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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'.

Consequent to the repeal of Forward Contracts (Regulation) Act, 1952 (FCRA) and transfer and vesting of the undertaking of Forward Markets Commission(FMC) with Securities And Exchange Board of India (SEBI) w.e.f September 29, 2015 the existing Bye-laws, Rules, Regulations/ Business Rules, Circulars, etc., made by the recognised commodity exchanges under FCRA shall be applicable upto September 28, 2016. Therefore, the Exchange has made Bye-laws and Rules under Securities Contracts (Regulation) Act, 1956 (SCRA) which are approved by SEBI and duly notified in the Gazette of India dated September 24, 2016 and the Gazette of Maharashtra dated September 22, 2016 and the same shall be effective from September 29, 2016.

These Rules shall be subject to the provisions of the Securities Contracts (Regulation) Act, 1956 (SCRA) 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.

APPLICABILITY

These Business Rules shall be applicable and binding on the Members of the Exchange and their constituents/ Clients, Clearing Banks, 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.

1. Membership

1) Types / Categories of Membership

1.1 A person who is desirous of becoming a registered Member of Exchange may apply for any of the following types / categories as per the Rules and Bye-Laws of the Exchange:-

1.1.1 **Trading-cum-Clearing Member (TCM) / Self Clearing Member (SCM) - Non Deposit Based and Deposit Based** - A sole proprietor, a partnership firm, LLP , a company, a public sector organization, statutory organization or any other Government or non-Government entity can apply for TCM.

1.1.2 **Professional Clearing Member (PCM) / Institutional Clearing Member (CM)** – A company [, LLP][1] and an institution only can apply for PCM.

1.1.3 **Institutional Trading-cum-Clearing Member (ITCM) / Trading Member & Clearing Member** – A company [, LLP][2] and an institution only can apply for ITCM.

1.1.4 **Trading Member (TM) / Stock brokers** – Such member shall be affiliated with any one of the Institutional Trading-cum-Clearing Member (ITCM) or Professional Clearing Member (PCM). A sole proprietor, a partnership firm, LLP, a company, a public sector organization, statutory organization or any other Government or non-Government entity can apply for TM.

2) Eligibility for Admission:

For conditions precedent for eligibility, one has to refer to Rules of the Exchange, Securities Contracts (Regulation) Rules, 1957 (SCRR) and SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992. In addition, individual / sole proprietor / managing partner [/designated partner][3] / designated director of the applicant entity should be atleast 12th standard passed or equivalent examination from an institution recognized by the Government.

Explanation: In order to ensure regulatory compliance with the eligibility criteria for Members post completion of one year from September 28, 2015, SEBI has granted following relaxations with reference to the educational qualifications requirements for the existing Members of the Exchange who had applied for registration to SEBI within a period of three months from September 28, 2015:

a) For individuals and partners of partnership firms, their existing educational qualifications may be considered in view of their age & experience.

b) Existing Members who have passed 11th when there was no requirement of passing class 12th, may be considered compliant in view of their age & experience.

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[1] Insertion of the word "LLP" vide MCX Circular No. MCX/MEM/069/2017 dated March 7, 2017

[2] Inserted, *ibid*

[3] Insertion of the symbol and words "/designated partner" , *ibid.*

c) Corporate Members, within a period of one year, are required to appoint 2 designated directors who have the specified educational qualification of 12th standard pass or equivalent (in case they presently do not meet with the requirement).

d) In case of loss of documents pertaining to educational qualifications, Members are required to submit appropriate documentary evidence in support of the educational qualification.

3) Fee and Deposit Structure:

The Admission Fee, Deposits comprising of Initial Security Deposit, Base Minimum Capital, Base Capital, Cash Deposit (as applicable) and other fees / charges would be applicable to the applicant / members as specified by the Exchange [/Concerned Clearing Corporation and/or SEBI from time to time. Exchange/ Concerned Clearing Corporation may review, modify and relax the admission fee and/ or other fees/ charges/ deposits including initial security deposit, Base Minimum Capital, Base Capital, Cash Deposit (as applicable) and/ or other charges or criteria of membership at any time.][4]

The fee and deposit structure for the above mentioned categories of Membership are as under:

[Particulars	**Trading Member (TM)**	**Trading-Cum-Clearing Member (TCM)**	**Institutional Trading-Cum-Clearing Member (ITCM)**	**Professional Clearing Member (PCM)**
	Members of MCX	Members of MCX & MCXCCL	Members of MCX & MCXCCL	Members of MCXCCL
Admission Fees	Rs. 7.5 Lakh	**Rs. 10 Lakh**	Rs. 25 Lakh	Rs. 10 Lakh
Initial Security Deposit (ISD)	PCM / ITCM shall suitably collect deposits from TMs	**Rs. 50 Lakh**	Rs. 100 Lakh	Rs. 100 Lakh
Base Capital	Rs. 5 Lakh	Not applicable	Not applicable	Not applicable
Base Minimum Capital	• Member with Algo Trading: Rs. 50 Lakh • Member without Algo Trading: Rs. 10 Lakh		• Member who clear and settle Algo trades : Rs. 50 Lakh • Member who clear and settle only Non-Algo trades: Rs. 25 Lakh	Not applicable
Annual Subscription	***Rs. 40,000/-****	Rs. 75,000/-	Rs. 1 Lakh	Rs. 1 Lakh

[4] Substituted vide MCX Circular MCX/MEM/042/2019 dated January 31, 2019. Prior to substitution the clause read as under:

"and/or SEBI from time to time. Exchange may review and modify the admission fee and/or other fees / charges/deposits including initial security deposit, Base Minimum Capital, Base Capital, Cash Deposit (as applicable) at any time. Exchange may also relax admission fee, deposit comprising of Initial Security Deposit, Base Minimum Capital, Base Capital / Cash Deposit and/or other charges or criteria of membership while offering segment wise membership from time to time."

Cash Deposit	All ITCMs and PCMs are required to provide cash deposits of Rs.5,00,000.00 in respect of each Trading Member of the Exchange who are affiliated to the said Clearing Member concerned for clearing their Deals/ trade
SEBI Application Fees/SEBI Annual Fees	As may be specified by SEBI from time to time][5]
Notes:	

[5] Substituted, *ibid.* Prior to substitution it read as under:

Particulars	***Trading Member***	***Trading Cum Clearing Member***	***Institutional Trading Cum Clearing Member***	***Professional Clearing Member***
Admission Fees	*7.50 Lakhs*	*Deposit Based – 10.00 lakhs* *Non- Deposit Based – 25.00 Lakhs*	*25.00 Lakhs*	*10.00 Lakhs*
Initial Security Deposit (ISD)	*PCM / ITCM shall suitably collect deposits from TM*	*Deposit Based – 65 lakhs* *Non- Deposit Based – 50 Lakhs*	*100 Lakhs*	*100 Lakhs*
Processing fees	*As per* Schedule of Charges			
Annual Subscription	*0.30 Lakhs*	*0.75 Lakhs*	*1 lakhs*	*1 lakhs*
Insurance Premium	*As applicable*			
Base Capital (in cash)	*5 Lakhs*	*NA*	*NA*	*NA*

Cash Deposit with Clearing Member	*NA*	*NA*	*Rs.0.50 Lakhs to be paid in cash on behalf of each affiliated TM*	*Rs.0.50 Lakhs to be paid in cash on behalf of each affiliated TM*
SEBI Application / Annual Fee	*As may be specified by SEBI from time to time*			
Base Minimum Capital (BMC)	*a. Member with Algo Trading: Rs. 50,00,000/-* *b. Member without Algo Trading: Rs. 10,00,000/-*			

1. However, for existing Members of the Exchange (who had applied for registration to SEBI within a period of three months from September 28, 2015), ISD will be higher of scheme in which they had applied or as specified by SEBI.
2. Corporate entities /LLP should have a minimum paid up capital/capital contribution of Rs.30 lakhs or as may be specified by SEBI from time to time.
3. Payment(s) can be made via demand draft / cheque in favour of "Multi Commodity Exchange of India Limited/[Multi Commodity Exchange Clearing Corporation Limited][6]" or as per the mode specified by the Exchange.
   (Points 4 and 5 continued below)
   (Continued from point 3 above)
4. The formats of cash and cash equivalent like Fixed Deposit Receipt, Bank Guarantee, etc. have to be as per the specified format of the Exchange / [Clearing Corporation.][7]
5. [Pursuant to admission of a new member, who is SEBI Registered or will get SEBI registration, in a particular quarter of a financial year, the applicable Annual subscription will be charged in the following manner depending on the category of Member, for that financial year:

Quarter	% of Applicable Annual Subscription
Quarter 1 : April-June	100%
Quarter 2 : July-September	75%
Quarter 3 : October-December	50%
Quarter 4 : January-March	25%][8]

**** Applicable from April 1, 2022*[9]**

4) Admission fee

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

5) Initial Security Deposit

A Member is required to pay Initial Security Deposit minimum 50% of it to be given in the form of cash and the balance 50% can be in the form of bank guarantee or fixed deposit or both, with the approved banks.

6) Base Capital (Interest Free)

A Trading Member is required to pay Base Capital in the form of cash (to be paid by Demand draft, Cheque, NEFT or any other mode as may be specified by the Exchange from time to time) on which full exposure would be provided by the Exchange. Base Capital is required to be maintained at all times.

