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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

[1]**[**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.**]**

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

[1] Amended vide Circular No. MCX/010/2005 dated 11/1/05. Earlier amended vide circular No. MCX/039/2004 dated 7/6/04.
[2] Formats Modified vide Circular No.MCX/395/2006 dated 16/9/2006

(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.