RULES OF MULTI COMMODITY EXCHANGE OF INDIA LIMITED

With effect from 25.04.2026

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Multi Commodity Exchange of India Limited

1. PREAMBLE

a. These Rules shall be known as 'The Rules of Multi Commodity Exchange of India Limited, Mumbai' and are for the sake of brevity and convenience, herein referred to as "These Rules" or "the Rules of the Exchange".

b. These Rules shall come into force with effect from such date as the Governing Board of Multi Commodity Exchange of India Limited, Mumbai (hereinafter referred to as "the Exchange" or the Securities and Exchange Board of India {hereinafter referredto as "the SEBI"} may appoint and notify in that behalf.

c. These Rules shall be in addition to the provisions of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as SCRA) and the Rules and Regulations made thereunder and the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as SEBI Act) and the Rules and Regulations made thereunder and the Bye Laws of the Exchange. These Rules shall at all times be read subject to the provisions ofthe SCRA and the Rules and Regulations made thereunder and SEBI Act and the Rules and Regulations made thereunder as amended from time to time and theRules, Regulations, Directives, Orders, Guidelines, Norms and Circulars issued by the Government of India and/or Securities and Exchange Board of India (SEBI) thereunder from time to time and Bye Laws of the Exchange.

d. In case of difference between the provisions of any Rules of the Exchange and the provisions of SCRA or SEBI Act or Rules and Regulations made thereunder, the provisions of SCRA or SEBI Act or the Rules and Regulations made there under shall prevail.

2. DEFINITONS

The definitions not covered herein below will be taken from the Articles or the Bye-laws of the Exchange for the purpose of interpretation or management of the Exchange and in case of any discrepancy, the interpretation as may be taken by the Board of the Exchange shall be final and binding on all associated with the Exchange directly or indirectly.

a. "Associate" in relation to a person shall include another person:
   (i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the first person;
   (ii) who holds more than fifteen per cent shares in the paid up equity capital of thefirst person;
   (iii) who is a holding company or a subsidiary company of the first person;
   (iv) who is a relative of the first person;
   (v) who is a Member of a Hindu Undivided Family wherein the first person is also a Member;
   (vi) such other cases where the SEBI is of the view that a person shall be consideredas an associate based on the fact and factors including the extent of control, independence, conflict of interest.

b. "Base Capital" means and includes the initial security deposit, additional security deposit, margin money, any other credit amounts, bank guarantee, and other collateral, by whatever name called, specified to be part of the base capital.

c. "Bye-laws" mean the Bye-laws of the Exchange.

d. "Control" shall include 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, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

e. "Exchange" means Multi Commodity Exchange of India Limited.

f. "Family Member" of a Member of the Exchange means, the Member's father or mother or spouse or son or sons or unmarried daughter or daughters or daughter-in-law or daughters-in-law or father's brother or brothers or son's or sons" son or sons or brother or brothers or unmarried sister or sisters or brother's or brothers' son or sons.

g. "Inactive Member of the Exchange" means a Member of the Exchange who has not traded in the Exchange even for a single day in a year.

h. "In writing' or 'Written" includes handwriting, typewriting, printing, lithography, fax, downloading through computers, e- mail, sms and/or other modes of representing or reproducing words in visible form.

i. "Multiple Trading Membership" means an individual, or a partnership firm or LLP or a company (as defined under the Companies Act) or a body corporate or any other entity having either, directly or indirectly, or is in the process of acquiring, control in another entity which is a Member of the Exchange of either the same Exchange and/or
   of any other Exchange/s and shall include:
   i. An individual Member of the Exchange being a Member of one Exchange, is also a Member of another Exchange, or
   ii. An individual, being a Member of one Exchange is also a designated director/ nominee of a company/body corporate, which is a Member of another Exchange, or
   iii. An individual, who is a designated director/nominee of a company/body corporate which is a Member of an Exchange in which there are at least two designated directors/nominees and one of the designated

directors/nominees isa Member individually of another Exchange, or

iv. An individual, being a Member of one commodity/stock Exchange or an individual, who is a designated director/ nominee of a company/body corporate, which is a Member of one Exchange, is a designated partner in any partnership firm of another Exchange.

j. "Non-Transferable Specific Delivery Contract" means a specific delivery contract, the rights or liabilities under which or under any delivery order, railway receipt, bill of lading, warehouse receipt or any other documents of title relating thereto are not transferable.

k. "Notice Board" refers to the Bulletin Board, Market News and Information corner displayed on the trading system of the Exchange, Website or the News and circulars, notifications, etc. downloaded/ broadcast at the trading system of the Members.

l. "Person" includes an individual, partnership firm, LLP, body corporate, corporation, a co-operative society, association of persons, bank, financial institution, public sector organisation, statutory corporation, a government department or non-government entity or such other person as the Board may decide from time to time.

m. "Place of Business" means an office where a Member is conducting a bona fide business for dealing in commodities and the address of which is officially intimated to the Exchange.

n. "Ready Delivery Contract" means a contract which provides for the delivery of goods and the payment of a price therefor, either immediately, or within such period not exceeding eleven days after the date of the contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise:

Provided that where any such contract is performed either wholly or in part;

i. by realisation of any sum of money being the difference between the contract rate and the settlement rate or clearing rate or the rate of any offsetting contract; or

ii. by any other means whatsoever, and as a result of which the actual tendering of the goods covered by the contract or payment of the full price therefor is dispensed with, then such contract shall not be deemed to be a ready delivery contract;

o. "Register of Members of the Exchange" means the register containing the names and other details of the Members of the Exchange registered with the Exchange under various categories.

p. "Relevant Authority " means the Board or any Committee or Managing Director or any such authority as may be specified by the Board from time to time as relevant for a specified purpose.

q. "Remisier" means a person, who is engaged by a Member of the Exchange primarily to solicit business for the Member for trading on the Exchange.

r. "Rules" means the Rules as defined in the Bye-Laws of the Exchange.

s. "Securities and Exchange Board of India" means Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India, Act 1992 referred to as SEBI hereafter..

t. "Specific Delivery Contract" means a commodity derivative which provides for the actual delivery of specific qualities or types of goods during a specified future periodat a price fixed thereby or to be fixed in the manner thereby agreed and in which the names of both the buyer and the seller are mentioned.

u. "Transferable Specific Delivery Contract" means a specific delivery contract which is not a non-transferable specific delivery contract and which is subject to such conditions relating to its transferability as the Central Government may by notification in the Official Gazette, specify in this behalf.

2A. **Interpretation of Certain Words And Expressions**

Words and expressions used herein and not defined in these Rules but defined in the SCRA and the Rules and Regulations made thereunder or the SEBI Act and the Rules and Regulations made thereunder or Bye Laws of the Exchange shall have the same meanings respectively assigned to them in those Acts, Rules and Regulations, Bye Laws of the Exchange.

3. MANAGEMENT OF THE EXCHANGE

The Board may organize, maintain, control, manage, regulate and facilitate the operations of the Exchange and commodities / securities transactions by Trading Members/ Clearing Members, in accordance with the provisions of the SCRA, and the Rules and Regulations made thereunder and SEBI Act and the Rules and Regulations made thereunder, and any directives issued thereunder or as may be prescribed from time to time and the Bye Laws of the Exchange. The Board shall, subject to the provisions of SECC Regulations 2018, and guidelines/directives of SEBI, appoint various Committee(s) /Panel(s), Relevant Authority from time to time, for managing the affairs of the Exchange.

The Board of Directors may constitute Committees ("Committee/s") from time to time for managing day to day affairs of the Exchange or for specific matter/purpose as prescribed by SEBI or otherwise. All such Committees shall function/ operate in accordance with the provisions appearing in directives/circulars/regulations issued by SEBI/ the Board from time to time and the Rules stated hereinafter or in accordance with the Articles of Association of MCX.

The Committee(s) appointed by the Board shall consist of such persons as may be specified by SEBI/ the Board from time to time.
The tenure of the Members of a Committee shall be such as may be specified, in case of a Committee, by the Board, and in case of a sub-Committee, by the Committee that constitutes such sub-Committee.

i. Managing Director/ Chief Executive

a. The Managing Director of the Exchange shall be the Chief Executive of the Exchange and shall look after day-to-day management and affairs of the Exchange.

b. The Managing Director / Chief Executive shall represent the Exchange officially in all public matters.

c. Without prejudice the generality of above provisions, the Managing Director shallperform such function and shall exercise such powers as may be delegated to the Managing Director by the Board.

d. The Managing Director of the Exchange shall function in accordance with the Articles of Association, direction of the SEBI and Board on matters as the Board may determine fit from time to time.

ii. Powers of The Committee

The Board may delegate from time to time to the Committee(s) such of the powers vested in it and upon such terms as it may think fit, to manage all or any of the affairs of the Exchange and from time to time, to revoke, withdraw, alter or vary all or any of such powers. The Committee shall have such responsibilities and powers as may be delegated to it by the Board from time to time.

A Committee so constituted may constitute, subject to the terms and conditions of its constitution, such sub-Committees for such purposes as it may deem fit. The constitution,

powers and responsibilities of such sub-Committee(s) may be determined by the Committee which constitutes such sub-Committee(s).

The Committee may from time to time, authorise the Managing Director. or such other person(s) to carry out such acts, deeds and functions in accordance with such provisions as may be laid down in this regard for fulfilling the responsibilities and discharging the powers delegated to it by the Board.

iii. **Disqualification Of Member of The Committee**

No person shall be eligible to be a Member of a Committee(s), if he suffers any disqualification as provided in the Articles of Association or as specified by the Board or SEBI, or if such person ceases to be a Member of the Exchange A Member of the Committee shall, ipso facto, be deemed to have vacated the office, if he suffers any such disqualification, provided however that nothing done in good faith by such person in his capacity as a Member of such Committee shall be rendered invalid merely because such act, deed, matter or thing may have been done by him subsequent to his disqualification but without knowledge of his disqualification.

iv. **Meetings of the Committee**

The quorum, frequency and procedure of the meeting of the Committee, etc shall be in accordance with circulars issued by SEBI from time to time.

v. **Chairman**

Subject to the prior approval of the Board, the Chairman shall be elected by the governing Board from amongst the public interest directors. This shall be subject to the approval of SEBI.

4. MEMBERSHIP OF THE EXCHANGE

i. The Board may classify the Membership of the Exchange in different categories for different commodities, securities or instruments or derivatives thereon permitted to be traded on the Exchange and provide for different rights and privileges for trading, clearing and settlement of contracts in any commodity or group of commodities, securities or instruments or derivatives thereon to the Member of different categories. A person desirous of securing the Membership of the Exchange may apply for any category of Membership, subject to his fulfilling the Membership criteria. Mere fulfilment of eligibility criteria does not entitle an applicant to Membership, Membership Committee will grant Membership.

ii. The Membership of the Exchange shall entitle a Member of the Exchange to exercise such rights and privileges attached to such Membership as he specifically applies for dealing on the Exchange, subject to the Bye-Laws, Rules and Regulations of the Exchange as applicable from time to time.

iii. The provisions of the Articles of Association and the Bye-Laws, Rules and Regulations applying to individuals shall apply mutatis mutandis to firms, LLP, banks, other financial institutions and bodies corporate who are registered as a Member of the Exchange.

iv. A Member of the Exchange shall not assign, mortgage, pledge hypothecate, or charge his right of Membership or any rights or privileges attached thereto,and any such attempt shall not be effective as against the Exchange. The Board shall expel any Member of the Exchange who acts or attempts to act in violation of the provisions of this Rule.

v. The Membership rights of the Exchange are transferrable subject to terms and conditions that may be prescribed by the Exchange in this regard from time to time and also subject to prior approval of the Exchange.

vi. There shall be different classes of Membership of the Exchange along with associated rights and privileges which shall include Trading-cum-Clearing Members, Institutional Clearing Member and other classes as nay be defined by the Exchange from time to time. The different types of Members of the Exchange for the present are as under:

a. Trading-Cum-Clearing Member (TCM) / Self-Clearing Member (SCM)

Trading-cum-Clearing Member /Self-Clearing Member means a person who is admitted by the Exchange as the Member of the Exchange conferring a right to trade and clear through the Clearing Corporation as a Clearing Member and who may beallowed to make deals for himself as well as on behalf of his clients and clear and settle such deals only.

Provided that such Trading-cum-Clearing Member/ Self-Clearing Member of the Exchange shall be required to become a Member of arecognized Clearing Corporation from such date as may be specified by the Exchange and/or the SEBI.

b. Institutional Clearing Member or Professional Clearing Member (PCM)/ Clearing Member (CM)

Institutional Clearing Member or Professional Clearing Member/ Clearing Member means a person who is admitted by the Exchange as a Clearing Member of the Exchange and the Clearing Corporation and who shall be allowed to only clear and settle trades on account of Trading-cum-Clearing Members or Trading Members.

Provided that such Institutional Clearing Member or Professional Clearing Member / Clearing Member of the Exchange shall be required to become a Member of a recognized Clearing Corporation from such dateas may be specified by the Exchange and/or the SEBI.

c. Institutional Trading-Cum-Clearing Member (ITCM) /Trading Member & Clearing Member

Institutional Trading-cum-Clearing Member / Trading Member & Clearing Member means a person who is admitted by the Exchange as a Institutional Trading cum Clearing Member of the Exchange and who shall be allowed to trade on his account as well as on behalfof his clients and to settle trades done by himself as well as by other Trading cum Clearing Members or Trading Members.

Provided that such Institutional Trading Cum Clearing Member /Trading Member & Clearing Member of the Exchange shall be required to become a Member of a recognized Clearing Corporation from such date as may be specified by the Exchange and/or the SEBI.

d. Commodity/Complex Specific Trading-cum-Clearing Member

Commodity / Complex Specific Trading Cum Clearing Member means a person having been admitted by the Board as such, who shall have trading and clearing rights only in respect of specific commodity or group of commodities, while in respect of other commodities he shall not have any trading or clearing rights.

