensure that non Approved persons cannot access the system.

iv. I/We undertake to pay any such license fees/charges/royalties as may be levied by DoT/MTNL/MCX/any other regulatory/statutory authorities from time to time.

MCX fees if any for using the CTCL facility shall be paid in advance

v. I / we shall ensure that data communication lines between the MCX's equipment and my / our equipment will be connected to my / our own and further telecommunication network will be as per the MCX and DoT and/or MTNL and/or any other appropriate governmental / statutory authority approved network diagram.

vi. I / we shall indemnify the Exchange against any loss or damage including liabilities arising out of failure to comply with Clause (v) above.

vii. I / we shall provide MCX with the Network diagram as described in Schedule No.1 and as adopted by me / us for having access to the CTCL facility between the Receiving Premises and my / our server at my / our office and that we shall also provide MCX with the new network diagram as and whenever any changes are made to the existing Network diagram with the prior written permission of MCX.

viii.I / we shall notify MCX giving the details related to the Approved Persons as per such format as described in the Schedule No.2 attached hereto for prior approval of MCX and shall acquire the prior written permission from MCX for every additional Approved Person taken subsequently before letting him / her have access to the CTCL facility, further in case an Approved Person is disabled from acting in his / her capacity as such for any reason whatsoever, then I / we shall acquire prior written permission from MCX before appointing any other individual to act as an Approved Person in his / her place.

ix. I / we shall make the necessary changes in the software used by me / us for accessing the CTCL facility as and when any changes either technical or structural are made by MCX in the CTCL facility.

x. I / we shall provide MCX with the Technical Specifications for the software used by me / us for accessing the CTCL facility and shall also provide it with the new Technical Specifications for the software as and whenever any changes are made by me / us to the existing software used to access the CTCL facility.

xi. I / we shall not develop / use any software for accessing the CTCL facility, which software in the opinion of MCX shall resemble or result in duplication of TRADING SYSTEM software in any manner and further that no representation shall be made by me / us that the software developed by me / us for accessing the CTCL facility is part of-the TRADING SYSTEM software.

xii. I / we shall not assign or otherwise transfer the rights and obligations arising out of the use of the CTCL facility and this Undertaking whether in whole or in part without the prior written consent of MCX.

xiii.I / we agree not to use, without the express permission of MCX, the name of MCX to directly or indirectly promote my/ our business.

xiv. I / we shall not, either by myself / ourselves or through any person acting on my / our behalf, issue / release / publish any advertisement, brochure, pamphlet, booklet, notice or any other promotional material on any aspect relating to the CTCL facility in any form, whether in writing or otherwise, in accordance to the Code of Advertisement as prescribed by the MCX except with the prior written approval of MCX.

xv. I/we agree to obtain prior approval of MCX for change of its activities/operations from existing approved CTCL vendor to another.

12. I/we agree that MCX, does not warrant that the provision of the CTCL facility will be error free or uninterrupted.

13. I / we undertake and agree that

i. I / we shall maintain all systems logs and make the same available for inspection by MCX at any time at its discretion. -

ii. I / we shall not under any circumstances match the respective orders entered in by my / our Approved Persons from their terminals by myself / ourselves by using any means whatsoever and that I / we shall route all the orders entered in by my / our Approved Persons to the Trading System of MCX so that they could be matched by the Central Computer of MCX only.

iii. I/We shall ensure that the following guidelines on CTCL / Internet based trading and services would be adhered to:

- System used by me / us has provision for security, reliability and confidentiality of data through the use of encryption technology
- I / We shall maintain adequate backup systems and data storage capacity and also arrange for alternative means of communications in case of Internet Link failure
- Order/Trade confirmation shall be sent to the investor through email at client's discretion at the time period specified by the client in addition to the other mode of display of such confirmations on real time basis on my/our web site. The investor shall be allowed to specify the time interval on the web site itself within which he/she would like to receive this information through email. Facility for reconfirmation of orders which are larger than that specified by the member's risk management system shall be provided on the internet based system
- I / We shall ensure to have a system based control on the trading limits of clients and exposures taken by clients and also set pre-defined limits on the exposure and turnover of each client. The system will also be capable of assessing risk of the client as soon as the order comes in. The client also to be informed of acceptance/rejection of the order within a reasonable period. Reports on margin requirements, payment and delivery obligations etc to be informed to the clients through the system
- I/We shall ensure that the following security measures shall be in-built in the system :
 - User Id
 - First Level Password (Private Code)
 - Automatic expiry of passwords at the end of reasonable duration. Reinitialise access on entering fresh passwords.
- All transaction logs with proper audit facilities to be maintained in the system