7) Cash Deposit from Clearing Member

All Institutional Trading-cum-Clearing Member / Professional Clearing Member are required to provide cash deposit (to be paid in the form of Demand draft, cheque, NEFT, debit instruction or any other mode as may be specified by the Exchange from time to

[6] Inserted, *ibid.*
[7] Inserted, *ibid.*
[8] Substituted vide MCX Circular No. MCX/MEM/315/2019 dated June 17, 2019. Prior to substitution it read as under:
"However, Annual Subscription for any new member who is admitted / registered with SEBI in the last quarter of the financial year shall be 25% of the Annual Subscription depending on the category of membership, for that financial year".

[9] Substituted vide MCX Circular no. MCX/MEM/096/2022 dated February 22, 2022

time) for each Trading Member affiliated to clear the trade through them. No exposure would be provided on Cash deposit.

8) Requirement of 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:

i. 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.

ii. Clearing members (even those without trading rights) who clear and settle only Non-Algo trades for other trading members shall have BMC requirement of Rs.10 Lakhs which is to be increased to Rs.25 lakhs latest by April 01, 2017. Clearing members (even those without trading rights) who clear and settle Algo trades for other trading members shall continue to have BMC requirement of Rs.50 lakhs.

iii. No exposure will be given on this BMC.

iv. Minimum 25% of the above deposit shall be in the form of cash (to be paid by Demand draft, Cheque, NEFT or any other mode as may be specified by the Exchange from time to time) and balance 75% may be in the form of cash equivalents like Fixed Deposit Receipt/Bank Guarantee.

v. 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.

vi. If Members doing Algo Trading opt for Non-Algo, there will be no lock in period for the additional amount of BMC paid towards Algo Trading. Upon change from Algo to Non-Algo, Members can apply for refund of the said additional BMC of Rs.40 lakhs.

vii. [The Base Minimum Capital Deposit lying with the Exchange will be refunded to the Member subject to lock-in period of three years from the date of receipt of surrender application (in the prescribed format) from the member as specified by SEBI, upon surrender of membership, and fulfillment of all dues/compliances under Bye-laws, Rules and Business Rules of the Exchange, SEBI circulars issued. However, the said deposit(s) may be further retained, 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 date of release of deposit(s).][10]

[10] Substituted vide MCX Circular No. MCX/MEM/533/2019. Prior to substitution it read as under:
"The Base Minimum Capital Deposit lying with the Exchange will be refunded to the Member subject to lock in period as may be specified by the Exchange from time to time, upon surrender of membership subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, SEBI and circulars issued there under. However, the said deposit(s) may be retained, 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 date of release of deposit(s)."

9) Annual subscription

A member is required to pay annual subscription in advance or latest by April 30 of every financial year.

Where a member fails to pay the Annual Subscription on or before due dates specified, 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**.**

At least 3 years of Annual Subscription amount (plus applicable taxes) shall be recovered from the deposits of such newly admitted members who surrenders their membership within three years from the date of approval of their membership by the Exchange"[11]

The aforesaid revisions in the provisions will be effective from October 1, 2020."

10) [DELETED][12]

11) Other Pre-Conditions:

a. The applicant is required to submit an application for Membership in the specified format. Applicant is also required to give documents as may be specified by the Exchange / SEBI from time to time, Admission Fee, Security Deposit, Base Capital / Cash Deposit (as applicable) and Base Minimum Capital (BMC), or any other fees mentioned in the table above or as specified by the Exchange /SEBI from time to time.

b. The applicant is required to appear for an interview before the Membership Selection 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 Securities Contracts (Regulation) Rules, 1957, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and 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, if applicable.

c. The Members of the Exchange are required to be registered with the SEBI, and shall comply with the terms, conditions, Rules, Bye-Laws and Business Rules of the Exchange.

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[11] Inserted vide MCX Circular No. MCX/MEM/636/2020 dated September 01, 2020.

[12] Deleted, vide MCX Circular No. MCX/MEM/032/2018 dated January 30, 2018. Prior to deletion, rule 10 read as under:

"***Minimum Usage Fee (MUF) {per quarter}***

Every Member is required to pay Minimum Usage at the beginning of each quarter of a financial year. The said Minimum Usage Fee paid will be set off against the transaction fee payable by the Member. Any unadjusted Minimum Usage Fee as at the end of the year would be allowed to be carried forward and adjusted against the Minimum Usage Fee/Transaction Fee payable for the subsequent financial years. Any unutilized MUF is refundable to the Members at the time of surrender / transfer."

d. Every member is required to –

1) maintain the net worth as specified by the Exchange and / or SEBI during the entire period of his membership of the Exchange. The minimum net worth specified for the Members of Commodity Derivative Exchanges is provided hereunder. It shall have to be necessarily computed as per the LC Gupta Format.

Trading Member	**Trading Cum Clearing Member**	**Institutional Trading Cum Clearing Member**	**Professional Clearing Member**
For Corporates[/LLP][13] – Rs.25 Lakhs Non-Corporates – Rs.10 lakhs	1.00 Cr	3.00 Cr	5.00 Cr

2) make payment of following fees as may be specified by the Exchange / SEBI from time to time:

i. Annual subscription fee
ii. SEBI annual Fees
iii. Turnover Fees (SEBI Fees)*****
iv. Transaction fee including Minimum Usage Fee, etc.

[*Turnover Fees (SEBI Fees) is payable @ 0.00010 per cent of the turnover (Rs.10 per crore) for Members dealing in commodity derivatives and @ 0.00001 per cent of the turnover (Re. 1 per crore) for Members dealing in agriculture commodity derivatives. For the purpose of computing the SEBI fees, turnover is defined to include the value of the trades executed by the Stock Broker on the concerned recognized Stock Exchange and of the trades settled on the expiration of the contracts.][14]

[In case of Options Contract, 'turnover' shall be computed on the basis of premium traded for the option contracts and in case where the option is exercised or assigned, it shall be additionally computed on the basis of notional value of Option contracts exercised or assigned][15]

3) take insurance policy every year as may be specified by the Exchange

13 Insertion of the word "LLP" vide MCX Circular No. MCX/MEM/069/2017 dated March 7, 2017

[14] Substituted vide MCX Circular MCX/MEM/187/2019 dated April 05, 2019.Prior to substitution, the clause read as under:

*"*Turnover Fees (SEBI Fees) is payable @ 0.00015% of the turnover (Rs.15 per crore). For the purpose of computing the SEBI fees, turnover is defined to include the value of the trades executed by Member on the Exchange and of the trades settled on the expiration of the contracts.*

[15] Inserted vide MCX Circular No. MCX/MEM/382/2017 dated October 13, 2017

4) appoint a Compliance Officer, a Principal Officer with FIU-IND and a Designated Director with FIU-IND (any change, if any, has to be intimated to the Exchange).

5) abide by the circulars and notifications issued by SEBI and the Exchange from time to time.

6) have necessary infrastructure, viz., adequate office space, equipment, manpower and such other infrastructural facilities, which the Exchange may specified from time to time, to effectively discharge the activities.

7) have atleast one person in their office who has passed MCCP certification examination or as may be specified by the Exchange / SEBI from time to time.

e. The Exchange has absolute discretion to modify and / or cancel any of the terms and conditions related to membership specified by the Exchange.

f. A member will undertake business as mentioned in Rules, Bye-Laws and Business Rules of the Exchange and or in Securities Contracts (Regulation) Rules, 1957, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 or Circulars issued by Exchange / SEBI from time to time, as amended from time to time. However, borrowing and lending of funds, by a Member, in connection with or incidental to or consequential upon the commodities business, would not be disqualified under Rule 8 (1) (f) and 8 (3)(f).

11.1 [a) No Admission Fee shall be charged to the Members (duly registered with SEBI) of Recognised Stock Exchange(s) having Equity segment, who are applying for new membership with the Exchange (MCX).

b) No transfer fees shall be charged to the existing members of the Exchange for transfer of membership through amalgamation/ merger/ transfer to the Members (duly registered with SEBI) of Recognised Stock Exchange(s) having Equity segment.

c) The aforesaid waivers will be granted to all such applications received by the Exchange on or before January 31, 2019 provided all necessary documents further required for granting membership are submitted on or before June 30, 2019.][16]

11.2 The waiver has been made applicable to Applications received after July 13, 2017(i.e. the date on which SEBI allowed integration of Broking Activities).][17]

11.3 [Pursuant to integration of broking activities permitted by SEBI through the Securities Contracts (Regulation) Rules, 1957 as amended vide Gazette Notification dated June 27, 2017 And SEBI (Stock Broker and Sub-broker) Regulations, 1992 as amended vide Gazette Notification dated July 13, 2017, all eligible Members applying for transfer of business (by way of Transfer of Membership/ Merger / De-merger / Amalgamation) shall follow the procedure

[16] Substituted vide MCX Circular MCX/MEM/485/2018 dated November 19, 2018. Prior to substitution the clause read as under:

"No Admission Fees/ Transfer Fees shall be charged to the existing Members of MCX/ Members of Equity Exchanges (duly registered with SEBI) applying for new membership or transfers of membership through amalgamation/ merger/ transfer ,for all the in-process applications and also to such other applications received on or before September 30, 2018. No waiver will be granted to applications received after September 30, 2018"

[17] Inserted vide MCX Circular No. MCX/MEM/386/2017 dated October 13, 2017

specified by the Exchange from time to time for the purpose of activation of the New Member Entity.][18]

11.4 [***"Late Fee/s:***

Newly admitted member shall be liable to pay the 'Late Fees' as per the below table if:

i. *the new member (in case of admission of New Membership) fails to submit the applicable fees and deposits and complete the procedure for activation of membership within such period as specified by the Exchange from date of approval of the Exchange:*

Late Fee Table:

Sr. No.	***Extension of Timeline for payment of fees and deposits and completion of documents for activation of membership.***	***Late Fees payable for extension by Newly Admitted Member***
1.	*Initial extension of 30 days (after completion of 90 days).*	*Rs.5,000/-*
2.	*For extension beyond the period of 120 days (90 days plus 30 days as mentioned in point 1 above).*	*Rs.500/- per calendar day upto a maximum of 180 days from the date of approval of the Exchange.*

Further, in case the newly admitted member fails to complete the procedure for activation within Exchange specified period or within the extended timelines, the admission of Membership shall be liable for cancellation.

