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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all members of the Exchange  
Circular No.: NCDEX/TRADING-027/2023  
Date : June 30, 2023  
Subject : Master Circular – Trading Operations

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Exchange from time to time has been issuing various circulars/directions to Members. In order to enable the Members and its participants to have access to the applicable circulars at one place, Master Circular in respect of Trading has been prepared. The circulars issued till March 31, 2023 have been consolidated in this Master Circular.

It is hereby clarified that in case of any inconsistency between this Master Circular and the original applicable circular, the content of the original circular shall prevail.

Notwithstanding any revision in the processes or formats, if any -

- a) anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
- b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.

All Members, clients and market participants are requested to take note of the same

For and on behalf of  
**National Commodity & Derivatives Exchange Limited**

Hitesh Savla  
Chief – Trading Operations

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For further information / clarifications, please contact

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## I. Trading Days, Trading Hours and Trading Holidays

### Trading Days and Trading Hours

For all commodities and commodity indices, the Exchange will have trading session from **Monday to Friday** as under and shall remain closed on Saturday and Sunday, unless it is explicitly stated otherwise.

Session timings are as under.

Particulars	Trade Timings <sup>1</sup>
Pre-Open session	8:45 a.m. to 9:00 a.m.
Normal Trading Session	9:00 a.m. to 5:00 p.m.
Client code modifications	9:00 a.m. to 5:15 p.m.

Pre-open session is not a trading session and hence no new orders entry or modification of pending orders can be affected during this period. Members can cancel their outstanding carry forward GTD/GTC order.

### Trading Holidays

- With regard to trading holidays, Exchange shall jointly decide along with other National Commodity Derivatives Exchanges, the common holiday list within the broad framework of the Negotiable Instruments Act, 1881. Exchange shall also take into consideration Central/State/Local holidays. Exchange shall notify the holiday list to the market well in advance under prior intimation to SEBI. On such trading holidays, Exchange may permit trading of internationally referenceable commodities in evening session i.e. post 5:00 PM, in case corresponding international markets are open.
- With regard to Muhurat Trading on Diwali (Lakshmi Poojan) day, Exchange shall jointly decide the common trade timing along with all other National Commodity Derivatives Exchanges and notify the same to the market under prior intimation to SEBI. <sup>2</sup>
- Pursuant to the above, following days are declared as trading holidays for the Calendar Year 2023 along with details as to whether the holidays would be full or part holidays for trading. <sup>3</sup>

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<sup>1</sup> [NCDEX/TRADING-027/2022 dated June 09, 2022](#)

<sup>2</sup> [NCDEX/TRADING-086/2016/200 dated August 31, 2016](#)

<sup>3</sup> [NCDEX/TRADING-059/2022 dated December 09, 2022](#)

**Holiday list for calendar year 2023.**

Sr. No.	Date	Day	Description	Morning Session Trading (9 a.m. to 5 p.m.)	Evening Session Trading (5 p.m. to 9 p.m.)
1	26-Jan-23	Thursday	Republic Day	Closed	Closed
2	07-Mar-23	Tuesday	Holi	Closed	Closed
3	30-Mar-23	Thursday	Ram Navami	Closed	Closed
4	04-Apr-23	Tuesday	Mahavir Jayanti	Closed	Closed
5	07-Apr-23	Friday	Good Friday	Closed	Closed
6	14-Apr-23	Friday	Dr. Baba Saheb Ambedkar Jayanti	Closed	Closed
7	01-May-23	Monday	Maharashtra Day	Closed	Closed
8	29-Jun-23	Wednesday	Idu'l Zuha (Bakri Id) <sup>4</sup>	Closed	Closed
9	15-Aug-23	Tuesday	Independence Day	Closed	Closed
10	19-Sep-23	Tuesday	Ganesh Chaturthi	Closed	Closed
11	02-Oct-23	Monday	Mahatma Gandhi Jayanti	Closed	Closed
12	24-Oct-23	Tuesday	Dussehra	Closed	Closed
13	14-Nov-23	Tuesday	Diwali Balipratipada	Closed	Closed
14	27-Nov-23	Monday	Gurunanak Jayanti	Closed	Closed
15	25-Dec-23	Monday	Christmas	Closed	Closed

**Note:** The Exchange may alter / change any of the above holidays or commence Evening session at a later date, for which a separate circular will be issued in advance.

The holidays falling on Saturdays and Sundays during 2023 are as follows.

Sr. No.	Date	Day	Description
1	01-Jan-23	Sunday	New Year Day
2	18-Feb-23	Saturday	Mahashivratri
3	22-Apr-23	Saturday	Id-UI-Fitr (Ramzan Id)
4	29-Jul-23	Saturday	Muharram
5	12-Nov-23	Sunday	Diwali (Laxmi Pujan) *

\* Market would be open for Muhurat Trading in all commodities, timings for which will be informed separately.

<sup>4</sup> [NCDEX/TRADING-024/2023 dated June 27, 2023](#)

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## II. LAUNCH, MODIFICATIONS, DEFERMENT, RE-LAUNCH OF CONTRACTS

### Notified Commodity Derivatives Contract

List of Commodities Notified under SCRA notifying the goods specified in the Schedule for the purposes of clause (bc) of section 2 of the Securities Contract (Regulation) Act, as amended by Finance Act, 2015 is available in [Annexure](#).

### Permitted Instrument and Launch of new contracts

- The contract specification in respect of each underlying commodity on which futures trading will commence will be notified in advance to the market participants on the website of the Exchange. Details of the quality standards, trading parameters relating to lot size, tick size, unit of trading, unit of delivery, delivery centres, minimum and maximum order size etc. will be part of the contract specification and product note and shall be binding on all members, clients and constituents trading on the Exchange.
- SEBI has permitted 'Options on commodity futures' vide its circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/55 dated June 13, 2017.<sup>5</sup>
  - Options On Futures shall devolve on the commodity futures contract (of a specified month) traded on the exchange. On exercise, option position shall devolve into underlying futures position All such devolved futures positions shall be opened at the strike price of the exercised options.
  - Options would be permitted for trading on a stock exchange only on those commodity futures as underlying, which are traded on its platform and satisfy both the criteria specified below
  - The average daily turnover of underlying futures contracts of the corresponding commodity during the previous twelve months, shall be at least:
    - INR 200 crore for agricultural and agri-processed commodities
    - INR 1000 crore for other commodities
- SEBI has permitted 'Option on Goods' vide its circular no. SEBI/HO/CDMRD/DMP/CIR/P/2020/05 dated January 16, 2020.<sup>6</sup>
  - Only those goods shall be eligible as underlying for these options, on which exchange either is already trading the futures contracts or is proposing to launch the futures contracts on or before the day of launching option in those goods. These Option contracts shall have same quality specifications, delivery centres, Final Settlement Price methodology etc. as in the case of corresponding futures contracts.
  - On exercise, option contract shall be settled through delivery of goods.
- SEBI has also permitted commodity derivative segment to introduce Futures on Commodity indices vide circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/71 dated June 18, 2019 and Options on Commodity Indices vide circular No. SEBI/HO/CDMRD/DNP/CIR/P/2022/34 dated March 24, 2022.<sup>7</sup>

