NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all the members of the Exchange
Circular No.   : NCDEX/COMPLIANCE-036/2024
Date   : May 03, 2024
Subject   : Empanelment of Back Office Vendors

This is in reference to the Exchange Circular NCDEX/COMPLIANCE-053/2022 July 28, 2022 on "Empanelment of Back Office Vendors" wherein Members were informed about detailed guidelines in respect to Empanelment of Back Office Vendors.

In line with the representations received from the Members and Vendor Association, the Exchange has reviewed and revised the required undertakings for both Members and Back Office Vendors. This revision aims to streamline the submission process and ensure greater efficiency. Detailed guidelines regarding these revisions are outlined below:

Procedure for Empanelment:

The Operating guidelines to be followed by the trading members for registering their BO "Back Office" facility and the process of empaneling BO vendor / In house developed software is provided in **Annexure A**.

For any support, please reach out to the helpdesk on 1800 26 62339 or email at askus@ncdex.com

All the Trading members are hereby advised to take note of the above and bring the provisions of this circular to the notice of the BO vendors and ensure the conformance and compliances to the above requirements by May 31, 2024.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Vice President – Inspection & Enforcement

For further information / clarifications, please contact
1. Customer Service Group on toll free number: 1800 26 62339
2. Customer Service Group by e-mail to : askus@ncdex.com

Annexure A: Operating Guidelines

I. Operating guidelines for developing back-office facility In-house: -

1. The Members developing Back-office software in-house, are required to submit the below list of documents through mailer to askus@ncdex.com and physical copy* is as under

List of Documents	Annexure
Member Application format	Annexure I
Format of the undertaking to be given by the members availing Back-office facility	Annexure II
Auditor's Report	Annexure IV
Auditor's Certificate	Annexure V
Criteria / Aspects of Testing	Annexure VI

*Members are required to submit aforementioned documents within 7 days from the submission of the application, at the registered address provided below.

II. Operating guidelines for Vendors desirous of being empaneled with Exchange: -

1. Vendors wishing to get themselves empaneled with Exchange are required to submit the below list of documents through mailer to askus@ncdex.com and physical copy* is as under

List of Documents	Annexure
Member Application format	Annexure I
Format of the undertaking to be given by the members availing Back-office facility	Annexure III
Auditor's Report	Annexure IV
Auditor's Certificate	Annexure V
Vendor Application format	Annexure VII
Criteria / Aspects of Testing	Annexure VI

*Vendors are required to submit aforementioned documents within 7 days from the submission of the application, at the registered address provided below.

III. Operating guidelines for members procuring software from Exchange empanelled Vendors: -

1. Members wishing to avail the BO facility through exchange empanelled vendors are required to submit the below list of documents through mailer to askus@ncdex.com and physical copy* is as under.

List of Documents	Annexure
Member Application format	Annexure I
Auditor's Report	Annexure IV
Auditor's Certificate	Annexure V
Vendor Application format	Annexure VII
Criteria / Aspects of Testing	Annexure VI

*Members are required to submit aforementioned documents within 7 days from the submission of the application, at the registered address provided below.

→ Address for sending the hard copies –
Audit and Inspection
National Commodity & Derivatives Exchange Limited (NCDEX),
Ackruti Corporate Park,
1st Floor, LBS Road,
Kanjurmarg (West),
Mumbai – 400078.

Annexure I

Members desirous of seeking approval for "Back-office facility" shall make an application to the exchange by furnishing the required details as given below:

Back office Facility Approval

Member Code: _____

Member Name: _____

Back office Type: ● In house Back office Facility   ●   Third Party Vendor

Segment: _____

Vendor Name: _____

Software Name: _____

Version: _____

Signature of Authorized Signatory

Name of the Authorised Person

Designation:
Date:
Place:
Stamp/Seal:

Annexure II- Undertaking for Inhouse Back Office Facility

To be executed on Rs. 600/- stamp paper / applicable stamp duty of the state (whichever is higher), duly Notarized on all pages, signed, stamped & sealed by Authorized Signatory on all pages

I / We _____, registered as a trading member with National Commodity & Derivatives Exchange Limited, and residing at / having our registered office at/ having place of business at

_____ (hereinafter referred to as the "Trading Member" including its successors, assigns and legal representatives) give this UNDERTAKING on this _____ day of _____ at _____ IN FAVOUR of National Commodity & Derivatives Exchange Limited (NCDEX), a company incorporated under the Companies Act of 1956, with its registered office at Ackruti Corporate Park, 1st Floor, LBS Road, Kanjurmarg (West), Mumbai - 400078 (hereinafter referred to as 'NCDEX/Exchange' which expression shall unless repugnant to the context include its successors, assigns and legal representatives)

WHEREAS

a) The Trading Member has developed software(s) in-house for back-office facility (hereinafter referred to as "**Software**") in compliance with the requirements stipulated by the Exchange from time to time and is desirous of seeking the Exchange approval for utilizing the same.

b) The Exchange in this regard has agreed to provide its approval to the Trading Member for the Software developed in-house based on the application submitted by the Trading Member to the Exchange and subject to fulfilment of such criteria as may be stipulated by the Exchange from time to time, and the Trading Member executing this Undertaking in favour of the Exchange as prescribed hereunder.