The aforesaid provision of the business rule will be effective from October 01, 2020"][19]

12) Ongoing Compliance / Continuing Compliance:

12.1 Change Designated Director [/Designated Director][20] / Managing Partner /Partner

Corporate Members / Partnership Firms[/LLP][21] of the Exchange shall take prior approval from the Exchange and furnish necessary documents for any change in the Designated Directors[/Designated Partner][22]/ Partners.

i. Processing Charges / Fess for any change in designated directors [/Designated Partner][23] would be levied as per Schedule of Charges.

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[18]Inserted vide MCX Circular No. MCX/MEM/016/2018 dated January 16, 2018.
[19] Inserted vide MCX Circular No. MCX/MEM/661/2020 dated September 10, 2020
[20] Insertion of the symbol and words "/Designated Director" vide MCX Circular No. MCX/MEM/069/2017 dated March 7, 2017
[21] Insertion of the word "LLP" ,*ibid.*
[22] Insertion of the symbol and words "/Designated Partners", *ibid*
[23] Insertion of the symbol and words "/Designated Partners", *ibid*

ii. Member shall have at least 2 (two) Designated Directors or 2 (two) Managing Partners [or 2 (two) Designated Partner][24], as the case may be, at all points of time meeting the eligibility criteria including education qualification as specified by SEBI/ Exchange from time to time.

iii. No new partner shall be admitted without the prior approval of the Exchange. The Exchange shall be informed of any change in the partnership deed within one (1) month of such change.

iv. In case prior approval is not obtained, penalty, as applicable, will be levied.

v. SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

12.2 [Uniform Norms for change in shareholding/change in control

1. Submission of list of Promoters, Non-Promoters/Partners:

I. Members will be required to submit Shareholding/sharing pattern and list of promoters, non-promoters/partners through periodical /ongoing compliances.

II. Members shall provide a list of promoters, non-promoters/partners along with their interest, if any (shareholding/ partnership share) in the stock broking entity. The promoters can be identified as under:

Constitution	**Details**
Corporate **(Listed entity)**	The promoter shall be as per **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018**. (oo) "promoter" shall include a person: i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or ii) who has control [1] over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act: Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity; Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent or more of the equity share capital of the

[24] Insertion of the number, symbols and words "or 2 (two) Designated Partner" vide MCX Circular No. MCX/MEM/069/2017 dated March 7, 2017

.

Constitution	Details
	issuer is held by such person unless such person satisfy other requirements prescribed under these regulations; [1] Control as defined under SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 Further, persons having controlling interest in the entity in terms of SEBI (Stock Broker) Regulations shall also be treated as promoters.
Corporate (Unlisted)	The promoter shall be as per **Companies Act, 2013** **Section 69** "promoter" means a person— a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act Provided that nothing in clause (c) shall apply to a person who is acting merely in a professional capacity; [1]Control as defined under SAST Regulations. Further, persons having controlling interest in the entity in terms of SEBI (Stock Broker) Regulations shall also be treated as promoters.
Partnership Firms/LLP	All partners
Individual/Sole Proprietorship	Individual /sole Proprietor

2. Change in Control

The following scenarios will amount to change in control:

Sr. No.	Change in Control scenarios	Whether Approval required

1	Any change in the promoters/partners resulting in change in control of the member as defined in SEBI (Stock Brokers) Regulations, 1992[2] & SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (SAST)[3]	NOC from Exchanges & Prior Approval of SEBI.
2	Change in legal formation or ownership with regards to Partnership/ LLP/ individual members	NOC from Exchanges & Prior Approval of SEBI.

[2]SEBI (Stock Brokers) Regulations, 1992 ("SB Regs") defines "change in control" as under:

(ac) "change in control" –

(i) in case of a body corporate –

(A) if its shares are listed on any recognised stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of section 11 of the Act;

(B) in any other case, shall be construed as change in the controlling interest in the body corporate;

Explanation:

For the purpose of para (B) of this sub-clause, the expression "controlling interest" means an interest, whether direct or indirect, to the extent of at least fifty-one percent of voting rights in the body corporate;

(ii) in a case other than that of a body corporate, shall be construed as any change in its legal formation or ownership.

[3]SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (SAST) defines "control" as under:

"Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually ***or in concert[4]****, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner*

[4]Persons Acting in concert shall have the same meeting as defined under 2 (q) of Chapter I of SEBI (SAST) Regulations, 2011.

Exception to the aforementioned rule for change in control

Sr. No.	Exception
1	In view of the SEBI circular Ref No. SEBI/HO/MIRSD/DOR/CIR/P/2021/42 dated March 25, 2021, in the following the scenarios the change in shareholding will not be construed as change in control and hence SEBI prior approval shall not be required: -In case of unlisted body corporate • Transfer of shareholding among immediate relatives (as defined under Regulation 2(l) of SEBI (SAST) Regulations • Transfer of shareholding by way of transmission -In case of partnership firm • Transfer of interest amongst the partners

	• Transfer of interest by way of transmission to a legal heir of a deceased partner provided the same in mentioned in partnership deed

3. Ultimate Beneficiary Owner (UBO) Identification

In accordance with the provisions of Prevention of Money Laundering Act (PMLA) and SEBI circular CIR/MIRSD/2/2013 dated January 24, 2013, the beneficial owner shall be identified as per below criteria:

i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
iv. In case of a trust, the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust.

In case of non-individuals except listed entities, the immediate promoter / partner and the Ultimate Beneficial Owner should be provided.

Exceptions where UBO is/are not to be identified:

i. Where the client or the owner of the controlling interest is a company listed on a stock exchange or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of ultimate beneficial owner of such companies.

ii. In case the identification of promoters/promoter group is not practically possible in terms of the aforesaid norms, then the Exchange, at its sole discretion, reserves the right on deciding on identification of promoters/promoter group by adding certain conditions, if required.

iii. Where all the promoters in a Scheduled Bank or any Financial Institution registered with or regulated by any regulatory authority such as RBI, SEBI, IRDA, PFRDA or as decided by the Exchange from time to time.

iv. Where all the promoters are central/state government owned financial institutions.

4. Important Notes:

1. Promoters shall meet the condition of fit and proper person similar to the criteria envisaged in the SEBI (Intermediaries) Regulations, 2008 and being applied to intermediaries seeking registration from SEBI.

2. The stock broker shall provide reasons for any change in shareholding of promoter (member entity, holding company, corporate promoter etc); whether or not constituting change in control

3. Intermediaries dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client

4. The nominated list of promoters may or may not be holding any shareholding/ partnership interest in entity

5. Inclusion or addition of another shareholder as a part of promoter shall not be treated as change in control so far as the earlier group of promoters hold the controlling stake. In case the existing promoters dilutes its controlling stake below 51%, the same shall be treated as change in control

6. Members are required to obtain prior approval of the Exchange for any change in shareholding pattern and change in composition of Promoter Group of Member entity:

   i) In case of change in shareholding/sharing pattern of Corporate Promoter / Holding Company / Ultimate Holding Company the same needs to be intimated to the Exchange, if such changes do not lead to change in control. In case such changes results in change in control of the member entity (directly or indirectly), the same would require prior approval from Exchange & SEBI.

   ii) In case of unlisted public limited entity, if there is a change in less than 2% shareholding in non- promoter group, then only intimation will be required to be done to Exchanges.

   iii) In case of Member being a listed company, or corporate shareholder being listed, it is not required to take prior approval for any changes in non-promoter holdings or for changes in holdings of promoter group, if it does not lead to change in control. However, Members are required to inform about such changes to the Exchange on quarterly basis. In any case, any change leading to change in control would be requiring prior approval from the Exchange & SEBI.

   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.][25]

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[25] Substituted vide MCX Circular no. MCX/MEM/496/2021 dated August 06, 2021. Prior to substitution it read as under:

Change in Shareholding Pattern/Dominant Promoter & Group's Shareholding / Sharing Pattern

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[1. Constitution of DPG- ***Unlisted Corporate Member***

i. DPG would normally consist of individuals who jointly and / or severally are required to hold at least 51% of the paid up equity capital of the Member entity, directly or indirectly at the time of admission as well as subsequently at all relevant points of time.

ii. Any person or persons holding 51% on their/ his own or together with the following is eligible to constitute its dominant promoter group:

(a) their/his relatives as defined under Companies Act and/ or;

(b) the person(s) falling within the definition of 'Control' under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and/or

(c) the support of strategic investors in such corporate member.

iii. The persons in control of the Member entity shall meet the criteria of fit and proper person as specified in Schedule II of SEBI(Intermediaries) Regulations, 2008 and applicable eligibility criteria laid down by the Exchange/SEBI as well as Relevant Authority from time to time.

