REGULATIONS OF NATIONAL COMMODITY AND DERIVATIVES EXCHANGE LIMITED

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1. TITLE, EXTENT AND COMMENCEMENT

[1]**1.1.** The Regulations framed hereunder shall be known as National Commodity & Derivatives Exchange Limited, Regulations, [2]2022 (herein referred to as 'Regulations') and shall come into effect immediately on approval [3]and notification by the [4]relevant authority [5]or the Board of National Commodity & Derivatives Exchange Limited or any other applicable law.

1.2. These Regulations shall be in addition to the provisions of the [6]Securities Contracts (Regulation) Act 1956, [7]Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (along with amendments thereto), Rules framed thereunder and Rules and Byelaws of National Commodity & Derivatives Exchange Limited (herein referred to as 'NCDEX' or 'Exchange'), as inforce and any other applicable laws of India.

[8]***DELETED***

1.3 The titles of the clauses are only for convenience and may not read as subject for the contents of clauses.

2. JURISDICTION

Unless specifically mentioned otherwise in these [9]Rules, Bye Laws or Regulations of the Exchange, any matter arising out of or pertaining to these Regulations shall be [10]subject to [11]exclusive jurisdiction of the Courts of Mumbai irrespective of the place of business of [12]Members and irrespective of place from where the transaction is enteredinto. [13]These Regulations shall be applicable to all members and their constituents/ participants.

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[1] The existing paragraphs have been numbered as 1.1 to 1.3 respectively.
[2] The existing symbol "*2003*" has been substituted with new symbol "*2022*".
[3] New words "*and notifications*" have been inserted.
[4] The existing words "*Forward Market Commission or any other*" shall be substituted with new word "*relevant*".
[5] The existing words *"appointed under the Forward Contracts (Regulation) Act, 1952"* shall be substituted with new words "*or the Board of National Commodity & Derivatives Exchange Limited*".
[6] The existing words "*Forward Contracts (Regulation)Act 1952*" shall be substituted with new words "*Securities Contracts (Regulation) Act 1956*".
[7] New words "*Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (along with amendments thereto)*" have been inserted.
[8] The existing paragraph 3 has been deleted. The paragraph earlier read as under:
"*The Regulations have been divided into two main divisions pertaining to Trading and Clearing for sake of convenience only and both the divisions shall be read together wherever and whenever the context requires.*"
[9] The existing words "*Rules*" and "*Regulation*" have been relocated.
[10] The existing words "*Clearing Member*" have been deleted.
[11] New word "*exclusive*" has been inserted.
[12] The existing words "*Trading or Clearing*" have been deleted.
[13] New words "*These Regulations shall be applicable to all members and their constituents/ participants*" have been inserted.

3. DEFINITIONS

Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined, and defined in the following [14]statutes, shall have the meanings respectively assigned to them [15]in the following [16]:

(i) [17]Securities Contracts (Regulation) Act 1956, [18]the Securities Contracts (Regulation) Rules, 1957 and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 including amendments thereto from time to time. [19]

(ii) [20]Securities and Exchange Board of India Act, 1992, Regulations and Circulars/ Guidelines issued thereunder.

(iii) [21]Companies Act, 1956 [22]and Companies Act, 2013 as amended from time to time.

(iv) [23]Rules of [24]the National Commodity & Derivatives Exchange Ltd [25]as amended from time to time.

(v) [26]Byelaws of National Commodity & Derivatives Exchange Limited [27]as amended from time to time.

(vi) [28] Regulations of National Commodity & Derivatives Exchange Ltd as amended from time to time.

(vii) Rules, Bye Laws and/or Regulations of National Commodity & Clearing Limited as amended from time to time.

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[14] New word "*statutes*" has been inserted.
[15] The existing word "*therein*" has been deleted.
[16] The existing word "*order of priority*" has been deleted.
[17] The existing words "*Forward Contracts Regulations Act 1952*" shall be substituted with new words "*Securities Contracts (Regulation) Act 1956*".
[18] New words "*Securities Contracts (Regulation) Rules, 1957 and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 including amendments thereto from time to time*" have been inserted.
[19] The existing words "*and Rules framed thereunder*" have been deleted.
[20] New Sub-clause "*Securities and Exchange Board of India Act, 1992, Regulations and Circulars/ Guidelines issued thereunder*" has been inserted and numbered it as (ii).
[21] The existing Sub-clause (ii) has been renumbered as (iii).
[22] New words and symbols "*Companies Act, 2013 as amended from time to time*" have been inserted.
[23] The existing Sub-clause (iii) have been renumbered as (iv).
[24] New word "*the*" has been inserted.
[25] New words "*as amended from time to time*" have been inserted.
[26] The existing Sub-clause (iv) has been renumbered as (v).
[27] New words "*as amended from time to time*" have been inserted.
[28] New Sub-clause (vi) & (vii) have been inserted respectively.

3.1. APPROVED COMMODITY

Approved commodity means the commodity permitted by the Exchange to be traded on the Exchange.

3.2. APPROVED OFFICE

Approved office means the office/s of a Member from which the Member is allowed by the Exchange to trade/settle/clear/deal on the Trading System and carry out back office operations.

3.3. APPROVED USER

Approved User means the Member or any other person/s appointed by him to use the Trading System [29]and provided such Approved User complies with the guidelines issued by the Exchange from time to time.

3.4. APPROVED WORKSTATION

Approved workstation refers to such workstation of a Member comprising of computer terminal(s) and all associated equipment installed and connected to the Trading System and used by the Member for the purpose of market inquiry, execution of orders / trades/deals/transaction and settlement/clearing of its trades on the Trading System, and all other actions associated with the trading and settlement on the Trading System.

3.4A[30] AT THE MONEY OR NEAR THE MONEY STRIKE PRICE

[31]At the money or near the money strike price is the strike price of the option contract at or within such range which is close to the current price of the underlying or as may be specified by the SEBI or the Relevant Authority from time to time.

3.5. [32] AUTHORISED PERSON

[33]Authorised Person means [34]and includes any person [35]whether being an individual [36](including proprietors), a [37]partnership firm [38]as defined under the Indian Partnership Act, 1942, a Limited Liability Partnership (LLP) as defined under the Limited Liability Act, 2008

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[29] The existing words "*with the prior consent of the Exchange provided that such Approved User is having qualification if any prescribed by the Exchange*" have been substituted with new words "*and provided such Approved User complies with the guidelines issued by the Exchange from time to time."*

[30] The existing definition has been amended vide Exchange Circular NCDEX/ legal-001/2018/013 dated January 10, 2018.

[31] The existing words "*Authorised Person*" has been deleted from clause 3.4A.

[32] New words "*Authorised Person*" has been inserted.

[33] The existing alphabet "*z*" in the word "*Authorized*" has been substituted with new alphabet "*s*"

[34] New words "*and includes any*" have been inserted.

[35] New word "*whether*" has been inserted.

[36] New words and symbols *"(including Proprietors), a*" have been inserted.

[37] The existing word "*registered*" has been deleted.

[38] New words "*as defined under the Indian Partnership Act, 1942, a Limited Liability Partnership (LLP) as defined under the Limited Liability Act, 2008*" have been inserted in view with section 2(11) of the Companies Act, 2013 and SEBI Circular MIRSD/ DR-1/ Cir- 16 /09 dated November 6, 2009.

or a body corporate[39] as defined under the Companies Act, [40]2013, [41]as amended from time to time, who is [42]appointed as such by a Member of the Exchange upon approval of the Exchange, for providing access to trading platform of the Exchange, as an agent of the Member of the Exchange.

Explanation:
[43]***DELETED***

A person who is an [44]Authorized Person of a Member [45]of the Exchange during its continuation of being Authorized Person shall not qualify to become an Authorized Person of any other Member of the Exchange.

3.6. BOOKS OF ACCOUNTS, RECORDS AND DOCUMENTS

Books of accounts, records and documents include books of accounts, records and documents, which are required to be maintained under [46]Securities Contracts (Regulation) Act, 1956, [47]Rules and Regulations framed thereunder, Rules, Bye Laws and the Regulations of the Exchange and any other law for the time being in force and records maintained in a computer, [48]electronic in digital or any other permitted format.

3.7. BRANCH OFFICE

Branch office in relation to a Member means: -

a) any establishment described as a branch and approved by NCDEX.
b) any establishment carrying on either the same or substantially the same activity as that carried on by the head office and approved by NCDEX.

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[39] The existing words "*cooperative society or a company*" have been deleted.
[40] The existing numbers "*1956*" has been substituted with new numbers "*2013*".
[41] New words "*as amended from time to time*" have been inserted.
[42] The existing words "*recognized as such by the Exchange and who is employed/engaged whether through a contract of employment or otherwise by a Member for remuneration or otherwise (whether by way of salary, commission, allowance or otherwise) expressed in terms of money or capable of being so expressed and gets such remuneration directly or indirectly from the Member and also includes Approved User as defined herein and any person who is acting in any capacity on behalf of Member for any activity relating to the trades and clearing on the Exchange even if such person is not receiving any consideration or remuneration from the Member for the services rendered by him*" have been substituted with new words "*appointed as such by a Member of the Exchange upon approval of the Exchange, for providing access to trading platform of the Exchange, as an agent of the Member of the Exchange*".
[43] The existing first paragraph of the Explanation has been deleted. The paragraph earlier read as under:
"*For the purpose of these Regulations, the term shall also include any person who is undergoing any kind of training or assigned any project work in pursuance of the requirements of any university or other academic body*."
[44] The existing alphabets "*a*" and "*p*" in the words "*authorised persons*" has been changed to uppercase.
[45] New words "*of the Exchange*" have been inserted.
[46] The existing words "*Forward Contracts Regulations Act 1952 and Rules framed thereunder*" shall be substituted with "*Securities Contracts (Regulation) Act 1956*".
[47] The existing word "*Rules*" has been relocated and inserted new word "*Regulations*".
[48] New words "*electronic*" and "*digital or any other permitted format*" have been inserted.

c) any other place, which the Exchange may approve.

3.8. BUYER

For the purpose of these Regulations, unless the context indicates otherwise, the term buyer includes the buying Constituent and the buying member acting as his broker and agent and denotes the buying member when he is dealing on his own account as a principal.

3.8 A.[49] CALL

The term Call means an option contract under which the holder of the option has the right,in accordance with the terms of the option, to purchase on the Exchange, the underlying covered by the option contract.

3.9. [50]*** DELETED***

3.10. CLEARING CORPORATION/ HOUSE

[51]Clearing Corporation/ House means a division of the Exchange or any agency identified by the relevant authority or any independent entity such as Clearing Corporation set up and empowered suitably to act as a facilitator for processing of deliveries and payments between clearing member's /trading member's and participants for trades effected by them on the exchange.

The terms Clearing Corporation or Clearing House have been used interchangeably in these Regulations and shall have the same meaning.

3.11. CLEARING MEMBER

[52]Clearing Member means a person having clearing and settlement rights in any recognized

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[49] The existing definition has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[50] The existing definition of Clearing Bank has been deleted. The definition earlier read as under:
"*CLEARING BANK:*
The Exchange shall appoint one or more Clearing Banks which shall act as a funds settling agency, for the collection of Margin money and settlement for all deals entered into through the Exchange and for any other funds movement between members and the Exchange and between Members as may be directed by the Exchange from time to time."

[51] The existing definition of Clearing Corporation/ House has been substituted with the new definition. The definition earlier read as under:
"*Clearing Corporation/ House means the Clearing Corporation/House identified and approved by Exchange for facilitating settlement of trades/deals and all functions incidental to clearing of deals done or executed on the Exchange and shall mean NCDEX if function of such settlement or clearing of trades is performed by NCDEX itself or through its agency. The terms Clearing Corporation or Clearing House have been used interchangeably in these Regulations and shall have the same meaning. The Exchange may maintain multiple clearinghouses at multiple locations dealing in commodities specified from time to time.*"

[52] The existing definition of Clearing Member has been substituted with the new definition. The definition earlier read as under:
"*Clearing Member means a member of the Clearing Corporation and includes all categories of Clearing Members as may be admitted as such to the Clearing Corporation. In case of a Clearing Member who is also a Trading Member of the Exchange the term Trading Member be read as Clearing Member.*"

clearing corporation from whom the exchange avails clearing and settlement services.

3.12. CLOSING BUY TRANSACTION

Means a buy transaction which will have the effect of partly or fully offsetting a short position.

3.13. CLOSING SELL TRANSACTION

Means a sell transaction which will have the effect of partly or fully offsetting a long position.

3.14. CONSTITUENT

[53]Constituent [54]means a person, on whose instructions and, on whose account, the [55]Member enters into [56]a deal/trade on the exchange platform.

[57]For this purpose, the term "Client" shall include all registered constituents of Members.

3.15. COMMON POOL FACILITY

Common pool facility means the trading facilities created by the Exchange at various places which could be made available for use by the Member in the event of failure of trading facilities in his office or otherwise.

3.16. CONTRACT MONTH

Contract month means the month in which the Exchange Regulations require a Derivatives/Futures contract to be finally settled.

3.17. DAILY SETTLEMENT PRICE

Daily settlement price shall be the price of the Derivatives Contracts as decided by the Relevant Authority for the particular trading day for the purpose of marking to market all openpositions and settlement thereof.

3.18. DELIVERY

Delivery means clearing and settlement through the Clearing House in the manner prescribed in the relevant regulations of the Exchange.

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[53] The existing word "*A*" has been deleted.

[54] The existing words "*or a client*" have been deleted.

[55] For the purpose of these Regulations, the existing word "*Trading*" with reference to the term "*Trading Member*" has been deleted, unless otherwise specifically provided under these Regulations.

[56] The existing words "*any contract for the purchase or sale of any commodity or Futures contract or derivative or does any act in relation thereto or on whose account, the Clearing Member agrees as per Regulations to settle the deal/trade/transaction, as the case may be*" have been substituted with new words "*a deal/trade on the exchange platform*".

[57] The existing words "*Explanation: For the purpose of these Regulations, the term Constituent includes a Participant as definedunder the Byelaws of the Exchange unless expressly stated otherwise.*" have been substituted with new words "*For this purpose, the term "Client" shall include all registered constituents of Members*."

3.19. DERIVATIVES CONTRACT

Derivative Contract means a [58]forward contract, [59]future contract, [60]option contract, swap contract or any other contract which is permitted to be traded on [61]the [62]Exchange.

3.20.[63] DELIVERABLE QUANTITY

Means the number of units that can be delivered in a contract as specified by the Exchange from time to time.

3.21.[64] EXERCISE/ STRIKE PRICE OF OPTION

The Exercise Price or strike price of an option contract is the price per unit of trading at which the option holder has the right, either to buy or sell the underlying upon exercise of the option.

3.22. EXPIRATION DAY

The day on which the final settlement [65]obligations are determined in a Derivatives Contract.

3.23. FINAL SETTLEMENT PRICE

[66]The Final Settlement Price for a derivatives contract shall be the price determined and announced as per the procedure and process prescribed by the Relevant Authority and incorporated in the contract specifications of a commodity for settlement of the derivative contract on its expiry.

3.24. FUTURES CONTRACT

Means a legally binding agreement to buy or sell an underlying commodity in the future.

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[58] The existing word "*Derivative*" has been substituted with new word "*Forward*".

[59] The existing word "*including*" has been deleted.

[60] New words "*Option Contract, Swap Contract or any other contract*" has been inserted.

[61] New word "the" has been inserted.

[62] The existing word "*NCDEX*" has been substituted with new word "*the Exchange*".

[63]The existing definition of "*DELIVERING MEMBER*" has been substituted with existing definition of "*DELIVERABLE QUANTITY*" under Clause 3.21. The definition earlier read as under:

"*DELIVERING MEMBER:*

Delivering member means a Clearing Member who has the obligation to effect or has effected delivery in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise."

[64] New definition of "*EXERCISE/STRIKE PRICE OF OPTIONS*" has been inserted.

[65] New letter "*s*" has been inserted to the word "*obligation*".

[66] *a*) The existing definition was amended on January 11, 2006 to read as *"the Final Settlement Price for a derivatives contract shall be the price, as announced by the Relevant Authority, on the last trading day of the contract for the purpose of settlement of transactions in the said contract."*

b) Again the existing definition was amended on February 24, 2006 restoring the original definition to read as *"the Final Settlement Price of a derivatives contract shall be the spot price, as announced by the Relevant Authority, of the underlying commodity on the last trading day of the contract"*.

c) Again the existing definition was amended on October 29, 2010 to read as above.

3.25. LAST TRADING DAY

Means the day up to and on which a derivatives Contract is available for trading.

3.25A.[67] IN THE MONEY STRIKE PRICE OF OPTION

(i) In the money strike price, in case of Put Option, is the strike price of the option contract whichis above 'At the money or Near the money' strike price.

(ii) In the money strike price, in case of Call Option, is the strike price of the option contract whichis below 'At the money or Near the money' strike price.

3.26. LONG POSITION

Long position in a contract means outstanding purchase obligations in respect of a spot or derivativecontract at any point of time.

3.27. MARKET TYPE

Market type refers to the different markets in which trading is permitted on the Trading system andincludes Spot Markets & Derivatives Markets.

3.28. MEMBER[68]/TRADING MEMBER

[69]Member or Trading Member means a Member registered with the Exchange.

For the purpose of these Regulations, the existing word "*Trading*" with reference to the term "*Trading Member*" has been deleted, unless otherwise specifically provided under these Regulations.

3.29. [70]***DELETED***

3.30. MEMBER'S OPEN POSITION

Members open position means the sum of long and short positions of the Member and its Constituents in any or all of the Derivatives Contracts outstanding with the Clearing Corporation at any given pointof time.

3.31. NOTIFICATION, NOTICE OR COMMUNICATION

a[71]. It refers to any such intimation that can be served at ordinary business address and/or

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[67] The existing definition was amended pursuant to Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[68] New words and symbol "*/ TRADING MEMBER*" have been inserted.

[69] The existing definition has been substituted with new definition. The definition earlier read as under:
"*Member means Trading Member and/or Clearing Member, as the case may be, of the Exchange*."

[70] The existing definition of "*MEMBER CONSTITUENT AGREEMENT*" has been deleted. The definition earlier read as under:
"*MEMBER-CONSTITUENT AGREEMENT*
Member-Constituent agreement is an agreement, which is executed between a Member and its Constituent as per the Exchange requirements. (Annexure C)".

[71] The existing paragraph has been numbered as a. & b. respectively.

ordinary placeof residence and/or last known address/email address/Trading System of the party in any one or moreof the following ways:

i[72]. by post

ii. by registered post

iii. under certificate of posting.

iv. byspeed post / courier services.

v[73]. by affixing it on the door at the last known business or residential address

vi. by oral communication to the party in the presence of a third person.

vii. by advertising it in at least oneprominent daily newspaper having circulation in the area where the last known business or residentialaddress of Respondent is situated

viii. by sending a message through the Trading System

ix. by electronic mail or fax

x. by hand delivery

xi. by SMS through a mobile device

b. Any communication sent by the Exchange to any party shall be deemed to have been properly delivered or served, even if such communication is returned to the Exchange as unclaimed/ refused/ undelivered, if the same is sent to the ordinary business address/e-mail address and/ or ordinary placeof residence and/ or last known address of the party, in any one or more of the ways mentioned in clause ([74]**a**) above.

3.32. OUTSTANDING OBLIGATION

Means the obligation which has neither been closed out nor been settled.

3.32A. [75] OPTION CONTRACT

Option Contract is a type of Derivatives Contract which gives the buyer/holder of the contract the right (but not the obligation) to buy/sell the underlying security at a predetermined price within or at end of a specified period. The Option Contract which gives a right to buy is called a Call Option and the optioncontract that gives a right to sell is called a Put Option.

3.32AA.[76] OPTION HOLDER

Option holder is a person who has bought an Option Contract.

[72] The existing Sub-sections of Sub-clause a. have been renumbered from i to xi respectively.

[73] The existing Sub-section "*by telegram*" has been deleted.

[74] The reference to clause "*1*" in the existing Clause b. has been substituted with "*a*".

[75] The existing definition has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[76] New definition of "*A OPTION HOLDER*" has been inserted.

3.32B. [77] **OUT OF MONEY STRIKE PRICE**

For the holder of the option, out of the money strike price, in case of Put Option, is the strike price of the Option Contract which is below 'At the money or Near the money' strike price. For the holder of theoption, out of the money strike price, in case of Call Option, is the strike price of the Option Contract which is above 'At the money or Near the money' strike price.

3.33. [78] **PREMIUM**

Premium is the price which the buyer of an option pays to the seller of the option for the rights conveyed by the Option Contract.

3.33A. [79] **PUT**

The term "Put" means an Option Contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell on the Exchange the underlying coveredby the Option Contract.

3.34. RECEIVING MEMBER

Receiving [80]Member means a Clearing Member who has to [81]receive or has received documents of title or other relevant documents in [82]fulfilment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

3.35. RELEVANT AUTHORITY

The term Relevant Authority shall mean, the Board of the Exchange or such other authority as specified by the Board from time to time as Relevant Authority for a specified purpose.

3.36. RULES AND BYE LAWS

The terms Rules and Bye Laws shall mean the Rules and Bye Laws framed by the Board of the Exchange from time to time and approved by the [83]Securities and Exchange Board of India (SEBI)or any Authority under[84]Securities Contracts (Regulation) Act, 1956.