NOW THEREFORE IN CONSIDERATION OF the Exchange having agreed to allow me/us to develop and use the Software inhouse for the aforesaid purposes, I / We hereby IRREVOCABLY AND UNCONDITIONALLY AGREE, ACCEPT and UNDERTAKE to abide by and be bound by the following terms and conditions:

1. I/We hereby, declare that the information/data provided by me/ us as a part of my/our application form submitted to the Exchange for approval of the in-house Software on back-office facility and this Undertaking are complete and true to best of my/our knowledge and based on records. I/We further agrees to forthwith inform the Exchange in writing if there is any change in the information furnished to the Exchange.

2. I/We shall install the Software after duly ensuring that all the functionality requirements stipulated by the Exchange/SEBI in this regard have been complied with by me/us.

3. I/We undertake to obtain the prior approval of the Exchange for any major changes to be made to the software and also maintain/update such software versions. Major changes mean any changes with respect to reports/submission/details specified in Annexure VI - Criteria/Aspects of Testing of exchange's circular reference number NCDEX/COMPIANCE-053/2022 dated July 28, 2022, as may be modified from time to time by Exchange. Such approval of the Exchange shall be provided to me/us within mutually agreeable timelines for implementation. I/We may carry out other changes with regard to the base software version for which approval of the Exchange may not be required. All references to the Software(s) in this Undertaking, including its features, upgrades, documentation, and training, shall be in respect of the functional/technical requirements with respect to the criteria/aspects of testing mentioned in the

aforesaid Annexure VI of the Exchange circular having reference number NCDEX/COMPIANCE-053/2022 dated July 28, 2022, as may be modified from time to time.

4. I/We shall comply with all applicable requirements, guidelines, circulars, rules, regulations and Byelaws of the Exchange/SEBI as may be introduced/ modified from time to time with/without prior notice.

5. I/We undertake to ensure that access to the Software shall be given only to my/our authorized representative ("Approved Users") and officials of Exchange / SEBI, and I/We shall ensure to deploy a method (including malware protection) to prohibit any unauthorized access to the Software.

6. I/We undertake that the backup and recovery procedure controls shall be inbuilt in the Software by me/us.

7. I / We shall ensure that the Software shall be developed so as to generate the following for the purpose of verification for the inspection:

   i. Number of users having Back office access rights.
   ii. Number of users having different privileges.
   iii. Timeline of the system locking and date range.
   iv. All the systems logs and audit log trails of the users and the Trading Member.
   v. All periodic submission to SEBI/the Exchange as per the standardised formats defined by SEBI/Exchange.
   vi. Provisions for monitoring Dummy control accounts and Dummy entries.
   vii. Limitations on number of machines by issuing license key which will act as a validation for each instance of login/reinstallation of the application.
   viii. The Software has the facility to generate logs of all entries/ deletion/modification done by the trading member(s), as specified through relevant circulars.

8. I/We undertake that-

   i. Exchange shall have the right and privilege of inspecting the functionality of the Software at my/our site without any prior notice.
   ii. We shall provide all the necessary support, technical and otherwise, as may be required for the Exchange/SEBI or any other regulatory authority to inspect and retrieve data from the Software.
   iii. I/We shall ensure User Acceptance Testing (UAT) environment, testing of the technical specifications of the Software.
   iv. I / We shall make available Prototype and the technical specifications of the Software to the Exchange for testing purposes.
   v. I / We shall make all periodic submissions and inspection submissions to be made via API or any other mode as specified by the Exchange time to time.
   vi. I / We shall incorporate any change in the Software introduced by the Exchange/SEBI for regulatory requirements within stipulated timelines
   vii. I / We shall be responsible to fix the bugs in the Software, if any.

9. I / We shall meet the criteria's as may be prescribed by the Exchange from time to time to measure the expected level of performance of the Software.

10. I / We shall ensure that adequate documentation along with the user manual required to operate the Software and use of system outputs as specified by the Exchange from time to time with respect to the Software are provided to Approved Users and officials of Exchange / SEBI. Further, such documentation shall include the potential error conditions and recommend action in the event of occurrence of error.

