

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

**Index**

1. Who can become member of NCDEX? .....	3
2. What are the categories of Membership offered by NCDEX? .....	3
3. What is the fee and deposit structure for various categories of Membership? .....	4
4. Is there any restriction in the name of the entity to be a Member? .....	6
5. What is the minimum Net worth requirement for various categories of Membership? .....	6
6. Whether the net worth of the holding company will be taken into consideration for the same? ..	7
7. How could a new company submit the 3 years balance sheet? .....	7
8. Who will certify the various certificates, which are required to be certified by the auditor of the company? .....	7
9. Is it a must that the individual member should be a graduate? .....	7
10. What is the process required to be followed for acquiring membership at NCDEX? .....	7
11. Which are the banks from where the Fixed Deposit Receipts (FDR) and Bank Guarantee (BG) can be obtained? .....	7
12. Whether we can apply for the membership of NCDEX in the same name in which we are holding the membership of Equity Exchange? .....	7
13. Can a partnership deed be used for address proof for partnership firm's registered office address? .....	7
14. Is prior approval of the Exchange is required for any change in sharing pattern / shareholding pattern? .....	8
15. What is the meaning of dominant promoter group? .....	8
16. Whether prior approval from is required for appointment of Board of Director? .....	8
17. What are the guidelines for appointment of Compliance Officers by the members? .....	8
18. Is appointment of Principal Officer mandatory for the members? .....	8
19. Is it mandatory to register the details of Principal Officer on the FINNET Gateway? .....	8
20. What are the details that needs to be submitted to the Exchange regarding PMLA? .....	8

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

21. Are all the members of the Exchange required to take fidelity insurance? .....	9
22. Who has to submit Annual Returns to the Exchange? .....	9
23. What is the last date to submit Annual Return to the Exchange? .....	9
24. How to submit Annual Returns in the soft form to the Exchange? .....	9
25. When is the security deposit eligible for refund in case of surrender? .....	9
26. What are the guidelines related to Certification Examination? .....	9
27. Is there any penalty levied for non-compliance with respect to guidelines related to Certification Examination? .....	10
28. What is the validity of the certificate? .....	10
29. Why do I need to obtain certificate? .....	10
30. Who are required to obtain certificate? .....	10
31. What is the fees for certificate examination? .....	10
32. Is there any documentation requirement to get an trading terminals from the Exchange? .....	10
33. Do I have to apply separately for dealer ids? .....	11
34. What are the guidelines to be followed towards the submission of an NCTCL undertaking? ....	11

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

**1. Who can become member of NCDEX?**

An individual, partnership firm/Limited Liability Partnership (LLP), Hindu Divided Family (HUF), Private limited company, Public limited Company, co-operative societies are eligible to become members of NCDEX.

**2. What are the categories of Membership offered by NCDEX?****Trading-cum-Clearing Members (TCM)**

TCMs are entitled to trade on the Exchange on behalf of their constituents/clients and/or on their own account and are also entitled to clear and settle all such trades done by them.

**Professional Clearing Members (PCM)**

PCMs are Members are entitled to clear and settle trades/ transactions done by the other members of the Exchange, viz., TCMs or TMs affiliated with them. PCMs are not allowed to trade on the Exchange platform.

**Strategic Trading-cum-Clearing Members (STCM)**

STCMs registered with the Exchange may, in addition to existing rights and responsibilities as TCM, are entitled to and liable to settle and clear the trades/ transactions done by the Members affiliated with it, viz., TCMs or TMs

**Trading Members (TM)**

TMs have rights to trade on the Exchange platform on their own account as well as on account of clients registered with them but have no right to clear and settle such trades themselves. TMs have to get affiliated with any one of PCMs/ STCMs for clearing their trades/transactions.

