Master Circular for Membership

Table of Content

1) Types / Categories of Membership 2
2) Eligibility for Admission: 2
3) Fee and Deposit Structure: 3
4) Admission fee 4
5) Initial Security Deposit 4
6) Base Capital (Interest Free) 4
7) Cash Deposit from Clearing Member 5
8) Requirement of Base Minimum Capital 5
9) Annual subscription 6
10) Minimum Usage Fee (MUF) {per quarter} 6
11) Other Pre-Conditions 6
12) Ongoing Compliance / Continuing Compliance: 8
    - 12.1 Change Designated Director / Managing Partner /Partner 8
    - 12.2 Change in Shareholding Pattern/Dominant Promoter & Group's Shareholding / Sharing Pattern 9
    - 12.3 Change in Designated Email ID: 10
    - 12.4 Conversion of Membership/ Change in Status of Member: 10
    - 12.5 Change of Name 11
    - 12.6 Change of Type of Membership 11
    - 12.7 Annual Returns 12
    - 12.8 Transfer of Membership 14
    - 12.9 Transmission of Membership 16
    - 12.10 Nomination of Membership 18
    - 12.11 Surrender of membership 19
13) Authorised Persons 21
14) Code of Advertisement. 26
15) General Points 27
16) Schedule of Charges 29

1) Types / Categories of Membership

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

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

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

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

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

2) Eligibility for Admission:

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

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

a) For individuals and partners of partnership firms, their existing educational qualifications may be considered in view of their age & experience.
b) Existing Members who have passed 11th when there was no requirement of passing class 12th, may be considered compliant in view of their age & experience.
c) Corporate Members, within a period of one year, are required to appoint 2 designated directors who have the specified educational qualification of 12th standard pass or equivalent (in case they presently do not meet with the requirement).

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

3) Fee and Deposit Structure:

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

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

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

Cash Deposit with Clearing Member	NA	NA	Rs.0.50 Lakhs to be paid in cash on behalf of each affiliated TM	Rs.0.50 Lakhs to be paid in cash on behalf of each affiliated TM
Minimum Usage Fee (MUF) per quarter	NA	0.25 Lakhs	0.25 Lakhs	0.25 Lakhs
SEBI Application / Annual Fee	As may be specified by SEBI from time to time			
Base Minimum Capital (BMC)	a. Member with Algo Trading: Rs. 50,00,000/- b. Member without Algo Trading: Rs. 10,00,000/-			
Notes: 1. However, for existing Members of the Exchange (who had applied for registration to SEBI within a period of three months from September 28, 2015), ISD will be higher of scheme in which they had applied or as specified by SEBI. 2. Corporate entities should have a minimum paid up capital of Rs.30 lakhs or as may be specified by SEBI from time to time. 3. Payment(s) can be made via demand draft / cheque in favour of "Multi Commodity Exchange of India Limited" or as per the mode specified by the Exchange. 4. The formats of cash and cash equivalent like Fixed Deposit Receipt, Bank Guarantee, etc. have to be as per the specified format of the Exchange.				

4) Admission fee

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

5) Initial Security Deposit

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

6) Base Capital (Interest Free)

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

7) Cash Deposit from Clearing Member

All Institutional Trading-cum-Clearing Member / Professional Clearing Member are required to provide cash deposit (to be paid in the form of Demand draft, cheque, NEFT, debit instruction or any other mode as may be specified by the Exchange from time to time) for each Trading Member affiliated to clear the trade through them. No exposure would be provided on Cash deposit.

8) Requirement of Base Minimum Capital

Base Minimum Capital means exposure free deposit required from Members, as may be specified by the Exchange and /or SEBI from time to time:

i. All types of Members of the Exchange without Algo trading and with Algo trading shall have to deposit by way of interest free Base Minimum Capital (BMC) of Rs.10 lacs and Rs.50 lacs respectively to the Exchange.

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

iii. No exposure will be given on this BMC.