Provided that such Commodity / Complex specific Trading cumClearing Members shall be entitled to upgrade themselves into full- fledged Membership, consequent upon compliance with such conditions, as may be specified by the Board**.**

e. Trading Member (TM) / Stock Broker

Trading Member (TM) / Stock Broker means a person having been admitted by the Board as such, who shall have rights to trade on his own account as well as on account of his clients, but shall have no right to clear and settle such trades himself.
All such Trading Members must be affiliated with any one of the Institutional Clearing Members or Institutional Trading cum Clearing Members having clearing rights on the Exchange.

vii. Any person, fulfilling the following criteriawill be eligible to become a Member of the Exchange:

i. Compliance with the capital adequacy norms as may be prescribed by the Board for Membership of the Exchange, from time to time; and

ii. Compliance with the registration and other provisions as may be prescribed by the Board from time to time.

iii. Payment of such fee, charges, deposits and other monies, as may be specified by the Exchange.

viii. The Board is empowered to prescribe such Rules, requirements and/or criteria for admission as a Member of the Exchange and to alter any such Rules including those specified above.

ix. Every Member of the Exchange shall comply with and be bound by the Articles of Association of the Company and by the Bye-Laws, Rules and Regulations of the Exchange that may be made in accordance therewith, from time to time, and shallaccept as final any decision made by the Board or by the Company in General Meeting or by the Committee approved by the Exchange.

x. Prospective Members of the Exchange or their authorised representatives shall, during the admission process, if required by the Board, appear personally before the Board or any Committee thereof, for an interview and/or test as may be prescribed.

xi. Membership of the Exchange shall be transferable to any eligible person, body corporate, company, partnership firm, LLP, bank, financial institution or such other person, as may be approved by the Board or any Committee thereof. The Membership can be surrendered either by resignation from the Membership of the Exchange or transfer of the Membership by nomination. In case of resignation, the Member of the Exchange shall be entitled to receive back his deposit, if any, after the Exchange and the Clearing Corporation have recovered all outstanding dues from the Member who has tendered his resignation, subject to such lock in period as may be specified by the Board. The admission fee paid by the Member of the Exchange shall be non- refundable.

xii. 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.

xiii. 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.

xiv. Conditions Precedent for Eligibility

No person shall be eligible to be qualified as a Member, if such person is:

(i) less than 21 years of age;

(ii) not a citizen of India; provided that the governing body may in suitable cases relax this condition with the prior approval of the SEBI.

(iii) If such person is not meeting the eligibility criteria as prescribed from time to time under SEBI Regulations, SCRA, SCRR and any other applicable regulations.

xv. General Conditions

No person shall be eligible to be qualified as a Member of the Exchange, if such person

i. does not have a minimum net worth as the Governing Board may from time to time determine and consider acceptable;

ii. has been declared/rendered incompetent to enter into contract under any law in force in India

iii has been adjudged bankrupt or a receiving order in bankruptcy has been made against him or he has been proved to be insolvent even though he has obtained hisfinal discharge.

iv. has been convicted of an offence involving moral turpitude;

v. has compounded with his creditors unless he has paid 100 paise in a Rupee;

vi. has been found to be of unsound mind, by a court of competent jurisdiction;

ix. has applied to be adjudicated as an insolvent and the application is pending;has been declared as a defaulter by any other Commodity Exchange unless a period of five years has elapsed from the date of expiry of such default.

x. incurs such disqualification, under the provisions of the SCRA and the Rules and Regulations framed thereunder, or the SEBI Act and the Rules and Regulations framed thereunder, as entitles such person from seeking Membership of a Commodity Exchange.

xi. has, at any time, been declared as a defaulter or expelled by any other commodity Exchange.

xii. has been convicted of an offence involving fraud or dishonesty.

xiii. is engaged as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability unless he undertakes on admission to sever his connection with such business.

However, a Member of the Exchange would not be disqualified if such Member isengaged in "business in goods related to the underlying and/or business in connection with or incidental to or consequential to trades in derivatives.

Provided further that nothing herein shall be applicable to any corporations, bodies corporate, companies or institutions referred to in xviii below.

xiv. has been previously refused admission to Membership by the Exchange unless a period of one year has elapsed since the date of such rejection.

xv. does not comply with such other conditions as may be specified by the SEBI or Board or the Committee of the Exchange thereon from time to time.

xvi. No person eligible for admission as a Member under above Rules shall be admitted as a Member unless:

(i) he has worked for not less than two years as a partner with, or an authorized assistant or authorised clerk or remisier or apprentice to, a Member; or

(ii) he agrees to work for a minimum period of two years as a partner or representative Member with another Member and to enter into bargains on the floor of the Exchange and not in his own name but in the name of such other Member; or

(iii) he succeeds to the established business of a deceased or retiring Member who is his father, uncle, brother or any other person who is, in the opinion of the governing body, a close relative:

Provided that the rules of the Exchange may authorise the governing body to waive compliance with any of the foregoing conditions if the person seeking admission is in respect of means, position, integrity, knowledge and experience of business in securities, considered by the governing body to be otherwise qualified for Membership.

xvii. No person who is a Member shall continue as such if—

(i) he ceases to be a citizen of India:

Provided that nothing herein shall affect those who are not citizens of India but who were admitted under the provisions of clause (ii) of rule xiv. of this rule, subject to their complying with all other requirements of this rule.

(ii) he is adjudged bankrupt or a receiving order in bankruptcy is made against him or he is proved to be insolvent.

(iii) he is convicted of an offence involving fraud or dishonesty or moral turpitude.

(iv) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability, provided that—

a) the governing body may, for reasons, to be recorded in writing, permit a Member to engage himself as principal or employee in any such business,if the Member in question ceases to carry on business on the commodity Exchange either as an individual or as a partner in a firm,

However, a Member of the Exchange would not be disqualified if such Member is engaged in "business in goods related to the underlying" and /or"business in connection with or incidental to or consequential to trades in derivatives".

b) nothing herein shall affect Members of the Exchange which are corporations, bodies corporate, companies or institutions referred to below.

xviii. A company as defined in the Companies Act, 1956 (1 of 1956)/ 2013, shall be eligible to be admitted as a Member of the Exchange, if:

(i) such company is formed in compliance with the provisions of the latest Companies Act.

(ii) a majority of the directors of such company are shareholders of such company and also Members of the Exchange; and

(iii) the directors of such company, who are Members of the Exchange, have ultimate liability in such company:

Provided that where the Securities and Exchange Board of India makes a recommendation in this regard, the governing body of the Exchange shall, in relaxation of the requirements of this clause, admit as Member the following corporations, bodies corporate, companies or institutions, namely:—

(a) the Industrial Finance Corporation, established under the Industrial Finance Corporation Act, 1948 (15 of 1948);

(b) the Industrial Development Bank of India, established under the Industrial Development Bank Act, 1964 (18 of 1964);

(c) the Life Insurance Corporation of India, established under the Life Insurance Corporation Act, 1956 (31 of 1956);

(d) the General Insurance Corporation of India constituted under the General Insurance Corporation (Nationalisation) Act, 1972 (57 of 1972);

(e) the Unit Trust of India, established under the Unit Trust of India Act, 1963 (52 of 1963)

(f) the Industrial Credit and Investment Corporation of India, a company registered under the Companies Act, 1956 (1 of 1956);

(g) the subsidiaries of any of the corporations or companies specified in (a) to (f) and any subsidiary of the State Bank of India or any nationalised bank set up for providing merchant banking services, buying and selling securities and other similar activities.

(h) any bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

(i) the Export Import Bank of India, established under the Export Import Bank of IndiaAct, 1981 (28 of 1981);

(j) the National Bank for Agriculture and Rural Development, established under the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981); and

(k) the National Housing Bank, established under the National Housing Bank Act, 1987 (53 of 1987).

(l) Central Board of Trustees, Employees' Provident Fund, established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952);

(m) any pension fund registered or appointed or regulated by the Pension Fund Regulatory and Development Authority under the Pension Fund Regulatory And Development Authority Act, 2013 (23 of 2013); and

(n) any Standalone Primary Dealers authorized by the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).

xix. A company as defined in the Companies Act shall also be eligible to be admitted as a Member of the Exchange if—

(i) such company is formed in compliance with the provisions the relevant sections of the said Act;

(ii) such company undertakes to comply with such financial requirements and norms as may be specified by the SEBI for the registration of such company under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(iii) the directors of the company are not disqualified from being Members of an Exchange under clause (1) except sub-clause (b) and sub-clause (f) of Rule 8 of SCRR or clause (3) except sub-clause (a) and sub-clause (f) thereof and the Directors of the company had not held the offices of the Directors in any company which had been a Member of the Exchange and had been declared defaulter or expelled by the Exchange; and

(iv) not less than two directors of the company are persons who possess a minimum two years' experience:

(a) in dealing in securities or
(b) as portfolio managers; or
(c) as investment consultants.

xx. Where any Member of the Exchange is a firm, the provisions of Rules xiv, sub-rule iii, v,xi, xii, xiii and xiv of Rule xv, xvii and Rule xviii, so far as they can, apply to the admission or continuation of any partner in such firm.

xxi. A limited liability partnership as defined in the Limited Liability Partnership Act, 2008 (6 of 2008), shall also be eligible to be elected as a Member of the Exchange, if:

(i) such "limited liability partnership" undertakes to comply with such financial requirements and norms as may be provided by the SEBI for registration of such limited liability partnerships under subsection (1) of section 12 of theSEBI Act;

(ii) the designate partners of the 'limited liability partnership' are not disqualified from being Members of the Exchange under sub rule (i) Rule xiv and sub-rule (iii), (v), (xi), (xii) and (xiv) of Rule x v or Rule xvii except sub-rule (i) and sub-rule (iv) thereof and the designated partners of the 'limited liability partnership' had not held the offices of Directors in any company or body corporate or partner in any firm or 'limited liability partnership', which had beena Member of the Exchange and had been declared defaulter or expelled by the Exchange; and

(iii) not less than two designated partners of the limited liability partnership' are persons who possess a minimum experience of two years:-
(a) in dealing in securities; or
(b) as portfolio managers; or
(c) as investment consultants.

xxii. Any provident fund represented by its trustees, of an exempted establishment under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), shall also be eligible to be elected as a Member of the Exchange.

xxiii. Membership Application

Every person desirous of becoming a Member of the Exchange shall apply to the Exchange for admission as a Member of the Exchange, in the prescribed form which shall be provided by the Exchange at such fee that the Exchange may decide from time to time in the relevant Regulations and the Membership shall be subject to compliance of all the Bye-Laws, Rules, and Regulations of the Exchange specified by the Exchange from time to time.

A. As per the SEBI Stock Brokers Regulations, 1992 any person desirous of becoming a Member of a stock Exchange shall comply with the terms and conditions as may be specified by SEBI for such registration from time to time. The application for such registration shall be made in the form prescribed by SEBI and routed through the Exchange, along with the applicable fees.

B. The Exchange shall collect from every Member of the Exchange the fee payable by him as specified in Stock Brokers Regulations, 1992.

C. A Member of the Exchange carrying on the activity of buying, selling or dealing in commodity derivatives, shall not undertake any activity other than the activity of buying, selling or dealing in securities, unless permitted by SEBI."

D. However, a Member of the Exchange would not be disqualified if such Member is engaged in "business in goods related to the underlying" and /or "business in connection with or incidental to or consequential to trades in derivatives."

E. The Exchange shall only refund, in due course, the security deposit and any other refundable deposits with the Exchange to the Members whose application for registration with the SEBI is rejected by the SEBI, for any reason, whatsoever.

xxiv. Admission And Admission Fee

The Board or a Committee appointed and empowered by the Board for the purpose may admit an applicant as a Member of the Exchange provided that the applicant satisfies the conditions set out in these Articles, the Bye-Laws, Rules and Regulations made thereunder. The Boardor the Committee as aforesaid or any person authorised by the Relevant Authority may interview and/or test the applicant before admitting the applicant as a Member of the Exchange. In case of rejection of the application for admission to the Membership of the Exchange, the reason for such rejection shall be recorded in writing.

Provided that if the Membership has been refused by the Committee appointed for the purpose, the applicant shall have the right to appeal to the Board against the decision of the said Committee.