2. Constitution of DPG- ***Listed Corporate Member***

i. The following person or persons will be eligible to constitute dominant promoter group for Listed Corporate:

(a) Any person or persons in control identified as promoters in the offer document or

(b) Any person named as promoter in any document for the offer of securities to the public or existing shareholders or

(c) In the shareholding pattern disclosed by the corporate member under the provisions of the Listing Agreement, whichever is later

Notes:

Strategic Investors- Corporate/individual investors that add value to investments they make through industry and personal ties that can assist companies in raising additional capital, including financial investors, venture capitalists and others who invest primarily within aim of generating a large return on their investment.

Undertaking by persons extending support- The person(s) who are extending support to the dominant shareholders as stated under 1 and 2(i) above shall execute an unqualified and irrevocable support in writing to the individual concerned (in respect of such holding/interest).

ii. **Corporate Shareholder to act as a part of DPG**

Corporate shareholder is allowed to be identified as dominant shareholders (Dominant Promoter group) of a corporate member/partnership provided that the corporate shareholder identifies any person or persons as their dominant promoter group as per the aforesaid norms applicable to the corporate member. In case the dominant promoter group consists of more than one corporate shareholder, the dominant promoter group shall be identified separately for each such corporate shareholder. This would enable Member to identify the last individual/s promoter shareholders (the person(s) falling within the definition of 'Control' under the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997) as Ultimate/Beneficiary Owners in the Member Company/Holding Company/ultimate holding company (as applicable).

iii. Once a member nominates/determines a group of shareholders/Partners as its dominant promoter group, it is to be ensured that the nominated/determined dominant promoter group always maintains among themselves the minimum required shareholding as specified above at all points of time.

Members are required to seek prior approval from the Exchange for any change in the shareholding/ sharing pattern of the member corporate /firm or the corporate shareholder (s) identified as dominant promoter(s).

iv. In case of Member being a listed company, or corporate shareholder being listed, it is not required to take prior approval for any changes in holdings of promoter group, if it does not lead to change in control. However, Members are required to inform about changes to the Exchange on quarterly basis, in any case, any changes leading to change in control would be requiring prior approval from the Exchange & SEBI.

v. In the following situations change in shareholding/sharing pattern of the Member corporate/firm or the corporate shareholder(s)/identified as dominant promoter(s) will not be construed as change in control or transfer of membership:

(a) divesting of shares and quitting the dominant promoter group by one or more persons within the group provided it is ensured that the remaining dominant shareholders continue to hold the required controlling stake;

(b) inclusion or addition of another shareholder as a part of dominant promoter group shall not be treated as change in control so far as the earlier group of dominant shareholders hold the controlling stake, subject to a condition that the approved inclusion continues to be a part of the dominant promoter group for a period of atleast 3 years

(c) acquisition of total control by a person or entity, who is part of dominant promoter group of a Member entity consequent upon cessation of joint control in favour of such person or entity;

(d) change in the dominant promoter group through a takeover process and /or a new group acquires controlling interest that is equal to or less than the controlling stake of the existing dominant promoter group, provided the existing dominant promoter group continues to hold the controlling stake.

12.3 Change in Designated Email ID

Members shall designate one contact email ID as "Designated Email ID". The Exchange would be sending all email communications to the said Email ID. Also, all emails received from the Members' specified "Designated Email ID" would be considered as official communications from the Member. It will be Members responsibility to:

(e) any change in the equity ownership of the Member (without change in control by voting arrangements or management agreement or otherwise) that does not result in the shareholding of the dominant promoter group less than 51% in the case of unlisted companies;

vi. The above norms will be applicable even for the existing unlisted corporate Member proposing to get listed and post listing they are required to meet the existing norms applicable to the listed corporate Members;
vii. Any approval conveyed to the Members for change in shareholding/will be valid only for a period of 6 months from the date of the approval letter. In case, Member fails to execute the proposal during that period, they shall be required to obtain fresh approval(s) from the Exchange.
viii. The aforesaid norms are also applicable to members who are partnership firms/LLP. The term dominant shareholder/promoter may be substituted as Dominant Partners.
ix. If in the opinion of the Exchange, it is evident that the identification of DPG is not practically possible in terms of the aforesaid norms, then the Exchange, at its sole discretion, reserves the right on deciding on identification of DPG norms by adding certain conditions, if required.]23

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 / SEBI as well as Relevant Authority from time to time.

4. [DELETED]24

5. Processing Charges / Fess for any change in shareholding not involving change in control (where the change / increase does not result in dilution of DPG holding below 51% / Where the change results into change of DPG constituents but not resulting into change of shareholding/sharing pattern) would be levied as per Schedule of Charges.

6. Members are required to obtain prior approval from the Exchange in case of change in shareholding pattern / sharing pattern leading to "change in control" of the Company / Partnership Firm. For change in control, transfer fees of Rs.1,00,000/- or Rs.50,000 (for 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) plus applicable taxes is payable. The charges/fees are payable by members by way of demand draft or cheque payable at par in Mumbai in favour of 'Multi Commodity Exchange of India Limited or any other mode as may be specified by the Exchange from time to time.

7. A Member is also required to obtain prior approval for Change in control from SEBI.

8. In case prior approval is not obtained, penalty, as applicable, will be levied.

9. 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.

10. SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

a. Access the "Designated Email ID" regularly to see whether the Exchange has sent any communications

b. Monitor and manage storage capacity of this email to ensure that the storage space in the mail box does not get exceeded leading to bouncing of mails

c. To keep the Exchange informed about change in the Designated Email ID.

d. To take precautions necessary at its end to ensure confidentiality of mails.

12.4 Conversion of Membership/ Change in Status of Member

a) Where a Corporate / Partnership[/LLP][26] 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 atleast 3 years.

b) Where a Corporate entity has been formed by converting the Partnership Firm [/LLP.][27] Membership of the Exchange and the dominant promoter group of the erstwhile Partnership Firm [/LLP][28] will continue to hold a minimum of 51% stake in the new entity for a period of atleast 3 years.

c) The processing charge for conversion of membership would be levied as per Schedule of Charges

d) SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

12.5 Change of Name

1. The Members of the Exchange are required to obtain prior approval from the Exchange for effecting change of name as per the procedure specified by the Exchange from time to time
2. The new name of the entity should not have the following words in the trade name:
   - Commex / Comdex / Exchange / Commodity Exchange / Stock Exchange / National[29]
3. The processing fee/charge for change of name would be levied as per Schedule of Charges
4. SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

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[26] Insertion of the word "LLP" vide MCX circular no .MCX/MEM/069/2017 dated March 7, 2017

[27] Inserted, *ibid*

[28] Inserted, *ibid*

[29] Substituted vide MCX Circular no. MCX/MEM/003/2020 dated January 02, 2020. Prior to substitution it read as under:

1. *"Commex / Comdex / Exchange / Commodity Exchange / Stock Exchange / National/Stock/Security/Share.*

12.6 Change of Type of Membership

1. Member of the Exchange may be allowed to up-grade its class/ type of membership to another viz., TCM to ITCM or TM to TCM, etc., subject to the eligibility terms and conditions and paying the differential admission fees, deposits, etc., as applicable for the said up-graded class / type of Membership.

2. Member of the Exchange may be allowed to down-grade its class/ type of membership to another viz., from ITCM to TCM or from TCM to TM, etc., subject to the said Member agreeing to forego his excess Admission Fees (if any) paid to the Exchange

3. Base Capital: If any TCM opts to downgrade its class/type of membership to TM, the requirement of Base Capital of Rs. 5 Lakhs would be apportioned from the cash component of their existing Initial Security Deposit (ISD) lying with the Exchange. Such TCMs who opts for conversion to TM would continue to be eligible for the exposure on the excess of Initial Security deposit lying with the Exchange along with the exposure on Base Capital.

   However, the excess of Initial Security on the request of such Members would be considered for refund by the Exchange only if all the dues / penalties/ fines, etc., (including investor grievances) are fully crystallized and recovered after receipt of NOC from affiliated Clearing Member.

4. Processing Fee would be levied as per Schedule of Charges

5. It is clarified that TMs who clear their trades through ITCM/PCM would continue to provide necessary margin(s) through their respective ITCM/PCM. The ITCM/PCM would continue to be liable for charges for clearing and settlement (including related penalties / other charges), Exchange / SEBI turnover fees, Annual Subscription, [****][30] and Connectivity Charges, etc., payable to the Exchange.

6. The ITCM / PCM would not be liable for inspection / compliance / trading related penalties but will be responsible for payment of such penalties, etc., to the extent of the security / deposit of such affiliated TM lying with them. ITCM / PCM shall facilitate the recovery of the above penalties within seven (7) working days. In case of non-recovery of any liabilities / dues of the Exchange, the Trading Member would be liable for disabling of trading terminal(s) / suspension / expulsion / declaration of defaulter as the case may be.

7. In case of surplus, if any, in the security / deposit of affiliated TM with ITCM/PCM, the Exchange would have a lien towards settlement of Investor Grievances / Arbitration Awards / Claims, etc. Similarly, ITCM/ PCM would have a lien on the surplus in the account of the TM with the Exchange in case the affiliated TM has debit on account of his dealings with ITCM/PCM.