**Commodity participant Member (CPM) –Forward Segment**

CPM have right to trade only on NCDEX forwards segment and not in the futures Segment. They can trade on his /her own account i.e. only proprietary trading (PRO) and not on behalf of clients. CPM will clear his /her own trade i.e. the Clearing and Settlement will be carried out by the CPM

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Frequently Asked Questions – Membership**

**3. What is the fee and deposit structure for various categories of Membership?**

Fee and deposit structure for various categories of Membership of NCDEX is as follows:

**For Trading cum clearing member (TCM)**

Criteria	Particulars
Minimum Net-worth	Rs. 50.00 Lacs*
Base Capital - Interest Free Cash Security Deposit	Rs. 15.00 Lacs
Base capital - Collateral Security Deposit	Rs. 15 Lacs in the form of Cash/Bank Guarantee/Fixed Deposit/Government of India Securities
Admission Fee (onetime, non-refundable)**	Rs. 5.00 Lacs

\*Rs. 75 lacs if applicant/member has membership of any other commodity exchange

\*\*With Service Tax as applicable

For TCM, Rs.10 lacs out of above base capital (Rs.30 lacs) will be treated as Base Minimum Capital (BMC) on which no exposure will be allowed.

**For Trading Member (TM)**

Criteria	Particulars	
	(Without Facility)	CTCL (With CTCL Facility)
Minimum Net-worth	Rs. 5.00 Lacs	Rs 10 Lacs for Individuals/ Partnership Firm Rs.25 Lacs for Corporates
Base Minimum Capital – Interest Free Cash Security Deposit	Rs. 2.50 Lacs	
Base Minimum Capital – Collateral Security Deposit	Rs. 7.50 Lacs	
Base capital – Cash and Collateral Security Deposit	STCM/PCM to collect applicable margins	
Admission Fee (onetime, non-refundable)*	Rs. 5.00 Lacs	

\* With Service Tax as applicable

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**
**Frequently Asked Questions – Membership**


---

Non CTCL Trading members can have maximum of 5 User IDs.

2. No exposure will be allowed on Base Minimum Capital.

**For Strategic Trading-cum-Clearing Members (STCM)**

Criteria	Particulars
Minimum Net-worth	Rs. 1000.00 Lacs
Base capital - Interest Free Cash Security Deposit	Rs. 20.00 Lacs and Additional Rs. 0.50 Lacs per TM/TCM affiliated with it
Base capital - Collateral Security Deposit	Rs. 50 Lacs in the form of Cash/Bank Guarantee/Fixed Deposit/Government of India Securities
Admission Fee (onetime, non-refundable)*	Rs. 5.00 Lacs

\* With Service Tax as applicable

For STCM, Rs.10 lacs out of above base capital (Rs.70 lacs) will be treated as Base Minimum Capital (BMC) on which no exposure will be allowed.

**For Professional Clearing Members (PCM)**

Criteria	Particulars
Minimum Net-worth	Rs. 10,00.00 Lacs
Base capital - Interest Free Cash Security Deposit	Rs. 25.00 Lacs and Additional Rs. 0.50 Lacs per TM/TCM affiliated with it
Base capital - Collateral Security Deposit	Rs. 25 Lacs in the form of Cash/Bank Guarantee/Fixed Deposit/Government of India Securities
Admission Fee (onetime, non-refundable)*	Rs. 5.00 Lacs*

\* With Service Tax as applicable

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Frequently Asked Questions – Membership**

**For Commodity Participant Member (CPMs)**

Criteria	CPMs	CPMs – FPOs (Farmers Producer Organization)
Minimum Net worth Requirement	Rs. 5.00 Lakh	Not Prescribed
Base Capital	NIL	NIL
Base Minimum Capital	NIL	NIL
Admission Fee (one time, non-refundable )	Rs. 50,000	NIL
Annual Membership Fees	Rs. 10,000	Rs. 5,000
Transaction Charges	As stipulated from time to time.	As stipulated from time to time.

**4. Is there any restriction in the name of the entity to be a Member?**

Yes. The entity applying for Membership of NCDEX should not contain words such as “Stocks”, “Securities”, “Shares”, “Comdex”, ‘Commex’, ‘Exchange’

**5. What is the minimum Net worth requirement for various categories of Membership?**

Membership Category	Net worth (In lakh)
Trading-cum-Clearing Members (TCM)	Rs 50.00 and Rs. 75 Lacs if Applicant/Member has membership of any other commodity Exchange.
Professional Clearing Members (PCM)	Rs. 1000.00
Strategic Trading-cum-Clearing Members (STCM)	Rs. 1000.00
Trading Members (TM)	Rs. 5.00 Lacs for non CTCL facility and for CTCL facility Rs 10 lacs for Individuals/Partnership Firm Rs.25 lacs for Corporates
Commodity Participant Member (CPMs)	Rs. 5.00 Lakh and for CPMs – FPOs (Farmers Producer Organization) no requirement of minimum net worth.