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<sup>5</sup> [NCDEX/TRADING-053/2017/144 dated June 15, 2017](#)

<sup>6</sup> [NCDEX/TRADING-003/2020 dated January 23, 2020](#)

<sup>7</sup> [NCDEX/TRADING-017/2022 dated March 29, 2022](#)  
[NCDEX/TRADING-018/2019 dated June 21, 2019](#)

- Exchanges are permitted to launch Composite Indices (i.e., comprising of commodities from more than one sector) as well as sectoral indices, meeting the eligibility criteria prescribed by the SEBI. For being eligible to launch derivatives upon, Exchanges shall ensure that indices are compliant with IOSCO Principles for Financial Benchmarks and make necessary disclosures in this regard on their websites.
- Constituents of the commodity index shall meet the criteria given below;
- Constituent futures contracts should be in existence on the respective exchange for at least previous twelve months. (All constituents shall meet this criterion)
- The contracts have traded for at least 90% of the trading days during the previous twelve months. (All constituents shall meet this criterion)
- The average daily turnover of the constituent futures contracts during the previous twelve months is at least:
  - INR 75 Crore for agricultural and agri-processed commodities
  - INR 500 Crore for all other commodities.

(Constituents having at least 80% combined weightage in the index shall meet this criterion and no single constituent not meeting this criterion shall have a weightage of more than 15% in the index)

However, the above turnover requirements shall not be applicable for sectoral indices subject to exchanges ensuring that constituent futures have adequate liquidity.

- Exchanges are also permitted to launch different Symbols under same commodity i.e. multiple variants of same commodity.<sup>8</sup>
- Disclosure of information regarding trading activity during life cycle of contract is published on the Exchange website.
- Performance review along with the methodology adopted in evaluation, is disclosed the website of the Exchange.<sup>9</sup>

List of contracts available for trading as on March 31, 2023.

Commodity	Trading Symbol	Futures available for Trading	Options available for Trading
BAJRA	BAJRA	Yes	-
BARLEY	BARLEYJPR	Yes	-
CASTOR_SEED_NEW	CASTOR	Yes	-
CASTOROIL	CASTOROIL	Yes	-
COFFEE_ROBUSTA	COFFEE	Yes	-
COTTON_CAKE	COCUDAKL	Yes	-
COTTON	COTTON	Yes	-
CORIANDER	DHANIYA	Yes	Yes
GUARGUM5	GUARGUM5	Yes	Yes

<sup>8</sup> [NCDEX/TRADING-002/2023 dated January 12, 2023](#)

<sup>9</sup> [NCDEX/TRADING-008/2020 dated February 11, 2020](#)

GUARSEED10	GUARSEED10	Yes	Yes
GUR	GUR	Yes	-
JEERA	JEERAUNJHA	Yes	Yes
KAPAS	KAPAS	Yes	-
MAIZE	MAIZE	Yes	Yes
PADDY_BASMATI	PADYPB1121	Yes	-
SESAME_SEED	SESAMESEED	Yes	-
STEEL	STEEL	Yes	-
TURMERIC	TMCFGRNZM	Yes	Yes

#### Retention and reintroduction of derivative contracts on commodities; <sup>10</sup>

- For any commodity to continue to be eligible for Futures trading on Exchange, it should have annual turnover of more than `500 Crores across all National Commodity Derivatives Exchanges in at least one of the last three financial years. For validating this criteria, gestation period of three years is provided for commodities from the launch date/re-launch date, as may be applicable.
- Once, a commodity becomes ineligible for derivatives trading due to not satisfying the retention criteria, the exchanges shall not reconsider such commodity for re-launching contract for a minimum period of one year.
- Further, a commodity which is discontinued/suspended by the exchange from derivatives trading on its platform, shall not be re-considered by the concerned exchange for re-launching of derivatives contract on such commodity at least for a minimum period of one year.

#### Modification in Contract Specification<sup>11</sup>

- Exchange may modify the attribute of contract specifications after informing the market participants and the Regulator in advance, before introduction of any modification in contract specifications along with reasons for the modifications. In order to streamline the process and as per the SEBI guidelines, following categories of modifications in contract specification parameters are defined.
  - Category A: Non-material modifications which can be made at the exchange level in yet to be launched and running contracts.
  - Category B: Material modifications which can be made at the exchange level in yet to be launched contracts or running contracts which have nil open interest. These modifications shall require approval from Product Advisory Committee and approval of Regulatory Oversight Committee to be obtained post facto.
  - Category C: Material modifications which can be made only after approval from SEBI. These modifications shall require deliberations and approval from Product Advisory Committee and Regulatory Oversight Committee before seeking permission from SEBI.
- The list of various contract specification parameters as per the above stated categories along with the timelines for advance intimation of modification to SEBI and market participant is given at Annexure I.

<sup>10</sup> [NCDEX/TRADING-007/2017/020 dated January 23, 2017](#)

<sup>11</sup> [SEBI/HO/CDMRD/DOP/CIR/P/2019/135 dated November 14, 2019](#)

- The permission to modify contract specification parameters of commodity derivatives contracts is subject to the condition that before introduction of any modification in contract specifications the Exchanges shall inform SEBI and market participants along with reasons for the modifications as per the timeline mentioned in Annexure I. However, this shall not apply to certain modifications which are required to be effected immediately considering the exigencies of the situation as per surveillance measure.



Category	Type of Modification	Parameter	Number of days of advance intimation to be given to SEBI and market participants
Category A	Non-material modifications which can be made at the exchange level in yet to be launched and running contracts	<ul style="list-style-type: none"> <li>• Symbol</li> <li>• Description</li> <li>• Contract Commencement Day(Y/L)</li> <li>• Quotation/Base value (Y/L)</li> <li>• Maximum Order Size</li> <li>• Tick Size (Minimum Price Movement)</li> <li>• Strike Interval (Y/L)</li> <li>• Number of Strikes</li> <li>• Initial Margin</li> <li>• Extreme Loss Margin</li> <li>• Delivery Period Margin</li> <li>• Pre-expiry Margin</li> <li>• Other Margins</li> <li>• Underlying Quotation (Y/L)</li> </ul>	10 days
Category B	Material modifications which can be made at the exchange level in yet to be launched contracts or running contracts which have nil open interest. These modifications shall require approval from Product Advisory Committee and approval of Regulatory Oversight Committee to be obtained post facto	<ul style="list-style-type: none"> <li>• Last Trading Day /Due Date/Expiry Date#</li> <li>• Trading Unit</li> <li>• Price Quote (Basis)</li> <li>• Delivery Centre</li> <li>• Delivery Unit</li> <li>• Additional Delivery Centre(s)</li> <li>• Quality Specifications</li> <li>• Quantity Variation</li> <li>• Tolerance Limit</li> <li>• Trading Session</li> <li>• Premium/Discount</li> <li>• Underlying Price Quote (basis)</li> <li>• Maximum Allowable Open Position</li> </ul>	10 days <sup>12</sup>
Category C	Material modifications which can be made only after approval from	<ul style="list-style-type: none"> <li>• Contract Launch Calendar</li> <li>• Trading Period</li> <li>• Daily Price Limit</li> </ul>	10 days <sup>6</sup>