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[77] The existing definition has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[78] The existing definition of "*PROFESSIONAL CLEARING MEMEBR*" has been substituted with the new definition of "*PREMIUM*". The definition earlier was read as under:

"*PROFESSIONAL CLEARING MEMBER:*

Professional Clearing Member means a Clearing Member who is not a Trading Member. Term Professional Clearing Member and Clearing Member has been used interchangeably."

[79] The existing definition has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[80] The existing alphabet "*m*" in the word "*member*" has been changed to uppercase.

[81] The existing words "*or has taken delivery*" have been substituted with new words "*receive or has received documents of title or other relevant documents*".

[82] The existing letter "*l*" in the word "*fulfillment*" has been deleted.

[83] The existing words "*Forward Markets Commission*" has been substituted with new words "*Securities Exchange Board of India (SEBI)*".

[84] The existing words "*Forward Contract (Regulations) Act, 1952*" has been substituted with new words "*Securities Contract (Regulation) Act, 1956*".

3.36A. SEGMENT

Segment means [85]and includes a division for trading and/or clearing of derivatives or goods at NCDEX, as approved by SEBI or as classified by the Relevant Authority from time to time, and a part thereof.

3.37. SELLER

For the purpose of these Regulations unless the context indicates otherwise the term seller includesthe selling Constituent and the selling Member acting as his broker and agent and denotes the sellingmember when he is dealing on his own account as a principal.

3.38. SETTLEMENT CALENDAR

Exchange shall prescribe dates for settlement, Pay in, Pay out, Delivery and all obligations and rightsof Members in respect of every Trading Cycle of each Approved Commodity and such schedule of dates shall be referred to as Settlement Calendar of Trading Cycle in respect of particular Commodity.

3.39. SETTLEMENT DATE

Means the date on which the settlement of outstanding obligations in a Derivatives and/or Spot contract is required to be settled as provided in these Regulations.

3.40. SHORT POSITION

Short position in a Derivatives contract means outstanding sell obligations in Derivatives contract at any point of time.

3.41. TRADING CYCLE

Trading Cycle means the period, as notified by the Exchange from time to time, during which the Derivatives Contract will be available for trading.

3.42. [86]***DELETED***

3.43. TRADING SYSTEM

Trading System refers to Automated Trading System of the Exchange.

3.44. TRADE TYPE

Trade Type means the types of trades in any Commodity permitted to be traded on the

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[85]The existing definition of "*SEGMENT*" has been substituted with new definition. The earlier definition read as under:
"*Segment means either the segment for trading and clearing of Futures Contract or Options Contract and includes the different clearing sub-segments or divisions thereof for clearing and settlement of deals as may be classified by the relevant authority from time*."

[86] The existing definition of "*TRADING MEMBER*" has been deleted. The definition earlier read as under:
"*TRADING MEMBER*
Trading Member refers to an entity as defined under Chapter 6 of the Byelaws of the Exchange. The term Trading Member shall be read as Clearing Member while performing functions as Clearing Member."

Exchange andincludes Normal market trades and Negotiated trades.

3.45. USER

A User is a person appointed by the Member and as approved by the Exchange.

3.46. UNDERLYING COMMODITIES

[87]Underlying Commodities mean[88] a commodity with reference to which a Derivative Contract[89]/s is[90]/are traded / [91]permitted to be traded on the Exchange from time to time.

[87] The existing word "*An*" shall be deleted.
[88] The existing alphabet "*s*" has been deleted from the word "*means*".
[89] New symbol and alphabet "*/s*" has been inserted in the existing word "*contract*".
[90] New symbol and alphabet "*/ are*" has been inserted.
[91] New word "*permitted*" has been inserted.

[92]***DELETED***

4. DEALINGS ON THE EXCHANGE

4.1. TRADING SYSTEM

4.1.1.[93] The Exchange shall provide an Automated Trading facility in all the [94]Derivative Contracts admitted for dealings on the [95]Exchange .

4.1.2. Trading on the Exchange shall be allowed only through Approved Workstation(s) located at locationsfor the office(s) of a Member as approved by the Exchange. If LAN or any other way to otherworkstations at any place connects an Approved Workstation of a Member, it shall require anapproval of the Exchange.

4.1.3. Each Member shall have a unique identification number [96]code which shall be provided by the Exchange and which shall be used to log on (sign on) to the Trading [97]system.

4.1.4. A Member shall have a non-exclusive permission to use the Trading System as provided by the Exchange in the ordinary course of business as Member.

4.1.5. A Member shall not have any title rights or interest whatsoever with respect to Trading System, its facilities, software and the information provided by the Trading [98]system.

The Trading System

4.1.6. [99]The Trading System [100]shall be made available to the Member for trading subject to such terms and conditions as the Relevant Authority may determine from time to time, inter alia, payment of such charges as maybe specified from time to time.

4.1.7. Access, [101]to the Trading system may be withdrawn or restricted by the Relevant Authority at any time withoutassigning any reason and at its absolute discretion.

4.1.8. The Member shall, at its own costs, install and use such equipment and software as specified by the Exchange from time to time for the purpose of accessing the Trading System.

4.1.9. The Exchange shall have the right to inspect equipment and software used for the

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[92] The existing Title "*TRADING REGULATIONS*" has been deleted.
[93] The existing paragraphs have been numbered as 4.1.1 to 4.1.17 respectively.
[94] The existing word "*Commodities*" has been substituted with new words "*Derivative Contract*".
[95] The existing words "*Spot Market and Derivative Market*" have been substituted with new word "*Exchange*".
[96] New word "*Code*" has been inserted.
[97] The existing alphabet "*S*" from the word "*System*" has been changed to lowercase
[98] The existing alphabet "*S*" from the word "*System*" has been changed to lowercase
[99] New words "*The Trading System*" have been inserted.
[100] The existing alphabet "*S*" from the word "*Shall*" has been changed to lowercase.
[101] New words "*to the Trading system*" have been inserted.

purposes of accessing the Trading System at any time without giving any notice.

4.1.10. The cost of the equipment and software supplied by the Exchange, installation and maintenance of theequipment shall be borne by the Member.

4.1.11. The permission to use the Trading System shall be subject to payment of such charges as the exchange may from time to time prescribe in this regard.

4.1.12. A Member shall not, permit itself or any other person(s) to:

a) use the software provided by the Exchange for any purpose other than the purpose asapproved and specified by the Exchange;

b) use the software provided by the Exchange on any equipment other than the workstationapproved by the Exchange;

c) copy, alter, modify or make available to any other person the software provided by theExchange;

d) use the software in any manner other than the manner as specified by the Exchange;

e) attempt directly or indirectly to de-compile, dissemble or reverse engineer the same.

4.1.13. A Member shall not, by itself or through any other persons on his behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use the facilities of theTrading System or the information provided by the Trading System except with the explicit approval of the Exchange and in the ordinary course of business to complete the transactions on the Exchange.

4.1.14. Exchange shall [102]notify norms and procedures pertaining to the Testing of Softwares, Mock Testing Sessions or any other activities/requirements which may be prescribed by SEBI.

4.1.15. However the Exchange shall not be liable for failure or malfunctioning of the Trading [103]system or any other support systems and for any loss, damage, or other costs arising thereupon and/or in any way out of:

a) [104]failure of telecom network or systems including failure of ancillary or

[102] The existing Sub-clause has been substituted with new definition. The definition earlier read as under: "*The Exchange shall provide its services on a best effort basis.*"
[103] The existing alphabet "*S*" of the word "*System*" has been changed to lowercase.
[104] The existing alphabet "*F*" of the word "*Failure*" has been changed to lowercase.

associated systems, or fluctuation of power, or other environmental conditions; or

b) accident, transportation, neglect, misuse, errors, frauds of the Member or its Authorized Persons or the agents or any third party; or

c) any fault in any attachments, systems or equipments (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the trading workstation installation; or

d) act of God, fire, flood, war, act of violence, or any other similar occurrence or for any reason beyond the control of Exchange; or

e) any incidental, special or consequential damages.

[105]4.1.16. Without prejudice to anything contained in 4.1.15 such failure shall not reduce, alter or affect the liability of the Member/Participant in respect of their transactions.

4.1.17. No Member shall deal on or access the Trading System or related facilities through another Member or on behalf of another Member, unless the prior approval of the Exchange in writing is obtained in this regard.

[106]**4.1A. ALOGORITHEMIC TRADING:**

4.1A.1 The Exchange shall grant permissions to Member to carry Algorithmic Trading (Algo Trading) by extending such arrangements, implying such procedures and system capabilities which are required to be adhered to by a Member.

4.1A.2 The Exchange may prescribe such procedures and lay down standards or amend the prescribed standards, processes and procedures on Algo Trading from time to time.

4.1A.3 All Members shall adhere to such norms while performing their obligations for the deals on the Exchange.

4.1A.4 The discretion to grant permission to a Member for Algo Trading vests with the Exchange and the Exchange may decide from time to time the requirements and norms to be prescribed for Algo Trading which every Member shall adhere to and in case of non-compliances the Exchange may withdraw the permissions granted to a Member.

[105] New Sub-clause 4.1.16 has been inserted.

[106] New Clause 4.1A has been inserted pursuant to SEBI Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/97 dated September 27, 2016.

4.2.MEMBERS AND USERS

[107]4.2.1. Members shall be entitled to appoint, (subject to such terms and conditions, as may be specified by the Relevant Authority) from time to time

a) Authorized Persons;

b) Approved Users.

[108]***DELETED***

4.2.2. Each Member shall be permitted to appoint such number of Approved Users as may be notified from time to time by the Exchange.

4.2.3. The appointment of Approved Users shall be subject to such terms and conditions as the Exchange may prescribe from time to time.

4.2.4. Each Approved User shall be given a unique identification number[109]/code through which he shall have accessto the Trading System.

4.2.5. An Approved User can access the Trading System through a password and can change such password from time to time.

4.2.6. A Member or its Approved Users thereof shall maintain complete secrecy of its password. Anytrade or transaction done by use of password of any Approved User of the Member, shall be binding on such Member.

[110]4.2.7. Approved User on the Commodity Derivative segment should have passed a certification program which has been approved by SEBI.

4.2.8. Approved User shall be required to change his password at the end of the password expiry period. The Exchange shall prescribe the password expiry period from time to time.

a) Only persons who are registered as Members in accordance with provisions of the Byelaws, Rules and Regulations of the Exchange or are agents of Members for whom an application has been made to the Exchange by the Members in accordance with the format specified by the Exchange from time to time may be

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[107] The existing paragraphs have been numbered as 4.2.1 to 4.2.16 respectively.

[108] The existing second paragraph has been deleted. The paragraph earlier read as under:
"*Trading Members should have passed a certification program, which has been prescribed by the Exchange. In case of Trading Members, other than individuals or sole proprietorships, such certification program shall have to be passed by at least one of their directors/employees/partners / members of governing body. Relevant Authority shall have discretion to modify or waive this condition in general or for any specific Trading Member/s or User/s.*"

[109] New word "*Code*" has been inserted.

[110] New sub-clause 4.2.7 has been inserted for better applicability.

approved as Users.

b) No person shall be admitted as Approved User who is under [111]18 years of age.

c) [112]No person shall be admitted as an Approved User against whom any disciplinary action has been taken by the Exchange or any other Stock Exchange.

d) No Member shall without permission of the Exchange take into his employment a former Member or User of such Member as Approved User, if such Memberor Approved User is one against whom any disciplinary action has been taken by the Exchange [113]or any other Stock Exchange.

4.2.9. The Exchange shall have a right to reject any application made or at any time withdraw any approval previously granted, or suspend any Approved User temporarily from access to the system. Such suspension may be conditional and may be revoked on the [114]fulfilment of condition specified, if any, tothe satisfaction of the Exchange.

4.2.10. A Member desiring to change the [115]Exchange User Id or cancel the authority given to its Approved User to operate the Trading System on its behalf shall intimate the Exchange in writing, [116]or through online media, in such form and manner as the Exchange may specify, immediately on taking such action and obtain confirmation from the Exchange of having received such intimation, and of the disabling of the particular User by the Exchange. However the Member will continue to be liable for all the activities reported on the basis of such or previous[117]Exchange User Id undertaken up to a period of 24 hours after his obtaining a confirmation as mentioned above from the Exchange. The Member shall cancel all his outstanding orders in respect of such Approved User.

4.2.11. [118]Whenever an Approved User of the Member ceases to act in such or any capacity with theMember then each such Member shall deactivate/cancel the trading terminals allocated to such authorised user and also inform the Exchange, the name and other particulars ofsuch Approved User via electronic medium.

4.2.12. No application shall be made by any Member, if such person for whom such an application ismade, is already an Approved User of any other Member.

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[111] The existing numbers "*21"* has been substituted with "*18"*.
[112] The existing Sub-clause has been amended.
[113] New words "*or any other Stock Exchange and removed 'and the punishment imposed against the said Member or said User is still in force*" have been inserted.
[114] The existing letter "*l*" in the word "*fulfillment*" has been deleted.
[115] New word "*Exchange*" has been inserted.
[116] New words "*or through online media"* have been inserted.
[117] New word "Exchange" has been inserted.
[118] The existing Sub-clause has been amended.

4.2.13. The Exchange shall notify different level of the Approved Users for each [119]user id issued for operating exchange trading front end software. These levels shall define the accessto the Trading System by the Users and shall include [120]a provision for order entry and trading, provision[121]for online trade backup on a real-time basis, or such others, as may be specified by the Exchange.

[122]***DELETED***

4.2.14 A Member, shall not access the Trading System using a different Member or User Id other than the one allotted to him.

4.2.15 The Approved User shall [123]neither access [124]nor[125] aid in [126][127]accessing the Trading System [128]from a location not reported to the Exchange by the member vide Computer to Computer link (CTCL) terminal reporting.

4.2.16 A Member who wants the Exchange to reset his password, has to make a request in writing signed by the Member indicating his Broker Id and User Id [129]or submit request through such other method as defined by the Exchange from time to time. A Member shall not make a request for resetting the password of any other Member.

4.3. TRADING DAYS

[130]4.3.1[131] The Exchange shall operate on all days as specified in the respective commodity contracts except on such holidays as may be declared by it from time to time. The Exchange may prescribe commodityspecific and/or geographical area specific trading holidays.

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[119] New words "*user id issued for operating exchange trading front end software*" have been inserted.
[120] The existing words "*a provision for inquiry only on the terminal*," has been deleted.
[121] New words "*for online trade backup on a real-time basis"* have been inserted.
[122] The existing paragraph has been deleted. The paragraph earlier read as under:
"*The Exchange may change the status of Approved User of the Trading Member from Trader to Inquiry only where circumstances warrant and intimate to such Trading Member.*"
[123] New words "*neither access*" have been inserted.
[124] The existing alphabet "*t*" in the word "*not*" has been substituted with new word "*r*".
[125] The existing words "*attempt to*" have been deleted.
[126] The existing words "*or*" have been deleted.
[127] New alphabets "*ing*" have been inserted to the existing word "access".
[128] The existing words "*using the Trading Member code from a location other than the Trading Member's Approved Office/location*" have been substituted with new words "*from a location not reported to the Exchange by the member vide Computer to Computer link (CTCL) terminal reporting*".
[129] New words "*or submit request through such other method as defined by the Exchange from time to time"* have been inserted.
[130] The existing Sub-clause has been substituted on January 11, 2006. The Sub-clause earlier read as under: -
"*The Exchange shall operate on all days except Saturday and Sundays and on such holidays as the Exchange may declare from time to time. The Exchange may prescribe working days for Commodity specific or area specific at its absolute discretion"*
[131] The existing paragraphs have been numbered as 4.3.1 to 4.3.6.

4.3.2. The Exchange may close the market on days other than or in addition to scheduled holidays or openthe market on days originally declared to be holidays, to be called unscheduled opening or closing of the markets or segments and the decision of the Exchange in this matter shall be final and binding.

4.3.3. Other than the regular trading hours, Members shall be provided a facility to place orders off-line i.e. outside Trading Hours. They shall be stored by the system but shall get traded only once the market opens for trading on the following working day.

4.3.4. The Board or the Relevant Authority will provide for Opening, Normal and Closing sessions or any other session as may be decided.

4.3.5. The types of Order books, Trade books, Price limits, matching rules and other parameters pertainingto each or all of these sessions will be specified by the Exchange to the members via its circulars ornotices issued from time to time.

4.3.6. Members may place orders on the Trading system during these sessions, within the regulations prescribed by the Exchange as per these Byelaws Rules and Regulations, from time to time.

4.4. TRADING HOURS

[132]4.4.1. The Exchange shall announce the normal trading hours/Open Period in advance from time to time.

4.4.2. The Exchange may extend or reduce trading hours by notifying Members as and when it deems fit and necessary in this regard.

4.5. TRADING CYCLE

Trading cycle for each commodity / Derivative Contract will have a standard period as notified by the Exchange from time to time, during which it will be available for trading.

4.6. CONTRACT EXPIRATION

[133]4.6.1. Derivatives Contracts will expire on a pre-determined date and time up to which the Contract will be available for trading which shall be notified by the Exchange in advance.

4.6.2. The contract expiration period shall not exceed twelve months or as the Exchange may specify from time to time.

[132] The existing sub-clauses have been numbered as 4.4.1 & 4.4.2 respectively.
[133] The existing sub-clauses have been numbered as 4.6.1 & 4.6.2 respectively.

4.7. TRADING PARAMETERS

[134]4.7.1. The Exchange shall from time to time specify various trading parameters relating to the Trading System.

4.7.2. Every Member will be required to specify the buy or sell orders as either an open order or a close order for Derivatives contracts.

4.7.3. The Exchange shall from time to time prescribe different order books that shall be maintained on the Trading System and shall specify such various conditions on the order that will make it eligible to placeit in those books.

4.7.4. The Exchange shall specify the minimum disclosed quantity for orders that will be allowed for each commodity/Derivatives Contract, as the case may be.

4.7.5. The Exchange shall prescribe the number of days after which Good [135]till Cancelled orders will be cancelled by the system.

4.7.6. The Exchange shall specify from time to time the lot size in which orders can be placed for any or all commodities / contract traded on the Exchange.

4.7.7. The Exchange shall specify from time to time price steps in which orders shall be entered on the Trading System of the Exchange.

4.7.8. The Exchange shall [136]prescribe position limits and norms for position limits, Clubbing of open positions, monitoring of position limits and levy and imposition of penalties for violations of position limits in respect of each Commodity / Derivatives Contract from time to time.

4.7.9. The Exchange shall specify the price fluctuations for each Commodity / Derivatives Contract.

4.8. MARKET TYPES / TRADE TYPES / SETTLEMENT PERIODS /TRANSACTION TYPES

[137]4.8.1. The Exchange shall permit and notify different kinds of trades in the commodities / Derivative Contractsincluded in the official list of NCDEX, which shall include:

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[134] The existing sub-clauses have been numbered as 4.7.1 to 4.7.9 respectively.
[135] The existing alphabet "*T*" in the word "*Till*" has been changed to lowercase.
[136] The existing words "*lay down*" have been substituted with new words "*prescribe position limits and norms for position limits, Clubbing of open positions, monitoring of position limits and levy and imposition of penalties for violations of*" pursuant to SEBI Circular No SEBI/HO/CDMRD/DMP/CIR/P/2016/96 dated September 27, 2016.
[137] The existing paragraphs have been numbered from 4.8.1 to 4.8.5 respectively.

[138]a. Regular market trades

b. Negotiated trades.

4.8.2. The Exchange shall prescribe from time to time different trade types, market types, which will be permitted [139]for dealings in commodities.

4.8.3. The Exchange shall prescribe from time to time the different settlement periods that will be permitted.[140]

[141]4.8.4. All trades executed on the Exchange platform shall be cleared and settled by the Clearing Member in accordance with the Rules, Byelaws and Regulations of the specified Clearing Corporation as may be notified by it from time to time.

4.8.5. The Exchange shall allow from time to time different transactions types, which shall include transactionfor clearing, special and spot delivery.

4.9. FAILURE OF MEMBER'S TERMINAL

[142]4.9.1. In the event of failure of Member's workstation and / or the loss of access to the Trading System, the Exchange may at its discretion, but not bound to, undertake on behalf of the Member to carry out the necessary functions which the Member is eligible on a valid request from such Member subject to such terms and conditions which the Exchange may deem necessary to be imposed. The Exchange shall entertain only request made in writing [143]as prescribed by the Exchange.

4.9.2. The Member shall be accountable for the functions executed by the Exchange on their behalf and shall indemnify the Exchange against any losses or costs incurred by the Exchange or any claims on the Exchange arising out of the above situation. The Exchange may, at its discretion, provide Common Pool Facility to the Members[144]

[138] The existing Sub-sections under 4.8.1 have been renumbered as a & b respectively.
[139] The existing words "*to Trading Members*" have been deleted.
[140] The existing words "*and will be in conformity with the Clearing Regulations of the Exchange*" have been deleted.
[141] New sub-clause 4.8.4 has been inserted.
[142] The existing paragraphs have been numbered as 4.9.1 & 4.9.2 respectively.
[143] The existing words "*in a clear and precise manner by the Trading Member and in a manner*" have been deleted.
[144] New alphabet "*s*" has been inserted in the existing word "*member*".

