ANNEXURE II

MCX
METAL & ENERGY
Trade with Trust

Circular no.: MCX/COMP/313/2010 September 3, 2010

Clarification on Anti Money Laundering and Know Your Customer (KYC) Norms

In terms of the provisions of the Rules, Bye laws, Business Rules of the Exchange and in continuation of the Circular No. MCX/COMP/488/2009 dated November 27 2009; the members of the Exchange are notified as under:

Forward Markets Commission has clarified vide its letters dated January 25, 2010 and August 25, 2010 on certain clauses relating to Anti Money Laundering (AML) and Know Your Customer (KYC) norms as under:

1. The AML and KYC norms as stated in the aforesaid circular are applicable to all Depository Participants (DPs), and Members including those who are doing only proprietary trades.

2. Para 3.2 (iii) of the Circular No. MCX/COMP/488 dated November 27 2009 is replaced as under:
   "in case the client proposes to undertake high value transactions (say ₹5 lakh and above in a day) obtaining information (i.e. one time at the time of acceptance of client) on the purpose and intended nature of the business relationship."

   Accordingly, the members/intermediaries have to obtain one time information from the client, at the time of acceptance of such client(s), who proposes to undertake transactions of ₹5 lakh or above in a day.

3. In the indicative list of documents given as Annexure I of the Circular no. MCX/COMP/488/2009 dated November 27, 2009, PAN has been made optional document for the purpose of providing identity proof; however, the PAN requirement with regards to KYC norms as stipulated by the Circular No. MCX/555/2006 dated December 15, 2006 and Circular No. MCX/COMP/029/2009 dated January 19, 2009 is mandatory.

4. 'Non resident clients', in the indicative list of high risk profile, as given at Point 3.3 of Circular no. MCX/COMP/488/2009 dated November 27, 2009, are not allowed

to trade in the commodity derivatives market without statutory approvals. However, inclusion of their name in the high risk profile does not infer that these entities will not require taking statutory approvals.

5. As regards dealing in cash transactions, it is re-iterated that cash dealings are prohibited vide Circular No. MCX/Comp/250/2009 dated June 9, 2009 and Circular No. MCX/Comp/401/2009 dated October 01, 2009 and all such cash transactions will attract penalties as prescribed in the said circulars. Besides the above, Members are required to comply with the reporting requirement with respect to cash transactions as mentioned in Circular no. MCX/COMP/488/2009 dated November 27, 2009.

Members of the Exchange are hereby advised to ensure compliance with the above.

J. B. Ram
Sr. Vice President
Membership & Inspection

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

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