



Circular No: MCX/T&S/147/2016

May 17, 2016

Disclosure of Proprietary Account Trading and “Pro-account” Trading Terminal

In terms of provisions of the Rules, Bye-Laws and Business Rules of the Exchange, in continuation to circular MCX/T&S/123/2016 dated April 26, 2016, in supersession to the provisions of circular MCX/347/2006 dated August 29, 2006, and in accordance with SEBI circular no SEBI/HO/CDMRD/DMP/CIR/P/2016/49 dated April 25, 2016, the Members of the Exchange are notified as under:

I. Disclosure of proprietary trading by broker to client

With a view to increase the transparency in the dealings between the trading member and their clients, all trading members are required to disclose to their clients whether they do client based business or proprietary trading as well. In connection with the same, the trading members may take note of the following:

- a) Disclose the information of proprietary trading to the existing clients by sending letter and / or email.
- b) Update the information on your company website (if any).
- c) Disclose the proprietary trading information on the Contract Notes issued to the clients.
- d) For new clients, disclose the information of proprietary trading upfront at the time of entering into the Know Your Client agreement.
- e) In case of a trading member who at present does not trade on proprietary account, chooses to do so at a later date, he shall be required to disclose this to his clients before carrying out any proprietary trading.

Members are required to ensure compliance in this regard **on or before July 22, 2016**, and shall be required to have a continuing compliance of the directives thereafter.

II. “Pro account” trading terminals

1. The facility of placing orders on “pro-account” through trading terminal / CTCL terminal shall be extended only at one location, (default location) as specified by the member. The application for enablement of trading terminal at default location shall be made to the Exchange in the format prescribed in Annexure 1.
2. Trading terminals / CTCL terminals located at places other than the above location shall have facility to place orders only for and on behalf of the clients by entering the client code details as required / specified by the Exchange / SEBI.
3. In case any member requires the facility of using “pro-account” through trading terminals from more than one location, such member shall be required to submit an undertaking in the format specified in Annexure 2. Further, member shall be

required to apply for enablement of “pro-account” facility specifying the location and reason for enablement in the format specified in Annexure 3.

4. CTCL Ids mapped to an Exchange user id which is enabled for “pro-account” trading is automatically enabled for “pro-account” trading. Members are therefore advised to ensure that no trades in “pro-account” should be executed through any CTCL Id unless the approvals are taken from the Exchange.
5. Members who are currently availing “pro-account” trading facility are required to submit the undertaking as specified in Annexure 2 along with the information solicited in the format prescribed in Annexure 4 **on or before June 15, 2016**. Failure to provide the requisite information on or before the specified date may result in withdrawal of “Pro-account” trading facility.

In addition to the above, members shall be subject to and abide by all Circulars, requirements, conditions, norms, guidelines and / or such terms as may be prescribed or required by the Exchange from time to time and the same shall become applicable *ipso facto*, upon its notice to the members by the Exchange.

Members are requested to take note of the same.

Dhawal Shah
Vice President

Encl: As above

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for further clarification.

(On the letter head)

Application for Pro account trading facility from one location

Date:

To,

Trading Department
 Multi Commodity Exchange of India Limited
 Exchange Square, CTS No. 255,
 Suren Road, Chakala, Andheri (East),
 Mumbai – 400 093

I/We, _____ (name of the member and member ID) Trading Member of MCX, wish to avail of the facility of placing orders on “Pro-account” through trading terminals from default location.

In this regard, I/we are furnishing the following details:

Default location where Pro-account is to be enabled:

Sr. No.	User Id	User Name	CTCL Id (if applicable)		Postal Address and Pin Code	VSAT /Lease Line /Internet	
						Primary	Back Up
			Pin Code (First 6 Digits of CTCL ID)	Branch ID (Next 3 Digits of CTCL ID)			

Yours faithfully,

For (Member Name)

Authorised Signatory

Name:

Designation:

Contact No:

UNDERTAKING FOR AVAILING PROPRIETARY ACCOUNT ORDER ENTRY FACILITY

I/We _____, an individual / a firm registered under the Indian Partnership Act, 1932/a Company/Body Corporate incorporated under the Companies Act of 1956/_____Act, 19____, and residing at/having our registered office at/_____ give this UNDERTAKING on this the _____ day of _____ 20__ at _____ IN FAVOUR of Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act of 1956, with its office at Exchange Square, CTS No 255, Suren Road, Andheri (East), Mumbai – 400093 (hereinafter called “MCX”),

WHEREAS

1. MCX provides the Trading Software to enable its Trading Member to trade. In addition MCX also permits Computer to Computer Link (hereinafter called “CTCL”) facility to Trading members for order entry, receipt of order and trade confirmations and also for receipt of data relating to its trade quotations.
2. MCX, has prescribed that the facility of placing orders on “Pro-account” through trading terminals shall be availed by the Trading Members only at one or more locations of the Trading Members as specified/required by the Trading members. Further, any trading terminal located at a place other than the above location in excess of requirements shall have a facility to place order only for and on behalf of a Constituent by entering client code details as required by MCX/SEBI; and in case any Trading Member requires the facility of using “Pro-account” through trading terminals from more than one location, such Trading Member shall request MCX stating the reason for using the “Pro-account” at multiple locations.
3. MCX as a precondition while permitting the facility of using “Pro-account” through trading terminals from more than one location requires me/us to furnish the undertaking in the manner and on the terms herein below:-

NOW THEREFORE IN CONSIDERATION OF MCX having agreed to allow me/us at my/our request to avail the Pro-account facility from more than one location, I/We hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions:-

1. That I/We undertake to enter proprietary orders only from the Pro-account terminals permitted by MCX and undertake not to misuse the said “Pro-account” facility and state that the proprietary trades on the Pro-account terminals pertain to proprietary trades and not client trades.
2. That I/we state that our Director(s)/Partner(s)/Authorized Supervising Persons/ is/are based at the location where the “Pro-account” trading terminals are located. The Pro-account facility shall be made available to the Approved Users only after obtaining the prior written consent of MCX and subject to such terms and conditions as may be prescribed by MCX from time to time.

3. That I/We undertake not to use the "Pro-account" trading terminals for purposes other than the defined reasons.
4. That I/We undertake to take all such steps and/or precautions to ensure and keep ensured that the "Pro-account" facility is not extended to a location other than the location of the trading terminals where the "Pro-account" facility is permitted by MCX and CTCL terminals shall not be extended beyond the location of such permitted trading terminals.
5. That MCX, at its absolute discretion, may make the Pro-account facility available to me/us only from the date of my/our enablement on the Pro-account facility till such time as it may deem fit and further that the Pro-account facility may at any time be withdrawn by MCX at its discretion without giving me/us any notice or any reasons whatsoever.
6. That I/We shall execute, sign, and subscribe, to such other documents, papers, agreements, covenants, bonds, and/or undertakings as may be prescribed or required by MCX from time to time.
7. That I/We undertake to abide by all the provisions of the Byelaws, Rules, Regulations and Circulars/norms and requirements that may be in force from time to time relating to use and operation of the Trading System (including use of CTCL software) and that they shall also mutatis mutandis become applicable to the use and operation of the Pro-account facility.
8. That I/We undertake to render all possible assistance and cooperation to MCX by providing all information in any form as it may require and shall produce such documents, records, accounts books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by MCX at its discretion.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by, for and on behalf of:

Before me

INSTRUCTIONS FOR EXECUTION OF UNDERTAKING

1. The undertaking is to be executed on a non-judicial stamp paper worth Rs. 100/- if executed in the State of Maharashtra. If this undertaking is executed outside the State of Maharashtra, then it must be executed on a non-judicial stamp paper stamped in accordance to the duty as payable in the place of execution or on non-judicial stamp paper worth Rs.100/- whichever is higher.
2. The Undertaking (including all annexure/schedules) has to be notarized before a Notary Public.
3. All the pages of this Undertaking (including all annexure/schedules) have to be signed in full. The persons signing should also sign in full at all places in the Undertaking where anything has been hand-written/any corrections have been made.
4. If the Trading Member is an individual, then the Undertaking has to be signed by the individual Trading Member himself. If the Trading Member is a firm, then at least two partners are required to sign this Undertaking. If the Trading Member is a corporate, then the Undertaking has to be signed by the Managing Director or any two Directors of the company named as an authorized signatories of the company. If the Trading Member is a corporate, the Undertaking has to be accompanied **with a certified copy of the resolution of the Board of Directors of the company authorizing the person(s) executing the undertaking to do so.** The Common Seal of the company has to be affixed by the company on this Undertaking in the presence of such persons as authorized by the Articles of Association of the company. The Board Resolution should clearly state that the affixation of common seal shall be made in the presence of such persons as authorized by the Articles of Association of the company and should also clearly state the names of such persons. The above persons should sign the undertaking as a token of their presence when the common seal is affixed.

(On the letter head)

Application for Pro account trading facility from terminals located from more than one location

Date:

To,
 Trading Department
 Multi Commodity Exchange of India Limited
 Exchange Square, CTS No. 255,
 Suren Road, Chakala, Andheri (East),
 Mumbai – 400 093

I/We, _____, (name of Trading Member and Member Id) Trading Member of MCX wish to avail of the facility of placing orders on “Pro-account” through trading terminals from more than one location. I/We hereby confirm that the undertaking for availing proprietary account order entry facility has been submitted by us to the Exchange.

In this regard, I/we are furnishing the following details: -

A. Default location where Pro-account is be being availed:

Sr. No.	User Id	User Name	CTCL Id (if applicable)		Postal Address	VSAT /Lease Line /Internet	
			Pin Code (First 6 Digits of CTCL ID)	Branch ID (Next 3 Digits of CTCL ID)		Primary	Back Up

B. Additional locations (Can be provided as separate Annexure)

Sr. No.	User Id	User Name	CTCL Id (if applicable)		Postal Address with Pin Code	VSAT /Lease Line /Internet		Name of the Director (s)/ Partner(s)/ Authorised Supervising Person * stationed at the location	Reason
			Pin Code (First 6 Digits of CTCL ID)	Branch ID (Next 3 Digits of CTCL ID)		Primary	Back Up		

* In case of Authorised Supervising Person, kindly provide a copy of a letter duly signed by two Directors / Partners/ Proprietor authorizing the Authorised Supervising Person for supervising the Pro-account trading at the specified location.

Yours faithfully,
 For (Member Name)

Authorised Signatory
 Name, Designation and Contact No

(On the letter head)

**Application for continuing the Pro account trading facility from terminals
located from more than one location**

Date:

To,
Trading Department
Multi Commodity Exchange of India Limited
Exchange Square, CTS No. 255,
Suren Road, Chakala, Andheri (East),
Mumbai – 400 093

I/We, _____, (name of Trading Member and Member Id) Trading Member of MCX wish to continue the facility of placing orders on “Pro-account” through trading terminals from more than one location. I/We hereby confirm that the undertaking for availing proprietary account order entry facility has been submitted by us to the Exchange.

In this regard, I/we are furnishing the following details: -

C. Default location where Pro-account is be being availed:

Sr. No.	User Id	User Name	CTCL Id (if applicable)		Postal Address	VSAT /Lease Line /Internet	
			Pin Code (First 6 Digits of CTCL ID)	Branch ID (Next 3 Digits of CTCL ID)		Primary	Back Up

D. Additional locations (Can be provided as separate Annexure)

Sr. No.	User Id	User Name	CTCL Id (if applicable)		Postal Address with Pin Code	VSAT /Lease Line /Internet		Name of the Director (s)/ Partner(s)/ Authorised Supervising Person * stationed at the location	Reason
			Pin Code (First 6 Digits of CTCL ID)	Branch ID (Next 3 Digits of CTCL ID)		Primary	Back Up		

* In case of Authorised Supervising Person, kindly provide a copy of a letter duly signed by two Directors / Partners/ Proprietor authorizing the Authorised Supervising Person for supervising the Pro-account trading at the specified location.

Yours faithfully,
For (Member Name)

Authorised Signatory
Name, Designation and Contact No