5. DEALINGS IN DERIVATIVES CONTRACTS

5.1. DEALINGS IN DERIVATIVES CONTRACTS

[145]5.1.1. All Derivatives Contract specifications shall be announced by the Exchange in advance from time to time. Dealings shall be permitted on the Exchange in Derivatives Contract pertaining to commodities as provided in these Regulations, Byelaws and Rules of the Exchange as in force from time to time and for such categories of Members, trade types, Market Types, Settlement Periods and for such Trading Hours as the Exchange may specify from time to time.

5.1.2. The Exchange may at its discretion at any time suspend trading in particular Derivatives Contracts asit deems fit under the following circumstances:

a. There is law and order problem, which in the opinion of the Exchange may, extend over aperiod of time and affect the market conditions adversely;

b. Reasons beyond the control of parties because of which it may not be possible in the opinionof the Exchange for the parties to perform the contracts;

c. Any other reason or circumstances under which, the Relevant Authority deems, in the interestof Market, to suspend trading in particular Derivatives Contract.

5.1.3. Such suspension shall take effect, on such conditions and in such time and manner as the Exchangemay prescribe in this regard.

5.1.4. The Exchange may also revoke suspension of trading in any or all types of Derivatives Contracts and/or commodities at any time.

5.1.5. Members may trade on the Trading System in Commodities / Derivatives Contracts that are admitted for dealing on the Exchange, either on behalf of their Constituents or on their own account unless otherwise specified by the Relevant Authority and trading shall be subject to such conditions asthe Exchange may prescribe from time to time.

5.1.6. **Segregation of Trades**

Every Member shall segregate trading by him on his own account from that of his Clients in such manner as the Exchange may provide.

5.1.7. **Transactions of Director or employee**

For the purpose of these Regulations, for transactions entered into on behalf of the director or an employee of the Member or for transactions in which the director or

[145] The existing paragraphs have been numbered as 5.1.1 to 5.1.21 respectively.

employee has beneficial interest, such director or employee shall be considered as a Constituent of the Member and margins shall be collected from each such Constituent separately.

5.1.8. [146]The Member cannot utilize the funds and commodities of one Constituent for and on behalf of another Constituent.

5.1.9. The Exchange may, at any time restrict conditionally or unconditionally a Member from dealingin a specified Derivatives Contract.

5.1.10. The Member shall continue to be liable for all trades executed on the system for orders entered into the Trading [147]system on his behalf. Member shall be responsible for all the actionsof their Authorized Persons / Authorized Users.

[148]5.1.11. A Member while entering an order on behalf of a Constituent(s) shall enter Unique Client Code (UCC) in respect of such Constituent in such manner and format as may be notified by the Exchange. Every member shall be responsible to furnish particulars of Unique Client Code of its Constituent to the Exchange in such form, manner, at such intervals and within such time as may be specified by the Exchange.

5.1.12. Prices quoted on the Exchange shall be basis delivery location, [149]either inclusive or exclusive of [150]GST, Custom duty, and/or any other taxes, cess which may be applicable for commodity and as may be prescribed by the Relevant authority, for different commodities or contracts, from time to time[151]. The Exchange shall from time to time provideincidence of liability, procedures and mode of payment of [152]GST as may be payable by the Buyer / Seller Constituents which shall be binding on the Buyer / Seller Constituents.

5.1.13. [153]The Relevant Authority may from time to time introduce [154]Option Contracts at such strike prices ('in the money', `at the money or near the money' and 'out of the money') for put /call options respectively for such period as may be specified after the expiry

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[146] The existing Sub-Clause was amended on October 23, 2009. The Sub-clause earlier was read as: *"the Trading Member cannot utilize the funds and commodities of one Constituent for and on behalf of another Constituent except on specific authorization of the Constituent whose funds or commodities are utilized".*

[147] The existing alphabet "*S*" in the word "*System*" has been changed to lowercase.

[148] New sub-clause 5.1.11 has been inserted pursuant to SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2016/87 dated September 16, 2016.

[149] New words "*either inclusive or*" has been inserted on April 20, 2004.

[150] The existing words "*Local Sales Tax*" have been substituted with new words "*GST, Custom duty and/or other taxes, cess which can be applicable for commodity and*".

[151] The existing words "*but inclusive of customs duty (if any)*" have been deleted.

[152] The existing words "*Local Sales Tax*" have been substituted with new word "*GST*".

[153] The existing Sub-section has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[154] The existing words "*option contracts*" have been replaced with "*Option Contracts*".

of the previous month contracts.

5.1.14. The Relevant Authority may from time to time introduce one or more new contract(s) at new strikeprices for both call and put options respectively as and when the prices of the underlying changes beyond pre-defined parameters prescribed by it.

5.1.15 The Relevant Authority may from time to time prescribe the criteria for the underlying with reference to which the option contracts shall be permitted to be traded on the Exchange.

5.1.16 The Relevant Authority may from time to time prescribe the exercise style of an option.

5.1.17 The Relevant Authority may at any time introduce additional series of option contracts with different exercise prices based on availability of underlying future, changes in the value of the underlying or such other factors and circumstances including investor interest, market conditions, etc.as may be decided from time to time.

5.1.18 If the Relevant Authority is of the opinion that a particular underlying no longer meets its requirements for options trading or is not eligible for trading or if the Relevant Authority decides to discontinue trading in a particular options series for such reason(s) as it may deem fit, it may stop introducing new options on that underlying and may in such circumstances impose restrictions on transactions that open new positions in options series that have been previously introduced.

5.1.19 The Relevant Authority may discontinue trading in a particular option contract if there are no openpositions in such a contract [155]or if Underlying Commodity/ contract has been suspended from trading.

5.1.20 The Relevant Authority may limit the total number of puts or calls on the same underlying that asingle investor or group of investors acting in concert may exercise during such time period as may beprescribed by the Relevant Authority from time to time. The Relevant Authority may also limit the maximum number of options on the same side of the market (i.e., calls held plus puts written or puts held plus calls written) with respect to a single underlying that may be carried in the accounts of a single investor or group of investors acting in concert.

5.1.21 Every Member shall comply with the applicable SEBI directives from time to time.

[155] New words "*or if Underlying Commodity/ contract has been suspended from trading*" have been inserted.

5.2 TRADE OPERATIONS

[156]5.2.1. Members shall ensure that appropriate confirmed order instructions are obtained from the Constituents before placement of an order on the System and shall keep relevant records or documents of the same and of the completion or otherwise of these orders thereof.

5.2.2. The Member shall make available to his Constituent the Trading System order number and copies of the order confirmation slip / modification slip be dispatched to the Constituent.

5.2.3. The Member shall disclose to the Exchange at the time of order entry that the order is on hisown account or on behalf of Constituents and also specify orders for buy or sell as open or close orders.

5.2.4. The procedures and conditions for amendment or cancellation of orders would be subject to suchconditions and as specified by the Exchange from time to time.

5.2.5. Members shall be solely responsible for the accuracy of details of orders entered into theTrading System including orders entered on behalf of his Constituents.

5.2.6. A potential trade match shall be subject to validation of limits. A position limit refers to the maximum value of trades that a Member will be permitted to execute on the Trading System. The Exchange may specify from time to time the manner in which all position limits shall apply.

5.2.7. Trades generated on the system are irrevocable and 'locked in'. The Exchange may specify from timeto time the Market Types and the manner if any, in which trade cancellation can be effected.

5.2.8. Where a trade cancellation is permitted and Member wishes to cancel a trade, it may be doneonly with the approval of the Exchange and in the following manner:

a) The Member wishing to cancel the trade shall initiate a cancellation request to the Exchange. The counter Member to the trade too will have to put in his cancellation request separately.

b) Where a Member initiates such request the onus shall be on the Member to ensure that he receives a written request from the Constituent.

c) Where a trade cancellation request(s) comes to Exchange from only one party to trade and is/are pending with the Exchange as a result of it being not confirmed

[156] The existing paragraphs have been numbered as 5.2.1 to 5.2.9 respectively.

by the counter party to such trade within such time as may be notified by the Exchange, such request may be cancelled at the discretion of the Exchange.

d) The Exchange shall not consider any request for a trade cancellation after such period after the market close on a Trading Day as may be notified from time to time.

e) The Exchange shall not give the reasons for rejection or approval of any such trade cancellation request.

f) The Exchange may cancel a trade suo-moto without any request by either of the parties to the trade at any time without giving any reason thereof which cancellation shall be final and binding uponthe parties to the trade. In the event of such cancellation, Member shall be entitled to cancel relative contract(s) with his Constituents.

5.2.9. The Member shall make available to his Constituent the Trading System generated trade number and copies of the trade cancellation slip wherever applicable.

[157]5.2A MOFIFICATION OF CLIENT CODES:

Modification of client codes shall be permitted by the Exchange in accordance to the guidelines as may be prescribed by SEBI from time to time and as notified by the circulars of the Exchange.

5.3 MARGIN REQUIREMENTS

1. Subject to the provisions as contained in the Exchange Bye-laws and such other regulations as may be in force, every Clearing Member shall in respect of trades in which he is a party, deposit a margin with Exchange authorities, in the manner and to the extent specified by the Exchange. Whenever a margin is payable by a Clearing Member, it shall pay such margins directly to the Exchange, unless otherwise directed by the Exchange.

2. The Exchange shall prescribe from time to time the commodities / Derivative Contracts, the Settlement Periods and trade types for which margin would be attracted.

3. [158]The Exchange/Clearing House of the Exchange shall from time to time impose such margins including Initial Margin, Delivery period margins, Concentration margins or any

[157] New clause 5.2A has been inserted pursuant to SEBI Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/43 dated March 29, 2016

[158] The existing Sub-clause has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018. The Sub-clause earlier read as under:

"The Exchange shall levy initial margin on Derivatives Contracts using the concept of Value at Risk (VaR) or any other concept as the Exchange may decide from time to time and shall cover one-day loss that can be encountered on the position on 99% of the days. Additional margins would be levied for deliverable positions, on the basis of VaR from the expiry of the contract till the actual settlement date plus a markup for default."

other form of Margin as part of norms of Risk Management measures which may be specified by SEBI from time to time and the same shall be notified by the Exchange from time to time and shall for the time being comprise of the following:

a. Liquid Assets: Liquid assets shall be deposited by members with the Exchanges in compliance with the norms specified herewith to cover various margin and deposit requirements in accordance with and in the manner as specified by SEBI.

b. Initial Margins (IM): The Exchange shall prescribe Value at risk (VaR) margins to cover potential losses for at least 99% of the days subject to minimum percentage floor value as specified by SEBI from time to time.

c. Extreme Loss Margins (ELM): The Exchange shall prescribe such margins to cover the loss in situations that lie outside the coverage of the VaR based initial margins in accordance with and in the manner as specified by SEBI.

d. Additional Margins: The Exchange shall prescribe such margins imposed on both long and short sides over and above the other margins, would be called additional margins in accordance with and in the manner as specified by SEBI.

e. Tender Period Margin/Pre-expiry Margin: The Exchanges shall levy tender period/pre-expiry margin which may be increased gradually every day beginning from the pre-determined number of days before the expiry of the contract as applicable in accordance with and in the manner as specified by SEBI.

f. Delivery Period Margin: The Exchange shall levy appropriate delivery period margin on the long and short positions marked for delivery till the pay-in is completed by the member. Once delivery period margin is levied, all other applicable margins may be released.

g. Minimum Liquid Networth Requirement: The Exchange shall deduct such quantum from the Initial margins, ELM, Additional margins or any other margins as may be specified by SEBI from time to time from the liquid assets of a clearing member. The clearing member's liquid assets after adjusting for applicable margins shall be referred to as 'Liquid Networth' of the clearing member. Clearing Members shall maintain 'Liquid Networth' as specified by SEBI from time to time.

h. MTM (Mark to Market) Settlement: The mark to market settlement on all open positions of clients/members shall be done on daily basis in cash.

i. Base Minimum Capital: The member shall accordingly maintain such exposure free deposit as may be prescribed by Exchange as specified by SEBI from time to time.

j. Settlement Guarantee Fund (SGF): The Exchanges shall maintain SGF in the manner as may be prescribed by SEBI which shall be used by Exchanges only for the purpose of providing settlement guarantee.]

4. The margin shall be deposited with the Exchange within such time as may be notified by the Exchange from time to time.

5. The Exchange shall prescribe from time to time such categories of securities that would be eligible for a margin deposit as also the method of valuation and amount of securities that would be required to be so deposited against the margin amount.

6. [159][The Exchange shall follow the norms for additional risk management as may be prescribe by SEBI from time to time and the Exchange shall follow the process for mitigating the Risk as specified by SEBI.]

7. The procedure for refund/adjustment of margins will be such as may be notified by the Exchange from time to time.

8. The Exchange shall from time to time, impose upon any particular Member or category of Member any special or other margin requirement.

9. On failure to deposit margin/s as required under this clause, Exchange/Clearing House may withdraw the trading facility of the Member.

10. The Clearing House would release all margins after the payout.

11. [160][The Exchange may from time to time, by way of circulars, put in place such a mechanism for regular monitoring of Margins and penalty for short collection/non-collection of margins by members from their clients.]

5.4 ORDER MANAGEMENT

5.4.1. ORDER TYPE

The Exchange shall stipulate from time to time, the kinds of orders that a Member can placein the system which may include Normal order, Special Term order, etc. as also the order attributesthat he could place thereon.

5.4.2 ORDER ATTRIBUTES

a) The Exchange shall from time to time allow various order attributes subject to restrictionsas prescribed in the trading parameters, which will include:

[159] The existing Sub-section has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

[160] The existing Sub-section has been amended vide Exchange circular NCDEX/LEGAL-001/2018/013 dated January 10, 2018.

I. STOP LOSS

II. [161]ICEBERG ORDER

III. IMMEDIATE OR CANCEL

IV. GOOD TILL DAY

V. GOOD TILL CANCELED

VI. GOOD TILL DATE

VII. [162]SPREAD ORDER

VIII. [163]MARKET TO LIMIT ORDER

IX. [164]LIMIT ORDER

b) The attributes of special term order shall be specified by the Exchange from time to timeand shall include

(i) MINIMUM FILL

(ii) ALL OR NONE

c) The Exchange shall specify the order types and order attributes permitted for different market types, trade types, trading periods etc.

5.4.3 MODIFICATION AND CANCELLATION OF ORDERS

a) A Member shall be permitted to modify or cancel his orders, provided a trade has not already taken place in respect of that order.

b) The order can be modified by effecting changes in the order input parameters in the mannerand on such condition as specified by the Exchange.

c) The modified order shall lose or retain its time priority as per the trading parameter set bythe Exchange.

5.4.4. ORDER VALIDATION

Orders entered into the Trading System by Members shall be subject to various validationrequirements as prescribed by the Exchange from time to time including trading parameters, turnover limits and/or other restrictions placed on traded commodities / derivatives contracts. The Trading System will not accept orders that do

[161] The existing Sub-section "*DISCLOSED QUANTITY*" in sub-point II has been substituted with new Sub-section "*ICEBERG ORDER*".
[162] New words "*SPREAD ORDER*" have been inserted as sub-point VII.
[163] New words "*MARKET TO LIMIT ORDER*" have been inserted as sub-point VIII.
[164] New words "*LIMIT ORDER*" have been inserted as sub-point IX.

not meet the validation checks.

5.4.5. MATCHING RULES

a) The Exchange shall specify from time to time the kinds of order books that shall be maintained on the system, the order matching algorithms and the matching rules and parameters that shall be followed therein.

b) The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so.

c) Where the Exchange feels that it is in the interests of the market to do so, it may at any timemake unavailable any particular order books or forms of matching, in the case of a particular security or Member or to the market as a whole.

d) Without prejudice to the generality of the above, the order matching rules would include thefollowing:

(i) Orders in the Normal market will be matched on price -time priority basis.

(ii) The best buy order shall match with the best sell order. For trading on price, the best buy order would be the one with the highest price and the best sell order would be theone with the lowest price.

5.5 CONTRACT NOTE

[165]5.5.1. Every Member shall issue a contract note to his Constituents for trades executed in such format [166]and mode as specified with all relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange.

5.5.2. A contract note shall be signed by a Member or his Authorized signatory or constituted Attorney.

5.5.3. The Contract Notes shall be numbered with unique running serial number commencing from one, which shall be reset only at the beginning of every financial year. In case separate series are maintained in respect of different dealing offices of the Member, then the dealing office name or code shall be prefixed to the serial number.

5.5.4. The contract note shall be time stamped with the time of receipt of order and the time of executionof order. The Contract Note shall be stamped as per Indian Stamp Act.

[165] The existing paragraphs have been numbered as 5.5.1 to 5.5.4 respectively.
[166] New words "*and mode*" have been inserted.

5.6 BROKERAGE

[167]5.6.1. All the orders entered on the Trading System shall be at prices exclusive of brokerage.

5.6.2. Members shall charge brokerage at rates not exceeding such scale as the Exchange may from time to time prescribe.

5.6.3. A Member shall charge brokerage [168]only to the extent as may be prescribed by the Exchange, separately to their Constituents and this shall be indicated separately from the price, in the contract note.

5.7 MARGIN FROM THE CONSTITUENTS

[169]5.7.1. The Members must collect from its Constituents the Margin Deposit that the member has to provide under these Trading Regulations in respect of the business done by the Membersfor such Constituents.

5.7.2. The Members shall buy / sell derivatives contracts on behalf of the Constituent only on thereceipt of margin of minimum such percentage as the Relevant Authority may decide from time to time, on the price of the derivatives contracts proposed to be purchased/sold, unless the Constituent already has an equivalent credit with the Member.

5.7.3. The Member may collect higher margins from the constituents as he deems fit.

5.7.4. The Member shall obtain a written undertaking from the Constituents that the latter shall when called upon to do so forthwith from time to time provide a Margin Deposit and/or furnish additional Margin as required under these Rules and Regulations in respect of the business done for the Constituent by and/or as agreed upon by Constituent with the Member concerned.

5.7.5. The Member shall demand from his Constituents the amounts arising in respect of daily settlement in accordance with the Clearing Corporation Regulations for business done by the members on behalf of such Constituents on such higher amounts, as the Member deems fit. The Member may, if so desire, for administrative convenience maintain the daily settlement margin balance up to a pre-agreed level to avoid collecting and paying daily settlement amount on a daily basis, which may be referred to as maintenance margin.

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[167]The existing paragraphs have been numbered as 5.6.1 to 5.6.3 respectively.
[168] New words "*only to the extent as may be prescribed by the Exchange*" have been inserted.
[169] The existing paragraphs have been numbered as 5.7.1 to 5.7.5 respectively.

[170]5.8 CONSTITUENT(S) IN DEFAULT

[171]5.8.1. In case of non-payment of daily settlement by the Constituent, the Members shall be at liberty to close out transactions by selling or buying the derivatives contracts, as the case may be,unless the Constituent already has an equivalent credit with the Member. The loss incurredin this regard, if any, shall be met from the margin money of the Constituent.

5.8.2. In case of open purchase position undertaken on behalf of Constituents, the Members shall be at liberty to close out the transactions by selling Derivatives contracts, in case the Constituent fails to meet the obligations in respect of the open position within next trading day of the transaction having been executed. Loss incurred in this regard, shall be met from the margin money of the Constituent.

5.8.3. In case of open sale position undertaken on behalf of Constituents, the Members shall beat liberty to close out the transactions by buying Derivatives contracts, in case the Constituent failsto meet the obligations in respect of the open position within next trading day of the transaction having been executed on the exchange. Loss incurred in this regard, shall be met from the marginmoney of the Constituent.

5.8.4. A Member shall be liable to furnish the required margin notwithstanding the non-paymentof margin by a Client to such Member.

[170] The existing Clause has been numbered as 5.8
[171] The existing paragraphs have been numbered as 5.8.1 to 5.8.4 respectively.

[172]5A. AUTHORISED PERSON

5A.1 AUTHORISED PERSON AND APPOINTMENT

5A.1.1. Member(s) of the Exchange may appoint one or more Authorized Persons after obtaining specific prior approval from the Exchange.

5A.1.2. The approval as well as the appointment shall be specific for each such Authorized Person.

5A.1.3. The above shall be subject to the Exchange Rules, Bye Laws, Regulations and the applicable laws.

5A.2. OBLIGATIONS OF THE MEMBER `

5A.2.1. The Member shall enter into an agreement prescribed by the Exchange with each of such Authorized Persons after receipt of communication of acceptance of such Authorized Persons by the Exchange.

5A.2.2. The Member shall permit the Authorized Person to admit or introduce Clients and accept orders from the Clients on their behalf only after execution of the Agreement as stated at Clause 5A.2.1 above.

5A.2.3. The Member shall be responsible for all acts of omission and commission of his Authorized Person and/or their employees, including liabilities arising therefrom.

5A.2.4. 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.

5A.2.5. 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, time lines for dealing through Authorized Person, etc., as may be specified by the Exchange.

5A.2.6. The Member shall notify changes, if any, in the Authorized Person to all registered Clients of that branch at least [173]30 days or any other prescribe period, before the change.

5A.2.7. 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

[172] New clause 5A has been inserted pursuant to Clause 2 & 3 of SEBI Circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009.

[173] The number of days has been amended to 30 days pursuant to SEBI circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009.

Exchange.

5A.2.8. 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.