11. I / We undertake that:

    i.   All material and information which has or will come into my /our possession or knowledge in connection with this undertaking or the performance hereof, consists of confidential and proprietary data, whose disclosure to or use by third parties will be damaging or cause loss to the Exchange. I / We agree to hold such material and information in strict confidence, not to make use thereof other than for the performance of the Undertaking, to release it only to my/our employees requiring such information and that too only with the written consent of the Exchange, and not to release or disclose it to any other parties. I / We shall take appropriate action with respect to my / our employees to ensure that the obligations of non-use and non-disclosure of confidential information under the Agreement are fully satisfied by executing appropriate and applicable non-disclosure agreement with my employees and shall also ensure that my/our employees are aware and comply with the above provisions. The provisions of this clause shall survive the termination of the Undertaking.

    ii. I / We shall not advertise or publish any brochure, pamphlet, booklet, notice, or promotional material mentioning the Exchange or the services to be provided under the Undertaking without the prior written consent of the Exchange.

12. I / We shall develop the Software after considering the current and expected increase in workload, to ensure that the desired efficiency can be maintained with future workloads.

13. I / We shall develop the Software and make it compatible to other Operating Systems, in case of any need to transfer the Software from one piece of hardware to another due to technological changes.

14. I / We shall provide upgrade to the Software as and when the need for the same arises and in accordance with the requirements of the Exchange. Further, I/We shall provide the training and documentation required with respect to the same to the Exchange.

15. I / We am / are fully aware that the Exchange shall not be responsible for development, maintenance, updates, upgrades, error fixes and other support functions.

16. I / We undertake to ensure as follows:

    i.   That in case of failure or malfunctioning of the Software, I/We shall make such first level trouble shooting and rectification of the Software problem to restore the Software in its proper operating condition.

    ii. That I / We shall perform onsite maintenance of the Software regularly or in such manner and at such time intervals as may be specified by the Exchange from time to time.

17. I / We confirm that the Software complies with all the requirements stipulated by the Exchange/SEBI in this regard and undertake that I / we shall modify the Software, if necessary to ensure continued compliance with the requirements of the Exchange / SEBI as may be issued from time to time.

18. I/We confirm that during the continuation of this undertaking if any modification/amendment to this Undertaking or to the Software is required by the Exchange/ to be made by me/us, I/We agree and undertake to implement the same within timelines specified by the Exchange from time to time.

19. I/We agree and understand that the Exchange / SEBI has the right to take such actions as it may deem fit in accordance with Byelaws, Rules and Regulations of the Exchange or SEBI laws, in case of any fraudulent activity / unlawful business by me/us or for my/our non-compliance with any of the provisions of this Undertaking.

20. I / We shall render all possible assistance and co-operation to the Exchange by providing access to any kind of information in any form as it may require and I/we hereby undertake to produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by the Exchange at its discretion. In case of any impediment which frustrates the role / rights of Exchange as provided herein, such impediment (which falls within our domain) shall be resolved by me/us at the earliest.

21. I/We agree that the Exchange endeavours to provide the approval for the Software on a best-efforts basis and makes no representations or warranty, express or implied, with regard to the advantages, benefits, usefulness, or accuracy of the same or the advantages accruing by subscribing to it. The Exchange shall not be responsible, liable or shall guarantee the results for the functionality and / or performance of the Software and shall in no event be liable or responsible for any direct or indirect claims/ damages arising out of the usage / availment / subscription of such facility.

22. I/We agree that the approval granted by the Exchange to the subject matter back-office facility does not, in any manner, represent or warrant that the said back-office facility shall be free of any error, omission, defect, bugs, shortcoming or limitation of any nature whatsoever. The Trading Member is solely responsible for ensuring that the subject matter back-office facility does not result in any market abruptions, aberrations or disturbs/affect the integrity of the market / sanctity of price discovery mechanism. Further, the Trading Member shall be solely liable for all/any dysfunctional, erroneous or disorderly functioning of the subject matter back-office facility and for the consequences arising out of such functioning. The Trading Member shall at all times ensure that the subject matter back-office facility shall not be used for any purpose that is contrary to applicable Circulars, Byelaws, Rules and Regulations of the Exchange and/or SEBI.

23. I / We agree and undertake that the Exchange shall not be liable for any direct or indirect loss, damage, costs, claims and expenses whatsoever caused or contributed by any event of force majeure. For the purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond the Exchange's control and further the above is without prejudice to the rights already accrued to the Exchange due to my/our failure to perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.

24. I / We shall indemnify and keep indemnified the Exchange harmless against every and all claim, loss, damage, settlement, penalties, demands, costs, taxes, expense or other liability (including,

without limitation, attorney's fees), including any and all third party claims (each, a "**Claim**") arising directly or indirectly against the Exchange from or related to my / our non-compliance, contravention with any of the provisions of this Undertaking or any loss suffered by the Exchange for reasons attributable to me/us in connection to this Undertaking or the Software.

25. I / We agree that no forbearance, delay or indulgence by the Exchange in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of the Exchange nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for the Exchange is exclusive of any other right, power or remedy available to the Exchange and each right, power or remedy shall be cumulative.

26. I / We undertake that any declaration or other notice to be given by me/us to the Exchange shall be sent by registered letter or email/ telex/cable or facsimile transmission to the address first mentioned above.