The applicant shall meet the net worth requirement, capital adequacy norms, fees, deposits, etc., as decided by the Board of the Exchange or the SEBI, whichever is higher, from time to time in the relevant Business Rules.

a. Subject to the approval and decision of the Board or a Committee appointed and empowered by the Board for the purpose, every person applying for the Membership of the Exchange shall pay, along with the Membership application, non-refundable admission fee or any other fee/deposit as may be specified by the Board, from time to time. Where, however, a retiring Member of the Exchange or the legal heir(s) of a deceased Member of the Exchange nominate(s) a person eligible for admission as a Member of the Exchange under these Rules,

to succeed the established business of the retiring or deceased Member of the Exchange who is his 'Family Member' such nominee shall be admitted as a Memberof the Exchange provided he is found otherwise qualified, eligible and fit for the Membership of the Exchange by the Board or a Committee under these Rules.

b. A Member of the Exchange on admission shall not be entitled to exercise any of the rights or privileges of Membership until he shall have paid in full the non- refundable admission fee and any other fee or deposit as may be decided by the Board, and the annual subscription for the year of admission for the specific category of Membership to which he has sought the admission. Where such Member fails to make such payment within such number of days of receipt of the intimation of his admission, as may be decided by the Exchange from time to time, his admission shall be deemed to have been cancelled ab initio and he shall be deemed never to have been admitted as a Member of the Exchange and the amount remitted to the Exchange shall be forfeited.

xxv. Admission Under Misrepresentation

The Governing Board may expel a Member of the Exchange, if in its opinion to be recorded in writing, such Member has in or at the time of his application for admission to Membership of the Exchange or during the course of the inquiry made by the Governing Board preceding his admission –

i made any wilful misrepresentation; or

ii suppressed / concealed any material information required of him as to his financial position, including financial liabilities, character and antecedents.

iii has directly or indirectly given false particulars or information or made a false declaration.

xxvi. Procedure Subsequent To Admission

i. A letter of intimation of Membership shall be issued to the newly admitted Member.

ii. Publication of Notice: When a Member of the Exchange is admitted and a letter of intimation as provided above is issued to the Member of the Exchange, notice of such admission shall be published on the website of the Exchange or notified by way of broadcast to the Members of the Exchange through the automated trading system or any other system of the Exchange.

xxvii. Register of Members

a. The Exchange shall maintain a register and index of Members of the Exchange. Inthe register of Members of the Exchange, the style, constitution and such other information as may be considered appropriate by the Relevant Authority may be collected and recorded for the use of the Exchange. In case of any change in these records, the Members shall be liable to intimate the Exchange and take permission prior to carrying out such changes. Further all other details of the Members of the Exchange may be stored on the system in electronic form apart from the hard copies of the details as provided by the Members of the Exchange along with the application form, which shall be stored appropriately.

b. Every Member of the Exchange shall notify the Exchange in writing about any change in the information provided by the Member of the Exchange at

the time of admission or at a later stage to the Exchange. The Exchange shall indicate the changes in respect of which the Member of the Exchange should takeprior approval from the Exchange. In case the Member fails to do so, then the Exchange shall charge penalty and/or take further disciplinary action as may be required.

xxviii. Subscription

a. Every Member of the Exchange shall pay the subscription, fee, deposit or any other charges as may be fixed by the Board, from time to time.

b. If any Member of the Exchange fails or neglects to pay subscription, fee, deposit or any other levies as required by the Board for a continuous period of six (6) months, the Board may declare such Member of the Exchange as a defaulter within the meaning of these Rules.

c. Provided that such defaulting Member of the Exchange shall be at liberty to applyfor re-admission as a Member of the Exchange by complying with the provisions of these Rules as applicable to re-admission of defaulters.

xxix. Security Deposit

a. Provision as to security deposit: The Exchange may prescribe payment of initial security deposit from a Member payable at the time of his admission. A new Member of the Exchange shall, not later than such number of days as may bespecified by the Exchange, from the date of intimation in writing by the Exchange conveying its decision on admission, provide security deposit of a sum and in such mode(s) as may be decided by the Governing Board from time totime and shall maintain such Base Minimum Capital with the Exchange at all times. The Exchange may also decide to bifurcate such security deposit into refundable and non-refundable security deposits and may allow trading and exposure limit only on such part of the security deposit, as it may deem fit.

b. Provision for Additional deposit: The Member of the Exchange shall be entitled to provide additional deposits in order to get higher limits to trade and settle. Base Minimum Capital.

c. Form of Base Minimum Capital: The Base Minimum Capital to be paid by a Member of the Exchange shall be payable in such form, as specified by the Exchange subject to such terms and conditions as the Exchange may from time totime stipulate.

d. First Charge/Paramount Lien on Base Minimum Capital (BMC), Base Capital, initial or Additional deposit: The Base Minimum Capital, Base Capital, initial and additional security deposit provided by a Member of the Exchange or designated partner or representative Member of the Exchange shall be subject to a first charge and paramount lien on any sum due to the Exchangeor to the Clearing Corporation by him or by the partnership or of the LLP of which he is a designated partner or by the company/body corporate in which he is a designated director/nominee or holds a place of profit or has holding in share capital as one of the promoters. Such Base Minimum Capital and additional base capital shall also be subject to further charge and paramount lien for the purpose of fulfilment of his engagements,

obligations and liabilities or of the partnership or of the LLP of which he is a designated partner or of the company/body corporate in which he is a designated director/nominee or holds a place of profit or holds share capital as one of the promoters, arising out of or incidental to any transactions made subject to the Rules, Bye-Laws and Regulations of the Exchange or anything done in pursuance thereof.

e. **Utilization of Base Minimum Capital:** Every Member shall deposit Base Minimum Capital ("BMC") with the Exchange as specified by the Exchange and / or SEBI, whichever is higher, from time to time. BMC shall be kept in a separate account by the Exchange. BMC shall, afterdefraying all such costs, charges and expenses as are allowed under the Rules, Bye-laws and Business Rules to be incurred by the Exchange, be utilized in the following order of priority:

    a. Exchange Dues including subscriptions, debts, fines, fees, charges andother moneys due to the Exchange and/or SEBI;

    b. Payment of arbitration fee and dues payable by the Member on accountof pending arbitration awards.

    Further, the Exchange may debit from the deposits or other monies of the Member lying with his Clearing Member(s), in excess of his/ their dues, for payment of above dues.

f. **Return of Base Minimum Capital or additional base capital to Members of the Exchange or Designated Partners:** On the termination of his Membership ofthe Exchange, the Base Minimum Capital and the additional base capital not applied under the Rules, Bye- Laws and Regulations of the Exchange shall, at the cost of the Member of the Exchange or designated partner, be repaid subject to such terms and conditions as may be decided by the Governing Board from time to time and transfer either to him or as directed by him or, in the absence of such direction to his legal heirs/legal representatives after recovering all the dues of the Exchange and the Clearing Corporation.

    However, the Exchange shall return back only such amount as may have been collected as a deposit in the form of Base Minimum Capital refundable or additional deposit for providing trading and clearing limits, subject to settlement of all pending dues and also settlement of all outstanding contracts subject to lockin period specified by SEBI form time to time. Such deposits or contributions, which are collected as non – refundable deposits, shall not be refunded.

g. **Suspension on Failure to Maintain Base Minimum Capital:** When a Member of the Exchange or designated partner or representative Member fails to provide Base Minimum Capital as and when specified by the Exchange, the Relevant Authority shall order deactivation of the trader work station/s suspending his business forthwith. A broadcast message of such deactivation shall immediately be released for information of other Members of the Exchange and such deactivation shall continue until further capital is providedby the defaulting Member of the Exchange to meet with the requirement of Base Minimum Capital.

h. **Letter of Declaration:** A Member of the Exchange or designated partner or representative Member providing Base Minimum Capital under the provisions of the

Rules of the Exchange shall sign a letter of declaration and/or other specified documents in the form prescribed in these Rules or in the Regulations.

i. **Nomination Form for Return of Base Minimum Capital and other Credit Amounts lying with the Exchange:** A Member of the Exchange may lodge with the Exchange, nomination in the form prescribed for receiving the repayment/return of the Base Minimum Capital and other credit amounts/collateral lying with the Exchange.

xxx. Lien on Deposits/Funds

a. The security deposit, margin, contribution to settlement guarantee fund and/or any other fund of a Member of the Exchange arising under these Rules, Bye- Laws, and Regulations shall be charged with the due repayment of all debts and obligations of such Member of the Exchange to the Exchange/Company, to the SEBI, to other Members of the Exchange; to the Clearing Corporation, and to any person arising out of contracts entered into and/or transacted under the Articles of Association, the Bye-Laws, Rules andRegulations of the Exchange. All such debts and obligations to the Exchange and/or SEBI shall rank in priority to all other claims; the debts to other Members of the Exchange shall rank pari passu and be entitled to have a charge on the residue thereof, if any, subject to such first charge; after payment thereof, the residue, if any, shall be charged with all dues to any person under any award made in any arbitration proceeding held under the provisions of the Articles, Bye-Laws, Rules and Regulations; and, after the above said appropriations, the residue thereof, if any, shall vest unconditionally with the Exchange.

b. On the termination of his Membership of the Exchange or on death or liquidation of the Member of the Exchange, all deposits, if any, not applied under the Bye- Laws, Rules and Regulations of the Exchange, shall at the cost of the Member of the Exchange be repaid either to him/it or as directed or in the absence of such direction to the nominees or legal representatives.

5. PARTNERSHIPS

A. Firms As Members of The Exchange

a. A partnership firm shall be eligible for admission as a Member of the Exchangeprovided it fulfils the following:

i) The firm is duly registered with the Registrar of Firms;

ii) The deed of partnership is approved by the Exchange;

iii) The deed of partnership contains a provision to the effect that the business of the firm shall at all times be carried out so as to comply with the Bye-Laws, Rules and Regulations of the Exchange, for the time being in force;

iv) The partners of the firm are acceptable to the Exchange; and

v) The deed of partnership permits individual partners of the firm from carrying on business of commodities /securities trading and/or clearing in their individual capacity or as partners in other irms;

vi) The Firm is not declared as a defaulter by any other Commodity Exchange or a period of five years has elapsed from the date of declaring it as a defaulter.

b. The firm has undertaken to fulfil the following:

i. The Exchange shall be informed of any change in the partnership deed or of partners within one (1) month of such change and if any such change is unacceptable to the Exchange, the firm shall upon receipt of such written communication desist from such action and if the firm fails to comply, the Exchange shall have the right to suspend the rights and privileges of such Member of the Exchange, for a period as may be decided by the Board, or expel such Member of the Exchange;

ii. The deed of partnership will include such provisions as the Exchange may from time to time require;

iii. The firm and its partners have undertaken unconditionally to fulfil any condition or requirement which the Exchange may insist upon for admission and continuance as a Member of the Exchange, from time to time; and

iv. Obtain prior approval in case of any addition of new partner(s) or change in partner(s) of the firm not amounting to dissolution of the firm.

c. No change in the name of an existing partnership shall be effected without prior intimation to the Exchange and its approval; and if it is so approved, it shall be posted on the notice Board / website of the Exchange.

d. None of the partners shall assign or in any way encumber his interest in the firm.

e. No person shall at the same time be a partner in more than one partnership firm carrying on the business of commodities /securities trading and/or clearing.

f. Notice of every change of partners, upon approval, shall be posted on the

notice Board of the Exchange.

g. Upon dissolution of the firm, firm shall cease to be a Member of the Exchange

h. The erstwhile partners of a dissolved firm, other than those who are Members of the Exchange in their personal capacity, shall have absolutely no right, privilege, entitlement or concession of a Member of the Exchange, or any claim against the Company or the Exchange in connection with his partnership business, by virtue of having been a partner in the erstwhile partnership firm.

i. Any partnership that violates any of the provisions herein above, after being afforded an opportunity of being heard, shall be liable to be suspended by the Board for such period as may be decided by the Board and/or expelled from the Membership of the Exchange.

B. **Partnerships by Members of the Exchange**

a. A Member of the Exchange desirous of carrying on business in partnership or admitting any person or persons as new partner or partners shall take approval of the Board or any other Relevant Authority in advance giving the names and particulars of the partners and the name of the partnership firm in the form, if any, prescribed. The existing Membership of the desirous Member of the Exchange shall then be transferred to the Partnership firm on admission of such firm as a Member of the Exchange. All regulatory compliances shall thereafter bein the name of the firm.

b. Every such application shall be accompanied by such information and a copy of the draft deed of partnership, initially in connection therewith as may be required by the Board or any other Relevant Authority . Thereupon, after giving permission, the Board or any other Relevant Authority shall record the partnership. When the partnership is entered into, a signed copy of the deed of partnership shall be delivered to the Exchange for the purpose of record within one month of its execution.

c. No change in the name of an existing partnership shall be effected without prior intimation to the Board or any other Relevant Authority and its approval.

d. None of the partners shall assign, or in any way encumber, his interest in the firm.

e. No Member of the Exchange shall at the same time be a partner in more than one such partnership firm.

f. Notice of the formation of partnership, the names of partners and every change therein shall be posted on the notice Board or any other Relevant Authority of the Exchange.

g. When the firm so constituted is dissolved, the firm shall cease to be a Member of the Exchange and thereupon only the original Members of the Exchange holding Membership in their individual capacity, and who was /were

partner(s) thereof may carry on business in own individual names, but subject to the payment of the admission fee or deposit, if any, that shall be payable by him in accordance with the Bye-Laws, Rules and Regulations in that behalf.

h. The Members of the Exchange which are partnership firms must communicate to the Exchange in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution, retirement, death or reconstitution or otherwise.

i. A partner of a firm who is not a Member of the Exchange shall have absolutely no right, privilege, entitlement or concession of a Member of the Exchange, or any claim against the Company or the Exchange in connection with his partnership business, by virtue of he/she being a partner in the partnership with a Member of the Exchange. Provided that he shall be jointly and severally responsible for all dues, claims or demands pending, if any, against the partnership firm.

j. Any notice to the Exchange intimating dissolution of a partnership shall contain a statement as to which partner of the Member of the Exchange undertakes the responsibility of settling all outstanding liabilities, but that shall not deem to absolve the other partner or partners of his or their responsibility from such liabilities.

k. The Member of the Exchange, who is the partner of any partnership firm, which is a Member of the Exchange, shall be primarily liable and responsible for all dues, claims or demands against the partnership by the Company or the Exchange and also the liabilities of the partnership to the Exchange and its Members of the Exchange. Provided that the other partners shall also be jointly and severally responsible for all dues, claims or demands pending, if any, against the partnership firm.

l. Any Member of the Exchange entering into partnership with any person who is not a Member of the Exchange without the previous approval of the Board or any other Relevant Authority , shall, on proof thereof, before the Board or any other Relevant Authority and upon a resolution of the Board or any other Relevant Authority to that effect, be liable to be expelled from the Membership of the Exchange. Any partnership and/or Member of the Exchange who is a partner of such partnership that violates any of the provisions herein above, after being afforded an opportunity of being heard, shall be liable to be suspended by the Board or any other Relevant Authority for such period as may be decided by the Board or any other Relevant Authority and/or expelled from the Membership of the Exchange.