5A.2.9. The Client dealing through an Authorized Person shall be registered with the Member only. The funds, monies, commodities or warehouse receipts or electronic credit of commodities, as the case may be, of the Clients shall be settled directly between the Member and Client. No fund or commodities of the Clients shall be transferred/ deposited/credited into any account of an Authorized Person.

5A.2.10. All documents like contract notes, statement of funds and commodities 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 document to Client in its own name.

5A.2.11. 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 such Authorized Person till resolution of Client grievances, alert Clients in the location where the 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.

5A.2.12. 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, as the case may be, including the Member and Constituents agreement, Client Registration Form and Risk Disclosure Document or such other documents as prescribed by the Exchange or the SEBI are obtained from each such Client.

5A.2.13. Uploading of details pertaining to the Unique Client Code shall be the responsibility of the Member and the Authorised Person cannot create or allot Unique Client Code to any Client.

5A.2.14. All documents as mentioned in these Regulations with specific reference to Clauses 5A.2.12 and 5A.2.13 above, should be available with the Member for audit and inspection as and when required by the Exchange or the SEBI.

[174]5A.3. OBLIGATIONS OF THE EXCHANGE

5A.3.1. The Exchange shall maintain a database of all the Authorised Persons, which shall include the following:

a. Permanent Account Number (PAN) of Authorised Person and in case of

[174] New clause 5A.3 has been inserted pursuant to SEBI Circular MIRSD/ DR-1/ Cir- 16 /09 dated November 6, 2009.

partnership or body corporate, PAN number of all the partners or directors as the case may be.

b. Details of the member with whom the Authorised Person is registered.

c. Location of the branch assigned to the Authorised Person.

d. Number of terminals and their details, given to each Authorized Person.

e. Withdrawal of approval of an Authorised Person.

f. Change in status of constitution of Authorized Person.

g. Disciplinary action taken by the Exchange against any member for violations of the Securities Laws, Bye Laws of the SEBI or the Exchange, as the case may be, by the Authorised Person.

5A.3.2. While conducting the inspection of the Member, the Exchange may also conduct inspection of the branches where the terminals of Authorized Persons are located and records of the operations carried out by them.

5A.3.3. Any dispute between a Client and an Authorized Person shall be treated as a dispute between the Client and the Member and the same shall be redressed by the Exchange accordingly under the Rules, Bye Laws and Regulations of the Exchange for all purposes and actions.

5A.3.4. 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.

6. CONDUCT OF BUSINESS BY MEMBERS

6.1 OFFICE RELATED PROCEDURE

[175]6.1.1. No Member shall carry on any activity connected with or pertaining to its operations as a Member of the Exchange in any office or premises, the full address of which has not beenintimated to the Exchange with details of the activity proposed to be so carried on therein and the person in whose supervision and control it is to be so carried on.

6.1.2. Each office, department for trading on the NCDEX, shall be under the supervision and control of theMember establishing it and of the personnel delegated with such authority and responsibilityin this regard.

6.1.3. Every Member shall ensure that all persons acting in his behalf on the Trading System shallsubscribe at all times to high standards of professional expertise and integrity.

6.1.4. Each Member shall at all times maintain such infrastructure, staff, communication facilitiesand records so as to be able to service his Constituents satisfactorily and as per the requirements enumerated in the Exchange Bye-laws, Rules and Regulations or any other relevant Act(s) in forcefor the time being.

6.1.5. Where the Exchange feels it necessary, in the public interest to do so, it may at its own instance oron a complaint from another Member or client, seek explanation from the Memberregarding the level of service or professional conduct of the Member or any of his staff where such service or conduct has been found unsatisfactory or contrary to principles enumerated in the Exchange Bye-laws, Rules and Regulations, or notifications, directions or circulars issued there under.

6.2 SUPERVISION

6.2.1. PROCEDURES TO BE FOLLOWED

a) Each Member shall establish, maintain, and enforce procedures to supervise its business and to supervise the activities of its employees that are reasonably designed to achieve compliance with the NCDEX Bye-laws, Rules and Regulations and any notifications, directions etc. issued there under as well as the relevant statutory Acts.

b) The Member for the purpose of better control may, if it so desires, maintain an internal record of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective.

c) Every Member shall specifically authorize in writing person or persons, who may

[175] The existing paragraphs have been numbered as 6.1.1 to 6.1.5 respectively.

be authorized to transact on behalf of the Member and to do such acts which Member may wish to delegate to such person and make available a copy of such power of attorneyto the Exchange before such person transacts any business on the Exchange.

d) A Member shall maintain such records and make available to inspection by any person authorized in this behalf by the Exchange, the information related to such Member's financial condition as prescribed by the Exchange for this purpose.

e) The Member shall pay such fees, charges and other sum as the Exchange may notify from time to time, in such time and manner as required by the Exchange.

f) The Member must inform the Exchange of any change in the status and constitution, operation and activities of the Member

6.2.2. INTERNAL INSPECTIONS

[176]Each Member shall carry out their internal Audit of books of accounts in the manner as prescribed by SEBI and notified by the Exchange from time to time. Each Member shall conduct a review, at least [177]half yearly or for such period of time as may be specified in this regard, of the business in which it engages, which shall be reasonably designed to assist in detecting and preventing violations of and achieving compliance with Bye Laws, Rules and Regulations.

6.2.3. WRITTEN APPROVAL

Each Member shall establish procedures for the review and endorsement by an appropriate senior officer in writing, on an internal record, of all transactions and all correspondence of its employees pertaining to the solicitation or execution of any commodities transaction.

6.2.4. QUALIFICATIONS INVESTIGATED

Each Member shall have the responsibility and duty to ascertain the good character, business repute, qualifications and experience of any person prior to making such certification in the application of such person for registration with the Exchange as User.

[176] New Words "*Each Member shall carry out their internal Audit of books of accounts in the manner as prescribed by SEBI and notified by the Exchange from time to time.*" have been inserted.

[177] The existing word "*annually*" has been substituted with new words "*half yearly or for such period of time as may be specified in this regard*".

6.2.5 [178]EVIDENCE OF CLIENTS ORDERS

a) Member shall execute the trades of the Clients only after keeping evidence of the client placing such order, which could be, inter alia, in the form of:

   i. Physical record written & signed by client,

   ii. Telephone recording

   iii. Email from authorized email id,

   iv. Log for internet transactions,

   v. Record of messages through mobile phones,

   vi. Any other legally verifiable record.

b) Member shall mandatorily use telephone recording system to record the instructions and maintain telephone recording as part of its record, whenever the order instructions are received from clients through the telephone.

c) Member is required to maintain the record specified at (a) above for a minimum period for which the arbitration accepts investors' complaints as notified from time to time currently three years. However, in case where dispute has been raised, such records shall be kept till final resolution of the dispute.

d) It shall be obligatory for the members to preserve and maintain the records as stated above for such time as may be specifically specified by SEBI from time to time.

In the event of inconsistency between the above Regulations and the SEBI directions, the latter shall prevail.

6.2.6. [179]DISPUTED TRADES

The Members shall produce the records as stated in 6.2.5 (a) for the disputed trades. However, for exceptional cases such as technical failure etc., where the Members fails to produce order placing evidences, the Member shall justify with reasons for the same and depending upon merit of the same, other appropriate evidences like post trade confirmation by client, receipt/ payment of funds/ securities by clients in respect of disputes trades etc. shall also be considered.

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[178] New Clause 6.2.5 has been inserted pursuant to Clause III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.

[179] New Clause 6.2.6 has been inserted pursuant to Clause III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.

6.3. RELATION WITH THE CONSTITUENTS

[180]6.3.1. Every Member shall follow the client registration process in the manner and as per the process prescribed by the Exchange and/or SEBI from time to time.

6.3.2. The member shall ensure that the client meet all necessary requirements for enrolling as a client for trading on the Exchange platform in accordance with the directions/norms as may be prescribed by the Exchange and/or SEBI from time to time.

6.3.3. The Member shall segregate the Funds and Securities of his own and that of the clients in the manner as prescribed by SEBI and notified by the Exchange from time to time.

6.3.4. The Member shall follow the norms as prescribed by SEBI and notified by the Exchange from time to time with respect to maintaining the running account of clients.

6.3.5. The Member shall ensure that the requirements with respect to financial documents, PAN, inactive clients etc. are complied with in accordance with directions of SEBI and notified by the Exchange from time to time.

6.3.6. The Member shall before admitting a client carry out in person verification of the client in the manner as prescribed by SEBI and notified by the Exchange from time to time.

6.3.7. The Member shall follow the guidelines and norms for KYC of clients prescribed by the SEBI and notified by the Exchange from time to time.

6.3.8. The Member shall comply with the provisions of PMLA Act, 2002 and rules framed thereunder from time to time including maintenance of records of their clients.

6.3.9. The Member shall not deal in cash with the clients.

[181]6.3.10. When establishing a relationship with a new client, Members must take reasonable stepsto assess the background, genuineness, financial soundness of such person and

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[180] The existing paragraphs 1 and 2 has been substituted with newly renumbered Sub-clauses 6.3.1 to 6.3.9 pursuant to SEBI circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016 and SEBI Circular CIR/MIRSD/ /2016 dated July 12, 2016. The paragraph earlier read as under:
"Every Trading Member shall enter into an agreement with each of his Constituents, before accepting or placing orders on the Constituent's behalf.
Such agreement shall include provisions specified by the Exchange in this behalf (Annexure C). The Exchange may categorize Constituents into such types as may be necessary for the above purpose and specify the clauses to be included in agreements to be entered into by the Trading Member depending on the category of such Constituent. However the Trading Member's responsibility shall not in any way reduced due to non-execution of agreement with the Constituent."

[181] The existing paragraph has been renumbered as 6.3.10.

his investment objectives[182]. The Member shall obtain from all corporate Constituents an approved copy of the Board resolution permitting trading in derivatives

[183]6.3.11. Member shall make the Constituent aware of the precise nature of the Member's liability for business to be conducted, including any limitations on that liability and the capacity in which the Member acts and the Constituents' liability thereon.

[184] ***DELETED***

[185]6.3.12. The Member shall provide extracts of relevant provisions governing the rights and obligations of Constituents as Constituents of Members as prescribed in the Bye-laws, Rules and Regulations, relevant manuals, notifications, circulars, any additions or amendments thereto etc. of the Exchange, or of any regulatory authority, to the extent it governs the relationshipbetween Members and Constituents, to the Constituents at no extra cost. The Member shall also bring to the notice of his Constituents, including Participants any indictments, penalties etc. imposed on him by the Exchange or any other regulatory authority.

[186]6.3.13 Recommendations to the Member:

a) A Member shall make adequate disclosures of relevant material information in its dealing with his Constituents.

b) No Member or person associated with the Member shall guarantee a Constituent against a loss in any commodities transactions effected by the Member with orfor such Constituent.

6.4. GUIDELINES GOVERNING RELATIONSHIP BETWEEN MEMBER AND CONSTITUENT

[187]6.4.1. The Member shall not recommend to the Constituent a sale orpurchase of commodities or derivatives contracts traded on the Trading System, unless he has reasonable grounds to believe that such recommendation is suitable for the Constituent on the basis of the facts, if any,disclosed by the Constituent, whether in writing or orally, regarding

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[182] The existing words and symbols "*(Annexure E)*" have been deleted.
[183] The existing paragraph has been renumbered as 6.3.11.
[184] The existing paragraph 5 has been deleted. The paragraph earlier read as under:
"The Trading Member shall make the Constituent aware of the risk associated with the business in derivatives trading including any limitations on the liability and the capacity in which the Trading Member acts and the Constituent's liability thereon by issuing to the Constituent a copy of the RiskDisclosure Document as specified in the (Annexure D) The Risk Disclosure Document shall be dulysigned by the Constituent and maintained and retained by the Trading Member retain in its recordsfor such period as the Exchange may specify."
[185] The existing paragraph has been renumbered as 6.3.12.
[186] The existing paragraph has been renumbered as 6.3.13.
[187] The existing Paragraphs have been numbered as 6.4.1 to 6.4.15 respectively.

the Constituent's commodity holdings, financial soundness and investment objectives.

6.4.2. The Member shall make adequate disclosures of relevant material information in dealing with the Constituent including the current best price of trade and trade or order quantities on the Trading System, as also anyallocation policy inter se Constituents, any relevant announcement from the Exchange relating to margin, trading restrictions as to price, quantity or wherethe Member is the counter party to a trade executed on the Trading system with the Constituent.

6.4.3. The Member shall not furnish any false or misleading information or advice with a view to inducing the Constituent to do business in particular Spot / Derivatives Contracts and which will enable the Member to gain thereby.

6.4.4. The Member shall explain the Trading System and order matching process to the Constituent before accepting any orders from him.

6.4.5. Where the Constituent requires an order to be placed or any of his order to bemodified after the order has entered the system but has not been traded, the Member may, if it so desires, obtain order placement/modification details in writing from the Constituent. The Member shall accordingly provide the Constituent with the relevant order confirmation/modification slip or copy thereof, forthwith, if so required by the Constituent.

6.4.6. Where the Constituent requires any of his orders to be cancelled after the order has been enteredin the system but has not been executed, the Member may, if it so desires, obtain the order cancellation details in writing from the Constituent. The Member shall accordingly provide the Constituent with the relevant order cancellation details, forthwith, if so required by theConstituent.

6.4.7. The Member may, if it so desires, obtain in writing, the delivery and payment requirementin any instructions of an order that it receives from the Constituent. Where a Member receives a request for order modification or order cancellation from the Constituent, it shall duly bring it to their notice that if the order results in a trade in the meantime, the requests for modification or cancellation cannot be executed.

6.4.8. The Member shall not accumulate Constituent's order / unexecuted balances of order. TheMember shall place forthwith all orders on the trading system.

6.4.9. The Member agrees to act promptly in accordance with instructions provided by the Constituent, unless it has a discretion as to timing in which case it must exercise its judgment as to the best moment.

6.4.10. The Member shall provide Constituent with a copy of the trade confirmation slip as

generated on the System forthwith on execution of the trade, if so desired by the Constituent.

6.4.11. The Member shall at all times keep the moneys of the Constituent in a separate bank account.

6.4.12. Where the Member is required to pay margin money on transaction executed on behalf ofthe Constituent, it shall collect the same from the Constituent in such form and manner as may beprescribed by NCDEX.

6.4.13. Where the Constituent requires an executed trade to be cancelled, the Member shall obtain a written request for trade cancellation from the Constituent. In all instances of trade cancellation requests, the member shall explain to the Constituent that the right to approve orreject such trade cancellation requests rests with the Exchange.

6.4.14. The Member shall make pay out of funds or delivery of commodities, as the case may be,to the Constituent within 24 hours of receipt of the payout from the Exchange.

[188]6.4.15. The Clients shall provide such information as may be requested by the Member either on its own or as per the directions of the Exchange/SEBI.

6.5. GENERAL PRINCIPLES

[189]6.5.1. **Professionalism:** A Member in the conduct of his business, shall observe high standards of commercial honor of just and equitable principles of trade.

6.5.2. **Adherence to Trading Practices:** Members shall adhere to the Rules, Regulations and Byelaws 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.

6.5.3. **Honesty and Fairness:** In conducting his business activities, a Member shall act honestly and fairly, in the best interests of his Constituents.

6.5.4. **Capabilities:** A Member shall have and employ effectively the resources and procedures, which are needed for the proper performance of his business activities.

[190]6.5.5. Compliance of directives of Exchange: The Member shall be under an obligation to comply with all the directives of the Exchange including but not limited to:

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[188] New Sub-clause 6.4.15 has been inserted.
[189] The existing paragraphs have been renumbered as 6.5.1 to 6.5.4 respectively.
[190] New Sub clause 6.5.5 has been inserted.

a) Its conduct with its constituents

b) Its conduct in relation to its own trade as well as trade of its clients

c) Its requirements with respect to corporate governance, networth, code of conduct, and

d) such other obligation as may be prescribed by the Exchange/SEBI from time to time.

6.6. TRADING PRINCIPLES

[191]6.6.1. Members shall ensure that the fiduciary and other obligations imposed on them and their staffs by the various statutory Acts, Rules and Regulations are complied with.

6.6.2. Members shall ensure:

[192]a) that any employee who commits the Members to a transaction has the necessary authority to do so

b) that employees are adequately trained in operating in the relevant market segment in which they deal, are aware of their own, and their organization's responsibilities as well as the relevant Statutory Acts governing the Member, the Rules, Regulations and Byelaws of the Exchange including any additions or amendments thereof.

6.6.3. Member shall be responsible for all the actions including trades originating throughor with the use of all following variables - Member Id, User Id, valid User password at that point of time. However, if the Member satisfies the Exchange that the action(s) and /or trade(s) took place due to fraud or misrepresentation by any other person other than his authorizedperson(s) and that the action(s) and/or trades did not originate from any of his approved workstations, the Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so effected.

6.6.4. When entering into transactions on behalf of Constituents, the Members shall ensure that they abide by the Code of Conduct and regulations as enumerated in the current chapterof these regulations.

6.6.5. No Member or person associated with a Member shall make improper use of Constituent's commodities or funds.

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[191] The existing Sub-clause have been renumbered as 6.6.1 to 6.6.10 respectively.

[192] The existing Sub-sections of Sub-clause 6.6.2 have been renumbered as a) & b) respectively.

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

6.6.7. When entering into or arranging transactions, Members must ensure that at all times great care is taken not to misrepresent in any way the nature of transaction.

6.6.8. [193]No Member shall exercise discretionary power in client's account except as provided inthe Rules, Bye-laws and Regulations of the Exchange.

6.6.9. A Member shall not act as a principal or enter into any agreement or arrangementwith a client or client's agents, employees or any other person connected to the client, employee or agency, whereby special or unusual rates are given with intent to give special or unusual advantage to such client for the purpose of securing his business.

6.6.10. The Member shall not disclose the name and beneficial identity of a Constituent to any person except to the Exchange, Clearing House, Regulator, and concerned Clearing Member any enquiry or inspection authority as required by law as and when asked for and as maybe required by the Exchange from time to time.

6.7. GENERAL GUIDELINES

A Member shall desist from the following trading practices while conducting business on the Exchange.

[194]6.7.1. **Shielding or Assisting:** No Member shall shield or assist or omit to report any Member whom he has known to have committed a breach or evasion of any Rules, Bye-Laws or Regulations of the Exchange or of any resolution, order, notice or direction there under of theGoverning Board or the Managing Director or of any committee or officer of the Exchangeauthorized in that behalf.

6.7.2. **Misleading Transactions:** A Member shall not-

[193] The existing Sub-clause has been substituted with new Sub-clause on October 23, 2009. The Sub-clause earlier read as under:
"No Trading Member shall exercise any discretionary power in a client's account unless such client has given prior written authorization to a stated individual or individuals and the account has been accepted by the Trading Member, as evidenced in writing by the Trading member"

[194] The existing sub clauses have been renumbered as 6.7.1. to 6.7.3 respectively.

[195]a. make bids and/or offers for commodities with an intention of creating a false or misleading appearance with respect to the market for, or the price of any commodity or;

b. make a transaction or give an order for the purchase or sale of commodities, the executionof 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 derivatives contracts.

6.7.3. **Use of information obtained in Fiduciary Capacity:** A Member who in thecapacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of derivatives contracts, shall under nocircumstances make use of such information for the purpose of soliciting purchases andsales.

[196]6.7A GENERAL OBLIGATION OF MEMBERS

6.7A.1. Members shall ensure that they adhere to all the updates, directions, norms, guidelines and procedures prescribed by SEBI and/or Exchange from time to time.

6.7A.2. Member shall designate an exclusive email ID and notify the same on their websites and communicate the same to all their clients for ensuring the redressal of grievances of their clients.

6.7A.3. The Members shall intimate to the Exchange any change in its control or its constitution as prescribed by SEBI and notified by the Exchange from time to time.

6.8. UNFAIR TRADING PRACTICES

[197]6.8.1. No Member shall buy, sell or deal in Derivatives Contracts in a fraudulent manner, or indulgein any unfair trade practices including market manipulation

6.8.2. Without prejudice to the generality of the provisions contained, no Member shall indulge in market manipulation

6.8.3. Effect, take part either directly or indirectly in transactions, which are likely to have effect of artificially, raise or depress the prices of Spot / Derivatives Contracts

6.8.4. Indulge in any act, which is calculated to create a false or misleading appearance of

[195] The existing sub-points under sub-clause 6.7.2 have been renumbered as a. and b. respectively.
[196] New clause 6.7A has been inserted pursuant to SEBI Circular CIR/MIRSD/64/2016 dated July 12, 2016 and SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 September 23, 2016
[197] The existing paragraphs have been numbered as 6.8.1 to 6.8.9 respectively.

trading, resulting in reflection of prices, which are not genuine

6.8.5. No Member shall buy, sell commodities / 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 companyor director for the same contract.

6.8.6. Delay the transfer of commodities in the name of the transferee.

6.8.7. Indulge in falsification of his books, accounts and records for the purpose of market manipulation.

6.8.8. When acting as an agent execute a transaction with a Constituent price other than the price at whichit was executed on the exchange

6.8.9. Either take[198] 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.

[198] The existing alphabet "*s*" from the word "*takes*" has been deleted.

