

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
Member Compliance Guide – Contract Notes

It is mandatory for every Member to issue a contract note to its constituents for trades executed by the Member on behalf of the constituents. Members shall also be responsible for payment of stamp duties on such contract notes if applicable in accordance with applicable law.

Format	<p>The format of the contract note should be in the format prescribed as per Circular no. 136 of 2017 and should inter alia, include:</p> <ul style="list-style-type: none"> - Unique running serial number reset every financial year - SEBI Registration No., Permanent Account Number (Income Tax PAN) of member as well as constituents, DP ID, names of the authorised signatories <p>Members should issue separate contract notes for the Commodity Futures Exchanges and Commodity Spot Exchanges</p>
Signature	<p>Contract note shall be signed by TCM / TM or their authorised signatory or constituted attorney. All Electronic Contract notes (ECNs) sent through e-mail shall be digitally signed, encrypted, non-tamperable and shall comply with the provisions of the IT Act, 2000. In case the ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.</p>
Timelines	<p>Contract Notes must be issued within 24 hours of the transactions made by or on behalf of the client and the proof of delivery of the same needs to be preserved by the Member.</p>
Delivery Address	<p>Delivery of the contract notes should be at the address of the client. Delivery of contract notes (digital / physical) to an address (either e-mail or physical address) other than that of the client shall be deemed to be non delivery of the contract notes. The usual mode of delivery of ECNs to clients shall be through e-mail. For this purpose, the client shall provide an appropriate e-mail account to the member for receipt of ECN.</p>
Electronic Contract Note	<ul style="list-style-type: none"> • In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member. • Member shall ensure that all the Bye-Laws/ Rules/ Regulations/ Circulars rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. • The client shall communicate to the Member any change in the email-id/mobile number through a physical letter. If the client has opted for internet based trading (IBT), the request for change of email id/mobile number may be made through the secured access by way of client specific user id and password. • The digitally signed ECNs may be sent only to those clients who have opted to receive the contract notes in an electronic form. Members may add any SMS / electronic instant messaging services as an additional mode of delivery of ECNs based on its readiness on

For further information / clarifications, please contact:

Customer Service Group by E-mail to: askus@ncdex.com

Customer Service Group on toll free number: 1800 26 62339, Website: www.ncdex.com

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
Member Compliance Guide – Contract Notes

	<p>fulfilling the further guidelines and shall provide an option to clients for receiving ECNs through such additional modes of communication.</p> <ul style="list-style-type: none"> • Members shall send ECN through SMS / electronic instant messaging services only to the applications linked to the registered mobile number/ email id of clients as uploaded by members on the Exchange portal/database. • ECN sent through SMS / electronic instant messaging services, shall be sent as an attachment and not as a link. The attached file may be secured with the digital signature, encrypted, non-tamper able and password protected. • The messages sent through SMS / electronic instant messaging services not to be covered under auto delete facility at the option of the members. • The members shall ensure that all ECNs are sent from the same ID and appropriate logs (sent/delivered/seen/not delivered/blocked etc.) are maintained by the members regarding the same. • Other existing requirements for issuance of ECN, like publishing of ECN on the designated website of the member, access to the website to enable clients to access ECNs, maintenance of proof of delivery (ECN log), sending in physical mode in case of non-delivery (bounced mails), etc. as mentioned in SEBI Circular MRD/DoP/SE/Cir-20/2005 dated Sep 8, 2005 should continue to be applicable.
Proof of Delivery	<p>The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.</p> <p>The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.</p>
General	<p>In addition to the e-mail communication of the ECNs in the manner stated</p>

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
Member Compliance Guide – Contract Notes

Requirements	<p>above, in order to further strengthen the electronic communication channel, the member shall simultaneously publish the ECN on his designated web-site in a secured way and enable relevant access to the clients.</p> <p>In order to enable clients to access the ECNs posted in the designated website in a secured way, the member shall allot a unique user name and password for the purpose, with an option to the client to access the same and save the contract note electronically or take a print out of the same.</p> <p>The member shall retain / archive such electronic documents as per the extant rules /Regulations / circulars / guidelines issued by SEBI / Stock Exchanges from time to time.</p>
Ease of Doing Business - Text on Contract Note with respect to Fit and Proper status of shareholders	<p>SEBI vide Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/25 dated April 24, 2024 has issued a circular on Ease of Doing Business - Text on Contract Note with respect to Fit and Proper status of shareholders in terms of Regulation 19 and 20 of the SEBI (Securities Contract (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2018 (i.e. SCR (SECC) Regulations, 2018).</p> <p>For further details, in this regard, you may refer to Exchange circular no. NCDEX/COMPLIANCE-032/2024 dated April 29, 2024.</p>

References:

- Byes Laws 6.1, 8.6, 9.5, 10.23 (b), 7.19 (b) (Part B), of the Bye Laws of the Exchange
- Regulation 5.5, 5.6, 7.1 of the Regulations of the Exchange
- SEBI Circular no. SMDRP/Policy/Cir-56/2000 dated December 15, 2000
- SEBI Circular no. SMD/SE/15/2003/29/04 dated April 29, 2003
- SEBI Circular no. MRD/DoP/SE/Cir-20/2005 dated September 08, 2005
- SEBI Circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 (Clause 13 of Annexure A)
- Circular no. NCDEX/COMPLIANCE-036/2022 dated June 06, 2022
- Circular no. NCDEX/COMPLIANCE-002/2024 dated January 08, 2024.
- Circular no. NCDEX/COMPLIANCE-032/2024 dated April 29, 2024.