12.7 Annual Returns

[30] Deletion of the words “Minimum Usage Fee (MUF) “” vide MCX Circular No. MCX/MEM/032/2018 dated January 30, 2018.

1. Member are required to submit Annual returns along with specified document/ information every year at such frequency as may be specified by the Exchange / SEBI from time to time.
2. [31][DELETED]
3. [32][DELETED]
4. Members are required to ensure that all applicable documents are sent [33][* * * *] in an envelope addressed to:

   The Membership Department
   Multi Commodity Exchange of India Limited
   Exchange Square, Suren Road,
   Andheri (East), Mumbai-400093.

5. Members may also submit the requisite documents at any of the Regional Offices of the Exchange and obtain an acknowledgment (along with date of submission) of the same.
6. Members are advised to submit Annual Returns to Membership Department strictly as per the format given at link provided on our website www.mcxindia.com
7. [34][DELETED]
8. [35][DELETED]

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[31] Deleted vide MCX Circular No. MCX/MEM/243/2017 dated July 20, 2017. Prior to deletion, clause 2 of 12.7 read as under:

" Members who have applied for SEBI registration and have been enabled / activated for trading on the Exchange till March 31, 2016 are required to submit the Annual Returns in soft form through "MCX eXchange" as well as in hard form to the Exchange, latest by October 31, 2016. The link for the "MCX eXchange" is available on MCX website www.mcxindia.com. "

[32] Deleted, *ibid*. Prior to deletion, clause 3 of 12.7 read as under:
"Members having accounting year ending on any date other than March 31, 2016 are required to submit Annual Returns within a period of 6 months from the close of accounting year followed by them. Such Members are required to inform the Exchange about the different accounting years followed by them on or before October 31, 2016."

[33] Deletion of the date "latest by October 31, 2016"" vide MCX Circular No. MCX/MEM/069/2017 dated March 7, 2017

[34] Deleted, *ibid*. Prior to deletion, clause 7 of 12.7 read as under:

"Inactive Members: Inactive Members (defined for the purpose of current Annual Returns as "a Member who has applied for SEBI registration but has not undertaken / will not undertake any trade on the Exchange from April 01, 2015 to October 31, 2016") are required to submit the Annual Returns comprising of the following documents only:

I. Forwarding letter cum Present Details
II. Declaration cum Confirmation for Inactive Members
III. Networth Certificate and computation thereof (along with the supporting financials i.e., Balance Sheet including schedules, Profit and Loss A/c / Income & Expenditure A/c, Director's & Auditor's Report).
IV. Declaration"

[35]Deleted, *ibid.* Prior to deletion, clause 8 of 12.7 read as under:

9. [36][DELETED]

10. [37][Mere submission of documents through Annual Returns will not result in simultaneous updation of records at the Exchange's end and Members are required to obtain prior approval / intimate the Exchange, as the case may be for changes carried out.]

[12.7.A Submission of Half Yearly Networth Certificate and Computation of Net worth

Members are required to submit Half Yearly Net worth Certificate and Computation of Net worth to the Exchange :

i) within 60 days for half year ending September 30th and Half year ending March 31st.
ii) only in the electronic form through online portal of the Exchange.
iii) strictly in L.C.Gupta Format

Actions for Non-compliance for not meeting the Minimum Networth Requirement and Late/Non-submission of Net worth will be taken as specified by the Exchange/SEBI in its circulars issued from time to time.][38]

12.8 Transfer of Membership

[All types of memberships, once granted by the Exchange, are transferable inter class subject to payment of differential admission fees and deposits as specified from time to time. Membership of the Exchange shall be transferable as per Rules of the Exchange.][39]

1. Conditions of Transfer of Membership

"Networth: The Members who have already submitted Networth Certificate (along with the supporting financials) as on March 31, 2016 based on Audited Books of Accounts, in order to comply with SEBI Regulatory compliance by September 28, 2016, need not resubmit the same while submitting Annual Returns."

[36] Deleted, *ibid.* Prior to deletion, clause 9 of 12.7 read as under:

"Actions for Non-Compliance:

All Members are required to ensure that they submit all the applicable documents at one go on or before October 31, 2016. Piecemeal submissions will not be entertained. Non-compliance with the above timelines will result in appropriate action including levy of late/non- submission penalty at the rate of Rs.200/- per day.
It is to be noted that non-production / improper submission of networth certificate (if applicable in terms of Point 8 above) will also attract non-submission penalty of Rs.200/- per day.

Mere submission of documents through Annual Returns will not result in simultaneous updation of records at the Exchange's end and Members are required to obtain prior approval / intimate the Exchange, as the case may be for changes carried out."

[37] Inserted, *ibid.*

[38] Inserted, vide MCX Circular No. MCX/MEM/360/2017 dated September 29, 2017.

[39] Substituted vide MCX Circular No. MCX/MEM/075/2018 dated March 06, 2018. Prior to substitution, it read as under:

"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. 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. Membership of the Exchange shall be transferable as per Rules of the Exchange"

*1.1 [The transferor member is also required to pay transfer fee of **Rs.5,00,000/-* or Rs. 1,00,000/-** (if membership is transferred to group entity with same Promoter Group who continues to hold more than 51% stake in the new entity) whichever applicable, by demand draft in favour of "Multi Commodity Exchange of India Limited" or as per the modes specified by the Exchange.* **** Applicable from April 1, 2022]***[40]

1.1 The Members are required to submit request for transfer of membership to the Exchange directly and the Exchange in turn will seek SEBI's prior approval [wherever applicable][41]. A transfer of Membership becomes effective only upon approval thereof by the Exchange.

1.2 [DELETED][42]

1.3 Transferor shall be responsible to pay all the outstanding dues of the Exchange and SEBI, if any, including the payment of annual subscription of the Exchange.

1.4 The Transferor and the Transferee shall execute the undertakings as per the format specified by the exchange.

1.5 [DELETED][43].

1.6 The transferee shall be a fit and proper person.

1.7 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.

1.8 The transferee or the transferor has not been declared as defaulter by any other Commodity or stock exchange.

1.9 There is no disciplinary action pending against the transferor by the Exchange.

1.10 The transferor has no enforcement action pending from SEBI.

1.11 There are no investor claims pending against the transferor.

1.12 The Transferor should release an advertisement in two Newspapers (a local newspaper where the Transferor's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation) stating its intention to transfer its membership and inviting objections, if any, to the transfer.

1.13 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 / SEBI from time to time.

2. Members intending to transfer their membership as above will have to submit the application form duly filled along with the following documents:

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[40] Substituted vide MCX Circular No. MCX/MEM/096/2022 dated February 22, 2022

[41] Inserted, *ibid.*

[42] Deleted, *ibid.* Prior to deletion it read as under:

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

[43] Deleted, ibid. Prior to deletion it read as under:

"The transferee should not be an existing member nor a director/ partner/ holding Company or subsidiary of the existing Member of the Exchange".

2.1 Agreement for transfer of membership on non-judicial stamp paper of appropriate value duly notarized

2.2 Undertaking by transferor on non-judicial stamp paper of appropriate value duly notarized

2.3 Undertaking by transferee on non-judicial stamp paper of appropriate value duly notarized

2.4 Board resolution for transfer of membership for Corporate only

2.5 Net worth certificate of the transferee as per the L.C. Gupta format specified by SEBI duly certified by a Chartered Accountant

2.6 Shareholding-pattern/Sharing-pattern & details of Dominant Promoter Group (DPG) of the transferee for Corporate/ LLP / Partnership Firm reference of website.

3. The Transferee will pay security deposit, as applicable including Base Minimum Capital/Base Capital/Cash deposit as the case may be, 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 and SEBI from time to time

4. 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.

5. SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

12.9 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 as per Schedule of Charges
   (b) Written request for transmission of membership
   (c) Attested copy of the Death certificate
   (d) In case of

   • **Intestate Succession**
   1. Succession Certificate / Legal Heir Certificate granted by Competent Authority.
   2. No objection Certificate from other legal heirs

- **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. (
  (d) No objection Certificate from other legal heirs.
  (e) Undertaking of legal heir applying for transmission of membership on Non-judicial stamp paper of Rs. 500/- duly Notarized
  (f) Membership Application Form
  (g) Net worth certificate in the L.C. Gupta format from the legal heir applying for transmission duly issued by practicing Chartered Accountant.

4. The legal heir applying for transmission will pay security deposit as applicable including Base Minimum Capital / Base Capital / Cash deposit as the case may be, 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 as specified in the Bye Laws, Rules, Business Rules by the Exchange including Circulars and instructions issued by the Exchange and SEBI 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/ SEBI.

   Request for transmission of membership will be considered only on fulfillment of above stated conditions and submission of documents as per the specified 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.

6. SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003, Cir/MIRSD/2/2011 dated June 03, 2011 and Cir/MIRSD/14/2011 dated August 02, 2011 also be referred in this regard.

12.10 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.

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.

12.11 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 / Authorised 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, Authorised Persons and SEBI.

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

   vi. There are no pending disciplinary proceedings against him from the Exchange or SEBI.