<sup>12</sup> [SEBI/HO/CDMRD\\_DOP/P/CIR/2021/592 dated July 08, 2021](#)

	<p>SEBI. These modifications shall require deliberations and approval from Product Advisory Committee and Regulatory Oversight Committee before seeking permission from SEBI.</p>	<ul style="list-style-type: none"> <li>• Delivery Logic</li> <li>• Settlement of Contract/ Settlement Logic/Final settlement Method Exercise of Options</li> <li>• Mechanism of Exercise</li> <li>• Due Date Rate (Final Settlement Price)</li> <li>• Tender Period</li> <li>• Start Date of Near Month Staggered Delivery Period/Tender Period</li> <li>• Option Type</li> </ul>	
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(Y/L)-Modification can only be carried out in yet to be launched contracts

#- Changes in due date/expiry date may be required to be done in the running contracts in the event of sudden closure of markets on expiry date.

SEBI Circular ref. no. SEBI/HO/CDMRD/DRMP/CIR/P/2016/90 dated September 21, 2016 prescribes that Exchange may advance expiry date of running contract in case physical market is closed in the notified basis centre on the expiry day of the contract, due to festivals, strikes, erratic weather conditions, etc. Decision about advancing expiry of running contract shall be intimated to the trade participants at least 10 days before the revised expiry date.

**Deferment, Re-launch of contracts**

If Exchange decides to defer the launch of new expiry contract, then Exchange shall inform market participants and SEBI well in advance. Before the re-launch of such deferred contract, the Exchange shall seek SEBI approval and inform market participants and SEBI in advance.

### III. TRANSACTION CHARGES <sup>13</sup>

In terms of Bye-law 3.2.h read with Regulation 6.2.1(e) of the Exchange Bye-Laws and Regulations, the transaction charges and classification of commodities falling under Main & Special categories has been revised with effect from April 01, 2022.

The details of the transaction charges under different categories are as under:

#### **The transaction charges for the Main Category commodities.**

Main Category	Member-level slabs	Rate Rs. Per lakh
Slab 1	ADTV Up to Rs. 100 crore	6.00
Slab 2	On incremental ADTV above Rs. 100 crores and up to Rs. 300 crore	4.50
Slab 3	On incremental ADTV above Rs. 300 crores	3.50

#### **Transaction charges for the Special Category commodities.**

Rates for future contracts in special category: Transaction charges shall be at the flat rate of Rs. 3 per lakh of trade

Members are requested to note the following in this regard:

- ADTV shall be calculated separately for each commodity under each of these categories and transaction charges shall be calculated accordingly.
- The ADTV will be calculated by taking the total value traded by the member in Futures excluding traded value under “Special category” in a month and dividing it by number of trading days.
- List of Commodities classified under Main and Special category are annexed.

The new transaction charges shall be valid till further notice. The Exchange reserves the right, at any time, to amend the above structure either in part or in full after giving notice to its members.

#### **Classification of Commodities in different categories #**

Main	Special
Castor Seed	Barley
Coriander	Crude Palm Oil*
Guar Gum Refined Splits	Paddy (Basmati) – Pusa 1121
Guar Seed	Unprocessed Whole Raw Moong (Not for direct human consumption)*

<sup>13</sup> [NCDEX/TRADING-018/2022 dated March 29, 2022](#)

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Jeera	Bajra – Feed grade
Kapas	Natural Whitish Sesame Seeds
Refined Soy Oil*	Maize - Feed/Industrial Grade
Soy Bean*	29 mm Cotton
Turmeric	Wheat*
Un-decorticated Cotton Seed Oil Cake – Akola	Hipro Soybean Meal*
Chana (Desi Unprocessed Whole Raw Chana (Not for direct human consumption)*)	Steel Long
Rapeseed Mustard Seed*	Gur (Feed Grade)
	Refined Castor Oil
	GUAREX

\*Currently suspended i.e. new contracts cannot be launched and new positions can't be created in existing contracts.

# As on March 28, 2022

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#### IV. NEW PARTICIPANTS PERMITTED IN COMMODITIES DERIVATIVE MARKET

SEBI has permitted following new categories of participants to trade in commodity derivatives market.

##### **Category III Alternative Investment Funds (AIFs)**

Category III AIFs is permitted to participate in all commodity derivatives products that are being traded on the commodity derivatives exchanges vide SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/61 dated June 21, 2017.<sup>14</sup>

Category-III Alternative Investment Funds (AIFs) to participate in the commodity derivatives market, subject to the following conditions.

- Such participants shall trade as 'clients' and shall be subjected to all the rules, regulations and instructions, position limit norms as may be applicable to clients, issued by SEBI and Exchanges from time to time.
- Category III AIFs shall invest not more than ten percent of the investable funds in one underlying commodity.
- Category III AIFs may engage in leverage or borrow subject to consent from the investors in the fund and subject to a maximum limit, as specified by the Board from time to time.
- Category III AIFs shall make disclosure in private placement memorandum issued to the investors about investment in commodity derivatives. Consent of existing investor(s) shall be taken by AIFs if they intend to invest in commodity derivatives and exit opportunity should be provided to dissenting investor(s).
- If applicable, AIF shall also comply with RBI notification No. FEMA. 355/2015RB dated November 16, 2015 and all other guidelines issued by the RBI under Foreign Exchange Management Act, 1999 from time to time.
- Category III AIF shall be subject to the reporting requirements as may be specified by SEBI. The participation of Category III AIF in the commodity derivatives market shall be subject to the compliance of the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.

##### **Mutual Fund**

Mutual funds are permitted to participate in ETCDs in India, except in commodity derivatives on 'Sensitive Commodities' as defined vide SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017.<sup>15</sup>

The participation of mutual funds in ETCDs would be subject to the following.<sup>16</sup>

- Mutual funds are permitted to participate in Exchange Traded Commodity Derivatives (ETCDs) in India, except in commodity derivatives on 'Sensitive Commodities' as defined in SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017.
- Mutual funds are allowed to participate in Futures contract on Indices irrespective of whether the underlying index has sensitive commodities as its constituents as per Exchange circular no. NCDEX/TRADING034/2020 dated July 8, 2020.