27. That I / we shall execute, sign and subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by the Exchange from time to time.

28. I/We agree to adhere to adhere to cyber security practices, policies and norms specified by Exchange from time to time.

29. That I / we shall produce all such necessary documents/papers to Exchange in support of my claim that Software is solely developed by me/us and the intellectual property rights of the Software is owned by me/us.

30. Any term(s) & condition(s), warranty and/or representation stipulated in this Undertaking shall be binding as per its applicability.

31. In event of conflict between the terms and conditions of this Undertaking and any other agreement/engagement executed in regard to the purpose mentioned herein, the terms and conditions of this Undertaking shall prevail at all times.

32. This Undertaking shall be subject to, construed and interpreted in accordance with the laws of India and the Courts in Mumbai shall have exclusive jurisdiction over it.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed, Sealed and Delivered By
_____

For and on behalf of
_____
_____

Before me (Witness)
_____

Checklist for Submitting Undertaking

Sr	Pre-Checks	Tick wherever applicable
1	Stamp paper is of minimum Rs. 600 /- **for details refer instruction below	
2	Stamp paper purchased in name of Trading Member / Vendor	
3	Undertaking is executed in favour of NCDEX	
4	Date of Stamp paper purchase:	
5	Date of execution of undertaking mentioned:	
6	Date of Notarizing to be mentioned:	
7	Notary stamp on all pages	
8	Date of entering into the agreement as specified on the first page of the agreement should be on or before the date of notarizing the agreement.	
9	Undertaking is executed within validity of stamp paper (Date of execution is on or after the date of, and is within six months of, the stamp paper purchase date)	
10	Clauses of Undertaking are as per format	
11	Signature on all pages of the Undertaking	
a	For Individual: Only self can sign	
b	For Partnership Firm: All Partners OR Authorised Signatory	
c	For Corporates: Minimum two directors or a managing director / Authorised signatory	
d	For others: Authorised signatories	
12	Signature of 2 witness on last pages of the Undertaking (not mandatory)	
13	Company's stamp is affixed and in presence of persons authorised by the Board Resolution (for Corporates only)	
14	If there is any correction in the undertaking, then ensure the persons as authorised by the board resolution have signed across the correction	
15	Additional Documents to be collected	Remarks
a	For Individual: None	-
b	For Partnership Firm: Partnership deed or any other documents as advised	
c	For Corporates: Copy of board resolution and specimen signature list of authorised signatories	
d	For others: any other documents as advised	

** To be executed on Rs. 600/- stamp paper / applicable stamp duty of the state (whichever is higher), duly Notarized on all pages, signed, stamped & sealed by Authorized Signatory on all pages

<u>Annexure III- Undertaking for Back Office Facility</u>

To be executed on Rs. 600/- stamp paper / applicable stamp duty of the state (whichever is higher), duly Notarized on all pages, signed, stamped & sealed by Authorized Signatory on all pages

I / We _____, an individual / a firm registered under the Indian Partnership Act, 1932 / a Limited Liability Partnership registered under Limited Liability Partnership Act 2008/a Company / Body Corporate incorporated under the Companies Act of 2013/ _____ Act, ___, and residing at / having our registered office at/ having place of business at _____ (including its successors, assigns and legal representatives) give this UNDERTAKING on this _____ day of _____ at _____ IN FAVOUR of National Commodity & Derivatives Exchange Limited (NCDEX), a company incorporated under the Companies Act of 1956, with its registered office at Ackruti Corporate Park, 1st Floor, LBS Road, Kanjurmarg (W.), Mumbai - 400078. (hereinafter referred to as 'NCDEX/Exchange' which expression shall unless repugnant to the context include its successors, assigns and legal representatives)

WHEREAS

a) The trading member(s) of the Exchange manage their Back-office functions either by in- house developed software or by availing the services of a third party Back Office software vendors. In order to achieve uniformity in the formats in which the books and accounts are maintained by the trading member(s) and to harmonize the formats under which various data is submitted to the Exchange, the Exchange has decided to empanel third party Back Office software vendors (hereinafter referred to as "the Vendor(s)").

b) The Undersigned is desirous of getting empaneled with the Exchange for providing its Back-office facility software(s) to the trading member(s) of the Exchange.

c) The Exchange in this regard has agreed to empanel the Undersigned based on the application submitted by it to the Exchange and subject to fulfilment of such criteria as may be stipulated by the Exchange hereunder and subject to the Undersigned executing this Undertaking in favor of the Exchange as prescribed hereunder.

NOW THEREFORE IN CONSIDERATION OF the Exchange having agreed to identify and empanel the Undersigned as a Vendor for the aforesaid purposes, the Undersigned hereby IRREVOCABLY AND UNCONDITIONALLY AGREES, ACCEPTS and UNDERTAKES to abide by and be bound by the following terms and conditions:

1. The Undersigned hereby declares that the information provided by it in the application form submitted to the Exchange for approval of the Back-office facility software(s) is complete and true to best of its knowledge and based on records.