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. The Member applying for surrender of membership is also required to pay 'Surrender Fees' of Rs.50000/-plus applicable taxes (Non-refundable) as per the modes specified by the Exchange with effect from October 01, 2020."[44]

c. Upon receipt of unequivocal request for surrender, the Exchange would not charge any charges to the Member. However, Member would be required to settle any outstanding bills raised by the Exchange and / or any service provider for the services rendered during their membership with the Exchange. Any other dues, penalties, fines, etc. which may arise after receipt of surrender request and which has not been crystallized would be applicable and payable by the Member.

d. "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. A notice to public by way of an advertisement in newspapers, a local newspaper where the Member's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation will be issued.

No Advertisement shall be issued (subject to Exchange discretion) in case of following:

b. Member has not executed any trade on the Exchange platform.

c. Member has transferred its business to another member of the Exchange by way of 'Sale of Business Agreement / Memorandum of Understanding prior to submission of surrender of membership."[45]

e. [46] [The Exchange shall provide below mentioned time line for receiving legitimate complaints/claims after publication of the advertisement as stated under sub-clause d, against the Members who have executed trade on the Exchange platform

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[44] Substituted vide MCX Circular No. MCX/MEM/695/2020. Prior to substitution it read as under:

a. 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.

[45] Substituted vide MCX Circular No. MCX/MEM/006/2021dated January 05, 2021. Prior to substitution it read as under:

"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. A notice to public by way of an advertisement in newspapers, a local newspaper where the Member's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation will be issued. In case where Member has not executed any trade on the Exchange platform, no advertisement will be issued."

[46]Inserted vide MCX Circular No. MCX/MEM/140/2017 dated May 10, 2017

Members applied for Surrender	Specified Period/ Time Lines
i. who have traded during 12 months preceding the date of receipt of surrender application	60 days
ii. who have traded during 24 months preceding the date of receipt of surrender application (cases other than those covered in i above)	30 days
iii. who have not traded during 24 months preceding the date of receipt of surrender application, i.e., have traded before 24 months	15 days]

f. [47] [The Exchange shall process claims/complaints, if any, received from legitimate claimants in accordance with the provisions of relevant Bye-laws, Rules and business Rules of the Exchange, subject to period of limitation prescribed under Bye law 15.11 and circulars issued by the Exchange /SEBI from time to time. Any claim(s) received after the specified period shall not be entertained by the Exchange against such Member and it shall be deemed that no such claims exist against such Member or such claims, if any, shall be deemed to have been waived and would not be considered for apportionment from Member's deposits, if any, lying with the Exchange].

g. Refund of Deposits is as follows:
   i. For Members registered with SEBI:

      a) After satisfactory redressal of all the Investor Grievance Complaints / Arbitration (if any) against the Member and after completion of all formalities and when the application is considered as eligible for surrender by the Exchange, the application of surrender of membership would be forwarded to SEBI for prior approval.

      b) [Upon approval from SEBI, the Exchange may refund the excess deposit(s) of the Member like Security Deposits and other monies lying with the Exchange subject to fulfillment of all dues/compliances of Exchange/Clearing Corporation and Arbitration claims under Bye-Laws, Rules and Business Rules of the Exchange and circulars/directives issued by SEBI from time to time. Admission fee once paid is not refundable.

[47] Substituted, *ibid.* Prior to substitution, clause f of 12.11 read as under:
F".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 under the provisions of the extant Bye-Laws, Rules and Business Rules of the Exchange."

Further, as per the directives of SEBI, the Exchange shall keep the Base Minimum Capital (BMC) for at least three years (lock-in period) from the date of receipt of surrender application (in the prescribed format) from the member. The said lock-in period for BMC will be applicable to all surrender applications received by the Exchange after June 12, 2019.][48]

c) SEBI circular MIRSD/MSS/Cir-30/13289/03 dated July 09, 2003 also be referred in this regard.

ii. For Members who have not applied for SEBI registration or are not registered with SEBI:

After satisfactory redressal of all the Investor Grievance Complaints / Arbitration (if any) against the Member, and after completion of all the formalities and when the application is considered as eligible for surrender by the Exchange, the Exchange would approve the surrender application and the Exchange may refund the excess deposit(s) of the Member like Base Minimum Capital, Security Deposits and other monies lying with the Exchange subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, SEBI and circulars issued thereunder. However, the said deposit(s) may be retained, 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 release of deposit(s). Admission fee once paid is not refundable.

h. 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.

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

j. [Deleted][49]

[50][12.12 Cessation of Membership of existing Members who fail to apply for SEBI registration

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[48] Substituted vide MCX Circular No. MCX/MEM/533/2019. Prior to substitution it read as under:
"Upon approval from SEBI, the Exchange may refund the excess deposit(s) of the Member like Base Minimum Capital, Security Deposits and other monies lying with the Exchange subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, SEBI and circulars issued there under. However, the said deposit(s) may be retained, 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 date of release of deposit(s). Admission fee once paid is not refundable."

[49] Deleted vide MCX Circular No.MCX/MEM/695/2020 dated September 22, 2020. Prior to deletion it read as under: The application for surrender of membership once filed is irrevocable

[50] Inserted vide MCX Circular No. MCX/MEM/229/2017 dated July 12, 2017

i. All existing Members who have not applied for registration with SEBI shall apply for registration in accordance with provisions contained in Rule 39 (b) of MCX Rules on or before August 31, 2017 by providing all relevant documents complete in all respects along with applicable SEBI fees as specified by the Exchange (available on www.mcxindia.com) and by clearing all Exchange dues and meeting all the criteria for registration with SEBI as a new member failing which such existing Members shall cease to be Members of the Exchange.

ii. Existing Members who have already made an application for SEBI registration but did not submit necessary documents shall be required to provide, by August 31, 2017, all relevant documents complete in all respects along with applicable SEBI fees as specified by the Exchange (available on www.mcxindia.com) and clear all Exchange dues and meet all the criteria for registration with SEBI as a new member, failing which such existing Members shall cease to be Members of the Exchange.

iii. In case of cessation of membership as stated above, provisions of sub-rule (c) and (d) of Rule 39 shall apply.

iv. In case of any ongoing disciplinary action(s) / proceeding(s) or pending inquiry against any existing Member(s) who fail to apply for SEBI registration or whose application for SEBI registration is rejected, such Member(s) would cease to be Member of the Exchange only upon completion of such action(s) / proceeding(s) / inquiry.

Explanation: For the purpose of this Business Rule, 'existing Member' means a Member of the Exchange admitted as such by the Exchange till September 28, 2015 for trading, clearing or settlement of contracts permitted on the Exchange under the Rules, Byelaws and Business Rules of the Exchange."]

13) Authorised Persons

Members desirous of dealing through Authorised Person(s) are required to seek approval of the Exchange by submitting an application as per the modes specified by the Exchange, duly completed in all respects to the Membership Department of the Exchange as per the regulatory framework of the SEBI and also the Circulars issued by the Exchange from time to time.

i. "Authorised Person" means and includes any person whether being an individual a partnership firm, a Limited Liability Partnership (LLP) or body corporate and who provides access to the trading platform of the Exchange as an agent of the member."

ii. **Appointment of Authorised Person**

1. Members of the Exchange may appoint one or more Authorised Persons after obtaining specific prior approval from the Exchange concerned for each such person.

2. The approval as well as the appointment shall be for specific segment of the Exchange.

3. The following words should not be part of the trade name:

- Commex / Comdex / Exchange / Commodity Exchange / Stock Exchange / National[51]

iii. **Procedure for Appointment**

a) Members shall select a person in compliance with the criteria laid down by the Exchange and as per the framework laid down by SEBI, from time to time, for appointment as authorised person and forward the application of the person to the Exchange for approval.

b) On receipt of the aforesaid application, the Exchange:-

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

ii. may refuse approval on satisfying that the person is not eligible for appointment as Authorised Person.

c) All applications for Authorised Persons registration received by the Exchange must be accompanied with a processing fees as specified by the Exchange from time to time per application and the same would not be refunded in case of withdrawal of applications by the Member at any stage. (Please refer Schedule of Charges)[52].

iv. **Eligibility Criteria**

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

1. is a citizen of India;
2. is not less than 18 years of age;
3. has not been convicted of any offence involving fraud or dishonesty;
4. has a good reputation and character;
5. has passed at least 10th standard or equivalent examination from an institution recognized by the Government; and

ii. A partnership firm, LLP or a body corporate is eligible to be appointed as Authorised Person

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

b. the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to deal in securities business.

iii. **Infrastructure**: The Authorised Person must have necessary infrastructure, viz, adequate office space, equipment and manpower to effectively discharge the activities on behalf of the Member.

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[51] Substituted vide MCX Circular no. MCX/MEM/003/2020 dated January 02, 2020. Prior to substitution it read as under:

1. *"Commex / Comdex / Exchange / National / Stock / Security / Share"*.