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

v. BMC would be kept in a separate account by the Exchange and would be used only towards settlement of claims of the clients, payment of arbitration fee by the Member and dues payable by the Member on account of pending arbitration cases/arbitration awards and would not be used for meeting any of the Exchange's dues.

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

vii. The Base Minimum Capital Deposit lying with the Exchange will be refunded to the Member subject to lock in period as may be specified by the Exchange from time to time, upon surrender of membership subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, SEBI and circulars issued there under. However, the said

deposit(s) may be retained, if there are any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action, etc., against the Member which comes to notice of the Exchange, before the date of release of deposit(s).

9) Annual subscription

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

Where a member fails to pay the Annual Subscription on or before due dates specified, the Exchange may at its discretion debit the settlement account of the respective members after the close of business hours of the respective due dates. In case of inadequacy/insufficiency of funds in the settlement accounts, interest @18% per annum on the balance payable till the time such default continues shall be charged**.**

10) Minimum Usage Fee (MUF) {per quarter}

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

11) Other Pre-Conditions:

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

b. The applicant is required to appear for an interview before the Membership Selection Committee of the Exchange. The Committee has a right to accept or reject the applications received for the membership without assigning any reason whatsoever and is empowered to frame rules or criteria relating to admission of membership based on the guidelines issued by the Board of Directors of the Exchange and as per the Securities Contracts (Regulation) Rules, 1957, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and Bye-Laws and Rules of the Exchange. On selection as a member of the Exchange, he will be required to submit the specified documents related to membership, network connectivity etc. with the Exchange.

In case the application is rejected for any reason whatsoever, the fee paid above shall be refunded by the Exchange to the applicant except the processing fee, if applicable.

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

d. Every member is required to -

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

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

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

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

* Turnover Fees (SEBI Fees) is payable @ 0.0002% of the turnover (Rs.20 per crore). For the purpose of computing the SEBI fees, turnover is defined to include the value of the trades executed by Member on the Exchange and of the trades settled on the expiration of the contracts.

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

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

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

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

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

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

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

12) Ongoing Compliance / Continuing Compliance:

12.1 Change Designated Director / Managing Partner /Partner

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

i. Processing Charges / Fess for any change in designated directors would be levied as per Schedule of Charges

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

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

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

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

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

1. In case of corporate Member (other than subsidiary / joint venture of listed companies) or a partnership firm, the Member shall identify a Dominant Promoter Group (DPG). DPG shall consist only of individuals, not more than four in number who collectively shall hold at least 51% of the paid up equity capital of the Member company or the partnership firm, directly or indirectly.

2. Any change in the shareholding/ sharing pattern of the company / partnership firm (with or without change in control) including that of the said DPG or their shareholding/ sharing interest shall be effected only with the prior written permission of the Exchange .

3. Members are advised to note that any change as mentioned above is subject to fulfillment of membership eligibility criteria laid down by the Exchange / SEBI as well as Relevant Authority from time to time.

4. Shareholding of existing DPG is not allowed to go below 51% before the lock in period of 3 years.

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

6. Members are required to obtain prior approval from the Exchange in case of change in shareholding pattern / sharing pattern leading to "change in control" of the Company / Partnership Firm. For change in control, transfer fees of Rs.1,00,000/- or Rs.50,000 (for transfer of membership to a group /holding / subsidiary company or concern wherein existing DPG continues to hold more than 51% stake in the new entity) plus applicable taxes is payable. The charges/fees are payable by members by way of demand draft or cheque payable at par in Mumbai in favour of 'Multi Commodity Exchange of India Limited or any other mode as may be specified by the Exchange from time to time.

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

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

9. The Exchange reserves the right to decline any request from member, without assigning any reason whatsoever. In case of difference/dispute arising as to the interpretation, meanings or effect of the revised guidelines, the decision of the Exchange shall be final and binding on the members.