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<sup>14</sup> [NCDEX/TRADING-057/2017/155 dated June 23, 2017](#)

<sup>15</sup> [NCDEX/TRADING-014/2019 dated May 22, 2019](#)

<sup>16</sup> [NCDEX/SURVEILLANCE & INVESTIGATION-065/2020 dated August 05, 2020](#)

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- Mutual fund schemes participating in ETCDs may hold the underlying goods in case of physical settlement of contracts. The goods so held shall be disposed of by the immediate next expiry day of the same contract series of the said commodity. However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 days from the date of holding of physical goods.
  - No mutual fund scheme shall have net short positions in ETCDs on any particular good, considering its positions in physical goods as well as ETCDs, at any point of time.
  - Mutual fund schemes may participate in the ETCDs as 'clients' and shall be subject to all the Rules, Regulations, instructions and position limit norms, etc. issued by SEBI and Exchange from time to time, as may be applicable to clients. The position limits at Mutual fund level will be as applicable to 'Trading Members'. Following are the investment limits.
    - Participation of mutual funds in ETCDs shall be subject to the following investment limits.
    - Mutual fund schemes shall participate in ETCDs of a particular goods (single), not exceeding 10% of net asset value of the scheme. However, the limit of 10% is not applicable for investments through Gold ETFs in ETCDs having gold as underlying.
    - In case of multi assets allocation schemes, the exposure to ETCDs shall not be more than 30% of the net asset value of the scheme.
    - In case of other hybrid schemes excluding multi assets allocation scheme, the participation in ETCDs shall not exceed 10% of net asset value of the scheme. In partial modification to paragraph 3 of SEBI Circular No. CIR/IMD/DF/11/2015 dated December 31, 2015, it is proposed that in case of Gold ETFs, the cumulative exposure to gold related instruments i.e. Gold Deposit Scheme(GDS)of banks, Gold Monetization Scheme(GMS) and ETCD having gold as the underlying shall not exceed 50% of net asset value of the scheme. However, within the 50% limit, the investment limit for GDS and GMS as part of gold related instrument shall not exceed 20% of net asset value of the scheme. The unutilized portion of the limit for GDS of banks and GMS can be utilized for ETCD having gold as the underlying.
    - The cumulative gross exposure through equity, debt and derivative positions (including commodity derivatives) shall not exceed 100% of net asset value of the scheme
  - It is hereby clarified that the following exposures shall not be considered in the cumulative gross exposure<sup>17</sup>:
    - Short position in Exchange Traded Commodity Derivatives (ETCDs) not exceeding the holding of the underlying goods received in physical settlement of ETCD contracts.
    - Short position in ETCDs not exceeding the long position in ETCDs on the same goods.
  - It is further clarified that mutual funds shall not write options, or purchase instruments with embedded written options in goods or on commodity futures.

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<sup>17</sup>[NCDEX/SURVEILLANCE & INVESTIGATION-001/2021 dated January 18, 2021](#)

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### Portfolio Managers

Portfolio Managers are now permitted to participate in Exchange Traded Commodity Derivatives on behalf of their clients vide SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/066 dated May 22, 2019<sup>18</sup>

The participation of Portfolio Managers in the exchange traded commodity derivatives would be subject to the following.

- Portfolio Managers may participate in Exchange Traded Commodity Derivatives on behalf of their clients and such participation shall be in compliance with all the rules, regulations including SEBI (Portfolio Managers) Regulations, 1993 and circulars/guidelines and position limit norms as may be applicable to 'clients', issued by SEBI and Exchanges from time to time.
- Portfolio Managers may participate in Exchange Traded Commodity Derivatives after entering into an agreement with the clients. Portfolio Managers may execute addendums to the agreement with their existing clients, permitting the Portfolio Managers to participate in the Exchange Traded Commodity Derivatives on their behalf.
- Portfolio Managers shall provide adequate disclosures in the Disclosure Document as well as the agreement with the client pertaining to their participation in the Exchange Traded Commodity Derivatives, including but not limited to the risk factors, margin requirements, position limits, prior experience of the Portfolio Manager in Exchange Traded Commodity Derivatives, valuation of goods etc.
- In case dealing in Commodity derivatives lead to delivery of physical goods, there is a possibility that, the Portfolio Manager remains in possession of the physical commodity. In such cases, the goods need to be disposed-off at the earliest, within the timelines as agreed upon between the client and the Portfolio Manager. The responsibility of liquidating the physical goods shall be with the Portfolio Manager.
- Since Foreign Portfolio Investors are not allowed to participate in the Exchange Traded Commodity Derivatives market, Portfolio Managers shall not onboard Foreign Portfolio Investors until such time as they are permitted to participate in Exchange Traded Commodity Derivatives market.
- Portfolio Managers shall also provide periodic reports to the clients as per Regulation 21 of SEBI (Portfolio Managers) Regulations, 1993 regarding their exposure in Exchange Traded Commodity Derivatives.
- Portfolio Managers shall report the exposure in Exchange Traded Commodity Derivatives under the heading of 'Commodity Derivatives' in the monthly reports submitted to SEBI.

### Foreign Portfolio Investors (FPIs):

Foreign Portfolio Investors (FPI) are now permitted to participate in Indian ETCDs through the FPI route vide SEBI Circular SEBI/HO/MRD/MRD-RAC-1/P/CIR/2022/131 dated September 29, 2022. <sup>19</sup>

The participation of FPIs in Indian ETCDs would be subject to the following:

- FPIs will be allowed to participate in cash settled nonagricultural commodity derivative contracts and indices comprising such nonagricultural commodities.
- FPIs desirous of participating in ETCDs shall be subject to risk management measures applicable, from time to time.

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<sup>18</sup> [NCDEX/TRADING-015/2019 dated May 23, 2019](#)

<sup>19</sup> [NCDEX/TRADING-050/2022 dated September 30, 2022](#)

- Position Limits-
  - FPIs other than individuals, family offices and corporates may participate in eligible commodity derivatives products as 'Clients' and shall be subject to all rules, regulations and instructions, position limit norms as may be applicable to clients, issued by SEBI and stock exchanges, from time to time.
  - FPIs belonging to categories viz. individuals, family offices and corporates will be allowed position limit of 20 per cent of the client level position limit in a particular commodity derivative contract.
  - The participation of FPIs including individuals, family offices and corporates shall be subject to compliance with the provisions of SEBI (Foreign Portfolio Investors) Regulations, 2019, SEBI (Custodian) Regulations, 1996 and other applicable SEBI circulars on ETCDs.



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## V. Liquidity Enhancement Scheme (LES) in Commodity Derivatives Contracts <sup>20</sup>

- SEBI has permitted introduction of liquidity enhancement schemes (LES) in commodity derivatives contracts to enhance liquidity of illiquid contracts.
- Any commodity that is classified as 'Sensitive Commodity' by the Exchange shall not be eligible for LES.
- If any commodity derivative product is 'liquid' on any of the exchanges i.e. there is at least one exchange where the average daily turnover in Options or/and Futures on similar underlying commodity is more than or equal to INR 200 crore for agricultural and agri-processed commodity, and INR 1000 crore for non-agricultural commodity during the last six months, then no other exchange is eligible to launch LES on the same derivative product, unless the exchange where the product is liquid, has itself also launched a LES on said product.