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Frequently Asked Questions – Membership**

---

**6. Whether the net worth of the holding company will be taken into consideration for the same?**

No, the net worth of the holding company is not taken into consideration for reckoning the net worth of the entity applying for membership.

**7. How could a new company submit the 3 years balance sheet?**

In case of newly formed companies, only current balance sheet needs to be submitted.

**8. Who will certify the various certificates, which are required to be certified by the auditor of the company?**

The certificate and statements need to be certified by a Qualified Chartered Accountant who has audited the same.

**9. Is it a must that the individual member should be a graduate?**

It is desirable, however, we will consider waiving the same in case of persons having adequate experience in commodity market, financial markets.

**10. What is the process required to be followed for acquiring membership at NCDEX?**

The details are available at [NCDEX/Membership/Membershipadmprocess.aspx](http://NCDEX/Membership/Membershipadmprocess.aspx) on our website [www.ncdex.com](http://www.ncdex.com)

**11. Which are the banks from where the Fixed Deposit Receipts (FDR) and Bank Guarantee (BG) can be obtained?**

The list of approved bank from which the FDR/BG can be obtained are available at [NCDEX/ClearingServices/AppBankGuarantee.aspx](http://NCDEX/ClearingServices/AppBankGuarantee.aspx) on our website

**12. Whether we can apply for the membership of NCDEX in the same name in which we are holding the membership of Equity Exchange?**

No. The existing stock broking company cannot apply in the same name and need to form a separate entity for seeking membership of NCDEX.

**13. Can a partnership deed be used for address proof for partnership firm's registered office address?**

Yes, it is acceptable in case the partnership deed has been duly registered with Registrar of Firms.

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

**14. Is prior approval of the Exchange is required for any change in sharing pattern / shareholding pattern?**

Yes. In case of unlisted entity, any change in share holding pattern including DPG pattern of member entity/or its holding company/partnership firm prior approval of the Exchange is required.

**15. What is the meaning of dominant promoter group?**

The dominant promoter group stipulation is applicable in case of partnership firms, private limited companies and unlisted public companies. As per this stipulation, a group of not more than 4 individuals (who directly / indirectly hold more than 51% of capital in the firm / company) need to be identified as the key promoters of the entity. This exercise is an effort by NCDEX to identify and understand the individuals, who are the driving forces of the entities applying for membership on NCDEX

**16. Whether prior approval from is required for appointment of Board of Director?**

No. However member are advised to intimate such importance changes in Board of director within 15 days to the Exchange

**17. What are the guidelines for appointment of Compliance Officers by the members?**

The Members are required to designate/appoint a person as the Compliance Officer to monitor the compliance at their end.

In case of any change in the details provided or replacement of the Compliance Officer, Members of the Exchange are advised to intimate the same to the Exchange.

**18. Is appointment of Principal Officer mandatory for the members?**

Yes, it is mandatory for the members to appoint a Principal Officer.

**19. Is it mandatory to register the details of Principal Officer on the FINNET Gateway?**

Yes, the member has to register the details of Principal Officer on the FINNET Gateway.

**20. What are the details that needs to be submitted to the Exchange regarding PMLA?**

The member has to provide the details of registration of reporting entity and Principal Officer on the FINNET Gateway, to the Exchange. The member is also required to submit the details of the appointment of designated director and communicated to the FIU.



**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Frequently Asked Questions – Membership**

---

**21. Are all the members of the Exchange required to take fidelity insurance?**

No. It is mandatory only for those members who are trading on account of their clients, for others i.e. members indulge only in PRO trade can take such policy as per their requirement.

**22. Who has to submit Annual Returns to the Exchange?**

In terms of Regulation 7.2.3 of Regulations of the Exchange, members are required to submit the Annual Return for every financial year. Kindly refer to circulars issued in this regard from time to time.

All the members who are enabled/ activated for trading on the Exchange till March 31, (For every financial year) are required to furnish Annual Returns to the Exchange.