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

12.3 Change in Designated Email ID

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

a. Access the "Designated Email ID" regularly to see whether the Exchange has sent any communications
b. Monitor and manage storage capacity of this email to ensure that the storage space in the mail box does not get exceeded leading to bouncing of mails
c. To keep the Exchange informed about change in the Designated Email ID
d. To take precautions necessary at its end to ensure confidentiality of mails.

12.4 Conversion of Membership/ Change in Status of Member

a) Where a Corporate / Partnership entity has been formed by converting the Individual / HUF Membership of the Exchange and erstwhile Individual / HUF will continue to hold a minimum of 51% stake in the new entity for a period of atleast 3 years.

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

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

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

12.5 Change of Name

1. The Members of the Exchange are required to obtain prior approval from the Exchange for effecting change of name as per the procedure specified by the Exchange from time to time.

2. The new name of the entity should not have the following words in the trade name:

   - Commex / Comdex / Exchange / Commodity Exchange / Stock Exchange / National / Stock / Security / Share

3. The processing fee/charge for change of name would be levied as per Schedule of Charges

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

12.6 Change of Type of Membership

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

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

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

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

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

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

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

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

12.7 Annual Returns

1. Member are required to submit Annual returns along with specified document/ information every year at such frequency as may be specified by the Exchange / SEBI from time to time.

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

3. Members having accounting year ending on any date other than March 31, 2016 are required to submit Annual Returns within a period of 6 months from the close of accounting year followed by them. Such Members are required to inform the Exchange about the different accounting years followed by them on or before October 31, 2016.

4. Members are required to ensure that all applicable documents are sent latest by October 31, 2016 in an envelope addressed to:

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

5. Members may also submit the requisite documents at any of the Regional Offices of the Exchange and obtain an acknowledgment (along with date of submission) of the same.

6. Members are advised to submit Annual Returns to Membership Department strictly as per the format given at link provided on our website www.mcxindia.com

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

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

8. Networth: The Members who have already submitted Networth Certificate (along with the supporting financials) as on March 31, 2016 based on Audited Books of Accounts, in order to comply with SEBI Regulatory

compliance by September 28, 2016, need not resubmit the same while submitting Annual Returns.

9. Actions for Non-Compliance:

All Members are required to ensure that they submit all the applicable documents at one go on or before October 31, 2016. Piecemeal submissions will not be entertained. Non-compliance with the above timelines will result in appropriate action including levy of late/non- submission penalty at the rate of Rs.200/- per day.

It is to be noted that non-production / improper submission of networth certificate (if applicable in terms of Point 8 above) will also attract non-submission penalty of Rs.200/- per day.

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

12.8 Transfer of Membership

All types of memberships, once granted by the Exchange, are transferable intra class, after expiry of three years from the date of confirmation of Membership. It is clarified that existing TCM-Deposit Based Membership will be allowed to transfer its Membership on payment of the differential admission fee of TCM-Non deposit based membership. Membership of the Exchange shall be transferable as per Rules of the Exchange.

1. Conditions of Transfer of Membership

1.1 The transferor member is also required to pay transfer fee of Rs.1,00,000/- or Rs. 50,000/- (transfer of membership to a group/holding/subsidiary company or concern wherein existing DPG continues to hold more than 51% stake in the new entity) whichever applicable, by demand draft in favour of "Multi Commodity Exchange of India Limited" or as per the modes specified by the Exchange.

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

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

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

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

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

1.7 The transferee shall be a fit and proper person.

1.8 Transferor shall continue to be a Party before Arbitration matters or any other proceedings in which a claim is made along with the transferee for any claim or dispute on account of dealings, transactions, contracts and covenants in the capacity as a member of the Exchange that has arisen before the actual transfer took place.

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

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

1.11 The transferor has no enforcement action pending from SEBI.

1.12 There are no investor claims pending against the transferor.

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

1.14 Transfer of Membership shall be to persons / entities eligible under MCX Bye laws, Rules and Business Rules including Circulars and instructions issued by the Exchange / SEBI from time to time.

