Circular no.: MCX/COMP/399/2009 September 30, 2009

Customer Protection-FMC Directive

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange and in continuation to our Circular Nos. MCX/012/2006 dated January 10, 2006, MCX/COMP/206/2008 dated June 16, 2008, MCX/256/2008 dated July 31, 2008 and MCX/COMP/029/2009 dated January 19, 2009; members of the Exchange are notified as under:

Forward Markets Commission (FMC) has directed the Exchange as under:

a) The members shall execute the trade of clients only after keeping evidence of the client placing such order; it could be, inter alia, in the form of sound recording.
b) The member shall keep evidence of having dispatched the contract note to the clients
c) The member shall keep evidence of making the payment to the client on account of the Mark to Market gains made by the clients.
d) The KYC documents required to be signed by clients shall not contain inequitable, onerous or unreasonable conditions imposed on clients such as:-
   i) Waiver to the member from sending contract notes;
   ii) Retaining the M-T-M (Mark to Market) gains by the Member with himself; and
   iii) Any condition which gives the member the freedom to trade on behalf of the client without the explicit and specific order issued by the client.
e) No member shall execute trades of clients before completing KYC formalities.

Any incidence of non-compliance with the aforesaid directives of FMC will be viewed seriously.

This circular comes into force with immediate effect.

Parag Jain
Chief – Membership & Inspection

Kindly contact Compliance Team on 022 - 6649 4090 or send an email at compliance@mcxindia.com for any clarification.

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