- Secured Socket Level Security for server access through Internet
 - Suitable Firewalls between trading set-up directly connected to an Exchange trading system and the Internet trading set up.
 - Shall integrate any advanced level security as specified by MCX from time to time.
 - The following systems operations procedures will be adhered to:
 - Shall follow similar logic/priorities used by the Exchange to treat client orders
 - Shall maintain all activities / alerts log with audit trail facility
 - The Web-server shall have internally generated unique numbering for all client orders/trades
- iv. I / We shall ensure that on-line surveillance and risk management features like trade-by-trade Position Monitoring etc., shall be inbuilt in the CTCL facility and it shall be flexible to change as per MCX guidelines.
- v. I / we shall not develop or use any software / program facility which shall either directly or indirectly facilitate program trading without prior written approval of the Exchange. For the purpose of this clause the term 'Program Trading' shall mean any software or program facility by the use of which, upon the fulfillment of certain specified parameters, without the necessity of manual entry of orders, buy/sell orders are automatically generated and entered by the software / program facility into the Trading System of MCX to be matched by the central computer.
- vi. I / we shall not develop or use any software / program which shall either directly or indirectly facilitate orders to cross trades of their clients with each other. All orders shall be offered to the market for matching.
- vii. MCX shall be possessed with the absolute right to inspect the internal software used / being utilised me / us at any time at its discretion.
- viii. I / we shall render all possible assistance and cooperation to MCX by providing access to any kind of information in any form as it may require and shall produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by MCX at its discretion.
14. That after the completion of the necessary test and after completely satisfying myself / ourselves that the CTCL facility is fault free, I / we shall submit an Acceptance Certificate in the format as specified by MCX in partial fulfillment of one of the conditions of MCX for my / our enablement for having access to the CTCL facility.
15. That MCX shall not be liable for any direct or indirect damage, costs, claims and expenses whatsoever :
- i. arising from mechanical or electrical or telephone or network breakdown or power failure or malfunction of any computer and / or / our server and / or any other auxiliary equipment or any other cause beyond the reasonable control of MCX.
 - ii. based upon special indirect economic or consequential loss or damage including, but not limited to loss of profit, business revenue, opportunity costs, goodwill or anticipated savings; or

- iii. caused 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 the Government of India and any concerned State Government and such other acts or events beyond MCX's control, and further the above is without prejudice to the rights already accrued to MCX due to my / our failure to perform either in full or in part, my / our obligations prior to the occurrence of events of Force Majeure.
 - iv. or any other nature or type.
16. That MCX shall not be responsible for development, maintenance, updates, upgrades, error-fixes and any other support of my / our software for accessing the CTCL facility and shall not be liable for any loss suffered by me / us due to the use of the software for accessing the CTCL facility.
 17. That neither MCX nor the directors, managers, officers, employees or agents of MCX, guarantee the functioning of the CTCL facility. MCX and the directors, managers, officers, employees and agents of MCX shall not be liable in any way to me / us or to any of my / our Approved Persons or to any other person, for any non performance or interruption of CTCL facility or for any damages, consequential or otherwise, arising therefrom or occasioned thereby. No proceedings would be adopted by me / us or any third party against MCX nor against any individual officer or employee of MCX for any act done by such officer or employee of MCX in their official capacity.
 18. I / we shall indemnify and keep indemnified MCX harmless against every and all claims, demand, damages, liabilities, losses and expenses suffered by it directly by reason of the provision of the CTCL facility to me / us or by reason of my / our non compliance, contravention with the any of the provisions of this Undertaking.
 19. That this Undertaking is applicable not only in respect of the information services and terminal equipment currently offered by me / us to Approved Persons but also in respect of any information services and terminal equipment developed by or for me / us in the future, even if I / we should at any time alter my / our mode of supplying information to Approved Persons provided MCX approves in writing of such alteration with all details.
 20. That without prejudice to any other right under any law for the time being in force or which may become applicable, MCX shall be vested with the exclusive right, upon my / our non-compliance with any of the terms and conditions of this Undertaking or upon the termination, suspension of my / our Membership or upon my / our ceasing to be a Trading cum Clearing Member of MCX, to take, at its discretion, such actions, steps, proceedings, measures, decisions within such period of time and upon such terms and conditions as it may deem fit and that any such actions, steps, proceedings, measures, decisions may, inter alia, include denial of access to the CTCL facility and / or take such disciplinary actions as it deems fit. I / we further undertake that I / we shall abide by and be bound by any actions, steps, proceedings, measures, decisions as may be taken by MCX.
 21. That no forbearance, delay or indulgence by MCX in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of MCX nor shall any waiver of its rights operate as a waiver of any subsequent breach and no right, power or remedy herein conferred upon or reserved for MCX is exclusive of any other right, power or remedy available to MCX and each such right, power or remedy shall be cumulative.

22. I / we shall treat as confidential all information obtained from MCX pursuant to the arrangement and shall not divulge such information to any person (except to my / our own employees and then only to those employees who need to know the same) without the MCX prior written consent and that I / we shall also ensure that my / our employees are aware of and comply with the provisions of this clause. The foregoing obligations as to confidentiality shall survive any termination of the availability of the CTCL facility.
23. Any declaration or other notice to be given by me / us to MCX, shall be sent by registered letter or telex / cable or facsimile transmission to the address first mentioned above.
24. This Undertaking shall be binding upon my /our heirs, successors, legal representatives and assigns.
25. I shall execute, sign, and subscribe, to such others documents, papers, agreement, covenants, bonds, and / or undertakings as may be prescribed or required by MCX from time to time.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by, for and on behalf of:

Before me