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

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

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

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

2.4 Board resolution for transfer of membership for Corporate only.

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

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

3. The Transferee will pay security deposit, as applicable including Base Minimum Capital/Base Capital/Cash deposit as the case may be, annual subscription and any other fees/ charges as per the prevailing deposits/fees/charges applicable for new members. The Transferee will be required to maintain the net worth on a continuous basis as per the provisions of Bye laws, Rules, Business Rules including Circulars and instructions issued by the Exchange and SEBI from time to time.

4. It may be noted that the Exchange reserves the right to reject/decline the transfer of membership without assigning any reason(s) whatsoever to the Member.

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

12.9 Transmission of Membership

1. Transmission of Membership will be allowed to Individual/Proprietary Firms, having Trading-cum-Clearing Membership/ Trading Membership of the Exchange subject to Bye Laws, Rules, and Business Rules of the Exchange.

2. Membership of the Exchange will be transmitted in the name of legal heir (in whose name the interest in property, of the deceased, devolves by testamentary or intestate succession).

3. The legal heir, applying for transmission, will be required to submit following:-

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

- **Intestate Succession**

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

- **Testamentary Succession**

(a) Authentic copy of Will duly notarized by Notary Public U/s. 14 of Notaries Act.
(b) Identification of the legatee of the Will.
(c) Affidavit of attesting witness of the Will. (
(d) No objection Certificate from other legal heirs.
(e) Undertaking of legal heir applying for transmission of membership on Non-judicial stamp paper of Rs. 500/- duly Notarized
(f) Membership Application Form
(g) Net worth certificate in the L.C. Gupta format from the legal heir applying for transmission duly issued by practicing Chartered Accountant

4. The legal heir applying for transmission will pay security deposit as applicable including Base Minimum Capital / Base Capital / Cash deposit as the case may be, annual subscription and any other fees/ charges as per the prevailing deposits/ fees/ charges applicable for new members.

5. The legal heir applying for transmission will be required to maintain the net worth as specified in the Bye Laws, Rules, Business Rules by the Exchange including Circulars and instructions issued by the Exchange and SEBI from time to time.

6. The legal heir applying for transmission shall be responsible to pay all the outstanding fees/charges/dues etc., interest payable thereon etc. of the Exchange/ SEBI.

Request for transmission of membership will be considered only on fulfillment of above stated conditions and submission of documents as per the specified formats / requirements of the Exchange by the legal heir applying for transmission which can be granted to the applicant at the discretion of the Exchange.

The Exchange reserves the right to reject / decline the transmission of membership without assigning any reason(s) whatsoever and the same shall be binding on the applicant/s.

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

12.10 Nomination of Membership

a. An individual with sole proprietorship having membership with his own name / with trade name may make a nomination to his membership rights of MCX. The nominee has to be one of his Family members/ Legal heir(s) and shall in all case be eligible to become member of MCX. (Nominee must have complied all the relevant conditions / eligibility criteria of membership).

b. Nomination of any outsider [other than family member / legal heir(s)] will not be accepted unless and otherwise this is supported by a valid will, letter of probate and letter of Administration.

c. The Nominator (Member of the Exchange) as well as Nominee, along with witness will have to sign the nomination form.

d. The nomination shall not be effective unless the nominating member of the Exchange, and in the case of a deceased member, his legal heirs or any of the family member in whose favor the nomination has been made shall have paid and satisfied all dues, fines, claims, charges, complaints against the main member.

e. If the nomination is such that it cannot be approved at the time of date of its implementation, Member will have to submit fresh nomination /successor of the member will have to nominate fresh among themselves.

f. If the member has appointed more than one nominee / or the successor to the member has appointed more than one nominee, then such all nominated persons will have to form a company/ partnership firm to effect nomination to new entity (if the member has revised/ changed the nomination the latest nomination received by the Exchange shall prevail).

g. Nomination shall become effective from the date of death of member or final approval of Relevant Authority whichever is later (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any) and in case of nomination made by successors the date of nomination shall be the date duly approved by the Relevant Authority (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any).

h. Nomination made by the member may be revoked by the Exchange / Relevant Authority with prior written notice duly approved by Relevant Authority.

i. Exchange / Relevant Authority reserves right to reject the nomination request.