2. The Undersigned shall install the Back-office facility software(s) after duly ensuring that all the functionality requirements stipulated by the Exchange/SEBI and prevailing at the time of making this undertaking have been complied with.

3. The Undersigned shall obtain the prior approval of the Exchange for making any major changes to the Back-office facility software(s) and also maintain such software versions. Major changes mean any changes with respect to reports/submission/details specified in Annexure VI - Criteria/Aspects of Testing of exchange's circular reference number Circular no.: NCDEX/COMPIANCE-053/2022 dated July 28, 2022, as may be modified from time to time by Exchange/Regulatory/Functional/Technical. Such approval of the Exchange shall be provided to the Undersigned within mutually agreeable timelines for implementation. The Undersigned may carry out other changes with regard to the base software version for which approval of the Exchange may not be required. All references to the Back-office facility software(s) in this Undertaking, including its features, upgrades, documentation, and training, shall be in respect of the functional/technical requirements with respect to the criteria/aspects of testing mentioned in the aforesaid Annexure VI of the Exchange circular having reference number Circular no.: NCDEX/COMPIANCE-053/2022 dated July 28, 2022, as may be modified from time to time.

4. The Undersigned shall ensure that the Back-office facility software(s)shall be developed so as to generate the following information/ data from the software for the purpose of verification during the inspection:

      i.   Number of users having Back office access rights

      ii.   Number of users having different Privileges

      iii.   Timeline of the system locking and date range

      iv.   The systems logs and audit log trails of the users and the trading member(s), as specified through relevant circular(s).

      v.   All periodic submission to SEBI/the Exchange as per the standardized formats defined by SEBI/Exchange.

      vi.   The Back office system has the facility to generate logs of all entries/ deletion/modification done by the trading member(s), as specified through relevant circulars.

      vii.   In order to ensure that no parallel system is running at the trading member(s) end, the Undersigned shall have limitation on number of machines by issuing license key which will act as a validation for each instance of login/reinstallation of the application.

5. The Undersigned undertakes that:

      i.   Exchange shall have the right and privilege of inspecting the functionality of the Back- office facility and Back-office facility software(s) of the Undersigned without any prior notice.

      ii.   The Undersigned shall provide all the necessary support, technical and otherwise, as may be required by the Exchange/SEBI in order to inspect and retrieve data from Back-office facility software(s).

      iii.   The Undersigned shall facilitate, in the User Acceptance Testing (UAT) environment provided by the trading member(s) to the Exchange, testing of the technical specifications of the Back-office facility software(s).

      iv.   The Undersigned shall develop functionality to make all periodic submissions and inspection submissions via API or any other mode as may be specified by the Exchange time to time as mutually agreed between trading member(s) and Back Office Vendor. However, the trading member(s) shall be solely responsible for making all such periodic submissions to the Exchange.

      v.   The Undersigned shall incorporate any change in the Back-office facility software(s) introduced by the Exchange or SEBI within reasonable time period, for understanding test cases, development, testing on UAT environment provided by the Exchange, deployment and training introduced by Exchange/SEBI for any regulatory requirement.

      vi.   The Undersigned shall be responsible to fix the bugs in the Back-office facility software(s), if any.

6. The Undersigned shall meet the criteria's as may be prescribed by the Exchange from time to time to measure the expected level of performance of the Back-office facility software(s).

7. The Undersigned agrees that the terms of delivery and payment for the Back-office facility software(s) shall be as agreed between the trading member(s) and the Undersigned and the Exchange shall not be responsible for any breach, either by the trading member(s) or by the Undersigned, of such terms and conditions agreed therein.

8. The Undersigned shall provide the documentation i.e., training manuals required to operate the Back-office facility software(s) and use of system outputs, with respect to the Back-office facility software(s).

9. The Undersigned undertakes to provide user training to the trading member(s) and its authorized representatives, at the time, when the Back-office facility software(s) is being installed and thereafter whenever a major upgrade is released for the following:
    i.   Use of Back-office facility software(s)
    ii.   Maintenance of the Back-office facility software(s)
    iii.   Regulatory changes

10. The Undersigned shall develop the Back-office facility software(s) after considering the current and expected increase in workload, to ensure that the desired efficiency is maintained with future workloads.

11. The Undersigned shall, provide assistance to the Exchange upon receiving formal request from the Exchange, in case of any need, to install the Software on a computer, similar to existing hardware/ software/ operating system/ database configuration/ environment subject to technical feasibility and resource availability.

12. The Undersigned shall, as on agreed terms with the trading member(s), provide an upgrade to the Back-office facility software(s) as and when the need for the same arises and in accordance with the requirements of the Exchange/SEBI.

13. The Undersigned undertake and agree that it is fully aware that the Exchange shall not be responsible for development, maintenance, updates, upgrades, error fixes and other support functions with respect to the Back-office facility software(s).