**23. What is the last date to submit Annual Return to the Exchange?**

The last date to submit Annual Returns to the Exchange is October 31 (for the every financial year)

**24. How to submit Annual Returns in the soft form to the Exchange?**

A facility has been provided in NCFE system, wherein members can upload the scanned copies of Annual Returns in PDF format.

**25. When is the security deposit eligible for refund in case of surrender?**

The security deposit (Base Capital and Base Minimum Capital - which comprises of interest-free cash deposit and Collaterals) will be refunded to the member within three months from the date of intimation to the FMC. For the detailed surrender process, kindly refer our circular no NCDEX/MEMBERSHIP-001/2015/024 dated January 27, 2015.

**26. What are the guidelines related to Certification Examination?**

Details of certification Examinations on Commodity Module, approved by the Exchange, is available at

- NICR Certificate: NCDEX Institute of Commodity Markets and Research - <http://www.nicrindia.com> Course material will be couriered upon registration
- NCFM Certificate: National Stock Exchange of India Limited on behalf of the Exchange- [http://www.nseindia.com/education/content/module\\_ncfm.htm](http://www.nseindia.com/education/content/module_ncfm.htm) Course material is available in soft form, which can be accessed on their website upon registration.

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

It is directed by the Exchange that a minimum of two users has to submit any one of the above mentioned valid certificate and keep the Exchange records updated from time to time.

**27. Is there any penalty levied for non-compliance with respect to guidelines related to Certification Examination?**

In case of non-compliance with respect to guidelines related to Certification Examination, a penalty of Rs.5,000/- is levied.

**28. What is the validity of the certificate?**

The NCFM Certificate is valid for a period of 3 years from the date of the examination. The NICR Certificate is not required to be revalidated i.e. the certificate does not expire. However, it is advisable that the users shall keep themselves updated from time to time.

**29. Why do I need to obtain certificate?**

The NICR / NCFM course material contains information to equip learners with academic and applied knowledge, including fundamental and technical analyses, required to understand commodity markets and deal in commodity derivatives.

**30. Who are required to obtain certificate?**

The dealers/users who are engaged in doing Commodity trading at the Exchange are required to obtain the certificate.

**31. What is the fees for certificate examination?**

In case of NICR Certificate, the fees is Rs.2,750/- and in case of NCFM – Commodities module, it is Rs.2,022/-

For updated fee structure please refer the below mentioned links

For NICR - [http://www.nicrindia.com/Pages/Commodity\\_Certification.aspx](http://www.nicrindia.com/Pages/Commodity_Certification.aspx)

For NCFM - [http://www.nseindia.com/education/content/module\\_ncfm.htm](http://www.nseindia.com/education/content/module_ncfm.htm)

**32. Is there any documentation requirement to get an trading terminals from the Exchange?**

Prospective members are required to submit a NCTCL undertaking document along with the other membership registration documents to get the "Corporate Manager" user id. The Corporate Manager user id can be used for trading using the Exchange provided front end trading system "Nextra".

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
***Frequently Asked Questions – Membership***

---

**33. Do I have to apply separately for dealer ids?**

Members can create required dealers terminals in Nextra on their own using the Corporate Manager id issued to the members. The members are required to report the terminal details created in Nextra, to the Exchange, as per circular no. 154, dated June 12, 2007, subject: CTCL Facility – Addition-Update of CTCL Terminal Details.

**34. What are the guidelines to be followed towards the submission of an NCTCL undertaking?**

The guidelines for preparing and submitting the NCTCL undertaking document is as follows.

1. The undertaking has to be executed on a non-judicial stamp paper of Rs. 500/- in favour of “National Commodity & Derivatives Exchange Limited” or frank the agreement for the same value. (Kindly note that the stamp paper can be in multiples of Rs. 100 which should be in equivalent of Rs. 500).
2. Affix company’s round stamp and signature of authorized signatory on each page.
3. Affix company common seal (embossed), along with full name and signature on the last page. (Company Common Seal is not applicable to Partnership, Sole-proprietorship, LLP)

Refer Circular No. 126, dated: May 31, 2016, subject: NEXTRA CTCL (NCTCL) Undertaking for details.