7. RECORDS ANNUAL ACCOUNTS AND AUDIT

7.1 RECORDS

[199]7.1.1 Every Member shall comply with all relevant statutory Acts, including [200]Securities Contracts (Regulation) Act, 1956 and Rules, Regulations and guidelines there under, and the requirements of and under any notifications, directives and guidelines issued by the Central Government and any statutory body or local authority or anybody or authority acting under the authority or direction of the Central Government relating to maintenance of accounts and records.

7.1.2 In addition to the requirements as per Regulation above, every Member of the Exchange shall comply with the following requirements and such other requirements as the Exchange may from time to time notify in this behalf relating to books of accounts, records and documents in respect of his membership and trading on the Exchange.

7.1.3 Every Member of the Exchange shall maintain the following records relating to its business for a period of five years either in hard form or non temperable soft form:

a) Statements of fund and commodities obligations received from the clearing house.

b) Records in respect of Premium / Discount and final settlement amounts including taxes and charges on commodities of constituents.

c) Records in respect of brokerage collected separately from Constituents.

d) Register of transaction (or other records of original entry) containing an itemized dailyrecord of all purchases and sales of commodities / contract, showing for each such transactioneffected, the name of commodities, value of commodities, rates both gross and net of brokerage and name of Constituents.

e) Register or Ledger Account of Commodities, Constituent wise and Commodity wise, giving, inter alias, the following details viz. date of receipt of the Commodity, quantity received, party from whom received, purpose of receipt, date of delivery of the Commodity, quantity delivered, party to whom delivered and purpose of delivery and a separate register or ledger in respect of its own commodities or in the manner as may be specified by the Exchange.

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[199] The existing sub clauses have been renumbered as 7.1.1 to 7.1.17 respectively.

[200] The existing words "*Forward Contract (Regulation) Act, 1952*" has been substituted with new words "*Securities Contract (Regulation) Act, 1956*".

[201]7.1.4 Every Member of the Exchange may for the purpose of better internal control and management, if it so desires, also maintain the following records relating to its business:

a. Order confirmation slips, Order modification slips as obtained from the trading system of the Exchange

b . Trade confirmation slips as obtained from the trading system of the Exchange

c. Record of all statements received from the settling agencies and record of all correspondencewith them.

d. **Order Book reflecting the following:**

(i) identity of person receiving the order

(ii) date and time of order received

(iii) name of person placing the order

(iv) name of Constituent, description and value of securities to be bought and sold

(v) terms and conditions of the order stating particularly price/rate limit or price/rate related instructions and time limit on the order (if any)

(vi) the Trading system order number as per the trading system of the Exchange orMember order number as the case may be.

(vii) any modification or cancellation thereof including cases when it is cancelled by thesystem or cancelled due to maturity of an instrument.

(viii) if executed, the price/rate at which executed and to the extent feasible, the time ofexecution or cancellation and trade number as per the trading system of the Exchange.

(ix) Reference number of the contract issued in case of executed orders.

(x) orders entered pursuant to the exercise of discretionary power shall be so designated.

(xi) entries of orders shall be serially numbered.

e. Reports produced from the trading system like Order log and Trades Done Today

f. Copies of all instructions obtained in writing from Constituents including

[201] The existing Sub-sections under Sub-clause 7.1.4 have been numbered as a. to f respectively.

Participants for anorder placement, order modification, order cancellation, trade cancellation, etc.

7.1.5 Members shall maintain and preserve for a period of seven years a mapping of client IDs used at the time of order entry in the trading system with those unique client IDs along with client name, address and other particulars given in the Know Your Client form.

a) Every Member shall keep such books of accounts, as will be necessary, to showand distinguish, in connection with his business as a Member:

(i) The moneys received from or on account of and moneys paid to or on account of each of hisclients and,

(ii) The moneys received and the moneys paid on Member's own account.

b) It shall be compulsory for all Members to keep the money of the clients in a separate account and their own money in a separate account. No payment for transaction in which the Member is taking a position as a principal will be allowed to be made from the client's account.

c) The transfer from client's account to Member's account shall be allowed under circumstances enumerated below:

(i) **Obligation to pay money into "Clients account":** Every Member who holds or receives money on account of a client shall forthwith pay such money to current or deposit accountat bank to be kept in the name of the Member in the title of which the word "Clients" shall appear (hereinafter referred to as "Clients Account"). Member may keep one consolidated clientsaccount for all the clients or accounts in the name of each client, as he thinks fit; provided that when a Member receives a cheque or draft representing in part money belonging to the client and in part money due to the Member, he shall pay the whole of such cheque or draft into the clients account and effect subsequent transfer as laid down below in para (iii.)

(ii) **Moneys to be paid into "Clients account":** No money shall be paid into clients account other than:

A. money held or received on account of clients;

B. such moneys belonging to the Member as may be necessary for the purpose of opening or maintaining the account;

C. money for replacement of any sum, which may by mistake or accidently have been drawn from the account;

D. a cheque or draft received by the Member representing in part money belonging tothe client and in part money due to the Member.

(iii) **Moneys to be withdrawn from "Clients account": No money shall be drawn from clients account other than**

A. money properly required for payment to or on behalf of clients for or towards payment of adebt due to the Member from clients or money drawn on client's authority, or money in respect of which there is a liability of clients to the Member, provided that money so drawn shall not in any case exceed the total of the money so held for the time being for each such client;

B. such money belonging to the Member as may have been paid into the client account under para (ii. B) and (ii. D) above money, which may by mistake or accidently have been paid into such account.

(iv) **Right to lien, set-off etc., not affected:** Nothing in this para 1 shall deprive a Memberof any recourse or right, whether by way of lien, set-off, counter-claim charge(s) or otherwise against moneys standing to the credit of clients account.

d) Every Member shall send to his Constituents a complete 'Statement of Accounts' for both funds and commodities in such periodicity[202]as prescribed by SEBI/ Exchange from time to time. The Statement shall also state that the client shall report errors, if any, inthe Statement within 7 days of receipt thereof to the Member.

e) The Members shall keep a separate ledger account for each client in respect of the transactions on the Exchange and shall not mingle such account with the account of the clientin respect of transactions of any other stock exchange or any other transaction, which the Member may enter into with such client.

7.1.6 Every Member shall maintain permanently copies of agreements executed with each of itsConstituent in accordance with the Exchange requirements.

7.1.7 Every Member shall maintain permanently copies of agreements executed with each of thesettling agencies or banks.

7.1.8 Every Member shall maintain record of all relevant particulars of persons, which are

[202] The existing words "*not exceeding six months within a month of the expiry of the said period*" have been substituted with new words & existing words and numbers "*30days*" has been substituted by new words and numbers "*7days*" pursuant to SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 September 23, 2016 read with NCDEX Circular No. NCDEX/COMPLIANCE-007/2021 dated 9th February, 2021.

approved as Users by the Exchange

7.1.9 Every Member shall maintain originals of all communications received and copies of all communications sent by such Member (including interoffice memo and communications) relating to its business as such.

7.1.10 Every Member shall maintain all guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account and copies of resolutions empowering an agent to act on behalf of a Member.

7.1.11 Every Member shall maintain all written agreements (or copies thereof) entered into by thatMember relating to its business as such, including agreements with respect to any account.

7.1.12 Every Member shall preserve for a period of not less than six years after the closing of anyConstituent's account any records which relate to the terms and conditions with respect to the opening and maintenance of such account, date of entering into agreement with the Constituent, date of modification thereof, date of termination and representatives of such Constituent who signedin each case.

7.1.13 A Member shall intimate to the Exchange the place where these records are kept and available for audit/inspection.

7.1.14 The above requirements relating to maintenance of records shall apply not only to records of the Member's principal office but also to those of any branch office and to any nominee company owned or controlled by a Member for the purpose of conducting the business of the Member.

7.1.15 Each Member shall keep and preserve a record of all written complaints of its Constituentsshowing the reference number of Constituent, date, Constituent's name, particulars of the complaints, action taken by the Member, if the matter is referred to arbitration to the Exchange then the particulars thereof.

7.1.16 Every Member shall maintain details of securities which are the property of a Member showing with whom they are deposited and if held otherwise than by the member, whetherthey have been lodged as collateral security for loans or advances.

7.1.17 Every Member shall keep copies/duplicates of Contract Notes issued by the Member and details of any statements, which are required by these Rules to appear on Contract Notes.

7.2. ANNUAL ACCOUNTS AND AUDIT

[203]7.2.1 Each Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised to the Exchange.

7.2.2 The Assets and Liabilities of the Member's business shall be brought into accountin the balance sheet at such amounts and shall be classified and described therein in such mannerthat the [204]audited balance sheet gives a true and fair view of the state of affairs of such business as [205]on the date [206]it is made up.

7.2.3 Each Member shall furnish to the Exchange, its audited financial statement and such report shall be furnished not later than six months after the end of the Member's financial year, provided that when the Exchange is satisfied that circumstances warrant an extension of time is necessary to furnish such report, it may grant an extension of such time as it may deem fit.

[207]***DELETED***

[203] The existing Sub-clauses have been renumbered as 7.2.1. to 7.2.3 respectively.
[204] New word "*audited*" has been inserted in sub-clause 7.2.2.
[205] The existing words "*at the*" have been substituted with new words "*on the*".
[206] The existing words "*to which*" have been deleted.
[207] The existing "*Part B*" has been deleted pursuant to SEBI Circular No. CIR/CDMRD/DEA/03/2015 dated November 26, 2015.

[208] 8. ARBITRATION

For the purposes of this Regulation 8, the following definitions shall apply in addition to Regulation 3 and applicable Rules and Bye Laws.

[209]8.1 DEFINITIONS:

(a) 'Arbitrator' means a sole arbitrator or a panel of arbitrators.

(b) 'Applicant' means the person who makes the application for initiating arbitral proceedings.

(c) 'Respondent' means the person against whom the Applicant lodges an arbitration application, whether or not there is a claim against such person.

[210] 8.1A INVESTOR SERVICE CENTRES (ISCs)

8.1A.1 The Exchange has set up the ISCs at various regions to facilitate the speedy redressal of the Investor grievances.

8.1A.2 Each ISC will extend services viz. investor counselling, redressal of investor grievances by ISC official, resolution of unresolved grievances by GRC member(s), and initiation of Arbitration.

8.1A.3 The ISC will also have facilitation desk for counselling of investor(s) and to assist investor(s) in obtaining documents/details, if any for availing grievance redressal facilities provided by the Exchange.

[211]8.1B GRIEVANCE REDRESSAL COMMITTEE (GRC):

8.1B.1 Composition:

a) Grievance Redressal Committee (GRC) for redressal of investor grievances shall be constituted and composed in the manner as prescribed.

b) Subject to the above, the GRC shall comprise of independent persons with qualifications in the area of law, finance, accounts, economics, management or administration and experience in financial services, including securities market as may be decided by the Exchange/ SEBI from time to time.

8.1B.2 The GRC Members shall submit Declarations/Disclosures in the manner and in such periodicity as prescribed.

8.1B.3 Code of Conduct

The GRC members shall be bound by the Code of Conduct as prescribed, shall maintain professional and high ethical standards while discharging their responsibilities.

A GRC Member shall –

a) act in a fair, unbiased, independent and objective manner;

b) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;

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[208] The existing "*Part C*" has been renumbered as Chapter 8.

[209] The existing Clause has been renumbered as 8.1.

[210] New clause 8.1A has been inserted pursuant to SEBI CIR/MRD/DSA/03/2012 dated 20/01/2012 and SEBI CIR/MRD/ICC/21/2013 dated 05/07/2013.

[211] New Clause 8.1B has been inserted pursuant to SEBI Circular No. CIR/CDMRD/DEICE/02/2015 dated November 16, 2015.

c) disclose his interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the GRC Member;
d) not engage in acts discreditable to his responsibilities;
e) avoid any interest or activity which is in conflict with the conduct of his duties as a GRC Member;
f) avoid any activity that may impair, or may appear to impair, his independence or objectivity;
g) conduct GRC proceedings in compliance with the principles of natural justice, the Rules, Bye laws and Regulations of the Exchange and such other directions issued by SEBI from time to time;
h) endeavor to pass GRC Order expeditiously and in any case not later than the time prescribed;
i) and pass reasoned and speaking GRC Orders.

[212]8.1C GRIEVANCE REDRESSAL MECHANISM

8.1C.1 The investor who wishes to resolve the complaints arising out of the deals executed by him/her on the Exchange/Clearing Corporation shall refer the grievance/ complaints to ISC department of the Exchange.

8.1C.2 The ISC official shall endeavour to resolve the grievance/complaints within a period of 15 days from the date of receipt of the complete complaint or such extended time as may be prescribed

8.1C.3 The grievance/complaint which remains unresolved after intervention of the Exchange ISC official, shall be referred to the GRC member(s) who shall endeavour to resolve the grievance/complaints within a further period of 15 days from the date of receipt of grievance/ complaint by him/her or such extended time as may be prescribed.

8.1C.4 The grievance if not resolved amicably at GRC level shall be further referred to Arbitration upon receipt of intention/communication from either parties to the dispute within such time as may be prescribed in these Regulations subject to the modifications as may be prescribed.

8.1C.5 The party not satisfied with Arbitration Award may avail Appellate arbitration mechanism of the Exchange prior to Appealing before the Court of law.

8.1C.6 The correspondence with the Member, & investor (who is Client of a Member) may be done on email if the email id of the investor is available in the UCC database. In any other case, the Member (Member and Clearing Member) shall provide an authentic email id to the Exchange for its records and communication in this regard.

8.1C.7 GRC may adopt a two-fold approach in conciliation as under:

i. For Service related complaints, the proceedings that lead to a direction to the Members to render required services and take such measures so as to amicably resolve the complaints.

[212] New clause 8.1C has been inserted pursuant to SEBI Circular CIR/MRD/ICC/30/2013 26 dated September, 2013 and SEBI Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017

ii. For Trade related complaints, the proceedings that lead to an order concluding admissibility of the complaints or otherwise.

8.1C.8 In case the matter is not resolved through the conciliation process, GRC would ascertain the claim value admissible to the investor. Upon conclusion of the proceedings of GRC, i.e. in case claim is admissible to the investor, the Exchanges shall block the admissible claim value from the available deposits of the Member.

8.1C.9 The Exchange shall give a time of 7 days to the Member from the date of signing of GRC directions to inform the Exchange whether the Member intends to pursue the next level of resolution i.e. Arbitration.

8.1C.10 In case the Member does not opt for Arbitration, the Exchange shall, release the blocked amount to the investor after the aforementioned 7 days. However, in case, the Member opts for Arbitration and the claim value admissible to the investor is not more than Rs. 20 Lac then;

a) In case the GRC Order is in favour of the investor then 50% of the admissible claim value or Rs. 2.00 Lac, whichever is less, shall be released to the investor from IPF of the Exchange.

b) In case the arbitration award is in favour of the investor and the Member opts for appellate arbitration then 50% of the amount mentioned in the arbitration award or Rs.3.00 Lac, whichever is less and the amount already released to the investor at Regulation 8.1C.10 (a) above, shall be released to the investor from IPF of the Exchange.

c) [213]In case the appellate arbitration award is in favour of the client and the Member opts for making an application under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the appellate arbitration award, then 75% of the amount mentioned in the appellate arbitration award or Rs.5.00 Lakhs (Rs. Five Lakhs), whichever is less shall be released to the client from IPF of the Exchange. The amount released shall exclude the amount already released to the client under Regulation 8.1C.10 (a) and 8.1C.10 (b) above.

d) The release of amounts from the IPF to the investor/client shall be subject to such other procedure as may be specified by the Exchange

e) If it is observed that there is an attempt by investor/client either individually or through collusion with Member(s) or with any other stakeholders, to misuse these provisions, then without prejudice to the powers of the Board to take action, appropriate action in this regard shall be taken against any such person, by the Exchange, including disqualification of the person so involved from henceforth accessing the benefits of these provisions.

f) In case the matter is decided in favour of the investor after conclusion of the proceedings, then the amounts released from the IPF to the investor shall be reimbursed to the IPF from the amounts of the member blocked by the Exchange and the remainder of the amount payable shall be released to the investor concerned.

g) Total amount payable to the investor through the facility of monetary relief from IPF in terms of applicable SEBI directives shall not exceed Rs. 10 Lacs in one financial year.

[213] New Sub-section (c) of Sub-clause 8.1C.10 has been inserted pursuant to Sub-clause 2.2 of SEBI Circular SEBI/HO/CDMRD/DoC/P/CIR/2021/649 dated October 22, 2021.

h) The Exchange may devise a detailed procedure with regard to release of funds from IPF and recovery thereof and may prescribe necessary documentation.

i) In case the investor loses at any stage of the proceedings and decides not to pursue further, then the investor shall refund the amount released from IPF. In case the investor fails to make good the amount released out of IPF, then the investor shall not be allowed to trade on the Exchange till such time the investor refunds the amount to IPF.

j) The Exchange may also publicise the names of such investors on its website if considered necessary.

If at any time it is determined that these regulations have been misused by any investor in any manner, the Exchange may at its own discretion initiate appropriate action against the persons responsible as may be deemed necessary.

[214]8.2 SEAT OF ARBITRATION

The Relevant Authority may provide for different seats of arbitration for different [215]Investors Service Centres either generally or specifically and in such an event the seat of arbitration shall be the place so provided by the Relevant Authority. Save as otherwise specified by the Relevant Authority, the seat of arbitration shall beMumbai.

[216]***DELETED***

[217]8.2A PLACE OF ARBITRATION

8.2A.1 The Arbitration and the Appellate Arbitration shall be conducted at the Investor Services Centre nearest to the address provided by Client/Investor in the KYC form.

8.2A.2 In case the claim/order/award amount is more than Rs.50 Lac, Arbitration/Appellate Arbitration as the case may be, may be conducted at the nearest Metro City/Investor Service Centre, if so desired by any of the parties involved. The cost of such arbitration, if any, shall be borne by the party desirous of shifting the place of arbitration.

8.2A.3 Subject to Bye Laws, such places of arbitration/ appellate arbitration may include proceedings through digital mode as may be feasible or necessary.

[218]8.3 JURISDICTION OF COURTS

In matters where the Exchange is a party to the dispute, the Civil Courts at Mumbai shall have exclusive jurisdiction and in all other matters, proper courts within the area covered under the respective Regional Arbitration Centre shall have jurisdiction in respect of the arbitration proceedings falling / conducted in that Regional Arbitration Centre [219](RAC).

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[214] The existing Clause 21.2 has been renumbered as 8.2.

[215] The existing words "*regions of the country*" have been substituted with new words "*Investor Service Centres*" pursuant to SEBI circular CIR/MRD/ICC/21/2013 dated 05/07/2013.

[216] The existing Sub-clause 21.2 (b) is deleted pursuant to Circular No.31 of 2005 dated February 7, 2005. The Sub-clause earlier read as under:
"*The premises/location where arbitration shall take place shall be Mumbai*
The Applicant, Member, shall file the application in that Regional Arbitration Center (RAC)".

[217] New Clause 8.2A has been inserted pursuant to SEBI Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015 and SEBI Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 July 11, 2017.

[218] The existing Clause 21.3 has been renumbered as 8.3.

[219] The abbreviation has been inserted.

[220] ***DELETED***

[221]**8.4 REFERENCE OF THE CLAIM, DIFFERENCE OR DISPUTE**

[222]8.4.1. [223]The applicant shall file a reference of the dispute for [224]Arbitration at the RACs or ISC's set up by the Exchange or at such other place/s as may be notified by the Exchange from time to time.

8.4.2. The application for reference to [225]Arbitration shall be submitted in the prescribed form to the Exchangefor processing and approval.[226]

8.4.3[227]Save as otherwise specified by the Relevant Authority, if the value of the claim, difference or dispute is more than Rupees[228]Twenty Five lacs on the date of application, then such claim, difference or dispute shallbe referred to a panel of three arbitrators and if the value of the claim, difference or dispute is upto Rupees Twenty Five lacs, then the same shall be referred to a sole arbitrator.[229] The thresholds of the claim value aresubject to change [230]pursuant to regulatory prescriptions.

8.4.4. Where any claim, difference or dispute arises between agent of the Member and Client of the agent of the Member, in such claim, difference or dispute, the Member, to whom such agent of the Member is affiliated, shall be impleaded as a party.

8.4.5. The limitation period for filing of Arbitration shall be governed by the provisions of the Exchange Bye Laws, Regulations and applicable Laws.

[231]***DELETED***

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[220] The existing paragraph 2 has been deleted. The paragraph earlier read as under:
"*Notwithstanding anything contained herein above and unless otherwise specifically agreed writing between the member and the constituent in respect of any claims, disputes and differences arising out of internet trading between the constituent and the member, the seat of Arbitration shall be the regional arbitration centre within the area in which, the constituent ordinarly resides at the time of relevant trading, provided, however in respect of a non-resident Indian constituent, the seat of Arbitration shall be the regional Arbitration centre in the area of which the correspondence office of the member is situated.*"

[221] The existing clause has been renumbered as 8.4

[222] The Sub-clauses has been renumbered from 8.4.1 to 8.4.5.

[223] The Sub-clause has been inserted pursuant to Circular dated February 7, 2005

[224] The existing words "*mediation/ conciliation/arbitration at the registered office of the*" have been substituted with new words "*Arbitration at the RACs or ISC's set up by the*".

[225] The existing alphabet "*a*" in the word "*arbitration*" has been changed to uppercase.