14. The Undersigned undertake to provide the training and documentation as and when the Back office facility software(s) is technically/functionally upgraded.

15. The Undersigned undertakes to ensure as follows:
    i.   To provide services for regular onsite/remote maintenance of the Back office facility software(s) in such manner and at such time intervals as agreed with the trading member(s). The Undersigned is also aware and agrees that the Exchange shall in no way be responsible for non-fulfilment of either this or any other condition in this regard by the trading member(s).

16. The Undersigned confirms that the Back-office facility software(s) complies with all the requirements stipulated by the Exchange and SEBI prevailing at the time of making this Undertaking and undertakes that the Undersigned shall modify the Back-office facility software(s), if necessary to ensure continued compliance with the requirements of the Exchange/SEBI as may be issued from time to time.

17. The Undersigned hereby undertake to duly inform the Exchange in case of any change in any of the eligibility criteria based on which the Undersigned have been identified as a Vendor by the Exchange.

18. The Undersigned hereby undertakes to duly inform the Exchange of the list of trading member(s) who are availing its Back-office facility, from time to time and within such time period as may be stipulated by the Exchange.

19. During the continuation of this Undertaking, the Undersigned shall make any modification/amendment to the Back-office facility software(s) as may be required by the Exchange and implement the same within mutually agreed timelines.

20. The Undersigned agrees that the term "Empanelment by the Exchange" is specifically limited to sharing of API or any other technical requirement with registered vendors to achieve standardization of reports and/or seamless periodic data submissions to the Exchange and receiving update from NSEIL in respect of the regulatory changes to be done in Back-office facility, wherever the Undersigned displays or expresses its Empanelment with the Exchange.

21. The Undersigned agree that "Empanelment with the Exchange" does not guarantee the software veracity or any commercial veracity of any contract or agreement done by the Undersigned with trading member(s) and any software developed by the Undersigned shall in no way construed as being recommended by the Exchange. The Undersigned agree that the

Undersigned's Empanelment with the Exchange does not constitute or imply endorsement, recommendation, or favoring by the Exchange, its associate companies or any of its employees or contractors acting on its behalf.

22. The Undersigned agree that the Exchange/SEBI shall have the right to dis-empanel the Undersigned with immediate effect in case of any fraudulent activity/unlawful business is being conducted by the Undersigned or in case the Undersigned is not providing the service in accordance with this Undertaking. Exchange/SEBI while exercising such right shall provide due notice and/or reasonable opportunity to represent their case.

23. The Undersigned shall undertake to render all required assistance and co-operation to the trading member(s) for migration, at agreed terms with the trading member(s), to new Back-office facility Vendor in case the Exchange/SEBI has dis-empaneled the Undersigned with immediate effect or otherwise.

24. The Undersigned shall render all possible assistance and co-operation to extract data and any other information from the Back-office facility software as may be required by the Exchange at its discretion.

25. The Undersigned agree that the Exchange endeavors to provide the approval for back- office facility on a best-efforts basis and makes no representations or warranty, express or implied, with regard to the advantages, benefits, usefulness, or accuracy of the same or the advantages accruing by subscribing to it. The Exchange shall not be responsible, liable for and/or does not guarantee the results for the functionality and / or performance of the Back-office facility and shall in no event be liable or responsible for any direct or indirect claims/ damages arising out of the usage / availment / subscription of such Back-office facility software(s).

26. The Undersigned agree that the approval granted by the Exchange to the subject matter Back office facility software(s) does not, in any manner, represent or warrant that the said software shall be free of known error, omission, defect, bugs, shortcoming or limitation of any nature whatsoever. The Undersigned on best effort basis shall not use the Back-office facility software(s) for any purpose that is contrary to applicable Circulars, Byelaws, Rules and Regulations of the Exchange and/or SEBI.

27. The Undersigned agrees that in case of any dispute arising between the Undersigned and trading member(s), the Exchange shall not, in any way, be responsible for the resolution of any such dispute. Further, the Exchange shall in no case be responsible for breach of any terms and conditions, commercials etc. which have been mutually agreed upon between the Undersigned and trading member(s).

28. The Undersigned agrees and undertakes that the Exchange shall not be liable for any direct or indirect loss, damage, costs, claims and expenses whatsoever caused or contributed by any event of force majeure. For the purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond the Exchange's control and further the above is without prejudice to the rights already accrued to the Exchange due to failure of the Undersigned to perform either in full or in part, its obligations arising prior to the occurrence of events of Force Majeure.

29. The Undersigned agrees that no forbearance, delay or indulgence by the Exchange in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of the Exchange nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for the Exchange is exclusive of any other right, power or remedy available to the Exchange and each right, power or remedy shall be cumulative.

30. The Undersigned undertakes that any declaration or other notice to be given by it to the Exchange shall be sent by registered letter or email/ telex/cable or facsimile transmission to the address first mentioned above.