### Disclosure

- A conflict of interest framework has been disclosed by the stock exchange for the liquidity enhancement scheme. In order to avoid any conflict of interest that may arise between Member(s) (who is acting as designated Market Maker) and their clients, Market Maker is requested to apprise about its appointment as a Designated Market Maker to its clients by any means of communication such as display on their website, email, letters etc.
- Incentive granted and volume achieved - liquidity enhancer wise is disseminated monthly on website
- [List of Market Maker](#) and [incentive payout report](#) is disseminated on the Exchange website.
- Exchange has launched and offering Liquidity Enhancement Scheme in Steel Futures Contracts to encourage active participation and market development since.<sup>21</sup>

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<sup>20</sup> [NCDEX/TRADING-025/2019 dated July 29, 2019](#)  
[NCDEX/TRADING-023/2018/091 dated April 06, 2018](#)

<sup>21</sup> [NCDEX/TRADING-005/2023 dated January 20, 2023](#)

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## VI. ORDER MANAGEMENT

### Order book/ Order type/Order attribute

#### Order Books

- Regular lot order
- Stop loss order

#### Order Type

Members will be able to submit the following types of orders.

- **Limit order** are priced orders specifying the price at order entry. Limit Orders are matched with counter orders at same (or better than) prices.
- **Market Order**, which derives its price based on counter side order.
- **Stop Loss order**, is an order will be visible to the market (and should be eligible for matching) only when it satisfies the trigger price conditions.
- **Day Spread Order** - order type will be available for the contracts in the same commodity with different expiry months.
  - Buy Spread (BSP): Buying Far month and Selling Near Month
  - Sell Spread (SSP): Selling Far month and Buying Near Month
  - Spread Price is defined as Far Month Price – Near Month Price

#### Order Validity

- **Immediate or Cancel (IOC)** orders will get cancelled if not executed on submission of such an order.
- **Day order** is available for execution during the current trading session until executed or cancelled.
- **Good till Date order** is available for execution till end of the date indicated in the order, subject to maximum 7 calendar days from the date of entering an order.
- **Good till Cancel order** is available for execution till cancellation of order, subject to maximum 7 calendar days from the date of entering an order.
- **Disclosed Quantity** - The Exchange has specified 10% as the minimum disclosed quantity for orders.

#### Modification of orders

- A Member shall be permitted to modify or cancel his orders
- The order can be modified by effecting changes in the order input parameters in the manner and on such condition as specified by the Exchange.

#### Cancellation of orders

- A Member shall be permitted to cancel his orders, provided a trade has not already taken place in respect of that order through its Dealer and Corporate Manager terminal.
- If Member is unable to cancel orders from the Corporate Manager Terminal / User Terminals, can request the Exchange to carry out the order cancellations on their behalf by giving the request to the Exchange.

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## VII. TRADING PARAMETERS

### Trading Attributes

- **Trading Symbol** – Indicates the name of commodity on the trading screen.
- **Unit of trading (Lot size)** - The permitted lot size for contracts will be provided in the contract specifications from time to time. Orders can be submitted in the multiple of lot size.
- **Delivery Unit** – The permitted delivery lot size for the contract will be provided in the contract specification from time to time. On expiry of contract, open position can be delivered in the multiple of delivery unit.
- **Minimum price tick** - Tick size is the smallest price change that can occur for the trades on the Exchange. The tick size for contracts shall be the same as provided in the contract specifications from time to time. Orders not in multiple of tick size will be rejected by the Exchange.
- **Maximum Order Size** - The maximum order size for the contracts shall be the same as provided in the contract specifications from time to time.
- **Undisclosed Quantity** - Exchange will specify the minimum disclosed quantity for orders that will be allowed for each commodity/Derivatives Contract, as the case may be. Currently, minimum 10% of the order quantity needs to be disclosed.
- **Quotation / Base Value** – Indicates the price unit in which prices are broadcasted. E.g. Rs. Per Quintal (100 kg)
- **Strike Price** - Exchange will provide minimum number In the Money (ITM), Out of the Money (OTM) and one At the Money (ATM) strike, for both call and put options. Minimum number of strike shall be defined in contract specification of the respective commodity.
- **Strike Interval** – Exchange will specify the strike interval as part of contract specification.

### Daily Price Limits (DPL) for Commodity Futures Contracts<sup>22</sup>

- **Base price for DPL:** The base price for fixing the DPL slabs shall be the previous day's closing price of the underlying contract on the respective stock exchange.
- **Breach of slab:** A breach of the slab shall be considered when trading in a contract is executed at the upper or lower band of the prescribed slab.

### DPL for commodity futures contracts based on agricultural and agri-processed goods

- SEBI vide circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017 prescribed a framework to categorize agricultural commodity derivative contracts into "broad", "narrow" and sensitive" categories. DPL shall be linked to the said classification of agricultural and agri-processed goods.
- DPL for commodity futures contracts based on agricultural and agri-processed goods is as under.

Category	Initial Slab	Enhanced Slab	Aggregate DPL
Broad	4%	2%	6%
Narrow	4%	2%	6%
Sensitive	3%	1%	4%

- Once the initial slab limit is breached in any contract, the DPL for that contract shall be increased further by the 'Enhanced Slab' after the cooling off period of 15 minutes in the trading. During the cooling off period trading shall continue to be permitted within the previous slab of DPL. After the DPL is enhanced, trading shall be permitted throughout the day within the enhanced Aggregate DPL.
- During the cooling-off period of 15 minutes, the trading shall be permitted, within the initial slab limit.
- After the DPL is enhanced, trading shall be permitted throughout the day within the enhanced Aggregate DPL.

<sup>22</sup> [NCDEX/TRADING-010/2021 dated March 22, 2021](#)  
[NCDEX/TRADING-003/2021 dated January 12, 2021](#)

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### DPL for commodity futures contracts which are based on non-agricultural goods<sup>23</sup>

- Daily Price Limits (DPL) on non-agricultural goods shall be as under.

Category	Initial Slab	Enhanced Slab	Aggregate DPL	Trading beyond Aggregate DPL
Other Non-agricultural goods	6%	3%	9%	No

- Once the initial slab limit is breached in any contract, the DPL for that contract shall be relaxed further by the 'Enhanced Slab' after the cooling off period of 15 minutes in the trading. During the cooling off period trading shall continue to be permitted within the previous slab of DPL. After the DPL is enhanced, trading shall be permitted throughout the day within the enhanced Aggregate DPL.
- The base price for fixing the DPL slabs shall be the previous day's closing price of the underlying contract. A breach of the slab shall be considered when trading in a contract.

### DPL on first trading day of the Futures contract

- In order to prescribe DPL slabs for the first trading day (launch day) of each futures contract, base price shall be determined as under (except in case of Index Futures):
  - I. Volume Weighted Average Price (VWAP) of the first half an hour, subject to minimum of ten trades.
  - II. If sufficient number of trades are not executed during the first half an hour, then the VWAP of first hour trade subject to minimum of ten trades shall be considered.
  - III. If sufficient number of trades are not executed even during the first hour of the day, then the VWAP of first ten trades during the day shall be considered.
- Exchange shall calculate the base price arrived as per para (I) or para (II) or para (III) above, as the case may be, and the same shall be used to determine DPL for the remaining part of the day.
- However, in case there is no trade during the day or there are less than ten trades during the day, Exchange shall consider the closing price or the Daily Settlement Price (DSP) as determined by NCCL as per their circular NCCL/CLEARING-008/2021 dated March 16, 2021 as the base price and DPL on the next trading day will be applicable on such base price.