C. **Register Of Partnerships**

a. The Exchange shall maintain a register of partnerships. In the register of partnerships, there shall be entered the names of partnerships recognized by the Exchange in accordance with these presents and the partners thereof together with their respective addresses, the date of recognition and any change

in the partnerships and names together with the relevant dates of recognition andany changes in the partnerships and name together with the relevant dates.

b. So long as the name of the firm is included in the register of partnerships, the individual partners thereof shall not carry on the business of clearing, registering and settling any transaction or contract in their individual names.

D. Limited Liability Partnership (LLP) As Member Of The Exchange

i. LLP shall be eligible for admission as Member of the Exchange provided it fulfills the following:

a. It is registered under the Limited Liability Partnership Act, 2008;
b. The LLP agreement is approved by the Exchange;
c. The LLP agreement contains a provision to the effect that the business of the LLP shall at all times be carried out so as to comply with the Bye-Laws, Rules and Regulations of the Exchange, for the time being in force;
d. The partners and designated partners of the LLP are acceptable to the Exchange;
e. The LLP agreement permits individual partners of the LLP from carrying on business of commodities /securities trading and/or clearing in their individual capacity or as partners in other LLP;
f. In case of an LLP in which all the partners are body corporates or in which one or more partners are individuals and body corporates, at least two individuals who are partners of such LLP or nominee of such body corporates shall act as designated partners.

ii. The LLP has undertaken to fulfill the following:

a. The Exchange shall be informed of any change in the LLP agreement orof partners/designated partners within one (1) month of such change andif any such change is unacceptable to the Exchange, the LLP shall upon receipt of such written communication desist from such action and if theLLP fails to comply, the Exchange shall have the right to suspend the rights and privileges of such Member of the Exchange for such period as may be decided by the Exchange or expel such Member of the Exchange;
b. If so required by the Exchange, such other information including the listof partners along with the sharing pattern of the Limited Liability Partnership will be furnished to the Exchange;
c. The LLP agreement will include such provisions as the Exchange may from time to time require;
d. The LLP and its designated partners have undertaken unconditionally tofulfill any condition or requirement which the Exchange may insist upon for admission and continuance as a Member of the Exchange fromtime to time; and
e. No new partner shall be admitted by LLP without the prior approval of the Exchange.

iii. No change in the name of an existing LLP shall be effected without prior intimation to the Exchange and its approval; and if it is so approved, it shall be posted on the Notice Board of the Exchange.

iv. None of the partners/designated partners shall assign or in any way encumber his interest in the LLP.

v No person shall at the same time be a partner in more than one LLP carrying on the business of commodities/securities trading and / or clearing.

vi Notice of every change of partners of LLP, approval, shall be posted on the Notice Board of the Exchange.

vii An LLP shall cease to be a Member of the Exchange upon its dissolution or winding-up.

viii Partners of the LLP must communicate to the Exchange in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution, retirement, death, winding-up or reconstitution or otherwise.

ix The erstwhile partners of a dissolved LLP, other than those who are Members of theExchange in their personal capacity, shall have absolutely no right, privilege, entitlement or concession of a Member of the Exchange, or any claim against the Company or the Exchange in connection with the LLP business, by virtue of having been a partner in the erstwhile LLP.

x A Partner of LLP which is a Member of the Exchange, shall not carry on business incommodities / securities trading and clearing, either, as a proprietor , partner of a Partnership Firm, partner of another LLP or director of any other company/body corporate which is Member of the Exchange, except with the previous approval of the Exchange.

xi. Any notice to the Exchange intimating dissolution of an LLP shall contain a statement as to who undertakes the responsibility of settling all outstanding contracts and liabilities of the dissolved/wound up LLP but that shall not be deemed to absolve the other partner/s of his/their responsibility for such outstanding contracts and liabilities.

xii Any LLP that violates any of the aforesaid provisions, after being afforded an opportunity of being heard, shall be liable to be suspended by the Relevant Authority for such period as may be decided by the Relevant Authority and/or expelled from the Membership of the Exchange.

6. CORPORATE MEMBERSHIP

A. Bodies Corporate as Members Of The Exchange

a. No company / body corporate shall be eligible for admission as a Member of the Exchange unless:

i) The memorandum and articles of association of the company are approved by the Exchange

ii) The objects for which the company is established shall include carrying on business in commodities and/or to clear and settle transactions/contracts in commodities.

iii) Company/body Corporate has not been declared as a defaulter by any other Commodity Exchange or a period of five years has elapsed from the date of declaring it as a defaulter.

b. The company has undertaken to fulfill the following:

i. To obtain prior approval from the Exchange for any change in itsstatus or constitution which would include,
1. amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 391 of the CompaniesAct, 1956 (1 of 1956) or the corresponding provision of any other lawfor the time being in force;
2. change in its managing director(s), whole-time director(s) ordirector(s) appointed in compliance with clause (v) of sub-rule(4A) of rule 8 of the Securities Contracts (Regulation) Rules,1957; and
3. any change in control over the body corporate.]

ii. The list of shareholders along with the shareholding pattern of the company will be furnished to the Exchange, if so desired by the Exchange;

iii. The Articles of Association of the company will incorporate such provisions as the Exchange may from time to time require;

iv. The company has undertaken unconditionally to fulfil any condition or requirement, which the Exchange may insist upon for admission as a Member of the Exchange;

v. The business of the company shall at all times be so managed as to comply with the Bye-Laws, Rules and Regulations of the Exchange as may be applicable from time to time.

vi. A director of a company that is a Member of the Exchange shall not carry on business in commodities trading and clearing, either, as aproprietor, partner of a firm or a LLP or director of any other company which is a Member of the Exchange, except with the previous approval of the Exchange

vii. If there is any change in the shareholding pattern of the company, which is not acceptable to the Board of the Exchange, the Board may take such action

as it may think appropriate.

In respect of other forms of organization, the Exchange may decide the eligibility requirement, terms and conditions of the Membership of the Exchange.

B. Board to Approve Business Names

The Members of the Exchange desirous of carrying on their business under a particular business or firm or trade name or style shall intimate such name to the Exchange in writing. The Exchange may refuse to allow a Member of the Exchange to carry on business under a name which it considers misleading, if such name varies from the name of the body corporate or firm, and in such cases the Member of the Exchange shall be at liberty to choose any other name with the approval of the Exchange.

C. Trade Names Register To Be Kept

Where any Member of the Exchange has obtained the permission or approval of the Exchange to carry on business under a business or trade or firm name, the particulars thereof shall be entered in the register of business names, which shall be open for inspection by Members of the Exchange.

D. Appointment Of Approved Users

A Member of the Exchange carrying on business on the Exchange shall be entitled to appoint persons who are in his own exclusive employment or are his authorised persons as approved users with the permission of the Exchange for operating the trader work stations connected with the automated trading system of the Exchange and entering orders in such system/segment on behalf of such Member/Trading Member.

A Member of the Exchange desirous of appointing approved users shall apply for the permission of the Board in such form as the Board may from timeto time prescribe. The Board shall frame, from time to time, Rules and Regulations for the appointment, operations and cessation of approved users.

7. AUTHORIZED PERSON

1. Appointment Of Authorized Person

1.1 Member(s) of the Exchange may appoint one or more Authorized Persons after obtaining specific prior approval from the Exchange.

1.2 The approval as well as the appointment shall be specific for each such Authorized Person.

2. Procedure For Appointment

2.1 A Member of the Exchange may apply to the Exchange, in such format as may be notified by the Exchange for appointment as "Authorized Person".

2.2 On receipt of the application for approval of the appointment ofan Authorized Person from its Member, the Exchange may:

a) accord approval on satisfying that the person is eligible forappointment as Authorized Person, or

b) refuse approval on satisfying that the person is not eligible for appointment as Authorized Person.

2.3 The Exchange will have the discretion to refuse or withdraw permission if any, granted/to be granted to any Authorized Person at any time without assigning any reason, if the Exchange, in its absolute discretion, considers such refusal / withdrawal to be in the interest of the market.

3. Eligibility Criteria

3.1 Individuals

a. An individual is eligible to be appointed as "Authorized Person" if he is a citizen of India;
b. is not less than 18 years of age;
c. has not been convicted of any offence involving fraud ordishonesty;
d. has a good reputation and character;
e. has passed at least 10th standard or equivalent examination from an institution recognized by the Central Government/State Government; and
f. The approved users and / or sales personnel of Authorized Persons shall have the necessary certification of the respective segments at all points of time.

3.2 A Partnership Firm, LLP Or A Body Corporate

A partnership firm, LLP or a body corporate is eligible to beappointed as Authorized Person;

a. If all the partners or directors, as the case may be, comply with the requirements contained in clause 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/ contracts.

3.3 Infrastructure

The Authorized Person must have necessary infrastructure, viz., adequate office space,

equipment, manpower and such other infrastructural facilities, which the Exchange may prescribe from time to time, to effectively discharge the activities on behalf of the Member.

4. Conditions of Appointment

4.1 On being appointed as an "Authorized Person" of a Member of the Exchange, such person or entity shall not, during continuation of being an Authorized Person of such Member, qualify for becoming Authorized Person of any other Member of the Exchange.

4.2 The Authorized Person shall not receive or pay any money or deal in deliveries of commodities in its own name or account. All receipts and payments of money and dealings in commodities shall be in the name or account of the concerned Member of the Exchange of whom he is appointed as the Authorized Person.

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

4.4 All acts of omission and commission of the Authorized Person shall be deemed to be those of the Member.

4.5 The Member and the Authorized Person shall enter into written agreements(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.

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

4.8 The Member shall be responsible for all acts of omission and commission of the Authorized Person.

4.9 A partner or director of an Authorised Person shall not be appointed as an Authorized person of another Member of the Exchange.

In addition to the conditions prescribed above, an applicant shall fulfill all conditions that may be prescribed by SEBI from time to time.

5. Withdrawal of Approval

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

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

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

5.3 on becoming ineligible under clause 3 above at a subsequent date.

5.4 upon the directions of the SEBI.

6. Obligations Of The Members Of The Exchange

6.1 The Member shall permit the Authorized Person to admit or introduce clients and accept orders from the clients on their behalf only after receipt of communication regarding registration of Authorized Person by the Exchange subject to conditions mentioned in other sub-rules mentioned hereunder.

6.2 The Member shall be responsible for all acts of omission and commission of his Authorized Person and/or their employees, including liabilities arising therefrom.

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

6.4 The Member shall display at each such branch office, additional information such as, particulars of Authorized Person in charge of that branch, terms and conditions of his appointment, timelines for dealing through Authorized Person, etc. as may be specified by the Exchange.

6.5 The Member shall notify changes, if any, in the Authorized Person to all registered Clients of that branch at least 30 days before such change or such other days as may be specified by the SEBI or the Exchange.

6.6 The Member shall conduct periodic inspection of the branches assigned to Authorized Persons and records of the operations carried out by them, as prescribed by the Exchange.

6.7 It shall be the responsibility of the Member to audit the records of its Authorized Person to ensure that they comply with the Rules, Bye- Laws and Regulations of the Exchange.

6.8 The client dealing through an Authorized Person shall be registered with the Member only. The funds, monies, commodities/ securities or warehouse receipts, as the case may be, of the clients shall be settled directly between the Member and client. No fund or commodities / securities of the clients shall be transferred/ deposited /credited into any account of an Authorized Person.

6.9 All documents like contract notes, statement of funds and commodities / securities etc. would be issued by the Member to the client. Authorized Person may provide administrative assistance in procurement of documents and settlement, but shall not issue any documents to client in its own name.

6.10 On noticing irregularities, if any, in the operations of an Authorized Person, the Member shall forthwith seek withdrawal of approval, withhold all monies due to Authorized Person till resolution of client grievances, alert clients in the location where Authorized Person operates, file a complaint with the police, and take all measures as may be required to protect the interest of its clients and the market.

6.11 Members shall ensure that no orders are executed at the Authorized Person's end before all documents as prescribed by the Exchange or the SEBI, are obtained from each such client.

6.12 Uploading of details pertaining to the Unique Client Code shallbe the responsibility of the Member and the Authorized Person cannot create or allot Unique Client Code to any client.

6.13 All documents as mentioned above should be available with the Member for audit and

inspection as and when required by the Exchange or the SEBI.

7. Obligations Of The Exchange

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

a) PAN number of Authorized Person and in case of partnershipor body corporate, PAN number of all the partners or directors as the case may be along with photographs.
b) Details of the Member with whom the Authorized Person is registered.
c) Locations of the branch assigned to the Authorized Person.
d) Number of terminals and their details given to each Authorized Person.
e) Withdrawal of approval of an Authorized Person.
f) Change in the status or constitution of Authorized Person.
g) Disciplinary action taken by the Exchange against any Member for violations of the SCRA/ SEBI Act, Byelaws, Rules, Regulations of the Exchange or directions of the SEBI, as the case may be, by the Authorized Person.

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

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

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

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

8. Number of Work Stations

The Governing Board shall determine from time to time the number of Trader Work Stations that may be provided to a Member of the Exchange and the number of approved users a Member of the Exchange shall be entitled to employ.