[226] The existing words in the newly numbered 8.4.2 has been deleted. The words earlier read as under:
"*The Exchange may initiate steps to resolve the disputes so referred through conciliation or mediation as the case may be, initially and if in the opinion of the Relevant Authority, the conciliation or mediation has failed to resolve the dispute, the matter shall be referred by the Exchange for arbitration.*"

[227] The Sub-clause has been inserted by Circular dated February 7, 2005

[228] The existing words "Fifty" has been substituted with new words "Twenty Five" pursuant to Sub-clause13.2.6. II of SEBI Master Circular dated 10.07.2020.

[229] The existing Proviso has been deleted pursuant to 13.2.6. II of SEBI Master Circular dated 10.07.2020. The Proviso earlier read as under:
"*Provided however, that the Relevant Authority may from time to time, increase or decrease the value of claim upto which the dispute shall be referred to a sole arbitrator or a panel of three arbitrators as the case may be*".

[230] The existing words "*and therefore to be read in tandem with the changes/modifications quoted in the SEBI circulars/ guidelines/notifications/intimations, from time to time*" have been substituted with new words "*pursuant to regulatory prescriptions.*"

[231] The existing Sub-clause 21.4.5 has been deleted. The Sub-clause earlier read as under:
"*In case the Warehouse refuses or fails to communicate to the Constituent the transfer ofcommodities, the date of dispute shall be deemed to have arisen on the date of receipt of communication of warehouse refusing to transfer the commodities in favor of theConstituent; or the date of expiry of 5 days from the date of lodgment of dematerialized request by the Constituent fortransfer with the seller, whichever is later;*"

[232]8.4A ARBITRATION COMMON POOL AND APPELLATE ARBITRATION

8.4A.1. The Exchange shall maintain a Pool of Arbitrators for Arbitration and Appellate Arbitration in the manner as may be prescribed from time to time.

8.4A.2. The Exchange shall from time to time notify the fees payable by the parties in Arbitration and Appellate Arbitration and the manner and time in which such fees shall be payable. The parties to the dispute shall accordingly ensure payment of fees in the manner prescribed.

8.4A.3. The Exchange shall maintain a common pool of Arbitrators and the selection of the Arbitrators shall be through an automatic process as prescribed.

8.4A.4. The reconstitution of the Panel of Arbitrators if and when carried out, shall be in the manner prescribed.

[233]8.4B APPELLATE ARBITRATION

8.4B.1. The Appellate Panel shall be constituted from the common pool of Arbitrators in the manner as prescribed.

8.4B.2. Any party aggrieved by an arbitral award shall be entitled to make an Appeal to the Appellate Panel of Arbitrators within such time and in such manner as may be prescribed by the Exchange/SEBI.

[234]8.5 CRITERIA AND PROCEDURE FOR SELECTION OF [235]ARBITRATORS

[236]8.5.1 [237]PERSONS ELIGIBLE TO ACT AS ARBITRATORS

[238]The Exchange shall notify the eligibility criteria for permitting individuals in the Pool of Arbitrators as may be prescribed. The criteria shall interalia include but not be limited to the following:

a) age

b) Qualification, experience and knowledge in the field of law, finance, accounts, economics, management, administration and

c) Experience in financial service including securities market or such other qualification, as may be prescribed by the Relevant Authority.

The Relevant Authority shall [239]with prior approval of SEBI add [240]the name of any person [241]in the list of arbitrators.

[242]However, the Relevant Authority may at its discretion and/or upon written request remove the name of any person from the list of Arbitrators.

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[232] New Clause 8.4A has been inserted pursuant to SEBI Circular CIR/CDMRD/DIECE/02/2015 dated November 16,2015

[233] New clause 8.4B has been inserted pursuant to SEBI Circular CIR/CDMRD/DIECE/02/2015 dated November 16, 2015.

[234] The Existing clause have been renumbered the Clause as 8.5.

[235] The Existing word "*persons*" has been substituted with new word "*Arbitrators*".

[236] The existing sub-clauses have been renumbered as 8.5.1

[237] New term "*Persons*" has been inserted under sub-clause 8.5.1.

[238] The existing Sub-section (a) under Sub-clause 8.5.1 has been substituted with new Sub-section pursuant to Clause 3.3 of SEBI Circular CIR/MRD/DSA/24/2010 August 11, 2010. The Sub-Section earlier read as under:
"*For facilitating the appointment of arbitrator, a list of persons eligible to act as arbitrators shall be notifiedby the Exchange from time to time from amongst persons who possess requisite qualification, experience and knowledge as felt appropriate by the Relevant Authority and parties will not have a right to challenge theappointment of arbitrator except as provided in the Arbitration and Conciliation Act, 1996 as amended fromtime to time.*"

[239] The existing words "*absolute right at any time to*" have been substituted with new words "*with approval of SEBI*".

[240] The existing words "*or delete*" have been deleted.

[241] The existing word "*from*" has been substituted with new word "*in*".

[242] An enabler has been inserted.

[243]***DELETED***

[244]***DELETED***

[245]**8.5.2 CONDITIONS FOR A PERSON FOR INCLUSION OF NAME IN THE GRC/ARBITRATION PANEL:**

The name of a person shall be included in the panel upon submission of the following:

a. a declaration that he has not been involved in any act of fraud, dishonesty or moral turpitude, or found guilty of any economic offence,

b. disclosure of the nature of his association with securities market,

c. disclosure of the names of his dependents associated with the securities market as member, sub-broker or authorized person,

d. an undertaking that he shall abide by the code of conduct prescribed in these regulations and

e. any other condition that may be prescribed by the Relevant Authority, from time to time

[246]**8.5.3 CODE OF CONDUCT FOR ARBITRATOR(S)**

An arbitrator shall –

a. act in a fair, unbiased, independent and objective manner;

b. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;

c. disclose his interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the arbitrator;

d. not engage in acts discreditable to his responsibilities or moral turpitude;

e. avoid any interest or activity which is in conflict with the conduct of his duties as an arbitrator;

f. avoid any activity that may impair, or may appear to impair, his independence or objectivity;

g. conduct arbitration proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued by

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[243] The existing Sub-section (b) has been deleted. The Sub-section earlier read as under:
"*Public dissemination of profiles of arbitrators:*
In order to enhance transparency and also to provide choice to parties, the Exchange shall disseminate information w.r.t. brief profile, qualification, areas of experience/ expertise, number of arbitration matters handled, pre-arbitration experience, etc. of the arbitrators on its website."

[244] The existing Sub-section (c) has been deleted pursuant to Clause 2.A(v) SEBI Circular CIR/CDMRD/DEICE/CIR/P/2017/77 July 11, 2017. The Sub-section earlier read as under:
"*Public dissemination of profiles of arbitrators:*
In order to enhance transparency and also to provide choice to parties, the Exchange shall disseminate information w.r.t. brief profile, qualification, areas of experience/ expertise, number of arbitration matters handled, pre-arbitration experience, etc. of the arbitrators on its website."

[245] New Sub-clause 8.5.2 has been inserted pursuant to clause 3.4 of SEBI Circular CIR/MRD/DSA/24/2010 August 11, 2010

[246] New sub-clause 8.5.3 has been inserted pursuant to SEBI Circular No. CIR/CDMRD/DEICE/02/2015 dated November 16, 2015 and clause 4 of SEBI Circular CIR/MRD/DSA/24/2010 August 11, 2010.

the Government / SEBI;

h. endeavor to pass award expeditiously and in any case not later than the time as may be prescribed; and

i. pass reasoned and speaking awards.

j. such other conditions as may be prescribed by the Relevant Authority from time to time.

[247]**8.5.4 PERFORMANCE APPRAISAL, REVIEW AND TRAINING OF ARBITRATORS**

The performance of the Arbitrators are subject to review and training as prescribed.

[248]**8.6 PROCEDURE FOR APPOINTMENT OF ARBITRATORS**

[249]8.6.1. The appointment of Arbitrator(s) shall be from the Common Pool of the Arbitrator(s) through an Automatic Process as may be prescribed and provided by the Exchange from time to time.

8.6.2. 'Common pool' of Arbitrators will consist of Arbitrators listed on the panels of all national commodity derivatives exchanges/having nation-wide trading terminals.

8.6.3. This list shall be made publicly available including by way of display on the Exchange website.

8.6.4. The pooling of arbitrators will be done investor service centre-wise.

8.6.5. If the client and member (stock broker, member or clearing member) fail to choose the Arbitrator(s) from the Common Pool, the Arbitrator(s) will be chosen by an 'Automatic Process' wherein neither the parties to arbitration (i.e. client or member) nor the Stock Exchanges will be directly involved.

8.6.6. The 'Automatic Process' will entail a randomized, computer generated selection of Arbitrator, from the list of Arbitrators in the 'Common Pool'.

8.6.7. The selection process shall be in chronological order of the receipt of arbitration reference i.e. only after selecting an arbitrator for the former arbitration reference received, selection for the latter shall be taken up.

8.6.8. The 'Automatic Process' will send a system generated, real time alert (sms, email etc.) to all entities involved in the particular case. Further, the communication for the appointment of the Arbitrator will be sent immediately and, in any case, not later than the next working day from the day of picking of the Arbitrator. This communication will be sent by the RAC to which the dispute has been referred, to all concerned entities including clients, arbitrators, members, etc.

8.6.9. In case of any probable conflict of interest in an arbitration reference being assigned to any Arbitrator the Arbitrator will have to upfront decline the arbitration reference.

8.6.10. In case of probable conflict of interest in first reference the 'automatic process' will pick the name of another Arbitrator. This will continue till the time there is no conflict

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[247] New Sub-clause 8.5.4 has been inserted pursuant to SEBI circular CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017

[248] The existing Clause has been renumbered as 8.6.

[249] The existing Sub-clause have been substituted with new Sub-clauses pursuant to clause 2.C. SEBI Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015 and have numbered it as 8.6.1 to 8.6.15

of interest, by the selected arbitrator.

8.6.11. The process of appointment of arbitrator shall be completed by the Exchange within 30 days from the date of receipt of arbitration application.

8.6.12. Provided, however for the purpose of para 8.6.11 above the date of receipt of application shall be the date of receipt of duly filled and executed application along with applicable Arbitration Fee at the Exchange.

8.6.13. Provided, however that in case the arbitrator declines the arbitration reference, the 'automatic process' will pick the name of another Arbitrator. In this regard, the time limit of 30 days as mentioned herein may be further extended as may be necessary.

8.6.14. In case of conflict of interest, the concerned arbitrator shall keep the Exchange informed within 15 days of receipt of communication from the Exchange of his/ her appointment as Arbitrator in a reference. Such communication shall be sent by way of registered post or any other means which ensures proof of delivery.

[250]8.7 VACANCY IN THE OFFICE OF THE ARBITRATOR

[251]8.7.1. The vacancy if any in the office of the Arbitrator shall be filled as per the Automatic Process from the common pool of the Arbitrator(s).

8.7.2. The communication of the vacancy, if any, shall be done in such form and manner as specified in the Arbitration and Conciliation Act, 1996.

[252]8.8 DEPOSIT/FEES TOWARDS [253] ARBITRATION [254]FEE

[255]8.8.1. The parties to the claim, difference or dispute shall bear the[256] cost of arbitration. For this purpose, both the parties to arbitration shall make a deposit with the Exchange along with [257]such Form [258]as may be specified by the Relevant Authority. The amount of deposit required to be placed by the parties to the dispute shall be as determined by the Relevant Authority from time to time keeping in view the amount of claim and the cost. The deposits shall be utilized for defraying the costs that may be incurred for conducting the arbitration proceeding provided when there is failure, neglect or refusal by Respondent, being a Constituent, to make a deposit accordingly, the Applicant shall be responsible for making such deposit without prejudice however to its rightto recover the same from such Respondent in terms of the award.

8.8.2. The Exchange shall have the right to recover the deposit from the Member from the moneys due to it if the Member fails to make the deposit. In case of failure by the party making the reference to provide such deposit or if the amount lying with the Exchange to the account of the member being insufficient to meet the requirement, the arbitration proceedings may be suspended up to a period of 15 days and where such suspension

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[250] The existing Clause has been renumbered as 8.7.

[251] The existing Sub-clause has been substituted with new Sub-clauses and numbered it as 8.7.1 & 8.7.2 respectively. The Sub-clause earlier read as under:
"*If the office of the sole arbitrator or any one or more of the arbitrators in the panel of arbitrators falls vacant after the appointment thereto, the Exchange shall fill up the vacancy within 7 days of such vacancy. For this purpose, the list of names of eligible persons in Form No. II/IIA already submitted by the Applicant and by the Respondent shall be considered.*"

[252] The existing Clause has been renumbered as 8.8.

[253] The existing words "*COST OF*"' have been deleted pursuant to Sub-clause 13.2.8. of SEBI Master Circular dated 10.07.2020.

[254] New word "FEE" has been inserted pursuant to Sub-clause 13.2.8. of SEBI Master Circular dated 10.07.2020

[255] The existing sub-clauses have been renumbered as 8.8.1 to 8.8.9 respectively.

[256] New word "*the*" has been inserted.

[257] New word "*such*" has been inserted.

[258] The existing words "No. I/IA or Form *No. III/IIIA as the case may be*" have been substituted with new words "*as may be specified by the Relevant Authority. The amount of deposit which has to deposited by the parties to the dispute shall be as determined by the Relevant Authority from time to time keeping in view the amount of claim and the cost. The deposits shall be utilized*".

continues beyond such period by reason of non-payment, the proceedings shall be terminated forthwith in respect of the claim or counter claimas the case may be.

8.8.3. Without prejudice to provisions of Clause ([259]8.8.1. & 8.8.2) above, in any claim, difference or dispute to which an agentof the Member is a party, and if the agent of the Member fails to make the deposit with the Exchange in accordance with the provisions of Clause (8.8.1. & 8.8.2) above, then the Member to whom such agent of the Member is affiliated shall be liable to make the deposit with the Exchange.

[260]***DELETED***

[261]8.8.4. The members are required to file claims within the stipulated timelines as prescribed by the SEBI from time to time. Further, in case member fails to file the claim within the prescribed timelines, the member shall be liable to pay such additional fee(s) as prescribed by the SEBI from time to time. Further the Exchange shall notify such additional fee(s) as may be prescribed by SEBI from time to time with respect to the claims that are filed after the stipulated timelines.

8.8.5. The refund or appropriation of deposits made by the parties while filing an arbitration application shall be in the manner and in accordance with the structure as may be prescribed by the Exchange/SEBI from time to time.

[262]8.8.6. All deposits towards costs and expenses shall be made with the Exchange and no payment shall be released to the arbitrators directly by the parties.

8.8.7. Notwithstanding what is mentioned at [263]clause 8.8.1 and 8.8.2 above [264]and unless otherwise specified by the Relevant Authority, the Exchange may call for such additional deposits as it may deem fit if in its opinion the deposits already made will be insufficient to defray the expenses of arbitration. Such additional deposits shall partake the character of deposit and shall be dealt with accordingly.

8.8.8. [265]Notwithstanding anything contained above, if the amount of claim/counterclaim is less than or equal to Rs.10 lakhs, then the Arbitration Fee attributable to the Constituent, whether Applicant or Respondent, shall be borne by the Exchange.

8.8.9. In all arbitration applications on issuance of the arbitral award, the deposit shall be refunded by the Exchange to the party in whose favor the arbitral award has been passed and shall be appropriated from the respective party's deposit against whom the Arbitration Award is passed. Further, the excess of Deposits if any, in case of Member who has delayed in filing the Arbitration Application shall be deposited in the IPF of the Exchange.

[266]8.9 PROCEDURE FOR ARBITRATION

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[259] The existing reference to Sub-section (a) has been substituted with new references 8.8.1 & 8.8.2 respectively.

[260] The existing Sub-clause (c) has been deleted. The Sub-clause earlier read as under:
"*The amount of deposit which has to be made by the parties to the dispute shall be as determined by SEBI/the Relevant Authority from time to time keeping in view the amount of claim and delay if any, in filing the Arbitration reference. The balance if any after adjusting the cost of arbitration therefrom shall be returned to respective party(ies). All deposits towards costs and expenses shall be made with the Exchange and no payment shall be released to the arbitrators directly by the parties.*"

[261] New Sub-clause 8.8.4 & 8.8.5 have been inserted pursuant to SEBI Circular No. CIR/MRD/DSA/24/2010 dated August 11,2010 and SEBI Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017.

[262] The existing Sub-clause (c) has been substituted with new Sub-clause 8.8.6.

[263] The existing reference to Sub-section (c) has been substituted with new references 8.8.1 & 8.8.2 respectively.

[264] New words "*and unless otherwise specified by the Relevant Authority*" have been inserted.

[265] New Sub-clause 8.8.8 & 8.8.9 have been inserted pursuant to Sub-clause 13.2.8. of SEBI Master Circular dated 10.07.2020.

[266] The existing clause has been renumbered the clause as 8.9.

[267]8.9.1. The Applicant shall submit to the Exchange application for arbitration in [268]such [269]Forms [270]as may be prescribed , (three copies in case of sole arbitrator and five copies in case of panel of arbitrators) along with the followingenclosures:

[271]a. The Statement of Case[272]/claim (containing all the relevant facts about the dispute and relief sought)

b. The Statement of Accounts

c. Copies of Member - Constituent Agreement

d. Copies of the relevant Contract Notes, [273]ledgers, Invoice and Delivery Challan [274]etc.

[275]8.9.2. The Applicant shall also submit to the Exchange the following along with [276]such form as may be prescribed along with a cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favor of National Commodity & Derivatives Exchange Limited [277]and list of names of the persons eligible to act as arbitrators.

[278] ***DELETED***

8.9.3. If any deficiency/defect in the application is found, the Exchange shall call upon the Applicant to rectify the deficiency/defect and the Applicant shall rectify the deficiency/defect within 15 days of receipt of intimation from the Exchange. If the Applicant fails to rectify the deficiency/defect within the prescribed period, the Exchange shall return the deficient/defective application to the Applicant. However, the Applicant shall have the right to file a revised application, which shall be considered as a fresh application for all purposes and dealt with accordingly.

8.9.4. Upon receipt of [279]such form as may be prescribed, , the Exchange shall forward a copy of the statement of case[280]/claim and related documents to the Respondent.

8.9.5. Upon receiving [281]such arbitration application of Applicant , the Respondent shall submit [282]his/her preference of arbitrator(s) in prescribed format to the Exchange within 7 days from the date of receipt. If the Respondent fails to submit [283]the preference within the time period prescribed by the Exchange, then the arbitrator shall

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[267] The existing sub-clauses have been renumbered as 8.9.1 to 8.9.7 respectively.
[268] New word "*such*" has been inserted.
[269] New alphabet "*s*" has been inserted to the existing word "*Form*".
[270] The existing words and symbols "*No. I/IA*" have been substituted with new words "*as may be prescribed*".
[271] The existing Sub-section of Sub-clause 8.9.1 have been renumbered a. to d. respectively.
[272] New word and symbol "*/claim*" has been inserted.
[273] New word "*ledgers*" has been inserted.
[274] New word "*etc.*" has been inserted.
[275] The existing sub-clause (b) and its sub-sections have been merged.
[276] The existing words "*Form No. I/IA*" have been substituted with new words "*such form as may be prescribed along with a*".
[277] The existing words "*ii. Form No. II/IIA containing*" have been substituted with new word "*and*".
[278] The Existing sub-clause (c) has been deleted. The Sub-clause earlier read as under:
"*The amount of deposit, which has to be deposited by the parties to the dispute shall be as determined by the Relevant Authority from time to time keeping in view the amount of claim and the cost of arbitration and such amount shall be deposited by the parties in equal shares towards the cost of arbitration. The balance if any after adjusting the cost of arbitration therefrom shall be returned to respective party(ies). All deposits towards costs and expenses shall be made with the Exchange and no payment shall be released to the arbitrators directly by the parties.*"
[279] The existing words "*Form No. I/IA*" have been substituted with new words "*such form as may be prescribed*".
[280] New word and symbol "*/claim*" has been inserted.
[281] The existing words "*Form No. I/IA*" have been substituted with new words "*such arbitration application of Applicant*"; and respectively under sub-clause 8.9.5 for better applicability.
[282] The existing words "*Form II/IIA*" have been substituted with new words "*his/her preference of arbitrator(s) in prescribed format*".
[283] The existing words "*Form II/IIA*" have been substituted with new words "*the preference*".

be appointed in the manner as specified in the [284]Regulations.

8.9.6. Upon receiving [285]such documents as may be prescribed, from the Respondent, the arbitrator shall be appointed as per the procedure prescribed in [286]Regulations.

8.9.7. The Respondent(s) shall within 15 days from the date of receipt of [287]such documents from the Exchange, submit to the Exchange in [288]such Forms as may be prescribed three copies in case of sole arbitrator and five copiesin case of panel of arbitrators [289]the following enclosures:

[290]a. The Statement of Reply (containing all available defences to the claim)

b. The Statement of Accounts.

c. Copies of the relevant Contract Notes, Invoice, Delivery Challan etc.

d. Statement of the defence or counter claim along with statements of accounts and copies of relevant contract notes and bills

e. The Respondent shall also submit to the Exchange a cheque/pay order/demand draft for the deposit payable at Mumbai in favour of National Commodity & Derivatives Exchange Limited along with such forms as may be prescribed from time to time.

f. If the Respondent fails to submit such forms as may be prescribed from time to time within the prescribed time, then the arbitrator may proceed with the arbitral proceedings and make the award ex-parte.

g. Upon receiving the prescribed documents from the Respondent, the Exchange shall forward one copy of the same to the Applicant. The Applicant shall within ten days from the date of receipt of copy of documents/forms, submit to the Exchange its response to the reply filed by the respondents including counterclaim, if any.

h. The time period to file any pleading referred to herein may be extended for such further periods as may be decided by the arbitrator depending on the circumstances of the matter.

