

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**  
**Member Compliance Guide – Books of Accounts and Records**

Books of accounts, records and documents includes books of accounts, records and documents, maintained in physical or computer or in any magnetic form, which are required to be maintained under Rules, Bye Laws and the Regulations of the Exchange and any other law for the time being in force.

An indicative list of books of accounts, records, ledgers and documents that the Members are required to maintain properly is given below.

Records	Remarks
Client Registration	<ul style="list-style-type: none"> <li>• Member - Constituent Agreement <b>(to be preserved Permanently)</b></li> <li>• Risk Disclosure Document</li> <li>• Know Your Client form</li> <li>• Client awareness - Dos &amp; Don'ts in Commodity Futures Market</li> <li>• Board Resolutions from corporate clients permitting trading in derivatives</li> <li>• Common / Uniform Client Registration Forms</li> <li>• Electronic Contract Note - ECN Declaration Form</li> <li>• Information on the purpose and intended nature of the business relationship in case of clients proposing to undertake high value transactions – as per Prevention of Money Laundering (PMLA) Regulations</li> <li>• Undertaking from the client for reactivation of inactive client trading account</li> </ul> <p><b>(NOTE:</b> Copy of Income tax returns of client is not mandatory. IT-PAN is not applicable for individuals residing in Sikkim)</p>
Order book	<p>Serially numbered order entries containing name of person placing the order, name of client, name/identity of person receiving the order, date and time of order, description and value of commodities to be bought and sold, price/rate limit, order number as per trading system, details of modification or cancellation etc. if any – <b>Regulations 7.1</b></p> <p>Member shall keep evidence of the client placing the order, it could be, inter alia, in the form of :</p> <ol style="list-style-type: none"> <li>a. Physical record written &amp; signed by client</li> <li>b. Telephone recording</li> <li>c. Email from authorized email id</li> <li>d. Log for internet transactions</li> <li>e. Record of messages through mobile phones</li> <li>f. Any other legally verifiable record</li> </ol> <p>- <b>Circular no. 244 of 2017</b> - <b>Circular no.073 of 2018</b></p>

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Register of Transactions/ Soudha Book	Containing an itemized daily record of all purchases and sales of commodities and contracts, showing for each such transaction effected, the name of Constituent, the name of commodity, value of commodity, rate both gross and net of brokerage and– <b>Regulations 7.1</b>
Client Ledger	Separate ledger account for each client in respect of the transactions on the Exchange.  Member shall not mingle such account of the client with any other account of the client in respect of transactions on any other stock /commodity exchange or any other transaction, which the Trading Member may enter into with such client – <b>Regulations 7.1</b>
Other records	General Ledger Journals Cash Book Bank Pass Book/Statement
Register/Ledger account of Commodities	Constituent wise and Commodity wise, giving, inter alia, details such as date of receipt, quantity received, party from whom received, purpose of receipt, date of delivery, quantity delivered, party to whom delivered and purpose of delivery – <b>Regulations 7.1</b>
Complaint Register	Record of all written complaints of its Constituents showing the unique client code of the Constituent, Constituent's name, date of complaint, particulars of the complaint/s, action taken by the Member, status of resolution, if the matter is referred to arbitration to the Exchange then the particulars thereof – <b>Regulations 7.1</b>  This also includes grievances received by/against the Authorised Persons – <b>Circular 052 of 2012</b>
Brokerage	Records in respect of brokerage collected separately from clients - <b>Regulations 7.1</b>
Records of Premium / Discount	Records in respect of Premium / Discount and final settlement amounts including taxes and charges on commodities of clients - <b>Regulations 7.1</b>
Pre-funded Instruments	If the aggregate value of the pre-funded instruments is ₹ 50,000 (Rs. Fifty Thousand) or more per client per day, the Member may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing

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	<p>bank. The mode of certification may include the following:</p> <p>(a) Certificate form the issuing bank on its letter-head or on plain paper with the seal of the issuing bank;</p> <p>(b) Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument;</p> <p>(c) Certified copy of the pass book/ bank statement for the account debited to issue the instrument;</p> <p>(d) Authentication of the bank account number debited and name of the account holder by the issuing bank on the reverse of the instrument.</p> <p><b>SEBI Circular no. CIR/MIRSD/03/2011 dated June 09, 2011</b></p>
Electronic Fund Transfer	Members shall maintain an audit trail of the funds received through Electronic Fund transfers to ensure that the funds are received from their clients only – <b>Refer circular no. 309 of 2011</b>
Contract notes	<ul style="list-style-type: none"> <li>• Proof of delivery of the contract notes needs to be preserved by the Member</li> <li>• Copies/duplicates of Contract Notes issued by Member</li> <li>• Electronic Contract Note - ECN Declaration Form</li> </ul>
Mapping of Client Code	Mapping of client IDs used at the time of trading with the unique client IDs along with client name, address and other particulars given in the Know Your Client form shall be maintained and preserve for a period of seven years
Statement of accounts, funds, commodities	A detailed statement of accounts must be sent every month to all the clients. The proof of delivery of the same should be preserved by the member
Annual Global Statement	Members are advised to provide Annual Global Statement to their clients, which contains details of all transactions done in a financial year. <b>Refer circular no.365 of 2017</b>
Running Account settlement of client	<p>Unless otherwise specifically agreed to by a Client, the settlement of funds/securities shall be done within 24 hours of the payout. However, a client may specifically authorize the stock broker to maintain a running account subject to the following conditions:</p> <p>1. The authorization shall be signed by the client only and not by any authorised person on his behalf or any holder of the Power of Attorney.</p>

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	<p>2. The authorization shall be dated and shall contain a clause that the clients may revoke the authorization at any time. The stock brokers, while sending periodical statement of accounts to the clients, shall mention therein that their running account authorization would continue until it is revoked by the clients.</p> <p>3. For the clients having outstanding obligations on the settlement date, the stock broker may retain the requisite securities/funds towards such obligations and may also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.</p> <p>4. The actual settlement of funds and securities shall be done by the broker, at least once in a calendar quarter or month, depending on the preference of the client. While settling the account, the broker shall send to the client a 'statement of accounts' containing an extract from the client ledger for funds and an extract from the register of securities displaying all receipts/deliveries of funds/securities. The statement shall also explain the retention of funds/securities and the details of the pledge, if any.</p> <p>There must be a gap of maximum 90/30 days (as per the choice of client viz. Quarterly/Monthly) between two running account settlements.</p> <p>- <b>Clause 12 of Annexure A to MIRSD/SE/Cir-19/2009 dated December 03, 2009</b>  - <b>SEBI Circular no. MIRSD/Cir/01/2011 dated May 13, 2011</b></p>
<p>Authorised Persons</p>	<ul style="list-style-type: none"> <li>• Member and Authorised Person Agreement</li> <li>• Approval received from the Exchange for appointment</li> <li>• Audit / inspection report of Authorised Persons</li> </ul>
<p>Membership related</p>	<ul style="list-style-type: none"> <li>• Original membership certificate issued by the Exchange</li> <li>• Copies of certificate examination - NCFM / NICR</li> <li>• Advertisement issued and approval obtained for the same</li> <li>• People in-charge of the operations/Approved User details</li> <li>• Reports received from Exchange / clearing house</li> <li>• Copies of fidelity Insurance policy</li> <li>• Agreement between PCM/STCM and TM/TCM</li> <li>• Originals of all communications received and copies of all communications sent by the Member to the Exchange relating to its business like change in shareholding, DPG, change in Partners/Directors etc.</li> <li>• Copies of agreements executed with each of the settling agencies or banks (to be preserved permanently)</li> </ul>

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Commodity Spot Exchanges	Members of the Commodity Futures Exchanges should maintain separate ledgers for business done by their clients on the Commodity Futures Exchanges and Commodity Spot Exchanges - <b>Circular no. 315 of 2011</b>
PMLA	Details of report submitted to FIU pertaining to CTR, STR, and Principal Officer etc. – <b>SEBI Circular SEBI/HO/MIRSD/DOS3/CIR/P/2018/104 dated July 04, 2018</b>

In addition to above, Member shall keep and maintain such other records as the Exchange, Regulator and / or any relevant authority may from time to time notify.

Records and documents need to be maintained and preserved for appropriate period as may be prescribed by the Exchange/ Regulator /any statutory body. At present records of transactions should be preserved and maintained for a minimum period of **five years** as per Guidelines on Anti Money Laundering.