9. Constituted Attorney

Power To Appoint Attorney As Good As Authorized Representatives

a. A Member of the Exchange may give a power of attorney to any person to carry on or supervise his business in the Exchange or to clear and sign contracts, reports and statements on his behalf in respect of transactions in the Exchange; provided the person so appointed is at least twenty-one years of age, is in all other respects eligible for election as a Member of the Exchange and his appointment is previously approved by the Board.
b. Any power of attorney granted by the Member of the Exchange or any change thereof may be intimated by the Exchange by posting a notice of the fact on the notice Board of the Exchange.
c. A register of constituted attorneys shall be maintained by the Exchange in which shall be entered the names of the constituted attorneys and the names of the

appointing Members of the Exchange and any changes thereof, together with the dates on which the authority is granted and/or rescinded, which shall be open for inspection by the Members of the Exchange.

d. Nothing contained in these presents shall absolve the Member of the Exchange granting the power of attorney from responsibility for the acts or omissions of his attorney.

e. No person shall be entitled to admission to the offices of the Exchange or offices of the Exchange by reason only that he holds a power of attorney from a Member of the Exchange.

f. No Member or constituted attorney /authorized representative or Remiser shall manage portfolio for any passive client. The Member shall keep record of each order placed by the client in the form of written or electronic document or the voice recording instrument. Such record shall be preserved and maintained at least for two years and in disputed cases, till six months from the final disposal of dispute, at a place notified by the Member of the Exchange.

8. TERMINATION OF MEMBERSHIP

a. Loss Of Membership

a) Any Member of the Exchange shall cease to be a Member of the Exchange on the happening of any one or more of the following instances:

i. By death;

ii. By Dissolution in case of partnership firm or LLP;

iii. By expulsion in accordance with the Bye laws, Rules and Regulationsand also the provisions herein contained;

iv. By being declared as a defaulter in accordance with these presents, the Bye-Laws, Rules and Regulations or any other commodity Exchange;

v. He is adjudged bankrupt or a receiving order in bankruptcy is made against him or he is proved to be insolvent;

vi. He is convicted of an act involving moral turpitude;

vii. By resignation/surrender of Membership;

viii. He is declared as lunatic;

ix. Being a company/body corporate, it ceases to maintain or have the characteristics of eligibility under the provisions of the Rules and Articlesof the Exchange or is wound up;

x. He is declared as bankrupt/insolvent;

xi. Failure to submit any document(s) for SEBI registration or application submitted to SEBI for registration is withdrawn by the Exchange or rejection of application for registration by the SEBI;

xii. Certificate of registration with SEBI is cancelled;

Notwithstanding anything contained in any other provisions of the Articles, Bye-Laws, Rules and Regulations of the Exchange, the expulsion of Members of the Exchange from the Membership of the Exchange, whether bodies corporate, partnerships, individuals or such other persons as are admitted as Member of the Exchange, shall be final and conclusive.

b. Nomination, Transmission, Surrender and Declaration of Defaulter

In case an individual, who is a Member of the Exchange in his own name or is the sole proprietor of the Membership of the Exchange dies, his legal representatives or the authorised representatives or approved users, if any, on behalf of such deceased shall not continue to carry on any business in the name of Membership of the deceased except for the purpose of winding up outstanding business of the deceased.

After the death of an individual who is the Member of the Exchange in his own name or is the sole proprietor of the Membership of the Exchange, his heirs, or his legal representatives may request the Board to transmit the Membership of the deceased to his heir who is otherwise eligible for the

Membership of the Exchange and the Board may in their absolute discretion transmit the Membership in the name such heir.

No fresh admission fee shall be charged from the person in whose name the Membership is transmitted under this Article.

A Member shall also be entitled to surrender his Membership. In case of such surrender, the Membership so surrendered shall lapse. Such surrender of Membership shall be valid,only after approval thereof by the Relevant Authority of the Exchange and also subject to compliance with such procedure, terms and conditions, as may be laid down by the Exchange.The application for surrender of Membership, once filed, is irrevocable and irreversible unless allowed by the Relevant Authority authorized to approve the surrender applications, upon being satisfied with the reasons for such revocation. After approval by the Relevant Authority , the erstwhile Member shall be entitled to get his refundable security deposit, subject to settlement of all pending dues and claims, if any and also subject tominimum lock in period specified by the Exchange.

c. **Nomination**

Every Member of the Exchange shall be entitled to nominate another person as his successor to the Membership of the Exchange subject to the conditions and restrictions set forth hereinafter or in the Regulations of the Exchange. Where, however, the legal heir(s) of a deceased Member of the Exchange nominate(s) a person eligible for admission as a Member of the Exchange under these presents to succeed the established business of the deceased Member of the Exchange, who is his father, uncle, brother or son or such other person who in the opinion of the Board, is a close relative, such nominee shall be admitted as a Member of the Exchange provided he is otherwise qualified and eligible for Membership of the Exchange under these presents.

1. Forms of Nomination

i. **Form for Member of the Exchange nominating during his lifetime**: A Member of the Exchange may lodge with the Exchange nomination in the form prescribed by the Exchange tendering his resignation from Membership of the Exchange. This nomination in favour of a person other than a family Member shall be valid if lodged with the Exchange during the lifetime of the Member of the Exchange and shall automatically get revoked, if the Member of the Exchange expires before this nomination form is lodged with the Exchange.

ii. **Form of Nomination in Favour of a Family Member**: A Member of the Exchange may lodge with the Exchange nomination in the prescribed form, tendering his resignation from Membership. This nomination lodged by a Member of the Exchange during his lifetime in favour of a family Member shall be valid until substituted by a fresh nomination.

iii. **Form for Legal Heirs/Legal Representatives:** Legal heirs/legal representatives shall be required to lodge with the Exchange nomination in the prescribed form, exercising right of nomination vested in them in respect of the deceased Member of the Exchange.

a. The Membership of the Exchange shall be transferable on payment of such fee as the Exchange may prescribe from time to time provided that such transfer shall be effected only from the date of the approval by the Board. The Board shall have the power to refuse transfer of Membership if in the interest of the Exchange; it is expedient to do so.

b. The Board shall also be competent to decide other terms and conditions relating to transfer of Membership from time to time.

c. **Notice of Nomination:** A notice of the proposed nomination shall be posted on the notice Board or notified by way of broadcast through the automated trading system of the Exchange. Within 15 calendar days of the posting/notifying, as the case may be, of such notice, any person or any Member of the Exchange may file claims against the Member of the Exchange in respect of whom the nomination has been made and/or the persons in whose favor the nomination has been made and any claim not so filed, within the said period, shall be rendered liable for summary rejection and may not be considered by the governing Board.

d. **Dues and Claims:** The Governing Board shall not approve a nomination unless the nominating Member of the Exchange, and in the case of a deceased Member, his legal heirs/legal representatives or the person/s in whose favor the nomination has been made, shall have paid and satisfied in full:

   i. **Dues of the Exchange:** Such subscriptions, debts, fines, fees, charges and other monies due to the Exchange and/or the Clearing Corporation payable by the nominating Member of the Exchange or by the legal heirs/legal representatives on behalf of the deceased Member of the Exchange.

   ii. **Liabilities relating to contracts:** Such debts, liabilities, obligations and claims arising out of any contract made by the nominating or deceased Member of the Exchange, subject to the Rules, Bye-laws and Regulations of the Exchange, as shall have been admitted by the Governing Board or the Membership Committee and all amounts due or payable by the nominating or deceased Member of the Exchange to the Settlement/Trade Guarantee Fund or any other fund of the Exchange.

e. **Nomination:** If a nominee is not eligible under the Rules or Regulations of the Exchange or if a nominee be rejected by the Governing Board, a fresh nomination or nominations may be submitted to the Exchange, until a nominee is admitted as a Member of the Exchange.

f. **Interview:** A candidate for admission shall appear personally before any meeting of the Membership Selection Committee/Governing Board for an interview.

2. Rules for Nomination:

i The nomination may be made by a Member of the Exchange whether before or after his resignation and shall be in such form or forms as the Board may, from time to time, prescribe.

ii The legal representatives of a deceased Member of the Exchange or his heirs, with the sanction of the Board, may nominate any person eligible under these presents for admission to Membership of the Exchange as a candidate for admission in the place of the deceased Member of the Exchange.

iii A Member of the Exchange who has resigned from Membership of the Exchange shall be entitled to exercise the power of nomination hereby conferred only if he had been a Member of the Exchange for a period of not less than three (3) years prior to the date of his resignation. Provided further that the requirement as to Membership of the Exchange for three (3) years shall not apply to succession by nomination on death of a Member of the Exchange.

iv A Member of the Exchange who intends to resign may also exercise the aforesaid power of nomination, provided that in his letter of nomination, the nominating

Member of the Exchange shall also tender his resignation as Member of the Exchange to take effect immediately upon the admission of the nominee as a Member of the Exchange.

v If any person so nominated is found ineligible for admission as a Member of the Exchange under the provisions of these presents or if the Board rejects the application of the nominee for Membership of the Exchange, the nominating Member of the Exchange or nominating legal representatives of a deceased.

viWhere a Member of the Exchange makes a nomination before resigning and has tendered his resignation thereafter, and if the application of the nominee for Membership of the Exchange is rejected by the Board, the resignation of the nominating Member of the Exchange shall not take effect until his nominee has been admitted as a Member of the Exchange.

vii The person so nominated by a Member of the Exchange or by his legal representatives shall send in his application for Membership of the Exchange in accordance with these presents and the application shall be dealt withon its merits and no nominee shall be entitled to be admitted by reason only of hishaving been nominated unless he is duly qualified in accordance with these presents.

viiiA person applying for Membership of the Exchange with a nomination as aforesaid shall be bound to pay such fee as prescribed in the Bye-Laws, Rules and Regulations of the Exchange. Provided that, the Board may decline to consider the nomination made by a Member of the Exchange or legal representative of a deceased Member of the Exchange unless all amounts due by the Member of the Exchange or the deceased Member of the Exchange to the Exchange arising out ofthe contracts cleared and/or transacted by the nominating Member of the Exchange or deceased Member of the Exchange under these presents shall have been paid and satisfied in full; and if not so paid in full within such period as maybe notified by the Board, the Board shall be entitled to reject such nomination.

ix.Board shall recognize the executor or administrator of the estate of the deceased Member of the Exchange as the person entitled to nominate in accordance with these presents; provided that where there is no executor or administrator of the estate of the Member of the Exchange, the Board may recognize the claim of any person to be the heir of the deceased Member ofthe Exchange for the purpose of making the nomination as aforesaid on such evidence and subject to such conditions as to indemnity and security as the Board may consider necessary.

9. DEFAULT

1. Declaration of Defaulter

A Trading Member may be declared a defaulter by direction / circular / notification of the Relevant Authority if-

(a) he is unable to fulfill his obligations; or

(b) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or

(c) he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under the Bye Laws, Rules and Business Rules or

(d)he fails to pay any sum due to the Exchange or to submit or deliver to the Exchange on the due date, delivery and receive orders, statement of differences and securities, balance sheet and such other clearing forms and other statements as the Relevant Authority may from time to time prescribe; or

e) if he fails to pay or deliver to the Relevant Authority all monies, securities and other assets due to a Trading Member who has been declared a defaulter within such time of the declaration of default of such Trading Member as the Relevant Authority may direct; or

(f) if he fails to pay, fulfill or discharge his duties, obligations and liabilities to his Clearing Member;

(g) if he fails to abide by the arbitration award / order passed by the Investor Grievance Redressal Committee or Panel /conciliator as laid down under the Bye Laws, Rules and Business Rules; or

h) if he, being an individual and /or partnership firm, /it, being a company incorporated under the Companies Act, files an application a petition before a Court of Law for adjudication of himself as an insolvent or an insolvency application is filed against it in accordance with the provisions of the Insolvency and Bankruptcy Code 2016 or any other analogous bankruptcy laws applicable to him / it, as the case maybe.

2. Declaration of default and / or expulsion by other recognized stock Exchange / Clearing Corporation

Without prejudice to the foregoing, if a Trading Member is either expelled and / or declared a defaulter by any other recognized stock Exchange or recognized Clearing Corporation, the said Trading Member may be expelled and / or declared a defaulter by the Exchange after providing an opportunity of being heard to such member, unless SEBI directs otherwise from time to time.

Notwithstanding anything contained in this Rule, the trading facility of the Trading Member shall be withdrawn immediately after the receipt of information of expulsion and / or declaration of default by any other recognized stock Exchange or recognized Clearing Corporation.

3. Failure to fulfil Obligations

The Relevant Authority may order a Trading Member to be declared a defaulter if he fails to meet an obligation to a Trading Member or constituent arising out of Exchange transactions.

4. Relevant Authority To Frame Procedures For Declaration Of Default

The Relevant Authority shall be entitled to specify appropriate provisions and procedures consistent with the Rules, Bye-laws and Business Rules for and in connection with declaration of a Trading Member as a defaulter and realization of claims against the defaulter, its constituents or others and their respective assets.

5. Action Against Associate In Case Of Declaration Of Default

On a Trading Member being declared a defaulter, the Relevant Authority may take appropriate action against the associates of such defaulter Member.
The term "associate/s" shall have such meaning as may be defined by SEBI in this regard, from time to time.

6. Insolvent a Defaulter

A Trading Member, being an individual and/or partnership firm, /it, being a company incorporated under the Companies Act, an application is admitted against him/ it in accordance with the provisions of the Insolvency and Bankruptcy Code 2016 or any other analogous bankruptcy laws applicable to him / it, as the case maybe, shall be declared a defaulter although he/it may not have at the same time defaulted on any of his / its obligations on the Exchange provided however the time for preferring an appeal against such order under the applicable Acts, if any, has expired.

7. Trading Member's Duty to Inform

A Trading Member shall be bound to notify the Exchange immediately if there be a failure by any Trading Member to discharge his liabilities in full.

8. Compromise Forbidden

A Trading Member of the Exchange guilty of accepting from any Member of the Exchange anything less than a full and bonafide money payment in settlement of a debt arising out of a transaction in securities shall be suspended for such period as the Relevant Authority may determine.