12.11 Surrender of membership

a. A Member of the Exchange desirous of surrendering the membership shall before making an application for surrender of membership comply with the following:

i. Intimate all his clients/ constituents / Authorised Person(s) regarding surrender of membership at least 21 days prior to date of application of surrender of membership of the Exchange.
ii. Ensure that his open positions as on the date of the application are nil.
iii. Surrender existing connectivity like VSATs, leased lines, etc. and User IDs availed by the Member.
iv. Ensure that there are no pending dues towards the Exchange, Clients, Authorised Persons and SEBI.
v. There are no investor complaints/ arbitrations pending against the Member.
vi. There are no pending disciplinary proceedings against him from the Exchange or SEBI.

b. The Member has to make an application for surrender of membership to the Exchange along with necessary documents, the description and format of which is available on the Exchange Website.

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

d. Upon receipt of the application, the Exchange will deactivate the membership and advertise the same (at the cost of the Member), for the Member who has executed trades on the Exchange platform, for public information and clients' complaints, if any. A notice to public by way of an advertisement in newspapers, a local newspaper where the Member's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation will be issued. In case where Member has not executed any trade on the Exchange platform, no advertisement will be issued.

f. The Exchange will provide 60 days for receiving complaints against the Member after the date of publication of the advertisement. On receipt of complaints (if any), the Exchange will redress complaints under the provisions of the extant Bye-Laws, Rules and Business Rules of the Exchange.

g. Refund of Deposits is as follows:

i. For Members registered with SEBI:

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

b) Upon approval from SEBI, the Exchange may refund the excess deposit(s) of the Member like Base Minimum Capital, Security Deposits and other monies lying with the Exchange subject to fulfillment of all dues/compliances under Bye-Laws, Rules and Business Rules of the Exchange, SEBI and circulars issued there under. However, the said deposit(s) may be retained, if there are any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action, etc., against the Member which comes to notice of the Exchange, before the date of release of deposit(s). Admission fee once paid is not refundable.

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

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

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

h. The Member shall be required to replace/renew the maturing non-cash component of the deposit suitably till the release of the same by the Exchange.

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

j. The application for surrender of membership once filed is irrevocable.

13) Authorised Persons

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

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

ii. **Appointment of Authorised Person**

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

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

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

   - Commex / Comdex / Exchange / National / Stock / Security / Share

iii. **Procedure for Appointment**

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

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

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

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

c) All applications for Authorised Persons registration received by the Exchange must be accompanied with a processing fees of Rs. 1000/- (plus applicable Service Tax) per application and the same would not be refunded in case of withdrawal of applications by the Member at any stage. (Please refer Schedule of Charges).

iv. **Eligibility Criteria**

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

1. is a citizen of India;
2. is not less than 18 years of age;
3. has not been convicted of any offence involving fraud or dishonesty;
4. has a good reputation and character;

5. has passed at least 10th standard or equivalent examination from an institution recognized by the Government; and

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

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

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

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

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

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

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

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

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

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

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

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

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

v. **Withdrawal of Approval**

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

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

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

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

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

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

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

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

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

f) The client shall be registered with the Member only. The funds and securities of the clients shall be settled directly between the Member

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

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

vii. **Obligations of the Exchange**

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

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

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

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

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

v. Withdrawal of approval of an Authorised Person.

vi. Change in the status or constitution of Authorised Person

vii. Disciplinary action taken by the Exchange against Authorised person.

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

b) While conducting the inspection of the Member, the Exchange shall also conduct inspection of the branches where the terminals of Authorised Persons are located and records of the operations carried out by them.