[52] Substituted vide MCX Circular no. MCX/MEM/003/2020 dated January 02, 2020. Prior to substitution it read as under:

"All Applications for Authorised Persons registration received by the Exchange must be accompanied with a processing fees 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. (Please refer "Schedule of Charges") ".

iv. The approved users and / or sales personnel of Authorised Persons shall have the necessary certification of the respective segments at all points of time.

v. **Conditions of Appointment:** The following are the condition of appointment of an Authorised Person:

a) The Member shall be responsible for all acts of omission and commission of the Authorised Person

b) All acts of omission and commission of the Authorised Person shall be deemed to be those of the Member.

c) The Authorised Person shall receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of Member

d) A person shall not be appointed as Authorised Person by more that one Member on the same Exchange.

e) A partner or director of an Authorised Person shall not be appointed as an Authorised Person of the same Exchange

f) The Authorised Person shall receive his remuneration- fees, charges, commission, salary etc. for his services only from the Member and he shall not charge any amount from the clients.

g) The Member and the "Authorised Person" shall enter into written agreement(s) in the form(s) specified by the Exchange. The agreement shall, inter alia, cover scope of the activities, responsibilities, confidentiality of information, commission sharing, termination clause, etc.

v. **Withdrawal of Approval**

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

a) on receipt of a request to that effect from the Member concerned or the Authorised Person, subject to compliance with the requirements specified by the Exchange.

b) on being satisfied that the continuation of the Authorised Person is detrimental to the interest of investors or the securities market or the Authorised Person at a subsequent date becomes ineligible under clause 4. Above

vi. **Obligations of the Members of the Exchange**

a) The Member shall be responsible for all acts of omission and commission of his Authorised Person(s) and/or their employees, including liabilities arising there from.

b) If any trading terminal is provided by the Member to an "Authorised Person", the place where such trading terminal is located shall be treated as branch office of the Member.

c) The Member shall display at each such branch office, additional information such as, particulars of Authorised Person in charge of that branch, time lines for dealing through Authorised Person, etc. as may be specified by the Exchange.

d) The Member shall notify changes, if any, in the Authorised Person to all registered clients of that branch at least 30 days before the change.

e) The Member shall conduct periodic inspection of the branches assigned to Authorised Persons and records of the operations carried out by them

f) The client shall be registered with the Member only. The funds and securities of the clients shall be settled directly between the Member and client. All documents like contract notes, statement of funds and commodities etc. would be issued to the client by the Member. Authorised Person may provide administrative assistance in procurement of documents and settlement, but shall not issue any documents to client in its own name. No fund / securities of the clients shall go to account of an Authorised Person

g) On noticing irregularities, if any, in the operations of an Authorised Person, the Member shall seek withdrawal of approval, withhold all moneys due to Authorised Person till resolution of investor problems, alert investor in the location where Authorised Person operates, file a complaint with the police, and take all measures required to protect the interest of its investor and the market.

vii. **Obligations of the Exchange**

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

i. PAN number of Authorised Person and in case of partnership or body corporate, PAN number of all the partners or directors as the case may be.

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

iii. Locations of the branch assigned to the Authorised Person(s).

iv. Number of terminals and their details, given to each Authorised Person.

v. Withdrawal of approval of an Authorised Person.

vi. Change in the status or constitution of Authorised Person

vii. Disciplinary action taken by the Exchange against Authorised 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 Authorised Persons are located and records of the operations carried out by them.

c) Any dispute between a client and an Authorised 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 Authorised Person due to disciplinary action or upon the regulatory directive, the Exchange shall issue a press release and disseminate the names of such Authorised Person on its website citing the reason for withdrawal or cancellation of approval.

14) Schemes/Leagues/Competitions launched by registered Stock Brokers; Code of Advertisement & Compliance requirements[53]

The Exchange has compiled the compliance to be ensured by Stock Brokers (Members) prior to issue of advertisements. The same are provided hereunder.

[53] Substituted vide MCX Circular No. MCX/MEM/398/2016 dated November18, 2016. Prior to substitution the business rule read as under

"Code of Advertisement

Members shall take prior approval of the Exchange before issuing any advertisement. The Guidelines of issuing the advertisement by the Members are as per below:

i. The advertisement shall include advertisement, brochures, pamphlets, catalogues, circulars, leaflets, descriptive literature, business card, representation by the members or their Authorised Representatives / Approved Users, or such other kind of descriptive material intended to be used for newspaper, radio, magazines, periodicals, television, electronic media, etc.

A) Do's:

a. Advertisement shall clearly indicate the name, SEBI Registration no., if any, MCX code number and logo of the member if any.

b. Advertisement must be truthful, fair and clear in all aspects.

c. Advertisement should include Risk Disclaimer and the statement that "Clients must read Risk Disclosure Document (RDD) & Do's and Don'ts before investing".

B) Dont's:

a) Advertisement shall not contain any statement, promise or forecast which is misleading, untrue.

b) Advertisement shall not be in the form of promise based on the past performance stating that the past performance will be repeated in future.

c) Advertisement shall not be tempative so as to exploit the lack of experience of the general investors.

d) Advertisement shall not contain any information, accuracy of which is depended on the assumptions.

e) Advertisement shall not contain a recommendation for purchase or sale of any particular commodity without support of any research and without appropriate and clear disclaimer as well as risks associated therewith.

f) Advertisement shall not contain any promise or guarantee of assured return to the general investors.

g) Advertisement shall not be so issued which harms the interest of the investors, create panic, doubts, in the general investors.

h) Advertisement shall not be so issued which harms interest of any other Member of the Exchange or make any adverse reference to the exchange itself.

i) The Advertisement should not contain the logo of the Exchange in any manner whatsoever.

1. Code of Advertisement

1.1 Advertisement shall include all forms of communications issued by or on behalf of Stock Broker (Member) in publicly available media that may influence investment/sale decisions of any investor/prospective investors.

1.2. Forms of communications shall include, form of document, pamphlets, circulars, brochures, notice or any research reports or any other literature or information, material published, or designed for use in a newspaper, magazine, SMS or other periodical, radio, television, telephone or tape recording, video tape display, signs or bill boards, motion pictures, telephone directories (other than routine listings) or other public media including websites or emails, whether in print or audio visual form or used in workshop/seminar or public speaking or in any other manner.

1.3. Advertisement/Material shall contain:

a) name of the Stock Broker, Registered Office Address of the member, SEBI Registration No (all registration numbers and names of the Exchanges in case of multiple memberships) / Stock Broker ID allotted by Exchange and logo of the Stock Broker, if any.

b) information which is accurate, true, fair, clear, complete, unambiguous and concise.

c) standard warning in legible fonts (minimum 10 font size) which states "*investment in securities market are subject to market risks, read all the related documents carefully before investing."* No addition or deletion of words shall be made to the standard warning. In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable.

d) in case the mode of advertisement is SMS/Message/Pop-up, etc. and the details such as full name, logo, full registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then official website hyperlink has to be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.

1.4. The advertisement/material shall not contain:

a) anything which is otherwise prohibited for publication under the relevant Act, unwarranted, or make any promises.

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j) Members shall ensure that their clients / constituents do not issue advertisements soliciting business for appropriation in their own name.

In case of any violation of above Guidelines of the Advertisement, appropriate penalty will be levied."

b) statements which are false, misleading, biased or deceptive, based on assumptions/projections.
c) shall not contain any misleading or deceptive testimonials.
d) statements which directly or by implication or by omission may mislead the investor.
e) any statement designed as likely to be misunderstood or likely to disguise the significance of the statement.
f) any statement designed to exploit the lack of experience or knowledge of the investors.
g) any slogan that is exaggerated or unwarranted or slogan that is inconsistent with or unrelated to the nature and risk and return profile of the product.
h) any promise or guarantee of assured return to the general investors.
i) any statement which directly or indirectly discredits other advertisements or Stock Broker or make unfair comparisons.
j) representations made about the performance or activities of the broker unless accompanied by data regarding performance, disclosures of all the risk factors, etc. and a disclaimer that 'such representations are not indicative of future results'. Such disclaimer shall be in the same font as the rest of the advertisement.
k) superlative terms, such as best, no. 1. One of the Best, among market leaders, etc. unless such terms is provided by an entity independent of the Stock Broker and its affiliates, and whose services are not procured by the Stock Broker or any of its affiliates to assign the Stock Broker such term.

1.5. Compliance and Other Requirements:

a) Prior approval for the advertisement/material to be obtained from the Stock Exchange before issue.
b) No celebrities shall form part of the advertisement/material.
c) Statistical information, charts, graphs, etc. when used should be supported by their source.
d) Where advertising claims are expressly stated to be based on or supported by independent research or assessment, the source and date of this should be indicated in the advertisement.
e) In the event of suspension of any Stock Broker by the Exchange, the Stock Broker so suspended shall not issue any advertisement either singly or jointly with any other Stock Broker, during the period of suspension.
f) In the event of any proceeding/action initiated against a Stock Broker by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Stock Broker to refrain from issuing any advertisement for such a period as it may deem fit.
g) The Stock Broker shall not involve/engage in games/leagues/schemes/competitions etc. which may involve distribution of prize monies/medals/gifts, etc.
h) These norms shall be applicable to any other investment/consultancy agencies associated with the Stock Broker

concerned and issuing advertisement wherein the Stock Broker has been named in the advertisement.

2. **Schemes/Leagues/Competitions launched by registered Stock Brokers:**
Stock Brokers shall ensure strict compliance with the following requirements:
   a. Stock Broker or its associates/group company cannot directly or indirectly, sponsor or be associated with any schemes/leagues/competition, etc. which may involve distribution of monies/prizes/gifts/medals, etc.
   b. No reference to Stock broker's name, logo etc. can be made in any schemes/leagues/competition, etc
   c. Stock broker cannot share any information of their clients with a third party, even with the clients' consent, in case any third party is involved in launching schemes/leagues/competition, etc.
   d. Stock Broker cannot take any financial liability, including any contingent financial liability, on account of any schemes/leagues/competition, etc. launched by a third party.
   e. The Stock broker shall not enter into any tripartite agreement with clients/participants and the third party.
   f. The following practice, given as part of 'Client information' under the heading 'Rights and obligations of Stock Brokers, Sub-brokers and Clients', as specified by SEBI vide circular CIR/MIRSD/16/2011 dated August 22, 2011 and MCX circular no. MCX/INSP/325/2016 dated September 29, 2016, Point 1(1.1)(i)(aiii)Annexure 3 shall continue to apply as given below:

      "The stock broker and sub-broker shall maintain all the details of the clients 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 stock broker may so disclose information about his client to any person or authority with express permission of the client."

   g. The Stock Broker shall obtain written confirmation from the client that the client shall not have recourse to dispute redressal mechanism/arbitration mechanism/investor protection schemes of the Exchange/SEBI in case the client avails the services under any schemes/leagues/competitions etc. offered by any third party.