### Base price and price operating range for Options on Goods contract <sup>24</sup>

- Base Price on launch date of option contract shall be theoretical price computed as per Black76 option pricing model.

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<sup>23</sup> [NCDEX/TRADING-049/2022 dated September 28, 2022](#)

<sup>24</sup> [NCDEX/TRADING-037/2020 dated July 21, 2020](#)

- Daily price range will be computed based on Daily Price Range (DPR) of the corresponding futures contract and the volatility. The DPR (minimum / maximum operating price range) shall be applicable for the trading day. Orders submitted beyond the price range will be rejected by the Exchange. Daily price range for each option contract shall be available daily on extranet common folder.

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**Modification of Client Codes post execution of trade** <sup>25</sup>

The stock exchanges allow modifications of client codes of non-institutional trades only to rectify a genuine error in entry of client code at the time of placing/ modifying the related order in all segments as per the SEBI guidelines.

It is also reemphasized here that this facility is expected to be used more as an exception rather than a routine. For this purpose, the following shall be classified as genuine errors:

- Error due to communication and / or punching or typing such that the original client code / name and the modified client code / name are similar to each other.
- ii. Modification within relatives ('Relative' for this purpose would mean as defined under Companies Act, 2013)
  
- Client code modification facility is allowed only for carrying out correction of genuine punching error(s) in the client code.
- The members will be allowed the facility of client code modifications during regular trading session and end of client code modification session.<sup>26</sup>
- Proprietary trades are not allowed to be modified as client trade and vice-versa.

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<sup>25</sup> [SEBI/HO/CDMRD/DMP/CIR/P/2016/43 dated March 29, 2016](#)

<sup>26</sup> [NCDEX/TRADING-023/2019 dated July 26, 2019](#)

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## VIII. Matching Rules

### Price Time Priority

The order matching rules would include the following

- (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 the one with the lowest price.

### Self-Trade Prevention at PAN level <sup>27</sup>

Exchange trading system restricts prevention of self-trades based on Permanent Account Number (PAN) of clients as under;

- If an active buy / sell order is likely to match with a passive sell / buy order in the same order book belonging to the same client based on PAN details updated by the respective members and as available in Exchange records, then such active order (full or partial, as the case may be) shall be cancelled by the Exchange with rejection message 'Expired - The order could have resulted in self-trade'.
- The active buy/sell order shall be partially executed until it does not result in a self-trade as stated above.
- Self-trade prevention shall be applicable for all order categories and Account type i.e. Pro and clients
- In view of self-trade prevention check to be done based on PAN of clients, Members are required to ensure to verify PAN details of clients registered in the Exchange's UCC records as Member will be able to submit orders only for clients where;
  - The status of Client Id (UCC) is Active (A) in NCFE
  - PAN status of client is verified
  - Correct mobile number is updated for the client
- The creation of new client code or updating of existing client code shall take effect only after the record has been PAN verified as per Income Tax Records (PAN Database).
- The Exchange shall be carrying out such verification in multiple runs and till such PAN verification is completed, members will not be able to place orders for such client codes.
- The Exchange has put in place a mechanism to verify and check the authenticity of the PAN details of clients that are uploaded on the Exchange NCFE Customer portal. <sup>28</sup>
- Members are requested to enter the names exactly as per Income Tax records (PAN Database) in order to get the client PAN verified.
- Members should note that initials / abbreviations or changing the order of the first / middle / last names will result in a mismatch.

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<sup>27</sup> [NCDEX/TRADING-048/2017/133 dated June 09, 2017](#)

<sup>28</sup> [NCDEX/TRADING-038/2015/107 dated March 27, 2015](#)  
[SEBI/HO/CDMRD/DMP/CIR/P/2016/87 dated September 16, 2016](#)



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- In case of e-PAN, members shall verify the authenticity of e-PAN with the details on the website of IT Department and maintain the soft copy of PAN in their records.
  - PAN would be the sole identification number and mandatory for all entities/persons who are desirous of transacting on the commodity derivatives exchanges. However, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN.
  - Members may note that orders and order/ trade modifications placed for entities debarred by SEBI shall be rejected by the Exchange system.

### **Square-off mode of Trading Terminal**

If the member exceeds 100% of its margin limit, its trading terminal will be placed in square off mode. In square off mode, position reducing and margin reducing orders will only be accepted. Fresh orders which increases position or margin will be rejected.

- If trading terminals of members are placed in square off mode for any of the following reasons, then only orders with Immediate or Cancel (IOC) attribute shall be permitted.
  - Violation of Member margin requirements
  - Violation of Member Level Open Interest limits at Contract level
  - Violation of Member Level Open Interest limits at Commodity level
  - Funds (Pay-in) shortage / Others such as base capital shortage etc.

### **Square off facility when the member is placed in “Square-Off mode”**

The Exchange has provided the facility of square-off by Corporate Manager and all Dealers, when the member is placed in “Square-Off mode”.

Members have the option to extend the square off facility in “Square-Off mode” to all users or continue using the facility for only the Corporate Manager.

In order to activate the facility wherein all users can place square off, the member would need to place the request in Web NCFE.

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### Trade Terminal based Square off Facility

- The Exchange provides a facility of square-off mode on trade terminal in addition to web based NCFE, for members who violate any one of the following.
  - Violation of Member Margin limits
  - Violation of Open interest limits
- On violation of any one of the above conditions, the member would be placed in the square-off mode. While in square-off mode, the member will be allowed to place 'Market IOC' orders that reduce his corresponding OI / margin limits. Members should note that any other orders that would increase the OI or margin utilisation would be rejected immediately.
- On violation of Member level open position limits of any contract or commodity, the member would be placed in square off mode only for that particular contract or commodity. Members can continue to trade normally on all other contracts / commodities.
- If a member is in square-off mode due to Margin violation and he enters a trade that violates his OI, or vice-versa, then he will be disabled in the trading system. It may be noted that the current process of enabling the member would continue. <sup>29</sup>
- In case of funds (Pay-in) shortage, the member would be placed in the Square-off mode. While in square-off mode, the member will be allowed to place 'Market IOC' orders that would reduce his existing positions. Members should note that any other order that would increase the member's open position or margin utilisation would be rejected immediately. <sup>30</sup>

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<sup>29</sup> [NCDEX/TRADING-071/2008/173 dated August 04, 2008](#)

<sup>30</sup> [NCDEX/TRADING-125/2008/286 dated December 24, 2008](#)

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## IX. Reduction of Exposure by the Member through Exchange<sup>31</sup>

Exchange has provisioned online module for the members to send request the Exchange to enter orders on behalf of the Member for reduction of open position through Web NCFE application.