9. Notice of Declaration of Default

On a Trading Member being declared a defaulter a notice to that effect shall be placed on the website of the Exchange and on such other place, as the Relevant Authority deems fit.

10. Inviting of Claims

Manner of filing/inviting claims from investors, eligiblity of claims, determination of claims and disbursement of claims shall be as specified by SEBI/Exchange/Relevant Statutory Authority from time to time.

11. Defaulter's Books and Documents

i. When a Trading Member has been declared a defaulter, the Exchange shall take charge of all his books of accounts, documents, papers and vouchers either in physical or electronic mode ("records") to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the Exchange.

ii. **List of Debtors and Creditors:** The defaulter shall file with the Exchange within such time of the declaration of his default as the Exchange may direct a written statement containing a complete list of his debtors and creditors and the sum owing by and to each.

iii. **Defaulter to give information:** The defaulter shall submit to the Exchange or Relevant Authority such statement of accounts, information and particulars of his affairs as the Relevant Authority may from time to time require and if the Relevant Authority so desires, he shall appear before the Relevant Authority at its meeting in connection with his default.

iv. **Vesting of Assets:**The Relevant Authority shall call in and realize the deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all monies, securities and other assets due, payable or deliverable to the defaulter by any other Member/constituent in respect of any transaction or dealing made subject to the Bye- laws, Rules and Regulations of the Exchange and/or all other assets/amounts/securities belonging to other parties which the Exchange may be entitled to realize and appropriate. All these assets shall vest ipso facto, on declaration of a Member as a defaulter in the Exchange for the benefit of and on account of any dues or obligations of the defaulter to the Exchange, Clearing Corporation, SEBI, Constituents, Investor Protection Fund of the Exchange, other recognized stock Exchanges and Clearing Corporations, other Trading Members and approved banks in the manner provided in the Rules and/or as may be prescribed by SEBI from time to time.

In case both the Clearing Member and its constituent Trading Member are declared a defaulter, the Relevant Authority of the Exchange and Clearing Corporation shall work together to realize the assets of both the Clearing Member and the Trading Member.

12. Closing-out

(a) Constituents having open transactions with the defaulter shall close out such transactions on the Stock Exchange after declaration of default. Such closing out shall be in such manner as may be prescribed by the Relevant Authority from time to time. Subject to the regulations in this regard prescribed by the Relevant Authority , when in the opinion of the Relevant Authority , circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the Relevant Authority or other authorised persons of the Exchange.

(b) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the Relevant Authority for the benefit of constituent of the defaulter.

Provided that, if the Relevant Authority in its discretion deems fit, and subject to such terms and conditions as it may specify, all, some or any of the open positions/dealing of any constituent(s) of the Member as may be decided by the Relevant Authority may, instead of being closed out, be transferred to any other Member who agrees to accept such transfer.

13. Accounts of Relevant Authority

The Exchange shall keep a separate account in respect of all monies, securities and other assets of the defaulter vested with the Relevant Authority and shall defray therefrom all costs, charges and expenses incurred in or about the collection / realization of such assets or in or about any proceedings it takes in connection with the default.

14. Report

The Exchange shall present to the Relevant Authority a report relating to the assets realized, the liabilities outstanding / discharged and any other affairs of the defaulter.

15. Scale of Charges

The costs, charges and expenses incurred in respect to the collection / realization / maintenance of all monies, securities and other assets of the defaulter or in respect to any proceedings thereof shall be such sum as approved by the relevant Authority from time to time.

16. Application of Assets

The Relevant Authority shall realize and apply all monies, rights and assets of the defaulter which have vested in or which have been received by the Exchange and all other assets and money of the defaulter including the money, securities and warehouse receipts receivable by him from any other Member or Constituent, money, securities and warehouse receipts of the defaulter lying with the Exchange / Clearing Corporation or credit balances lying in the Exchange, security deposits, any bank guarantees furnished on behalf of the defaulter, fixed deposit receipts discharged or assigned to or in favour of the Exchange, monies or contribution deposited with the Exchange by the defaulter, any security created or agreed to be created by the defaulter or any other person in favour of the Exchange and/or all other assets/amounts/securities belonging to other parties which the Exchange may be entitled to realize and appropriate for the obligations of the defaulter to the following purposes and in the following order of priority, viz:

a) The payment of such subscriptions, debts, fines, fees, charges and other money as shall have been determined by the Relevant Authority to be due to the Exchange or Clearing Corporation or SEBI, in the order of priority as mentioned hereinabove.

b) Dues to the extent of principal amount to Constituents of the defaulter the payments of which have been admitted by the Relevant Authority . Provided that if the amount is insufficient then the amounts shall be distributed pro rata amongst the Constituents of the defaulter.

Provided however that if any amount is payable by such constituent to the defaulter, then the Relevant Authority shall be entitled to set-off such amount /obligation payable by such constituent against the amount payable from the defaulters' assets.
Any amounts determined and payable to the constituents, shall be distributed / paid either by crediting his account or in such other manner as the Relevant Authority directs. If any amounts, determined and payable, remain unclaimed for prescribed period, the same shall be dealt with or disposed of by the Relevant Authority as it deems fit. If any person(s) entitled to receive the amounts, has expired or wound up, all such amounts due to such person(s) shall be paid to his legal representative or heirs or successors.

c) To reimburse the Investor Protection Fund for any payments made therefrom.

d) Dues to the extent of principal amount to any other recognized stock Exchange / Clearing Corporation

After meeting the claims under (a to c) above, the amounts, if any, shall be disbursed to any other recognized Stock Exchange / Clearing Corporation for the purpose of meeting the obligations of the defaulter as Member of that Stock Exchange / Clearing Corporation. If the defaulter is a Member of more than one recognized stock Exchange / Clearing Corporation, then the remaining amount shall be distributed amongst all such recognized stock Exchanges / Clearing Corporations and if the remaining amount is insufficient to meet the claims of all such stock Exchanges / Clearing Corporations, then the remaining amount shall be distributed pro rata among all such stock Exchanges / Clearing Corporations;

e) To reimburse the Investor Protection Fund of other recognized stock Exchanges. Balance amount, if any, shall be distributed pro rata amongst stock Exchanges for reimbursing

their respective Investor Protection Fund to the extent of claims settled out of the Investors Protection Fund.

f) Dues to the extent of principal amount to other Trading Members and Clearing Members, the payments of which have been admitted by the Relevant Authority . Provided that if the amount is insufficient then the amounts shall be distributed pro rata amongst other Trading Members and Clearing Members.
Provided however that if any amount is payable by such Trading Members and Clearing Members, then the Relevant Authority shall be entitled to set-off such amount /obligation payable by such Trading Members and Clearing Members against the amount payable from the defaulters' assets.
Any amounts determined and payable to other Trading Members and Clearing Members, shall be distributed/ paid either by crediting his account or in such other manner as the Relevant Authority directs. If any amounts remain unclaimed for prescribed period, the same shall be dealt with or disposed of by the Relevant Authority as it deems fit. If any person(s) entitled to receive the amounts has expired or wound up, all such amounts due to such person(s) shall be paid to his legal representative or heirs or successors.

g) For clearing the dues of a clearing bank to the extent of the principal amount; if there are more than one clearing banks then the amounts, if any, shall be distributed amongst all clearing banks on a pro rata basis;

h) Surplus assets, if any, may be released to the defaulter in accordance to the process prepared under guidance of SEBI /as directed by SEBI from time to time with the decision of Relevant Authority ;

Provided that if the defaulter has expired then the surplus assets, if any, shall be released to the legal heirs / successors of the defaulter as the Relevant Authority may decide from time to time.

In case the assets of the defaulter realized by the Exchange is insufficient to meet the liabilities of the Trading Member under the Rules, Byelaws and Regulations of the Exchange, then the claims shall be satisfied from the other assets (common pool of assets) of the defaulter realized in the manner as may be prescribed by SEBI from time to time.

17. Certain Claims Not To Be Entertained

The Relevant Authority shall not entertain any claim against a defaulter:

a) which arises out of a contract in securities dealings in which are not permitted or which are not made subject to Bye Laws, Rules and Regulations of the Stock Exchange or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on bargains in any security; Or

b) which arises from any arrangement for settlement of claims in lieu of bona fide money payment in full on the day when such claims become due; Or

c) which is in respect of a loan with or without security; Or

d) which is not filed with the Relevant Authority within such time of date of declaration of default as may be prescribed by the Relevant Authority , Or

e) in terms of the framework prescribed by SEBI/ Exchange from time to time.

18. Claims Of Relevant Authority

A claim of a defaulter whose estate is represented by the Relevant Authority against another defaulter

shall not have any priority over the claims of other creditor Trading Members but shall rank with other claims.

19. Assignment Of Claims On Defaulter's Estate

A Trading Member being a creditor of a defaulter shall not sell, assign or pledge its claim on the estate of such defaulter without the consent of the Relevant Authority .

20. Proceedings in name of or against the Defaulter

The Relevant Authority shall be empowered to:

a. initiate any proceedings in a court of law either in the name of the Exchange or inthe name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter,

b. initiate any proceedings in a court of law either in the name of the Exchange or in the name of creditors (who have become creditors of the defaulter as a result of transactions executed subject to and in accordance with Bye-laws, Rules and Business Rules of the Exchange) of the defaulter against the defaulter for the purpose of recovering any amounts due from the defaulter. The defaulter as well asthe creditors of the defaulter shall be deemed to have appointed the Exchange as their constituted attorney for the purpose of taking such proceedings.

21. Clearing Member responsible for dues of Trading Members

Notwithstanding that a Trading Member is suspended or declared a defaulter, the Clearing Member who has agreed to clear such Trading Member's trades/contracts shall be liable to satisfy the obligations/liabilities of the defaulter Trading Member arising out of dealings/transactions done on the Exchange and or such other amounts as may be specified by the Relevant Authority .

22. Charge on Defaulter's Assets

For the purpose of satisfying the liabilities/obligations of a defaulter under the Rules, Bye Laws and Regulations, the Exchange shall have a first charge on all assets and properties of the defaulter Member, wherever situated and of whatsoever nature, as security for the repayment of such money /obligation and the payment of interest thereon.

23. Revocation of Defaulter Status

The Defaulter shall cease to be a Defaulter upon payment of his/ its dues, as per the procedure prescribed by the Exchange /SEBI/Relevant Statutory authority from time to time.

10. DISCIPLINARY PROCEEDING, PENALTIES SUSPENSION AND EXPULSION

1. Disciplinary Jurisdiction

The Relevant Authority may expel or suspend and/or fine under censure and/or warn and/or withdraw any of the Membership rights of a Trading Member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of the Exchange or of any resolutions, orders, notices, directions or decisions or rulings of the Exchange or the Relevant Authority or of any other Committee or officer of the Exchange authorised in that behalf or of any conduct, proceeding or method of business which the Relevant Authority in its absolute discretion deems dishonorable, disgraceful or unbecoming a Trading Member of the Exchange or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of the Exchange or prejudicial or subversive to its objects and purposes.

2. Penalty for Misconduct, Unbusinesslike Conduct and Unprofessional Conduct

In particular and without in any way limiting or prejudicing the generality of the provisions in Rule (1) above, a Trading Member shall be liable to expulsion or suspension or withdrawal of all or any of its Membership rights and/or to payment of a fine and/or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct in the sense of the provision in that behalf contained herein.

3. Code Of Conduct

i. Every Member of the Exchange shall be bound to promote to the best of his ability the objects and interests of the Exchange and to protect and safeguard the interests of his clients trading on the Exchange. The following shall constitute examples of good business practices. A Member shall be liable to expulsion, suspension and/ or to payment of a fine for any violation of good business practices:

   a. Members of the Exchange shall furnish a Risk Disclosure statement or any such statement, as may be prescribed by the Exchange, to all the clients willing to trade through them. This statement shall contain all the risks relating to contracts. Members of the Exchange shall insist that all such clients must read this statement before participating in a futures contract.

   b. Members of the Exchange shall not accept any order from any client unless the Risk Disclosure statement is read and acknowledged in writing by such client;

   c. Every Member shall access Byelaws, Rules and Regulations and notices, circulars, orders and instructions issued by the Exchange from time to time and shall also provide all relevant information to his clients, before executing any order on behalf of such client.

   d. Members of the Exchange shall not encourage, abet nor allow their clients to evade margin, security deposits, etc. in respect of trading on the Exchange and other financial and non financial compliance;

   e. A Member shall furnish to his clients all information pertinent to contracts, contract months, commencement months and deliveries, etc. as notified by the Exchange.

   f. Members shall explain the role of the Clearing Corporation and the scope and benefits of the same to his clients.

   g. No Member or person associated with the Member shall guarantee any profits, returns or

avoidance of loss to any client.

h. A Member in the conduct of his business shall observe high standards of commercial honour of just and equitable principles of trade.

i. Members shall adhere to the Rules, Business Rules and Bye - laws of the Exchange and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable from time to time.

j. In conducting his business activities, a Member shall act honestly and fairly, in the best interests of his constituents

k. A Member shall have and employ effectively the resources and procedures which are needed for the proper performance of his business activities.

l. No Member shall shield or assist any Member or fail to report regarding any Member whom he has known to have committed a breach or evasion of any Rules, Bye-Laws or Business Rules of the Exchange/Clearing Corporation or of any resolution, order, notice or direction there under to the Exchange or any Relevant Authority .

m. Except with the permission of the Relevant Authority , business shall not be transacted by the Member in contracts which have been suspended from official quotation.

n. Members shall ensure that the fiduciary and other obligations imposed on them and their staffs by the various statutory acts, rules and Business Rules are complied with.

o. Members shall ensure that any employee who commits the Members or Participants to a transaction has the necessary authority to do so.