3. Members are also required to be guided by the following points:
   - A Stock-Broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the SEBI and the Exchange from time to time as may be applicable to him.
   - A Stock Broker shall not advertise his business publicly unless permitted by the Exchange.
   - A Stock Broker shall not resort to unfair means of inducing clients from other stock-brokers.
   - A Stock broker may use the brand name/logo of its group companies, it must display more prominently:
      i. its name as registered with SEBI, its own logo, if any, its registration number, and its complete address with telephone numbers, in its portal/ web site, if any, notice/ display boards,

advertisements, publications, know your client forms, and member client agreements.

ii. its name as registered with SEBI, its own logo, if any, its registration number, and its complete address with telephone numbers, the name of the compliance officer, his telephone number and e-mail address in contract notes, statement of funds and securities, and correspondences with the clients.

4. Members are required to make an application for prior approval of the Exchange before issue of the advertisement and provide an undertaking duly signed by the Compliance Officer or Proprietor/managing partner/designated director.

5. Members are advised to ensure that:
   a. Advertisement shall not:
      - recommend purchase or sale of any particular commodity
      - be so issued which harms the interest of the investors, create panic, doubts in the general investors.
   b. advertisement shall not be so issued which harms interest of any other Member of the Exchange or make any reference to the Exchange itself.
   c. Advertisement should not contain the logo of the Exchange in any manner whatsoever.
   d. their clients/constituents do not issue advertisements soliciting the business for appropriation in their own name.
   e. the copy of the advertisement be submitted to the Exchange at least seven days before the issue, for approval.
   f. the Member shall not offer Portfolio Management Services and such other services that are prohibited in the commodities derivatives markets.
   g. The copies of such advertisements be retained for verification by Inspection Teams.

15) General Points

i. SEBI fee clearance would be required for all such change(s) in the Constitution/ changes in the status or as may be specified by SEBI form time to time.

ii. Formats related to each process / change request are available on our website at www.mcxindia.com.

iii. Any changes such as contact number, office address, authorised signatory, etc. has to be informed to the Exchange as and when there are any changes.

iv. FAQ's issued by SEBI mentioned hereunder:

a) What are the registration requirements for entities desirous of seeking membership of commodity derivatives exchanges after September 28, 2015?

Ans: Any person desirous of becoming a Member of any commodity derivatives exchange(s), on or after September 28, 2015, shall have to meet the eligibility criteria to become a Member of an Exchange and conditions of registration, as specified in SCRR and Stock Broker Regulations respectively, at the time of making the application of registration. Rule 8 of SCRR provides for the constitution types who

are eligible to be registered as Members, minimum of directors who must satisfy the requirements for experience, etc.

b) Can an entity registered as a commodity derivatives broker, also be registered as a stock broker to deal in other securities such as equities market and vice versa?

Ans: In terms of Rule 8(1)(f) of SCRR, same legal entity cannot be engaged in securities and commodity derivatives. Hence, stock broker dealing in equities cannot conduct broking activities in commodity derivatives and vice versa

c) Whether an entity requires SEBI registration for all commodity derivatives Exchanges, if it holds membership with multiple exchanges?

Ans.:Existing member of commodity derivatives Exchange, having membership with multiple exchanges shall apply separately through each commodity derivatives exchange, where he wants to continue to operate, within three months from September 28, 2015.

Under the single registration mechanism, once the existing member of the commodity derivatives exchange is registered by SEBI, the applicant shall be issued one certificate of registration and the registration details shall be intimated to the concerned entity through the concerned commodity derivatives Exchange. Further, if there is/are applications of the same entity is/are received through other commodity derivatives exchange(s), such commodity derivatives exchange(s) shall be intimated about the grant of registration to the said entity and such application(s) shall be disposed of accordingly

d) What are the categories of members registered by SEBI in commodity derivatives market?

Ans.: As per Stock Broker Regulations, three categories of members are registered with SEBI – Stock broker/ trading member, clearing member and self-clearing member

e) What will be the procedure for making registration application?

Ans.: If the entity is already registered as a member with any of the commodity derivatives exchanges as on the date of notification of merger, then the entity may apply for registration with SEBI through all of the concerned commodity derivatives exchanges, in the format prescribed under the Stock Broker Regulations, along with Additional Information prescribed vide SEBI Circular No. SMD/POLICY/CIR-11/98 dated March 16, 1998, within a period of three months from September 28, 2015 (as per provisions of the Finance Act, 2015). New members are required to apply through concerned commodity derivatives exchange in the format prescribed under the Stock Broker Regulations along with Additional Information prescribed vide SEBI Circular No. SMD/POLICY/CIR-11/98 dated March 16, 1998. The member shall submit the duly filled in and signed application form along with the requisite documents and the requisite application and / or annual fee, to the concerned exchange. The fee shall be payable by the applicant by means of a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai. The application is

required to be submitted in hard format as well as soft format. The members can obtain the format of application from the concerned stock exchange. Each exchange shall then verify and forward the application to SEBI along with its recommendation.

16) [Schedule of Charges

[Sr. No.	***Name of the Process***	***Processing fees (plus applicable taxes)#***	***Transfer Fees (plus applicable taxes)#***
1.	*New Membership*	*Rs.10000*	-
2.	*Conversion of Membership*	*Rs.25000*	-
3.	*Transmission of Membership*	*Nil*	-
4.	*Change in Shareholding / Sharing Pattern (not involving change in control)*	*Rs.5000/-**	-
5.	*Change in Name*	*Rs.5000/-**	-
6.	*[1) Change in Designated Directors(DD)/ Managing Partner (MP)/ Designated Partner (DP)/Non-Designated Directors (NDD)/ Partner (P)*	*1) Rs. 5000/-* per Director/ Partner (for change in DD/NDD/MP/DP/P*	-
7.	*Issuance of Status Report*	*Rs.5000/-*	-
8.	*Transfer of Membership / Merger / Amalgamation / De-merger*	*Rs.10000*	*Rs.500000/-* Rs.100000/-@ (@- if transferred to group entity within same Promoter Group)*
9.	*Change in Shareholding pattern leading to change in control*	*Rs.10000*	*Rs.500000/-**
10.	*Appointment of Authorized Person*	*Rs.2000*	-
11.	*Change in Registered Office Address*	*Rs.5000/-**	*-]*
[12.	***Cancellation of Authorised Persons $***	***Rs.2000*** **	-
13.	***Authorised Person Annual Subscription $$***	***Rs.1000*** **	-
14	***Advertisement***	***Rs. 5,000/-****	*-][54]*

The processing fees / Transfer fees / Annual Subscription stated above will be Non-Refundable

[$ applicable from May 1, 2021

$$ Applicable from April 1, 2021.*Applicable from April 1, 2022

***Note:*

(1) **Processing fees** for 'Cancellation of Authorised Persons' **will not be levied** in the following cases:

a) Shifting of Authorised Person from one member to another pursuant to Transfer of Membership / Transfer of Business provided the Authorised Person continues to be

[54] Inserted vide MCX Circular no. MCX/MEM/096/2022 dated February 22, 2022

affiliated with the Transferee entity. Any new registration with other member will be charged.

b) Cancellation of Authorised Persons registration pursuant to the member being declared defaulter / expelled / ceased / cancellation of SEBI registration certificate/ death of Authorised Person.

c) Members whose trading terminals are disabled.

(1) **(2) (i) 'Authorised Person Annual Subscription'** will be levied to the members on quarterly basis (i.e. after the end of every quarter) for all the registered Active Authorized Persons who are active at any point of time in that quarter and are affiliated to members who are active at any point of time in that quarter. Such members will be required to submit / update the list of active authorized persons within the last week of every quarter][55].

(ii) '**Annual Subscription to the Authorised Person'** will not be charged to the member for the quarter in which the terminals of the member with whom such Authorised Person is affiliated are disabled pursuant to disciplinary action taken by the Exchange.

Mode of payment: *Demand Draft / Cheque / RTGS /NEFT/ Debit instructions or any mode as may be specified by the Exchange/Clearing Corporation from time to time.*

In case of any difference and /or dispute as to the interpretation, meaning or effect of the aforesaid Master Circular, the decision of the Exchange shall be binding and final."][56]

17) ANNEXURES

All the relevant formats are notified by way of circulars issued from time to time and the same are made available on the Exchange website at the following link:

a) *For existing members : https://www.mcxindia.com/membership/existing-members*

b) *For new membership: https://www.mcxindia.com/membership/become-a-member/membership-documents*

[55] Substituted vide MCX Circular No. MCX/MEM/164/2021 dated March 17, 2021

[56] Inserted vide MCX Circular No. MCX/MEM/148/2021 dated March 12, 2021