- Through NCFE, Members are enabled to input online order entry requests only for squaring up their open positions.
- On receipt of order entry intimation, the Market watch group of the Exchange will initiate the process for squaring up.
- All orders through will be sent to Market watch group of the Exchange and will be executed at Market rates.
- In such cases, the Exchange would not in any way be liable for any change in market movements or prices or responsible for any losses occurring to the Members and/or their clients.

In case, the Member is unable to login to NCFE due to outage / disruption at the Member premise, the request for reduction of Exposure by the Member through the Exchange the request can be placed through email in following format.

- Order entry request due to disconnection with Exchange terminal
- Order entry request due to terminal in Square off / RRM

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<sup>31</sup> [NCDEX/TRADING-014/2007/042 dated February 28, 2007](#)

## X. Algorithmic Trading Guidelines <sup>32</sup>

### Broad guidelines for Algorithmic Trading

Broad Guideline for Algorithmic trading have been stated by the SEBI circular No SEBI/HO/CDMRD/DMP/CIR/P/2016/97 dated September 27, 2016.

- Any order that is generated using automated execution logic shall be known as algorithmic trading
- The exchanges shall ensure that all algorithmic orders are necessarily routed through member's servers located in India and through specified CTCL ID/ATS User-ID approved by exchange for algorithmic trading. Member shall also ensure that these have no interlink with any system or ID located/ linked outside India.
- The Exchange shall not approve algorithms that may not be conducive to efficient price discovery or fair play. The algorithms which will 'take liquidity' away from the market shall not be approved. While approving algorithmic strategies, the Exchanges shall record the reason as to why such strategy is allowed and how it will induct more liquidity in the contract system.
- As mini and micro contracts are targeted towards small participants, Exchanges may restrict algorithmic trading in the notified mini and micro contracts taking into account liquidity in the contract and ascertaining that it will not put small participants in disadvantage. Accordingly, all the Members are advised not to use any User-ID enabled for Automated Trading (ATS), for submitting any type of Algo orders in any mini and micro contracts that may be launched on the Exchange platform. Further, all Members are advised not to use any other User-ID for which no specific approval for ATS is obtained for placing any type of Algo order in mini and micro contracts.
- The exchange may seek details of algorithmic strategies to be used by the members for purposes of inquiry, surveillance, investigation etc.
- Co-Location, Co-Hosting shall not be allowed and algorithmic trading shall not be permitted from Exchange hosted CTCL terminals
- Immediate or Cancel (IOC) orders shall not be allowed to be placed using algorithmic trading.
- Market orders shall not be allowed to be placed using algorithmic trading, only limit orders shall be allowed.
- Orders should have clear classification of algorithmic orders in terms of CTCL terminal code/ATS User ID approved by the Exchange for algorithmic trading.
- In order to ensure orderly trading in the market and fair usage of the trading platform by all the members, Exchanges shall put in place the following economic disincentives for daily algorithmic order-to-trade ratio.

Member-wise Daily Order-to-Trade Ratio (X)	Charges (Per order)
Up to 50	NIL
50 to less than 250 (on incremental basis)	1 paise
250 to less than 500 (on incremental basis)	5 paise
500 or more than 500 (on incremental basis)	5 paise

<sup>32</sup> [NCDEX/TECHNOLOGY-038/2016/249 dated September 28, 2016](#)

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- In case the ratio is 500 or more than 500 during a trading day, the concerned member shall not be permitted to place any order for the first 15 minutes on the next trading day (in the continuous trading session) as a cooling off action. However, the trading member shall be permitted to enter transaction in risk reducing mode during such a cooling off period.
  - For the purpose of calculation of daily Order-to-trade ratio, all algorithmic orders, i.e. order entry, order modifications and order cancellation shall be considered.
  - The algorithmic orders entered and /or modified within 1 % of the last traded price (LTP) of the respective contract shall not be included in the calculation of the Order –to-Trade ratio for the purpose of arriving at the penalty for higher order – to – trade ratio.
  - The penalty structure will be applicable for only those members who have placed 10,000 orders or more in a day.
  - The exchanges shall place a limit (X) on the numbers of orders per second from a particular CTCL ID/ATS User-ID not exceeding hundred orders per second. Compliance with the limit “X” so set by a particular CTCL ID/ATS User-ID shall be measured over a rolling period of five seconds (i.e., 5X orders for 0th–5thsecond, 5X orders for 1st-6thsecond, 5X orders for 2nd to 7thsecond and so on). Currently, the Exchange has allowed order per second limit of 60 orders for Algo User.<sup>33</sup>
  - In the interest of orderly trading and market integrity, the exchanges shall put in place a system to identify dysfunctional algorithms (i.e. algorithms leading to loop or runaway situation) will be take suitable measures, including advising the member to shut down such algorithms and remove any outstanding orders in the system that have emanated from such dysfunctional algorithms. Further, in exigencies, the exchange may disable / inactive the member’s terminal.
  - Member shall use the facility of algorithmic trading only upon the prior written permission of the exchange. While considering such approval, the exchanges shall ensure that the controls specified in these guidelines are fully implemented by the member.
  - The members have the capability to set up and apply the necessary risk control checks at the individual order level and client level before each order generated by the algorithmic trading is released to the trading system and implements the following minimum level of checks:
    - Daily Price Limit: Orders are not released in violation of the daily price limit defined in the contract specification or any other limit which may be prescribed by the Exchange.
    - Maximum Order Size: Order are not released in violation of the maximum order size limit defined in the contract specification.
    - Position limit: The net position of the client / member is not in violation of the position limits prescribed for the respective commodity.
    - An algorithmic trading shall account for all executed, unexecuted and unconfirmed orders, placed by it before releasing further order(s). Further, the algorithmic system shall have pre-defined parameters for an automatic stoppage in the event of algorithmic execution leading to a loop or a runaway situation. The member shall have system to identify dysfunctional algorithms.
    - All algorithmic orders are tagged with a unique identifier provided by the exchange in order to establish audit trail.