[291]8.10 REQUIREMENT FOR HEARINGS

[292]8.10.1. No hearing shall be required to be given to the parties to the dispute if the value of the claim difference or dispute is [293]Rs.75,000 or less [294]or as prescribed . In such a case the arbitrator/s shall proceed to decide thematter on the basis of documents submitted by both the parties provided however the arbitrator for reasons to be recorded in writing may hear both the parties to the dispute.

8.10.2. If the value of claim, difference or dispute is more than [295]Rs.75,000 [296]or as prescribed

[284] New alphabet "*s*" has been inserted to the existing word "*Regulation*".
[285] The existing words "*Form No. II/IIA*" have been substituted with new words "*such documents as may be prescribed*".
[286] New alphabet "*s*" has been inserted to the existing word "*Regulation*".
[287] The existing words "*Form No. I/IA*" have been substituted with new words "*such documents*".
[288] The existing words "*Form No. III/IIIA*" have been substituted with new words "*such Forms as may be prescribed*".
[289] The existing words "*along with*" have been deleted.
[290] The existing Sub-sections under Sub-clause 8.9.7 have been amended & numbered from a. to h. respectively.
[291] The existing clause has been renumbered as 8.10.
[292] The existing sub-clauses have been renumbered from 8.10.1 to 8.10.3 respectively.
[293] The existing amount of "*Rs. 25,000*" shall be substituted with "*Rs. 75,000*".
[294] New words "*or as prescribed*" have been inserted.
[295] The existing amount of "Rs. 25,000" shall be substituted with "Rs. 75,000"
[296] New words "*or as prescribed*" have been inserted.

, the arbitrators shall offer to hear the parties to the dispute unless both parties waive their right for such hearing in writing.

[297]**8.10.3 Discretion to pass interim orders:**

The arbitrator/s may issue such orders or directions as may be deemed necessary including orders or directions for safeguarding, interim custody, preservation, protection, storage, sale or disposal of the whole or part of the subject matter of the dispute or for its inspection or sampling without prejudice to the rights of the parties or the final determination of the dispute.

[298]**8.11 NOTICE OF HEARING**

Unless otherwise specified, the Exchange shall in consultation with the arbitrator determine the date, the time and place of the first hearing. Notice for the first hearing shall be given at least ten days in advance, unless the parties shall, by their mutual consent, waive the notice. The arbitrator shall determine the date, the time and place of subsequent hearings of which the Exchange shall give a notice to the parties concerned.

[299]**Attendance at hearing**

The arbitrator/s may commence, proceed with, continue or conclude the reference notwithstanding any failure by a party to comply with any of the directions of the arbitrator/s and may also proceed withthe arbitral proceedings in the absence of any or both the parties who fail or neglect to attend at the time and place appointed by the arbitrator/s, inspite of due notice.

[300]**8.12 ADJOURNMENT OF HEARING**

[301]**8.12.1.** If any party to the reference wants to make an application for adjournment of hearing by the arbitrator the party shall make an application in writing giving reasons for seeking adjournment to the Exchangesufficiently in advance to enable the Exchange to forward such request to the arbitrator. The arbitrator at his discretion may grant the adjournment subject to such conditions as deemed fit by him.

8.12.2. Any person representing the Constituent in the arbitral proceedings shall be permitted to do so on production of a power of attorney duly executed and notarized by the Constituent in his favor, provided however in case of a Member, he shall appear in the hearings on his own or through his authorized representative. For the purpose of this Regulation, an authorized representative in case of a Member who is

(a) an individual -an employee or authorized person, as defined in these Regulations, of such Member; or

(b) a partnership firm -any partner or employee or authorized person, as defined in theseRegulations, of such Member; or

c) a company - any director or employee or authorized person, as defined in these Regulations, of such Member.

[302]**8.13 ARBITRAL AWARD ON AGREED TERMS**

If after the appointment of an arbitrator, the parties settle the dispute, then the arbitrator shall record the settlement in the form of an arbitral award on agreed terms.

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[297] New Sub-clause shall be inserted pursuant to Circular dated February 7, 2005.
[298] The existing clause has been renumbered as 8.11.
[299] New paragraph with the heading "*Attendance at Hearing*" has been inserted after Sub-clause 21.11.
[300] The existing clause has been renumbered as 8.12.
[301] The existing paragraph have been numbered as Sub-clauses 8.12.1 & 8.12.2 respectively.
[302] The existing clause has been renumbered as 8.13.

[303]8.14 MAKING OF ARBITRAL AWARD

[304]8.14.1. The arbitral award shall be in writing and [305]duly [306]stamped, dated and signed by the sole arbitrator or in case of a panel of arbitrators by [307]each of the three arbitrators.

8.14.2. The arbitrator[308]/presiding arbitrator shall file all the three original awards with the Exchange. [309]The Exchange shall arrange to send one original each to the parties to the dispute and the Exchange shall retain [310]one original [311]in its records.

[312]8.14A IMPLEMENTATION OF ARBITRAL AWARD IN FAVOR OF CLIENTS

[313]8.14A.1 In case the arbitral / appellate arbitral award is in favour of the client, the Exchange shall, on receipt of the same, debit the amount of the award from the security deposit or any other monies of the member (against whom an award has been passed) and keep it in a separate escrow account.

8.14A.2 The Exchange shall implement the arbitral award, by making payment to the client, along with interest earned on the amount that has been set aside, as soon as the time for preferring an appeal before the appellate panel of arbitrators has expired and no appeal has been preferred.

8.14A.3 The Exchange shall implement the appellate arbitral award, by making payment to the client, along with interest earned on the amount that has been set aside, as soon as: -

a. the time for making an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996 has expired, and no application has been made, or

b. when an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996, having been made, it has been refused by such Court, or

c. an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996, having been made, but where no stay has been granted by such Court within a period of three months from the date on which the party making that application had received the appellate arbitral award.

[314]8.15 COUNTER-CLAIM AND REPLY TO COUNTER-CLAIM

The Respondent in an arbitration proceeding may make a counter-claim against the Claimant provided the counter-claim arises under the same transaction as the original claim. The Respondent shall submit the counterclaim with full details supported by all documents and information forming the basis of counterclaim within the period laid down in the Regulations for submission of the defence statement/reply to the original claim. The original Claimant may, within such period, or within such extended time as may be permitted by the arbitrator/s, submit a statement in reply to the counter-claim.

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[303] The existing clause has been renumbered as 8.14.
[304] The existing sub-clause has been renumbered as 8.14.1 & 8.14.2 respectively
[305] The existing words "*made in three originals*" shall be deleted.
[306] New word "*stamped*" have been inserted.
[307] The existing word "*all*" has been substituted with new words "*each of*".
[308] New words "*/presiding arbitrator*" has been inserted.
[309] New words "*The Exchange*" has been inserted.
[310] The existing words "*the stamped*" has been substituted with new word "*one*".
[311] The existing words "*award*" have been substituted with new words "*in its records*".
[312] New Clause has been inserted pursuant to clause 9 of SEBI Circular CIR/MRD/DSA/24/2010 August 11, 2010 and numbered it as 8.14A.
[313] New Sub-clauses have been inserted and numbered it as 8.14A.1 to 8.14A.3.
[314] The existing Clause has been numbered as 8.15.

[315]**8.16 INTEREST**

The arbitrator may include in the sum for which the award is made, [316]the rate of interest to be awarded on the Award amount passed by the Arbitrator which shall be in compliance with the Arbitration and Conciliation (Amendment) Act, 2015, as amended from time to time.

[317]***DELETED***

[318]**8.17 ARBITRATOR'S FEES [319]AND CHARGES, COSTS, ETC**.

[320]8.17.1. The fees and expenses payable to arbitrator shall be as determined by [321]the Relevant Authority[322]/ SEBI from time to time.

[323]***DELETED***

[324]8.17.2. All fees and charges relating to the appointment of the arbitrator and conduct of arbitration proceedings shall be borne by the parties in the manner and proportions prescribed by SEBI or as/may be decided by the arbitrator or Relevant Authority from time to time.

8.17.3. The costs, if any, to be awarded to either of the party in addition to the fees and charges that have to be borne by the parties for conducting the arbitration shall be decided by the arbitrator [325]in line with SEBI directives, if any.

8.17.4. Unless the arbitrator directs otherwise each party shall bear their own expenses of traveling and other incidental expenses incurred.

8.17.5. Other fees and expenses incurred: The arbitrator/s shall be entitled to allow fees and expenses of witnesses, expenses connected with the selection and carriage of sample and examination of goods, Licensed Measure's Department or Assayers'/quality certifying agencies' charges, conveyance, hire, cost of legal or technical advice or proceedings in respect of any matter arising out of the arbitration and any other incidental expenses and charges in connection with or arising out of the reference or award as the arbitral tribunal may, in its absolute discretion, think fit.

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[315] The existing Clause has been renumbered as 8.16

[316] The existing words "*interest at such rate on such sum and for such period as the arbitrator deems reasonable*" shall be substituted with new words "*the rate of interest to be awarded on the Award amount passed by the Arbitrator which shall be in compliance with the Arbitration and Conciliation (Amendment) Act, 2015, as amended from time to time*".

[317] The existing Sub-clause (b) has been deleted. The Sub-clause earlier read as under:
"*A sum directed to be paid by an award shall, unless the award otherwise directs, carry interest at the rate of eighteen per centum per annum from the date of the award to the date of payment*".

[318] The existing clause has been renumbered as 8.17.

[319] New words "*AND CHARGES*" have been inserted.

[320] The sub-clause under 8.17 has been renumbered as 8.17.1 to 8.17.5 respectively.

[321] The existing word and symbol "*SEBI/*" shall be deleted.

[322] New word and symbol "*/SEBI*" shall be inserted.

[323] The existing Sub-clauses (aa) & (aaa) have been deleted. The Sub-clauses earlier read as under:
"*(aa)Additional Fee as determined by SEBI from time to time shall apply to Trading Members filing Arbitration beyond the timelines prescribed by SEBI for the purpose thereof from time to time. Further,the said Additional Fee shall be non-refundable even if the arbitration award goes in favor of the trading member.*
(aaa) The additional expenses attributable to a Constituent over and above the Fee structure determined by SEBI, shall be borne by the Constituent (wherever applicable) and the Exchange equally. Thetotal expense attributable to the trading member has to be borne by the concerned Trading Mem".

[324] The existing Sub-clause (b) has been substituted with newly numbered Sub-clause 8.17.2. The Sub-clause earlier read as under:
"*All the charges relating to conduct of arbitration proceedings shall be borne by the parties to the reference equally or in such proportions as may be decided by the arbitrator.*"

[325] New words "*in line with SEBI directives, if any*" have been inserted.

[326]8.17A DECLARATION OF DEFAULT

A client shall be identified as a Defaulter upon:

a) non-payment of the Award amount to the Member as directed in the GRC Order or Arbitration/Appellate Arbitration Award

b) fails to prefer an Appeal to the next level of Redressal mechanism within the timelines prescribed by the Exchange/SEBI

c) fails to prefer an application u/s. 34 of the Arbitration and Conciliation Act, 1996.

[327]8.18 COMBINING OF CLAIMS

Where there are two or more applications for arbitration and the issue involved in the dispute arises out of similar transactions, the Relevant Authority may, if in his opinion it is proper to do so, with the consent of the parties, fix the hearings of the disputes to be heard jointly or refer the applications for separate hearings where the parties do not so consent. Where the applications are heard jointly, the awards, however, shall be given separately for each dispute.

[328]***DELETED***

[329]8.19 ADMINISTRATIVE ASSITANCE, WHICH MAY BE PROVIDED BY THE EXCHANGE

The Exchange shall-

(a) maintain a register of references;

(b) receive all applications for arbitration and communications addressed by the parties before or during the course of arbitration proceedings or otherwise in relation thereto;

(c) [330]Provide facility to the investors to type/convert their documents into electronic format/soft copy, for being provided to arbitrators along with original submission in physical copies.

(d) receive payment of all costs, charges, fees and other expenses;

(e) give notices of hearing and all other notices to be given to the parties before or during the course of the arbitration proceedings or otherwise in relation thereto;

(f) communicate to the parties all ordersand directions of the arbitrator;

(g) receive and record all documents and papers relating to the reference and keep in custody all such documents and papers except such as the parties are allowed to retain;

(h) communicate the award on behalf of the arbitrator;

(i) generally do such things and take all such steps as may be necessary to assist the arbitrator in the execution of their function.

[331]8.20 DUTY OF THE PARTIES TO THE DISPUTE

The parties shall do all acts necessary to enable the arbitral tribunal to make an award expeditiously and shall not do or cause or allow to be done, any act which may delay the proceedings or prevent arbitral tribunal from making an award expeditiously, and if any party does cause or allow to be

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[326] New clause has been inserted pursuant to Sub-clause 2). A. iv of SEBI Circular CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017 and numbered it as 8.17A.

[327] The existing Clause 21.18 has been renumbered it as 8.18.

[328] The existing Clauses 21.19 & 21.20 have been deleted.

[329] The existing Clause 21.19 has been renumbered as clause 8.19.

[330] New Sub-clause (c) has been inserted.

[331] The existing Clause 21.20 has been renumbered as clause 8.20.

done any act that may cause such delay, that party shall pay such costs as the arbitral tribunal deems reasonable.

[332]**8.21 EXPERT ADVICE**

The arbitrator/s shall have discretion at any time before making the final award and at the expense of the parties concerned, to consult and obtain the opinion of any person having special knowledge relating to the particular industry, commodity, produce or branch of trade concerned in the reference or any expert or qualified accountant and may also at the expenses of the parties, consult solicitors, counsel or advocates upon any technical question of law, evidence, practice or procedure arising in the course of the reference and the Arbitrator may rely upon such advice and shall be at liberty to determine, on merits, the question of requesting the expert for participating in the oral hearing and to testify thereat on the points at issue.

[333]**8.22 LANGUAGE**

The language of the arbitration proceedings and the award shall be English. If any documents filed by the parties are in a language other than English, the party filling such documents shall simultaneouslyfurnish an English translation of the documents.

[334]**8.23 MODE OF COMMUNICATION**

[335]8.23.1. Any communication sent by the Exchange to either of the parties shall be deemed to have been properly delivered or served, even if such communication is returned to the Exchange as unclaimed / refused / undelivered, if the same is sent to the ordinary business address and/or ordinary place of residence and/or last known address of the party, in any one or more of the following ways: -

[336]a.by post,

b. by registered post,

c. under certificate of posting

d. by speed post/courier services,

e by affixing it on the door at the last known business or residential address,

f. by oral communication to the party in the presence of a third person,

g. by advertising it in at least one prominent daily newspaper having circulation in the area where the last known business or residential address of Respondent is situated,

h. by sending a messagethrough the Trading System,

i. by electronic mail or fax

j by hand delivery

8.23.2 Any communication sent by either of the parties to the Exchange shall be made in any one or more of the following ways:

a. by post (ordinary or registered or speed) or Courier service

[337]***DELETED***

b. by fax

[332] The existing Clause 21.21 has been renumbered as clause 8.21.
[333] The existing Clause 21.22 has been renumbered as clause 8.22.
[334] The existing Clause 21.23 has been renumbered as clause 8.23.
[335] The existing Sub-clause have been renumbered as 8.23.1 & 8.23.2 respectively.
[336] The Sub-sections of Sub-clause 8.23.1 have been renumbered as a. to j respectively.
[337] The existing Sub-section (i) of Sub-clause of 8.23.2 "*by telegram*" has been deleted.

c. by hand delivery

[338]d. by electronic mail from registered email id

[339]8.23A. APPEAL

8.23A.1. A party aggrieved by an arbitral award may appeal to the appellate panel of arbitrators of the stock exchange against such award. An appeal before the appellate panel of arbitrators may be filed within one month from the date of receipt of arbitral award.

8.23A.2. A party filing an appeal before the Appellate Arbitrator shall pay such fees as prescribed by the Relevant Authority from time to time in addition to statutory dues (stamp duty, service tax, etc.) along with the appeal documents.

8.23A.3. The appellate panel shall consist of three arbitrators, at least one of whom shall be a Retired Judge. However, the persons appointed as the appellate panel shall not be the same as the Arbitrators appointed in the original reference.

8.23A.4. Unless otherwise specified in any other law or in any SEBI directives, the form and procedure for appointment of appellate panel of Arbitrator(s) shall be same as of the procedure of Arbitration prescribed under this Regulation.

8.23A.5. A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.

[340]8.23B. APPEAL AGAINST THE AWARD PASSED IN APPEAL

8.23B.1. An aggrieved party may file an application under section 34 of the Arbitration and Conciliation Act, 1996, if any, against the award/decision of the appellate arbitral tribunal.

8.23B.2. The Members are required to file application for appellate arbitration within one month of the date of receipt of arbitral award. Further as per section 34 (3) of the Arbitration and Conciliation Act, 1996 the Members have three months to make an application to set aside an arbitral/appellate award. In this regard, the Members shall convey their intention to Stock Exchanges within 7 days of receipt of the award, as regards whether such Members desire to challenge the arbitration award/appellate arbitration award in Court.

8.23B.3. If the Member(s) does not express his/her intention to challenge the arbitration award/appellate arbitration award, then it would be presumed that such Member(s) does not intend to challenge the award and the Exchange shall take such further steps accordingly.

[341]8.23C. FORMS/DOCUMENTS

The Forms/documents for Arbitration and Appellate Arbitration shall be prescribed and notified by the Exchange through its Circulars from time to time.

[342]NOTE: For the purpose of this Regulation 8, the amount(s) and timeline(s) mentioned herein

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[338] New Sub-section d. "*by electronic mail from registered email id*" has been inserted.

[339] New clause has been inserted pursuant to Clause 6 of SEBI Circular No. CIR/MRD/DSA/24/2010 dated August, 11,2010 and numbered it as 8.23A.

[340] New clause has been inserted pursuant to SEBI Circular CIR/MRD/ICC/30/2013 26 September, 2013 and numbered it as 8.23B.

[341] New clause has been inserted and numbered as 8.23C.

[342] An enabler has been inserted.

above shall be subject to such change(s) as may be prescribed by SEBI and/or Relevant Authority from time to time.

Form No. I Arbitration Application

Name of Applicant:

Status: Member / Constituent Address (Office/ residence)
Tel: Off res.

Mobile Tel. No.

Email Id:
To,
Officer
ISC Department,

National Commodity & Derivatives Exchange Ltd Mumbai/ New Delhi/ Kolkata/ Hyderabad

Sir/ Madam,

I/We, am/are a Member of the Exchange/Constituent of * (please mention name of Member).

I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Bye laws, Rules and Regulations of the Exchange which has arisen and is now pending between me and the following person/ entity.

Name:Status: Member of the Exchange/ Constituent*

Office /residential Address:

Tel: Off res.
Fax: Off res.

The amount of claim in the matter is:

(a) Rs. (in words) (Rupees only)

(b) In case of Commodities give details

i) Commodity Name/s ii) Calculate Market Value of Commodities as on the date of application (Add the market value of commodities to the claim amount giving the breakup of the claim)

Please find enclosed a Cheque No. dated of bank in favor of National Commodity and Derivatives Exchange Limited for an amount of Rs. (Rupees only) payable at Mumbai/Delhi/ Kolkata/ Hyderabad etc towardsArbitration deposit fees for defraying costs and expenses of arbitration.

Hearing related:

I/We state that I do not want a hearing from the arbitrator/ I do want a hearing from the arbitrator *

Signature of Applicant

Date:

Place Note:

NOTE:

1) The Applicant shall put his/her signature on all the pages of the documents submitted along with this form and if the Applicant is a firm/company, the rubber stamp of the firm/company shall beaffixed on all the pages. If the Applicant is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution as the case may be along with this form.

2) Five names are to be suggested from the list of persons eligible to act as arbitrators.

* Strike whichever

Arbitration Defence/ Counter claim

Name of Applicant:

Status: Constituent/Member

Office/Residential Address of Applicant

Tel: Office Res.

Fax: Office Res. .

_____

Mobile No. Tel No

To,
ISC Department,

National Commodity and Derivatives Exchange Limited,Mumbai
Sir/Madam,

I/We, am/are a Member of the ExchangeConstituent of _____ (please mention name of Member).

I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Bye laws, Rules and Regulations of the Exchange which has arisen and is now pending between me and the following

Member/Client Name:

Status:

Registered Office:

Tel: Off ___ res. __

Fax: Off___ res. __

The amount of counter claim (if any) in the matter is:

(a) Rs. _____ (in words) (Rupees _____ only)

(b) Commodities details

i) Commodity Name/s _____ ii) Date of transaction on the Exchange _____

Please find enclosed a Cheque No. _____ dated _____ issued by _____ bank in favor of National Commodity and Derivatives Exchange Limited for an amount of Rs. _____ (Rupees _____only) payable at Mumbai towards Arbitration deposit for defraying costs and expenses of arbitration.