31. The Undersigned understands and agrees that in the event of any non-compliance with any of the provisions of this Undertaking, the Exchange shall have the right to take such actions against the Undersigned to the maximum extent of dis-empanelment, as the Exchange may deem fit in this regard after providing due notice and/or reasonable opportunity to represent their case.

32. The Undersigned agree to adhere to necessary cyber security practices, policies and norms specified by SEBI/Exchange from time to time with respect to the Back-Office facility software(s).

33. The Undersigned shall produce all such necessary documents/papers to Exchange in support of rights and ownership of the Back-office facility software(s) and undertake that:
    i.   the Back-office facility software(s) is- solely developed by the Undersigned and the Undersigned owns the intellectual property rights of the Software; or
    ii. the software is developed by third party and the Undersigned have necessary the license(s) to use / distribute.

34. The Undersigned shall comply with all applicable laws and all requirements, instructions, circulars introduced/ modified by the Exchange or SEBI from time to time with regard to or in connection with their empanelment as a Vendor or with respect to Back-office facility software(s) for intermediaries registered with Exchange in India.

35. The Undersigned shall ensure that the following points are adequately covered in its agreement with the trading member(s) for the purpose of Back-office facility:
    i.   Trading member(s) shall provide access to the Back-office facility software(s) only to the authorized representatives of the Undersigned, the authorized representatives of trading member or officials or authorized representatives of the Exchange/SEBI. trading member(s) shall implement a method (including malware protection) to prohibit any unauthorized access to the software provided on the Back office facility.
    ii. No advertisements or publications shall be made including in the form of any brochure, pamphlet, booklet, notice, or promotional material mentioning the Exchange without the prior written consent of the Exchange.
    iii. Trading Member(s) are solely responsible for taking real time / regular backup of the data and shall define in its IT - Standard Operating Procedure (SOP) that "Weekly back-up" of Back-office Software and its databases to be maintained and also such back-up to be maintained at DR site if any". Further, the Undersigned shall display a message in the system on daily basis for trading member(s)to ensure regular back up of the data to be undertaken.
    iv. All material and information which may come into the possession of the Undersigned or knowledge, in connection with Back-office facility software(s), shall be kept strictly confidential and shall not be disclosed to any third party except to the Exchange/SEBI.

36. Any failure or malfunction caused to the Back-office facility software(s) shall be troubleshooted and rectified by the Undersigned in order to maintain its proper operating condition. Any term(s) & condition(s), warranty and/or representation stipulated in this Undertaking shall be binding upon the Undersigned, its employees, directors, partners and personnel.

37. In event of conflict between the terms and conditions of this Undertaking and any other agreement/engagement executed in regard to the services provided for the purposes mentioned herein, the terms and conditions of this Undertaking shall prevail at all times.

38. This Undertaking shall be subject to, construed and interpreted in accordance with the laws of India and the Court in Mumbai shall have exclusive jurisdiction over it.

39. The Undersigned gives their consent to the Exchange for displaying their firm's name, address and contact information (mobile number and email address) on the Exchange's website post empanelment with the Exchange.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed, Sealed and Delivered By
_____

For and on behalf of
_____
_____

Before me (Witness)
_____

Annexure IV

Auditor's Report on Back office

(To be on the letterhead of the system auditor, all pages to be duly stamped and signed)

NCDEX Trading Member Code:

NCDEX Trading Member Name:

Areas of Audit:

User Management:
- Rights validation
- Privileges validation
- Audit log of Users
- Audit log of JV postings
- System to restrict parallel Ledgers of clients
- System Lock (Date range: T-2 days) for back dated entries

Report Generation & submissions:
- Periodic reports as per Exchange standardised formats and methodology for submissions
  - Cash and Cash Equivalents
  - Holding Statements
  - Bank Balances
  - Enhanced Supervision
  - Margin reporting
  - Monitoring and segregation of client's asset
- Authenticating data submission via API without manual intervention
- Standardised format Reports as per the Exchange requirements
  - Client Ledger
  - Trial Balance
  - Register of Securities
  - Bank Book
  - Segregation of books of accounts w.r.t Margin Trading Funding Framework
  - UCC master (client master) with Exchanges compliance of mandatory attributes.

The detailed findings will be grouped under the above broad categories and classified as 'Strong', 'Medium' or 'Weak' and overall audit rating will be given.

Declaration:

There is no conflict of interest with respect to the member being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the member being audited.

Signature
(Name of the Auditor & Auditing firm)
CISA / DISA / CISM / CISSP Reg. No :

Date:

Place:

Stamp/Seal:

Annexure V

Auditor's Certificate

(To be on the letterhead of the system auditor. All the pages should be stamped and signed)

Section I
(Applicable for all)

I/We, M/s. (Name of the system auditor / system audit firm) have examined the reports of the tests conducted by the below mentioned NCDEX member in User Acceptance Testing (UAT). This is to certify that the member has successfully completed testing of all the areas the areas as laid down by SEBI/Exchange for the below mentioned software / facilities. The below mentioned software / facilities are in compliance with SEBI/Exchange circulars and other communications issued from time to time with respect to user Management, Report generation & submission, Access and Security controls, etc. and can be deployed in live environment.