p. Members shall ensure that employees are adequately trained in operating in the commodities/ securities market, in which they execute trades / transactions, are aware of their own, and their organization's responsibilities as well as the relevant statutory acts governing the Member, the Rules, Business Rules and Bye-laws of the Exchange including any additions or amendments thereof.

q. When entering into transactions on behalf of constituents, the Member shall ensure that they abide by the Code of Conduct and as enumerated in the Rules.

r. No Member or person associated with a Member shall make improper use of constituent's positions in contracts or commodities.

s. The Member shall not disclose the name and beneficial identity of a constituent to any person except to the Exchange or any other Relevant Authority as and when required by it.

t. A Member shall not –
   a) make bids and/or offers for contracts with an intention of creating a false or misleading appearance with respect to the market for, or the price of any contracts or;
   b) make a transaction or give an order for the purchase or sale of contracts, the execution of which would involve no change of beneficial ownership, unless the Member had no knowledge that the transaction would not involve a change in the beneficial ownership of contracts.

u. No Member shall publish and circulate or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service or communication of any

kind which purports to report any transaction as a purchase or sale of any contracts unless such Member can establish if called for, that such transaction was a bonafide purchase or sale of such contract; or which purports to quote the purchase/ sale price for any contract unless such Member can establish if called for that such quotation represents a bonafide order of such contract.

v. A Member shall be responsible subject to the Rules, Bye-laws and Business Rules, for all the actions including trades originating through or with Trading Member Id and User Id of the Member.

w. A Member who has received in any capacity any information as to the purchase/sale of contracts, shall under no circumstance make use of such information for the purpose of soliciting purchases/sales.

ii. Every Member of the Exchange shall abide by all the Bye-Laws, Rules and Regulations of the Exchange as well as notices, circulars, orders and instructions issued by the Exchange from time to time. Any Member shall be liable to expulsion, suspension and/or to payment of a fine for any of the following acts or omissions:

a. Refusal to abide by awards: For neglecting or refusing to submit to, abide by and carry out any award or decision or order of any arbitrators or, surveyors or any Committee or the Board or Relevant Authority , made in conformity with Articles of Association of the Company or the Bye- Laws, Rules and Regulations.

b. Unbecoming conduct: For acting in any manner detrimental to the interest of the Exchange or unbecoming of a Member.

c. Misconduct: For any misconduct in his dealing with or relations to the Exchange or any Member or Members thereof or for any disreputable or fraudulent transactions with any person whether a Member or not of which complaint is made to the Managing Director or Relevant Authority , any Standing Committee or the Board by one or more Members or clients and is found to be valid by the Relevant Authority .

d. Disobedience: For violating, disobeying or disregarding any Bye-Laws or any enactment, order, ordinance or notification issued by the State or the Union Government in respect of trading in any commodities /securities, or the provisions of SCRA and Rules and Regulations made thereunder and SEBI Act and Rules and Regulations made thereunder and any directions issued by the SEBI or the Exchange.

e. Misinformation: For publishing or permitting to be published in any newspapers, circulars, or otherwise, any misrepresentation relating to the trade in any commodities or contracts, calculated to mislead the Members and/or the public.

f. Indifference and willful negligence: For not complying with any notice or request made to him by or on behalf of the Managing Director, any Committee or the Board or the Relevant Authority requiring him to attend any meeting of the Board or of any Committee or to produce any books, documents, correspondence or other papers in his possession, power or control, or for refusing or neglecting to answer any question put to him by the Managing Director, any Committee or the Board or the Relevant Authority , as the case may be, relevant to any business at any such meeting.

g. Failure to pay any dues: For failure to pay any amount due under these Rules and Regulations and order and instructions issued thereunder by the Exchange, and/or arbitration or any other fees when due or for non-payment of any fine imposed on him pursuant to these Rules or for failure to pay any other amount due by him under these

Rules or under any order of the Chief Executive, any Committee or the Board or the Relevant Authority within ten days after the same shall become payable.

h. Action detrimental to the Exchange: For any misconduct, in the sense of sub- sections referred to above inclusive as below, in his dealing with or relations to the Exchange.

i. Willful or intentional non –fulfillment of contractual obligations or fraudulent or flagrant breach of contract.
ii. Frivolous repudiation of contract.
iii. Refuse to refer any question in dispute to arbitration, survey or an appellate Committee or Umpire.
iv. Communicating secretly or indirectly with any arbitrator, surveyor, umpire or Member of appellate Committee to which the dispute has been referred to under the Bye- Laws, Rules and Regulations.
v. For any conduct, act or omission knowingly carried out to subvert the objects and purposes of the company and the Exchange, as provided in the Memorandum and Articles of Association of the company, or which is subversive of the Bye-Laws, Rules and Regulations of the Exchange, or which defeats the agreements entered into by the company or the Exchange with other organisations, agencies or entities for promoting the interests and activities of the Company and the Exchange.
vi. For any conduct, act, omission or negligence which renders the Member liable to be declared a 'defaulter' by the Board, the Relevant Authority or the Clearing Corporation under any of the provisions of the Bye- Laws, Rules and Regulations of the Exchange and/ or orders, circulars, notices and instructions issued by the Exchange.
vii. Disclosure of one client's open position to other clients or Members.

iii. Whenever the Managing Director or any of the designated officials or any of the Committees shall consider either by reason of complaint made to him or them in writing by one or more Members of the Exchange or by reason of any knowledge or information that there is sufficient reason for inquiring as to whether there has been any act or omission on the part of a Member of the Exchange rendering him liable to expulsion, suspension and/or payment of a fine, the Relevant Authority may give notice in writing to such Member or to any other Member requiring him to appear before any Committee or the Board within such time as stated in the notice.

iv. The Relevant Authority shall hear the Member with regard to whom it is proposed to recommend any resolution for expulsion, suspension and or imposition of a fine under these Rules, and hear the evidence or statements of himself or any witnesses present on his behalf at any such meeting. The Relevant Authority may also require the Member to produce for inspection any books, documents, correspondence or papers in his possession or under his control or that of his firm or company.

v. Whenever the Relevant Authority is of the opinion that a Member of the Exchange has become liable to expulsion, the Board may by resolution passed by majority of their Members present and voting expel such Member permanently from all rights of Membership, except the right to go for arbitration in respect of matters prior to such expulsion. Such resolution shall be final and binding. The Board or any other authority shall not be called upon to give any explanation or reason thereof;

vi. Whenever the Relevant Authority shall be of opinion that a Member has become liable to suspension and/or payment of a fine the Board may suspend him for any term not exceeding six calendar months from all rights of Membership except the right to go to arbitration for matters in dispute prior to such suspension. In addition to suspension or in lieu thereof a fine of Rs 1 lakh may be leveived by the Relevant Authority , Failure to pay such fine within the stipulated period shall render a Member liable to suspension, if he has not been suspended already, or

expulsion, if he has been only suspended.

vii. Before passing any resolution under Bye-Law v. and vi above, the Exchange shall give the Member concerned a notice in writing stating that there is a for the expulsion, suspension and/or fining of such Member and requiring him to attend a meeting of the Committee called for the purpose at which the said Member may produce whatever evidence or statements he wishes to present in his defence.

viii. A suspended Member shall during the period of suspension be deprived of and excluded from all the rights and privileges of Membership, except in respect of transactions outstanding at the time of suspension which he shall be bound to fulfil and in regard to which he shall be subjected to all the obligations and have all the rights thereof and of these Rules including the obligation and right to go to arbitration. The suspended Member shall also be liable to pay all fines, calls, subscriptions, and other moneys due or to become due from him during his suspension in the same manner as if he had not been suspended.

ix. A Member expelled by the Board shall forfeit all the rights and privileges of Membership including those conferred on him by the Bye-Laws, Rules and Regulations and he shall as from the date of the resolution cease to be a Member, but he shall continue to be liable for and fulfil his obligations to the Exchange or to any other Member at the date of his expulsion and for these purposes shall have the right and be under obligation to go to arbitration under these Rules.

x. In case a Member of the Exchange has been suspended, deactivated, expelled and / or declared defaulter, no other Member of the Exchange shall do business for or on behalf of such Member.

4. Misconduct, Un-Business like Conduct, Unprofessional Conduct And Prohibition Of Fraudulent And Unfair Trade Practices

Members shall be liable to expulsion, suspension and / or withdrawal of all or any of its Membership rights and / or to payment of a fine and / or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct, fraudulent and unfair trade practices in the sense of the provision in that behalf contained herein.

i. **Misconduct:** Members shall be deemed guilty of misconduct for any of the following or similar acts or omissions namely:
   a. Fraud: If it is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the Relevant Authority renders it unfit to be a Member;

   b. Violation: If it has violated provisions of any statute governing the activities, business and operations of the Exchange, Members and Commodities business in general;

   c. Improper Conduct: If in the opinion of the Relevant Authority it is guilty of dishonourable or disgraceful or disorderly or improper conduct on the Exchange or of willfully obstructing the business of the Exchange;

   d. Failure To Testify or Give Information : If it neglects or fails or refuses to submit to the Relevant Authority or to a Committee or an Officer of the Exchange authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appeal and testify before or cause any of its partners, attorneys, agents, authorized representatives or employees to appear and testify before the Relevant Authority or such Committee or officer of the Exchange or other person authorised in that behalf;

   e. Failure to Submit Audited Accounts: If it neglects or fails or refuses to submit its audited accounts to the Relevant Authority within such time as may be prescribed by

the Relevant Authority from time to time.

f. Failure to Compare or Submit Accounts with Defaulters' Committee: If it neglects or fails to compare its accounts with the Defaulters' Committee , if constituted or to submit to it a statement of its accounts with a defaulter or a certificate that it has no such account or if it makes a false or misleading statement therein;

g. Failure to Cooperate with Officials of the SEBI / Exchange Inspection / Audit or Otherwise : If it fails to cooperate with the Auditors/ officials of the SEBI / Exchange inspection / audit including system inspection/ Audit and or fails to furnish or submit any required documents, books of accounts, records, documents etc.

h. False or Misleading Returns: If it neglects or fails or refuses to submit or makes any false or misleading statement in its clearing forms or returns required to be submitted to the Relevant Authority under the Bye Laws, Rules and Business Rules;

i. Vexatious Complaints: If it or its agent brings before the Relevant Authority or a Committee or an officer of the Exchange or other person authorised in that behalf a charge, complaint or suit which in the opinion of the Relevant Authority is frivolous, vexatious or malicious;

j. Failure to Pay Dues and Fees: If it fails to pay its subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on it**.**

ii Un-businesslike Conduct: A Member shall be deemed guilty of un-businesslike conduct for any of the following or similar acts or omissions namely:

a. Fictitious Names: If it transacts its own business or the business of its constituent in fictitious names;
b. Fictitious Dealings: If it makes a fictitious transaction or gives an order for the purchase or sale of goods/commodities /securities the execution of which would involve no change of ownership or executes such an order with knowledge of its character;
c. Circulation of Rumors: If it, in any manner, circulates or causes to be circulated, any rumors
d. Prejudicial Business: If it makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers of purchase or sale of commodities /securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values;
e. Market Manipulation and Rigging: If it, directly or indirectly, alone or with other persons, effects transactions in any commodity to create actual or apparent active trading in such commodity/security or raising or depressing the prices of such commodity for the purpose of inducing purchase or sale of such commodity/goods by others;
f. Unwarranted Business: If it engages in reckless or unwarrantable or un-business like dealings in the market or effects purchases or sales for its constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its constituent's or his own means and financial resources or in view of the market for such commodity /security;
g. Compromise: if it connives at a private failure of a Member or accepts less than a full and bonafide money payment in settlement of a debt due by a Member arising out of a transaction in contracts / commodities;
h. Dishonoured Cheque: if it issues to any other Member or to its constituents a cheque which is dishonoured on presentation for whatever reasons;

i. Failure to carry trading with constituents: If it fails in the opinion of the Relevant Authority to carry out its committed transactions with its constituents;
j. Assured Fixed Returns on Investments: if it indulges, directly or indirectly, in any activity in the nature of assuring fixed returns on investments, portfolio management services, etc
k. Unsatisfactory Financial Condition: When in the opinion of the Relevant Authority it is in such financial condition that it cannot be permitted to do business with safety to its creditors or the Exchange.

iii Unprofessional Conduct: Members shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

a. Business in Commodities /securities in which Dealings not Permitted: If it enters into dealings in contracts/ commodities in which dealings are not permitted;
b. Business for Defaulting Constituent: If it deals or transacts business directly or indirectly or executes an order for a constituent who has within its knowledge failed to carry out engagements relating to commodities /securities and is in default to another Member unless such constituent shall have made a satisfactory arrangement with the Member who is its creditor;
c. Business for Insolvent: If without first obtaining the consent of the Relevant Authority it directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court;
d. Business without Permission when Under Suspension: If without the permission of the Relevant Authority it does business on its own account or on account of a principal with or through a Member during the period it is required by the Relevant Authority to suspend business on the Exchange;
e. Business for or with Suspended, Expelled and Defaulter Members: If without the special permission of the Relevant Authority it shares brokerage with or carries on business or makes any deal for or with any Member who has been suspended, expelled or declared a defaulter;
f. Business for Employees of Other Members: If it transacts business directly or indirectly for or with or executes an order for an authorized representative of another Member without the written consent of such employing Member;
g. Business for Exchange Employees: If it makes a speculative transaction in which an employee of the Exchange is directly or indirectly interested;
h. Advertisement: If it advertises contrary to guidelines if any, issued by the Relevant Authority for advertisement by the Members.
i. Evasion of Margin Requirements: If it willfully evades or attempts to evade or assists in evading the margin requirements prescribed by the Relevant Authority and/or in Bye Laws and Business Rules;
j. Brokerage Charge / Clearing Fees: If it deviates from or evades or attempts to evade the Bye Laws and Business Rules relating to charging and sharing of brokerage/clearing fees.
k. Dealings with entities prohibited to buy or sell or deal: If it deals, directly or indirectly, in the course of its business with or transacts any business with or for any entity, which has been prohibited by the SEBI to buy or sell or deal in the commodity market.