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

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

14) Code of Advertisement.

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

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

A) Do's:

a. Advertisement shall clearly indicate the name, SEBI Registration no., if any, MCX code number and logo of the member if any.
b. Advertisement must be truthful, fair and clear in all aspects.
c. Advertisement should include Risk Disclaimer and the statement that "Clients must read Risk Disclosure Document (RDD) & Do's and Don'ts before investing".

B) Dont's:

a) Advertisement shall not contain any statement, promise or forecast which is misleading, untrue.
b) Advertisement shall not be in the form of promise based on the past performance stating that the past performance will be repeated in future.
c) Advertisement shall not be tempative so as to exploit the lack of experience of the general investors.
d) Advertisement shall not contain any information, accuracy of which is depended on the assumptions.
e) Advertisement shall not contain a recommendation for purchase or sale of any particular commodity without support of any research and without appropriate and clear disclaimer as well as risks associated therewith.
f) Advertisement shall not contain any promise or guarantee of assured return to the general investors.
g) Advertisement shall not be so issued which harms the interest of the investors, create panic, doubts, in the general investors.

h) Advertisement shall not be so issued which harms interest of any other Member of the Exchange or make any adverse reference to the exchange itself.
i) The Advertisement should not contain the logo of the Exchange in any manner whatsoever.
j) Members shall ensure that their clients / constituents do not issue advertisements soliciting business for appropriation in their own name.

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

15) General Points

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

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

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

iv. Important information:

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

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

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

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

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

Ans.: Existing member of commodity derivatives Exchange, having membership with multiple exchanges shall apply separately through each commodity derivatives exchange, where he wants to continue to operate, within three months from September 28, 2015.
Under the single registration mechanism, once the existing member of the commodity derivatives exchange is registered by SEBI, the applicant shall be issued one certificate of registration and the registration details shall be intimated to the concerned entity through the concerned commodity derivatives Exchange. Further, if there is/are applications of the same entity

is/are received through other commodity derivatives exchange(s), such commodity derivatives exchange(s) shall be intimated about the grant of registration to the said entity and such application(s) shall be disposed of accordingly

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

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

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

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

documents and the requisite application and / or annual fee, to the concerned exchange. The fee shall be payable by the applicant by means of a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai. The application is required to be submitted in hard format as well as soft format. The members can obtain the format of application from the concerned stock exchange. Each exchange shall then verify and forward the application to SEBI along with its recommendation.

16) Schedule of Charges

Sr. No.	Name of the Process	Existing Processing fees for each request (in Rs.) *	Revised Processing fees for each request with effect from October 01, 2016 (in Rs.)
1.	Change in Type of Membership (Downgrade of Membership)	Rs.1,00,000/-	Nil
2.	New Membership	Rs.10,000/-	Nil
3.	Upgradation of Membership	Rs.10,000/-	Nil
4.	Conversion of Membership	Rs.10,000/-	Nil
5.	Transfer of Membership	Rs.10,000/-	Nil
6.	Transmission of Membership	Rs.10,000/-	Nil
7.	Change in control by way of Change in Shareholding / Sharing Pattern	Rs.10,000/-	Nil
8.	Change in Shareholding / Sharing Pattern (not involving change in control)	Rs.5000/-	Nil
9.	Change of Name	Rs.5000/-	Nil
10.	Change in Designated Director(s)	Rs.2500/-	Nil
11.	Cancellation of Authorised Person	Rs.500/-	Nil
12.	Issuance of Status Report	Rs.500/-	Nil
13.	Transfer of Membership / Change in control by way of Change in Shareholding / Sharing Pattern	Rs.100,000/- or Rs.50,000/- (if membership is transferred to group entity with same DPG)	Rs.100,000/- or Rs.50,000/- (if membership is transferred to group entity with same DPG) *
14.	Appointment of Authorised Person	Rs.1000/-	Rs.1000/- *

**Along with applicable service tax.*

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

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

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