Hearing related:
I/We state that I/we want / do not want a hearing from the arbitral tribunal

Signature of Applicant

Date: _____ Place: _____
Note:

1) The Opposite party shall put his/her signature on all the pages of the documents submitted along with this form and if the Opposite party is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages. If the Opposite party is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution as the case may be along with this form.

2) Five names are to be suggested from the list of persons eligible to act as arbitrators.

* Strike out whichever is not relevant.

[343]Format
Preference of Arbitrators
To,
ISC Department,
National Commodity and Derivatives Exchange Limited,
Mumbai

Sir/Madam,
In the present arbitration matter, the names of persons chosen by me/us as arbitrators from the list of eligible persons to act as arbitrators are given below in descending order of preference

1. 2. 3. 4.
5.

Yours faithfully,Signature
Date:

Place:

Note: Five names are to be suggested from the list of persons eligible to act as Arbitrators.

[343] Earlier Form replaced with the format mentioned above.

[344] ***DELETED***

[345]9. INSPECTION

[346]9.1 INSPECTION AUTHORITY

Where it appears to the Exchange so to do, it may appoint one or more persons as inspecting authority to undertake inspection of books of accounts, other records and documents of the Members for anyof the purposes specified in Regulations.

[347]9.1.1. The Inspecting authority appointed by the Exchange may be either its own officials or outside professionals.

9.1.2. When the Exchange appoints outside professionals as an inspecting authority, it shall notify the Member the names and addresses of the professionals or firms so appointed as an inspectingauthority at the time of inspection.

9.1.3. When outside professionals are appointed as an inspecting authority in respect of a Member and such professionals are already related in any other capacity with the Member then such member shall forthwith inform the Exchange of such relationship.

9.1.4. Where after appointment of any outside professional as an inspecting authority in respect of a Member, the Member or any of its associates engages the inspecting authority for its services in anyother capacity, the inspecting authority shall not engage itself in such other professional capacity with the Member or any of its associates without prior consent of the Exchange.

The purposes referred to in regulation above shall be as follows, namely:

a) to ensure that the books of accounts and other books are being maintained in the manner required;

b) to ensure that provisions of the [348]Securities Contracts (Regulation) Act, 1956 is being complied with;

c) to ensure that various provisions of NCDEX Bye-laws, Rules and Regulations and any directions or instructions issued there under are being complied with;

d) to investigate into the complaints received from investors, other [349]Members of the Exchange or any other person on any matter having a bearing on the activities of the Member;

e) to investigate suo-moto, for any reason where circumstances so warrant an inspection into the affairs of theMember in public interest;

f) to examine whether any notices, circulars, instructions or orders issued by the Exchange [350]and/or SEBI from time to time relating to trading and other activities of Members are being complied with;

g) to comply with any of the directives issued in this behalf by any regulating authority including Government of India.

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[344] Part D "*Miscellaneous*" has been relocated and renumbered as Chapter 10.
[345] The existing chapter 22 has been renumbered as 9
[346] The existing paragraph has been numbered as 9.1
[347] The Sub-clauses under 9.1 have been numbered as 9.1.1 to 9.1.4 respectively.
[348] The existing words "*Forward Contract (Regulation) Act, 1952*" have been substituted with new words "*Securities Contract (Regulation) Act, 1956*".
[349] The existing word "*members*" is substituted with new word "*Members*".
[350]New words and symbol "*and/or SEBI*" have been inserted.

[351]9.2 NOTICE

[352]9.2.1 Before undertaking any inspection under regulation, the Exchange shall give a reasonable notice to the Member for that purpose.

9.2.2 Notwithstanding anything contained in regulation, where the Exchange is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Member be takenup without such notice.

9.2.3 Exchange officials or the inspecting authority who is directed by the Exchange to undertake the inspection, shall undertake the inspection and the Member against whom an inspection is being carried out shall be bound to discharge his obligations as provided below.

[353]9.3 OBLIGATIONS OF A MEMBER ON INSPECTION

[354]9.3.1. It shall be the duty of every director, officer and employee of the Member, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said inspection authority may require.

9.3.2. The Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerized data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant.

9.3.3. The inspecting authority, in the course of inspection shall be entitled to examine or record statements of any member, director, officer and employee of the Member or of any associate of such Member.

9.3.4. It shall be the duty of every director, officer and employee of the Member or where an associate is examined, such associate to give to the inspecting authority all assistance in connection with the inspection,which the Member may be reasonably expected to give.

9.3.5. The inspecting authority shall be entitled to examine the records relating to the Member's financial affairs held with its bankers or any other agency, which the inspecting authority may find it relevant.

9.3.6. The inspecting authority shall have access to accounts and other records relating to the Member or such access as authorized by the Exchange to accounts and other records relating to any associate of the Member as are within the power of the Member to provide.

[355]9.4 SUBMISSION OF REPORT

The inspecting authority shall, as soon as possible submit an inspection report to the Exchange. All documents, papers, returns or their copies submitted to the inspecting authority may be retained by it on behalf of the Exchange. It shall maintain complete confidentiality thereof and no disclosure

[351] The existing Clause 22.2 has been renumbered to 9.2.
[352] The existing paragraphs have been numbered as 9.2.1 to 9.2.3 respectively.
[353] The existing Clause 22.3 has been renumbered as 9.3.
[354] The existing Sub clauses of 9.3 have been numbered from 9.3.1 to 9.3.6 respectively.
[355] The existing Clause 22.4 has been renumbered as 9.4.

of any information contained therein shall be made to any person, firm, company or authority unless requiredby any law for the time being in force and without approval of the Exchange in this regard.

[356]9.4.1. The Exchange shall after consideration of the inspection report communicate the findings to the Member to give him an opportunity of being heard before any action is taken by the Exchange on the findings of the inspecting authority. [357]Such representation by the Member shall be made within such period as prescribed by the Exchange.

9.4.2. On receipt of the explanation, if any, from the Member the Exchange may [358]impose penalties and / or call upon Member to take such measures as the Exchange may deem fit in public interest.

9.4.3. Notwithstanding anything contained in regulation, where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without givingan opportunity of being heard.

[359]9.5COLLECTION AND DISSEMINATION OF INFORMATION

[360]9.5.1. The Exchange may call upon the Members to furnish such information and /or explanation with regard to any constitution, dealings, settlement, account and/or other related matters.

9.5.2. The Exchange shall maintain the details of the clients of the members in confidence and that it shall not disclose to any person/ entity such details of the client as mentioned in the client registration form orany other information pertaining to the client except as required under the law or by any authority.

9.5.3. Notwithstanding anything contained in any of the Regulations, the Exchange may at its discretion disseminate to regulatory authorities or to the general public, any information including information relating to any trades, dealings, settlement of dealings, accounting, disciplinary action initiated/taken against Members and/or other matters relevant for enforcement or regulatory purposes.

[361]9.5.4. The Exchange shall be entitled to call for such information from the registered Clients/Constituents either through the Members with whom they are registered or directly as the case may be. Notwithstanding the same, in the event of failure to provide such information as may be sought by the Exchange, the Exchange shall be entitled to either levy such penalty or direct the member to not to accept any orders of such defaulting clients or both.

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[356] The existing Sub-clauses have been renumbered as 9.4.1 to 9.4.3 respectively.
[357] New words "*Such representation by the Member shall be made within such period as prescribed by the Exchange.*" have been inserted.
[358] New words and symbol "*impose penalties and / or*" have been inserted.
[359] The existing Clause 22.5 has been renumbered as 9.5.
[360] The existing paragraphs under Clause 9.5 have been numbered as 9.5.1 to 9.5.4 respectively.
[361] New Sub-clause 9.5.4 has been inserted.

[362]10 MISCELLANEOUS

[363]10.1 CONFLICT BETWEEN RULES, BYE LAWS AND REGULATION

[364]10.1.1. In event of any conflict between Regulations and Bye Laws, the contents of Bye Laws shall supersede and in the event of any conflict between Rules and Bye Laws or Rules and Regulations, the Rules shall supersede.

10.1.2. Without prejudice to the generality of above, in case of any ambiguity or any confusion with regard to any of the provisions of Regulation, the clarification given by Exchange shall be binding.

[365]10.2 MODIFICATION

Subject to the provisions of the [366]Securities Contracts (Regulation) Act, 1956, the Exchange shall have right to modify, substitute or alter these regulations at any time if deemed appropriate by the Exchangein the interest of the regulation of the commodity and/ or derivatives market.

[367]10.3 GOVERNING LANGAUGE

All Rules, Notices, writings, Circulars, instructions and documents issued by the Exchange under these Regulations in relation to the operation and functions of the Exchange shall be in the English language. For the convenience of members, the Exchange may publish Notice and/or Circulars in any other language in addition to English. In case of any discrepancy between the different versions of any Notice and/or Circular, the English version shall prevail.

[368]10.4 MEASURES TO MEET EMERGENCIES

10.4.1. If in the opinion of the Relevant Authority of Exchange, an emergency exists or has arisen or is likely to occur or if in its opinion the conditions are such as to make free trading in commodities / contracts extremely difficult, the Relevant Authority of Exchange may by a resolution take such action as it deems fit for stabilizing the market. Any power exercised by the Relevant Authority under this provision shall be subject to directions, if any, issued by the [369]Securities and Exchange Board of India.

[370]10.4.2. The Exchange may deal with the likelihood of default by a member in repayment of funds or securities to its Clients or failure to meet the obligations to Exchange in the manner and as per process put in place and/ or as per regulatory guidelines in force.

[371]10.5 FEES AND CHARGES

Notwithstanding anything contained in these Regulations, the Exchange may prescribe any additional fees, charges which a Member would be required to pay to the Exchange for any activity or processes which the Exchange may prescribe and notify to the Members by issuance of a circular or which may be required to be levied on a Member as per directives from SEBI.

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[362] The existing Chapter "*Chapter 10: Miscellaneous*" has been relocated.
[363] The existing Clause 23 has been renumbered as 10.1
[364] The paragraphs under newly numbered Clause 10.1 has been numbered as 10.1.1 & 10.1.2 respectively.
[365] The existing Clause 24 has been renumbered as 10.2
[366] The existing words "*Forward Contract (Regulation) Act, 1952*" have been substituted with new words "*Securities Contract (Regulation) Act, 1956*".
[367] New clause 10.3 has been inserted.
[368] The existing Clause 25 has been renumbered as 10.4
[369] The existing words "*Forward Market Commission*" has been substituted with new words "*Securities and Exchange Board of India*".
[370] New sub clause 10.4.2 has been inserted pursuant to SEBI Circular: SEBI/HO/MIRSD/ DPIEA/CIR/P/2020/115 dated 1st July, 2020
[371] New Clause 10.5 has been inserted

[372]10.6 SECURITIES CONTRACTS (REGULATION) ACT, 1956

Notwithstanding anything contained in these Regulations, these Regulations shall be subject to the provisions of [373]Securities Contracts (Regulation) Act, 1956 and Rules framed thereunder as in force ,directions of [374]Securities and Exchange Board of India and applicable Laws from time to time. .

[375]10.7. SAVINGS

[376]10.7.1. Save as otherwise specifically provided in these Regulations, the Exchange, Clearing House/Corporation, its directors, employees and agents while performing functions of regulating, promoting, facilitating, assisting, operating or performing any function under Rules, Bye laws and these Regulations, shall not be deemed to have incurred any liability and accordingly no claim or recourse shall lie against theExchange, Clearing Houses, their employees, directors or authorized persons.

10.7.2. No claim, suit, prosecution or other legal proceedings shall lie against the Exchange/Clearing House, their directors, employees or any authorized persons in respect of anything which is in good faith done or intended to be done in order to regulate the functions of Exchange or done or intended to be done in pursuant to any orders issued by [377]Securities and Exchange Board of India or any other authority under law forthe time being in force.

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[372] The existing Clause has been renumbered as 10.6

[373] The existing words, "*Forward Contract (Regulation) Act, 1952*" have been substituted with new words "*Securities Contract (Regulation) Act, 1956*".

[374] The existing words "*Forward Market Commission*" have been substituted with new words "*Securities and Exchange Board of India and applicable Laws from time to time*".

[375] The existing Clause 27 has been renumbered as 10.7

[376] The existing Sub-clauses 27.1 & 27.2 are renumbered as 10.7.1. & 10.7.2 respectively.

[377] The existing words "*Forward Market Commissions*" have been substituted with new words "*Securities and Exchange Board of India*".

REVISED FORMAT –

ANNEXURE A - CONTRACT NOTE IS S UED BY MEMBERS ACTING FOR CONS TITUENTS – (to be stamped as per Indian Stamp Act, 1899)

CONTRACT NOTE

(Regulation 5.5)

Name of Partner/ Tel. No. Proprietor/ Authorized Signatory
CONTRACT NOTE ISSUED BY MEMBERS ACTING FOR CONSTITUENTS Tlx. No.

Fax No

Dealing Office Address / Tel. No. / Tlx. No. / Fax No.

Name of the Member

Address of the Member

Trading Code No. Of the Member

DP ID-< > / CM-BP ID-< > Contract No.:

To, Date:

Constituent Name / Unique Client Code No. / Constituent Order Ref. No.

Sir/ Madam,

I / We have this day done by your order and on your account the following transactions on the trading system of National Commodity and Derivatives Exchange Ltd.

Order No.	Trade No.	Trade Date/Time	Kind of Commodity /Contract	Trade Type	Quantity	Unit of Qty	Rate in Rs.	Brokerage in Rs.	Net Rate Incl. of Brokerage	Price Unit	Price Unit	Amount in Rs.
20040303 0000405	20040303 0000448	03-Apr-2004 14:25:23	FUTCOM GLDPURM UM 19-Apr-2004	BUY	100	GM	6518.22	2.05	6520.27	RS /10 GMS	RS /10 GMS	(65,202.70)
20040303 0000405	20040303 0000448	03-Apr-2004 14:25:23	FUTCOM GLDPURM UM 19-Apr-2004	SELL	100	GM	6518.22	(2.05)	6516.17	RS /10 GMS	RS /10 GMS	65,161.70
	Total Payable to you / (Receivable from you)											

Notes:

For Buy Transactions: You will be liable to pay to the seller, theGST, levies and other charges as applicable under the VAT/Local State/Central Sales Tax laws and the Rules, Bye-laws and Regulations of the Exchange, for issue of valid GST certificates/declaration forms as may be applicable to the seller and for compliance of Sales Tax laws and regulations upon sale of commodities covered by the spot/forward contract. Please pay the amount shown for purchase of contracts / commodities as the case may be.

For Sale Transactions: You will be responsible for recovery of GST, levies and other charges as applicable under the VAT/Local State /Central S Sales Tax laws and the Rules, Bye-laws and Regulations of the Exchange, for issue of sales invoice and valid GST certificates /declaration forms as may be applicable to the buyer and for compliance of Sales

Tax laws and regulations upon purchase of commodities covered by the spot / forward contract. Please initiate necessary Repository transfer immediately for the sale transaction/s in case of delivery / spot transactions.

Other Levies if any : Buy/Sale Rate excludes/includes as the case may be* GST, Levies and charges as applicable, recoverable by/from you as the case may be, separately on the final settlement price in the case of delivery / spot. This contract constitutes and shall be deemed to constitute an agreement between you and me/us that all claims (whether admitted or not) , differences and disputes in respect of this contract or any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts have been entered into or not) shall be submitted to and decided by arbitration as provided in the Rules, Bye-laws and Regulations of National Commodity & Derivatives Exchange Limited, Mumbai. A part of the relevant extract of the Bye-laws given overleaf shall inter-alia, form part of this contract.

In matters where the Exchange is a party to the dispute, the Civil Courts at Mumbai shall have exclusive jurisdiction. In all other matters, proper courts within the area covered under the Regional Arbitration Centre as may be notified by the Exchange shall have jurisdiction.

This contract is subject to the Rules, Byelaws and Regulations and usages of National Commodity & Derivatives Exchange Limited, Mumbai, as in force from time to time.

In the absence of any communication from you within 5 days of receipt of this contract note, the correctness of contents of this contract note shall be deemed to have been accepted by you.

*Strike off whichever is not applicable.

Yours faithfully

Place:

For M/s

Date:

Authorized Signator

Extracts pertaining to Arbitration from the Bye-laws of National Commodity & Derivatives Exchange Limited:

11.2 All claims, differences or disputes between the Members inter se and between Members and Constituents and Clearing Members inter-se and Clearing Members and Constituents and between Clearing members and Members arising out of or in relation to dealings, contracts and transactions executed or reported on the Exchange and made subject to and in accordance with the Bye-Laws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these Byelaws, Rules and Regulations.

Provided however that the Relevant Authority may satisfy itself that the above referred claims, differences or disputes arise out of or in relation to dealings, contracts and transactions executed/reported on the Exchange and are in accordance with and subject to the Bye-laws, Rules and Regulations of the Exchange and are referable to Arbitration.

11.3 In all dealings, contracts and transactions, which are made or deemed to be made subject to the Byelaws, Rules and Regulations of the Exchange, the provisions relating to arbitration as provided in these Byelaws, Rules and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Byelaws, Rules and Regulations.

11.4 All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the Relevant Authority to administratively resolve the claim, differences or disputes shall be excluded for the purpose of determining the period of six months.

For more details, please refer to the Byelaws and Regulations of National Commodity & Derivatives Exchange Limited.

ANNEXURE B – CONTRACT NOTE AS PRINCIPALS

CONTRACT NOTE **Tel. No.**

(Regulation 5.5) **Tlx. No.**

CONTRACT NOTE ISSUED BY MEMBERS ACTING AS PRINCIPALS **Fax no**

Name of Partner/

Proprietor/ Authorized Signatory

Dealing Office Address / Tel no. / Tlx no. / Fax no.

Name of the Member Address of the Member NCDEX

Regn. No. Of the Member

Trading Code No. of the Member **Contract No.**

To,

Constituent Name / Unique Client Code No. / Stamp as required under **DATE**

Constituent Order Ref. No. schedule 1 to the Indian Stamp ActSETT. NO.

SETT. FROM : TO:

Sir/ Madam,

I / We have this day ENTERED INTO following transactions with you as PRINCIPAL(S) TO PRINCIPAL(S) :

			Commodities / Contracts SOLD TO YOU				Commodities / Contracts BOUGHT FROM YOU			
Order No.	Trade No.	Trade Time	Quantity	Kind of Commodity / Contract	Rate	Amount Rs.	Quantity	Kind of Commodity / Contract	Rate	Amount Rs.

YOUR CHEQUE REQUESTED FOR THE COST SHOWN HEREIN PLEASE PAY IMMEDIATELY FOR YOUR PURCHASES / DEBIT

YOU ARE REQUESTED TO EXECUTE DEPOSITORY TRANSFER REQUEST IMMEDIATELY

Note :

For Buy Transactions: You will be responsible for recovery of the local GST, levies and other charges as permitted by the local State GST laws and the bye-laws and regulations, for issue of sales invoice and valid local sales tax certificates / declaration forms to us for compliance of GST tax laws and regulations.

For Sale Transactions: You will be liable to pay the local GST, levies and other charges as permitted by the local State Tax Laws and the bye-laws and regulations to us, for issue of valid local GST certificates / declaration forms to us and for compliance of local GST laws and regulations.

OTHER LEVIES, IF ANY:

The Purchase / Sale Rate excludes local GST, levies and charges which will be recovered by you / recoverable from you separately on the final settlement price in the case of transactions culminating into deliveries Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the Rules, Byelaws and Regulations and usages of National Commodity & Derivatives Exchange Limited, Mumbai.

In matters where the Exchange is a party to the dispute, the civil courts at Mumbai shall have exclusive jurisdiction and in all other matters, proper courts within the area covered the Regional Arbitration Centre shall have jurisdiction in respect of the Arbitration proceedings falling under or conducted in that Regional

Arbitration Centre.

In the event of any claim (whether admitted or not) difference or dispute arising between you and me/us out of these transactions the matter shall be referred to arbitration as provided in the Rules, Bye-laws and Regulations of National Commodity & Derivatives Exchange, Mumbai.

This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me/us that all claims (whether admitted or not), differences and disputes in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts have been entered into or not) shall be submitted to and decided by arbitration as provided in the Rules, Bye-laws and Regulations of National Commodity & Derivatives Exchange Limited, Mumbai.

The provisions printed overleaf form a part of the contract.

Yours faithfully

Date

Place

Member of National Commodity & Derivatives Exchange Limited

EXTRACTS FROM THE BYELAWS & REGULATIONS PERTAINING TO ARBITRATION

(1) All claims, differences or disputes between the Members inter se and between Members and Constituents arising out of or in relation to dealings, contracts and transactions made subject to the Rules, Regulations and Byelaws of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Regulations and Byelaws.

(2) In all dealings, contracts and transactions, which are made or deemed to be made subject to the Rules, Regulations and Byelaws of the Exchange, the provisions relating to arbitration as provided in these Byelaws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Regulations and Byelaws.

(3) All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in arbitration proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the Relevant Authority to administratively resolve the claim, differences or disputes shall be excluded for the purpose of determining the period of six months.

*** "TM" stands for "Member" and "C" stands for "Constituent."**

For more details, please refer of the Byelaws and Regulations of National Commodity & Derivatives Exchange Limited