iv Fraudulent And Unfair Trading Practices

a. No Trading Member shall buy, sell or deal in security contracts in a fraudulent manner or indulge in any unfair trade practices including market manipulation.
b. Without prejudice to generality of the provisions contained in the above clause, no person shall indulge in market manipulation, namely:
    i. effect, take part in or enter into either directly or indirectly transactions in security contracts, which are likely to have the effect of artificially raising or depressing

or stabilising the price of security contracts;

ii. indulge in any act, which is calculated to create a false or misleading appearance of trading on the security market or, results in reflection of prices of security contracts based on transactions, which are not genuine trade transactions ; or

iii. purchase or sell any commodity security not intended to effect transfer of beneficial ownership but as a device to maintain, inflate, depress, or cause fluctuations in the market price of security contracts; or

iv. pay, offer or agree to pay or offer, directly or indirectly, to any person to purchase or sell any contract in security with the sole object to maintain, inflate, depress, or cause fluctuations in the market price of commodity contracts/ security contracts.

c. No person shall make a statement, or disseminate information which is misleading in a material particular which is likely to induce the sale of securities contracts by other persons or is likely to have the effect of maintaining or stabilising the market price of securities contracts if, when he makes or disseminates the information:

i. he does not care whether the statement or information is true or false;

ii. he knows or ought to reasonably know that the statement or information is false or misleading in material.

d. No Member Shall

i. engage in any act, practice in course of his business, which would operate as a fraud or deceit upon any person in connection with the purchase or sale of any securities / contracts; or

ii. buy, sell or deal in securities / contracts on his own behalf or on behalf of a person associated with him pending the execution of the order of his constituent or of his company or director for the same contracts in commodity futures/ securities; or

iii. delay the transfer of commodities /securities or securities / contracts in the name of the transferee which results in the price of the commodities /securities or /contracts in securities increasing; or

iv. involve in any activity in the nature of any off-market trades, illegal trades, trades executed outside the Exchange platform or any such activity prohibited under the provisions of the SCRA and Rules and Regulations made thereunder and SEBI Act and Rules and Regulations made thereunder or relevant Bye Laws, Rules and Regulations of the Exchange.

v. indulge in falsification of his books, accounts and records; or

vi. When acting as an agent execute a transaction with a constituent at a price other than the price at which it was executed on the Exchange or other than the price it was off-set against the transaction of another constituent; or

vii. either take opposite position to an order of a constituent or shall execute opposite orders which he is holding in respect of two constituents except in the manner laid down by the Exchange.

v. Trading Member's Responsibility For Partners, Agents And Employees

A Trading Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the Relevant Authority to be one which if committed or omitted by the Trading Member would subject it to any of the penalties as provided in the Bye Laws, Rules and Regulations of the Exchange then such Trading Member shall be liable therefor to the same penalty to the same extent as if such act or omission had been done or omitted by itself.

11. SUSPENSION/EXPULSION OF MEMBER

i. Suspension On Failure To Provide Margin Deposit And/Or Capital Adequacy Requirements

The Relevant Authority shall require a Trading Member to suspend its business when it fails to provide the margin deposit and/or meet capital adequacy norms as provided in the Bye Laws, Rules and Regulations and the suspension of business shall continue until it furnishes the necessary margin deposit or meet capital adequacy requirements. The Relevant Authority may expel a Trading Member acting in contravention of this provision.

ii. Suspension of Business

The Relevant Authority may require a Trading Member to suspend its business in part or in whole:

a. Prejudicial Business : When in the opinion of the Relevant Authority , the Trading Member conducts business in a manner prejudicial to the Exchange by making purchases or sales of securities or offers to purchase or sell securities for the purpose of upsetting equilibrium of the market or bringing about a condition of demoralisation in which prices will not fairly reflect market values, or
b. Unwarrantable Business : When in the opinion of the Relevant Authority it engages in unwarrantable business or effects purchases or sales for its constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its constituent's or its own means and financial resources or in view of the market for such security, or
c. Unsatisfactory Financial Condition : When in the opinion of the Relevant Authority it is in such financial condition that it cannot be permitted to do business with safety to its creditors or the Exchange.

iii. Removal of Suspension

The suspension of business under clause ii above shall continue until the Trading Member has been allowed by the Relevant Authority to resume business on its paying such deposit or on its doing such act or providing such thing as the Relevant Authority may require.

Penalty for Contravention

A Trading Member who is required to suspend its business shall be expelled by the Relevant Authority if he acts in contravention of this provision.

Trading Members and others to testify and give information A Trading Member shall appear and testify before and cause its partners, attorneys, agents, authorised representatives and employees to appear and testify before the Relevant Authority or before other Committee(s) or an officer of the Exchange authorised in that behalf and shall produce before the Relevant Authority or before other Committee(s) or an officer of the Exchange authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

iv. Explanation Before Suspension Or Expulsion

A Trading Member shall be entitled to be summoned before the Relevant Authority and afforded an opportunity for explanation before being suspended or expelled but in all cases the findings of the Relevant Authority shall be final and conclusive.

v. Temporary Suspension

a. Notwithstanding what is contained in clause (iv) herein above if in the opinion of the Managing Director it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend a Trading Member, pending completion of the proceedings for suspension under this chapter by the Relevant Authority , and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter.
b. A notice to show cause shall be issued to the Trading Member within five working days of such temporary suspension.
c. Any such temporary suspension may be revoked at the discretion of the Managing Director, for reasons to be recorded in writing, if the Managing Director is satisfied that the circumstances leading to the formations of opinion of the Managing Director to effect temporary suspension, have ceased to exist or are satisfactorily resolved.
d. A Trading Member aggrieved by the temporary suspension may appeal to the Relevant Authority , provided that such appeal shall not automatically suspend the temporary suspension unless otherwise directed by the Relevant Authority .

vi. Effect Of Suspension Of Registration By SEBI

Notwithstanding anything contained in any of the Byelaws and Rules of the Exchange, if the registration of a Trading Member is suspended by SEBI, such Trading Member shall ipso facto stand suspended from the Trading Membership of the Exchange for the period of suspension, so imposed by SEBI or till such suspension is in force.

vii.Imposition of Penalties

The penalty of suspension, withdrawal of all or any of the Membership rights, fine, censure or warning may be inflicted singly or conjointly by the Relevant Authority . The penalty of expulsion may be inflicted by the Relevant Authority .

viii.Pre-determination of Penalties

The Relevant Authority shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular Membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Bye Law, Rules or Regulation of the Exchange or of any resolution, order, notice, direction, decision or ruling thereunder of the Exchange, the Relevant Authority or of any other Committee or officer of the Exchange authorised in that behalf.

ix. Expulsion of a Member of the Exchange

In addition to the grounds mentioned elsewhere in these presents, the Board may expel any Member of the Exchange from the Membership of the Exchange in the following cases:

a. Where a Member of the Exchange fails or has failed to carry out any award made in arbitration proceedings held by the Exchange, or held under provisions of these presents, or under the Bye-Laws, Rules and Regulations framed under any power conferred under these presents, within twenty-one (21) days of the communication of the award or such further period as the Board may extend on the written application of the party;

b. Where a Member of the Exchange has refused to submit a dispute to arbitration, which by the provisions of these presents, is required to be submitted to arbitration and institutes any suit or legal proceeding in contravention of the provisions of these presents.

x.Permission Necessary For Legal Representation

No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the Relevant Authority or any other Committee unless the Relevant Authority so permits.

xi. Failure To Pay Fines And Penalties

If a Trading Member fails to pay any fine or penalty imposed on it within such period as prescribed from time to time by the Relevant Authority after notice in writing has been served on it by the Exchange it may be suspended by the Relevant Authority until it makes payment and if within a further period as prescribed from time to time it fails to make such payment it may be expelled by the Relevant Authority .

xii.Board's discretion in lieu of suspension/expulsion

a. The Board or the Relevant Authority in its absolute discretion may in any case suspend a Member of the Exchange in lieu of the expulsion warranted or may withdraw one or any of the Membership rights or impose a fine in lieu of suspension or expulsion warranted and may direct that the guilty Member of the Exchange be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

b. The Board or the Relevant Authority may of its own motion or on appeal by the Member of the Exchange concerned reconsider and may rescind, revoke or modify its resolution withdrawing all or any of the Membership rights or fining, censuring or warning any Member of the Exchange. In a like manner the Board or the Relevant Authority may rescind, revoke or modify its resolution suspending any Member of the Exchange.

Provided that where any expulsion, suspension or other penalty as aforesaid is imposed in accordance with the directions of the SEBI, Government or other authority issued in exercise of any powers conferred on them by the Act or the Rules framed thereunder, then the Board or the Relevant Authority shall not exercise the power to rescind or revoke or modify the same, except with the previous sanction of the authorities concerned

xiii.Effect Of Suspension Of Member Of The Exchange

The suspension of a Member of the Exchange shall have the following:

a. The suspended Member of the Exchange shall, during the term of his suspension, be deprived of and excluded from all the rights and privileges of Membership of the Exchange but he may be proceeded against by the Board or the Relevant Authority for any offence committed by him either before or after his suspension and the Board shall not be debarred from taking cognisance of and adjudicating on or dealing with any claim made against him under these presents, Bye- Laws, Rules and Regulations;
b. The suspension shall not affect the rights of the Exchange and/or other Members of the Exchange who are creditors of the suspended Member of the Exchange;
c. The suspension shall create a vacancy in any office or position held by the suspended Member of the Exchange;
d. The suspended Member of the Exchange shall be bound to fulfil contracts outstanding at the time of his suspension; and
e. The suspended Member of the Exchange shall not, during the term of his suspension, clear and register any contracts at the Exchange, provided that he may with the permission of the Board close out through other Members of the Exchange the transactions outstanding at the time of his suspension.

xiv.Effect Of Expulsion Of A Member Of The Exchange

The expulsion of a Member of the Exchange shall have the following consequences:

a. The expelled Member of the Exchange shall forfeit to the Exchange his rights of Membership of the Exchange and all his rights and privileges as a Member of the Exchange including any right to the use of or any claim upon or any interest in any

property or funds with the Exchange including guarantee fund; but any liability of any such Member of the Exchange to the Exchange or to any Member of the Exchange shall continue and remain unaffected by his expulsion;

b. The right of nomination shall vest in the Exchange/Board and shall not be exercised by the expelled Member of the Exchange;
c. The expulsion shall create a vacancy in any office or position held by the expelled Member of the Exchange;
d. The expulsion shall not affect the rights of the Exchange and Members of the Exchange who are creditors of the expelled Member of the Exchange; and
e. The expelled Member of the Exchange shall be bound to fulfill transactions and obligations outstanding at the time of his expulsion and he may with the permission of the Board or the Relevant Authority close such outstanding transactions with or through another Member of the Exchange.
f. Consequences of declaration of defaulter to follow:
   The provisions of Rules, Bye-Laws and Business Rules/ Regulations pertaining to default, shall become applicable to the Member expelled from the Exchange as if such Member has been declared a defaulter.
g. No Member shall transact business for or with or share brokerage with the expelled Member.

xv. Board To Notify Suspension, Expulsion And Default Of A Member Of The Exchange

Notice shall be given to the Member of the Exchange concerned and to the Members of the Exchange in general, by a notice on the notice Boards of the Exchange or on the trading system, Exchange of the expulsion or suspension of or of the suspension of business by a Member of the Exchange or of any other penalty imposed upon him or his partners, attorneys, agents, authorized representatives or other employees. The Board or the Relevant Authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the Members of the Exchange and Members of the Exchange or to the public that any person who is named in such notification has been expelled, suspended, penalised, or declared a defaulter or has suspended his business or ceased to be a Member of the Exchange. No action or other proceedings shall in any circumstances be maintainable by such person against the Exchange or the Board or the Relevant Authority or any Member of the Board or any officer or employee of the Exchange for the publication or circulation of such notification.

12. SAVING CLAUSE

a. Nothing contained in the Rules, Bye-laws and Regulations (New Rules, Bye-laws and Regulations) shall affect the Rules, Bye-laws and Regulations (Old Rules, Bye-laws and Regulations) which were in force and operation prior to New Rules, Bye-laws and Regulations came into force in relation to any deals and/or contracts, rights and obligations accrued and arisen, action/s, decision/s, disciplinary proceedings initiated, pending, decided or any proceedings pending and/or decided etc. thereunder and all such matters shall continue to be governed under the Old Rules, Bye-laws and Regulations.

b. All dealings and/or contract entered into and/or executed after New Rules, Bye-laws and Regulations come into force and all matters including rights, duties, obligations, actions proceedings arising pursuant thereto shall be subject to and be governed in accordance with New Rules, Bye-laws and Regulations of the Exchange and circulars/directions issued by Exchange/Relevant Authority from time to time.

c. Power To Provide Clarification

In case of any difficulty in implementing the provisions of Old Rules, Bye-laws and Regulations or New Rules, Bye-laws and Regulations or in case of a conflict between Old Rules, Bye-laws Regulations and New Rules, Bye-laws and Regulations, the Exchange has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.

d. Reference to provisions of Old Rules, Bye-laws and Regulation

On New Rules, Bye-laws and Regulations coming into force, any reference to the provisions of old Rules, Bye-laws and Regulations may be construed to refer to the corresponding provision as provided in the New Rules, Bye-laws and Regulations unless the context requires otherwise.