Trading Member Code :	
Trading Member Name :	
Category:	(New / Modification)
Name of the Software:	Back office
Segment/s:	
Version No:	
Name of Software Vendor:	
Date/s of Test performed	

Section II
(Additionally applicable for In-House Software only)

This is to certify that the above mentioned software to be used by members for Back office operations, is in compliance with the various SEBI/Exchange circulars relevant at the time of application, more specifically with respect to the following:

User Management:
- Rights validation
- Privileges validation
- Audit log of Users
- Audit log of JV postings
- System to restrict parallel Ledgers of clients
- System Lock (Date range: T-2 days) for back dated entries

Report Generation & submissions:
- Periodic reports as per Exchange standardised formats and methodology for submissions
  - Cash and Cash Equivalents
  - Holding Statements
  - Bank Balances
  - Enhanced Supervision
  - Margin reporting
  - Monitoring and segregation of client's asset
- Authenticating data submission via API without manual intervention
- Standardised format Reports as per the Exchange requirements
  - Client Ledger
  - Trial Balance
  - Register of Securities
  - Bank Book
  - Segregation of books of accounts w.r.t Margin Trading Funding Framework
  - UCC master (client master) with Exchanges compliance of mandatory attributes.

The above-mentioned software can be deployed in live environment.

Declaration:

There is no conflict of interest with respect to the member being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the member being audited.

Signature

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No :

Date:

Place:

Stamp/Seal:

Annexure VI

Criteria / Aspects of Testing

Broad areas where system testing should be done and system audit report to be submitted to Exchange for using the software.

User Management:
- Rights validation
- Privileges validation
- Audit log of Users
- Audit log of JV postings
- System to restrict parallel Ledgers of clients
- System Lock (Date range: T-2 days) for back dated entries

Report Generation & submissions:
- Periodic reports as per Exchange standardised formats and methodology for submissions
    - Cash and Cash Equivalents
    - Holding Statements
    - Bank Balances
    - Enhanced Supervision
    - Margin reporting
    - Monitoring and segregation of client's asset
- Authenticating data submission via API without manual intervention
- Standardised format Reports as per the Exchange requirements
    - Client Ledger
    - Trial Balance
    - Register of Securities
    - Bank Book
    - Segregation of books of accounts w.r.t Margin Trading Funding Framework
    - UCC master (client master) with Exchanges compliance of mandatory attributes.

Annexure VII
Application form for Empanelment of Back office Vendor
(To be executed on letterhead of the Vendor)

I / We _____, an individual / a firm registered under the Indian Partnership Act, 1932 / a LLP registered under LLP Act 2008, a Company / Body Corporate incorporated under the Companies Act of 2013/ _____ Act, ___, and residing at / having our registered office at _____. We are desirous of making available Back office facility to trading members of the Exchange; hereby apply for the permission of the Exchange for providing back office facility.

Sr. No.	Particulars	Details
1.	Name of the Software Vendor	
2.	Registered Office/ Office address: Telephone: Mobile No.: Fax No.: Email ID:	
3.	Name of the Authorised Signatory and Designation	
4.	Contact address of the Authorised Signatory: Telephone No.: Mobile No.: Email ID:	
5.	Back office facility Name	
6.	Version	

Signature of Authorized Signatory of the Vendor
Name of the Vendor
Date:
Place:
Stamp/Seal:

BO vendors should also provide details to Exchange based on various parameters inter alia including background, infrastructure, systems etc., some of which are listed below:

1. Back-ground of the vendor. (In case of newly formed firm /company the Directors/partners & KMP of the firm / company to fulfil the criteria)
   - Organizational structure, Directors/ partners & KMPs and their background.
   - Details of affiliation with other entities like brokers/exchanges, including beneficial interests held by / in such brokers/exchanges.
   - The criteria for considering whether a relevant person is fit and proper includes **honesty, integrity and reputation, competence and capability, and financial soundness**. The onus is on the vendor to establish that it is a fit and proper person.
   - Relevant disclosures and details, if Directors/partners / KMPs are debarred by any regulatory authority (worldwide) from rendering services
   - Relevant disclosures (Conflict of Interest) in case Directors / partners/KMPs of BO vendor is associated with any particular member

2. Organization infrastructure in terms of:
   - Hardware & software facilities available
   - Communication & networking facilities within the organization
   - General office facilities in terms of office space and infrastructure

- Total qualified staff

3. Skills available within the organization (can be a value-added reseller and must have necessary system integration and porting skills)

4. Platforms for the proposed solution.