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<sup>33</sup> [NCDEX/TECHNOLOGY-005/2022 dated February 04, 2022](#)  
[NCDEX/TECHNOLOGY-024/2018/090 dated April 05, 2018](#)

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- The members maintain sufficient deposits / funds for margin/settlement obligations, in respect of the trades effected through algorithmic facility, whether on own account or client's account and that algorithmic trading does not result in shortages in margin deposit or settlement obligation.
  - The member's trades routed through algorithmic trading are not in the nature of abnormal/manipulative trades.  
The annual compliance report as submitted by member to the exchange includes a specific system audit report of the algorithmic trading ensuring that the checks are in place. System Audit of algorithmic trading shall be undertaken by a system auditor who possess any of the following certifications;
    - CISA (Certified Information System Auditors) from ISACA (Information Systems Audit and Control Association)
    - DISA (Post Qualification Certification in Information System Audit) from Institute of Chartered Accountants of India (ICAI);
    - CISM (Certified Information Securities Manager) from ISACA;
    - CISSP (Certified Information System Security Professional) from International Information Systems Security Certification Consortium, commonly known as (ISC).
  - The exchange shall subject the member systems to more frequent system audits, as required.
  - The Member, desirous of placing orders using algorithms, shall also submit to the exchange an undertaking that-
    - The member has proper procedures, systems and technical capability to carry out trading through the use of algorithms and to safeguard algorithms from misuse or unauthorized access.
    - The member has real-time monitoring systems to identify algorithms that may not behave as expected. Member shall keep exchange informed of such incidents immediately.
    - The member shall maintain logs of all trading activities to facilitate audit trail.
    - The member shall maintain record of control parameters, orders, trades and data points emanating from trades executed through algorithm trading.
    - The member shall obtain prior approval of the exchange on any modification or change to the approved algorithms or systems used for algorithms. The Exchange shall ensure conformance of such modified algorithms or systems also to the requirements specified in these guidelines.

The percentage of Proprietary trade and Client trade done along with percentage of algorithmic trading/HFT trades will be disclosed on the Exchange website.

#### **Mock participation guidelines for Algo Members**

As per the SEBI circular No. CIR/MRD/DP/24/2013 dated August 19, 2013 and Exchange circular NCDEX/ TECHNOLOGY-015/2016/125 dated May 31, 2016 for mandatory participation in mock trading sessions. all stock brokers/ Trading members are required to participate in the Exchange organized mock trading session using all the user ids allotted for Algo trading.

The participation is mandatory, irrespective of the algorithm having undergone change or not. Non-participation in the mock trading session without proper justification can result in suspension of proprietary trading rights for a minimum one day.

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**Performance/Return claimed by unregulated platforms offering algorithmic strategies for trading<sup>34</sup>**

As per SEBI directives, the members are advised to refrain from undertaking the following

- Directly or indirectly, make any reference to the past performance or expected return out of algorithmic trading services/ strategies in any form of advertisements/ business communication on publicly accessible platforms such as social media/ websites/ digital & print media etc.
- Not make any reference to the past performance or expected return out of algorithmic trading services/ strategies, during any presentations/ account opening forms/ pamphlets/ banners/ forums/ gatherings organized to onboard new clients/ pitching new segment/ product to existing clients. Including, exhibiting of past performance, or expected return on any of the platforms used by Authorized Persons/ Vendor/ associated entities of the member.
- Directly or indirectly, associate with any platform providing any reference to the past or expected future return/performance of the algorithm.
  - Member providing algorithmic trading services are required to provide undertaking for confirmation of the compliance as per [Annexure A](#).
  - Members who are not providing algorithmic trading services are required to provide undertaking for confirmation as per [Annexure B](#).

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<sup>34</sup> [NCDEX/TRADING-044/2021 dated September 07, 2022](#)  
[NCDEX/TRADING-046/2022 dated September 21, 2022](#)

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## XI. Hedge Policy & Guidelines<sup>35</sup>

Exchange has published revised Hedge policy as per circular NCDEX/TRADING-026/2021 dated August 30, 2021 in terms of the Bye-laws, Rules and Regulations of the Exchange and SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2016/71 dated August 19, 2016.

For the purpose of granting of hedge limits in commodities the Exchange defines certain terms as under -

### 1. Definitions

For the purpose of granting of hedge limits in commodities the Exchange defines certain terms as under

#### 1.1. Hedger

Hedger is an entity involved in the physical commodity markets - a firm/ entity whose primary business involves growing, processing, refining, manufacturing, trading and/or merchandising of commodities'.

#### 1.2. Hedge

Hedge is a trade designed to reduce risk.<sup>36</sup>

A hedge is a futures transaction or position that normally represents a substitute for transactions to be made or positions to be taken at a later time in a physical market or positions that provide financial offset or risk reduction / risk containment based on physical positions actual or anticipated. Hedges must be economically appropriate to the reduction of risk for a commercial enterprise and must arise from a change in the value of the hedger's (current or anticipated) assets or liabilities.

The need to hedge for a commercial enterprise arises from;

- (i) The potential change in the value of assets which a person owns, produces, manufactures, processes, or merchandises or anticipates owning, producing, manufacturing, processing, or merchandising;
- (ii) The potential change in the value of liabilities which a person owes or anticipates incurring, or
- (iii) The potential change in the value of services which a person provides purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no transactions or positions shall be classified as bona fide hedging unless their **purpose is to offset price risks or allow risk reduction / risk containment** incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices.

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<sup>35</sup> [NCDEX/TRADING-026/2021 dated August 30, 2021](#)

<sup>36</sup> "The goal of a hedging is to reduce risk, not to increase expected profits" (John Hull, Risk Management and Financial Institutions).

"Risk is defined as the uncertainty of outcome - the risk of prices moving adversely" (A V Rajwade, Currency Exposures and Derivatives).



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### 1.3. Types of Risks related for a Hedger

Hedging is used to mitigate or offset financial risks and the hedging degree will relate to the (clients) risk profile.

In hedging with financial derivatives, the following main risks are to be considered:

- (i) Market or Price related Risks - Although derivatives in hedging are used to offset or reduce the market or price related risks, it is to be noted that cancelling or unwinding a hedge before the expiry is done at market conditions. This means there might be a risk that the marked-to-market of the value of the derivative(s) could possibly move unfavorably for the client.
- (ii) Liquidity risk - This also might cause higher price volatility.
- (iii) Counterparty risk

### 1.4. Bonafide Hedging transaction

“Bonafide Hedging” would mean transactions or positions where their purpose is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner and in accordance with sound commercial practices. The definition of Bonafide hedging includes, but is not limited to the following specific transactions, positions and exposures:

1. Sales of any commodity for future delivery on the Exchange platform which do not exceed in quantity:
  - a. Ownership or fixed-price purchase of the same cash commodity by the hedger;
  - b. The quantity equivalent of fixed-price purchase of the cash commodity and by-products of such commodity by the hedger;
  - c. Up to twelve months' unsold anticipated production of the same commodity by the hedger.
2. Purchase of any commodity for future delivery on the Exchange platform which do not exceed in quantity:
  - a. The fixed-price sale of the same cash commodity by the hedger;
  - b. The quantity equivalent of fixed-price sales of the cash commodity and by-products of such commodity by the hedger;
  - c. Up to twelve months' unfulfilled anticipated requirements of the same cash commodity for processing, manufacturing, or consumption by the hedger.
3. Purchase or sales of any commodity for future delivery on the Exchange platform by a Hedger who does not own or has not contracted to sell or purchase the cash commodity at a fixed price, provided that the Hedger is responsible for the merchandising of the cash position that is being offset and has a contractual arrangement with the person who owns the commodity or has the cash market commitment being offset.
4. Offsetting Sales and purchases for future delivery on the Exchange platform which do not exceed in quantity that amount of the same cash commodity which has been bought and sold by the same person at unfixed price basis in different delivery months.

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5. The quantity equivalent of fixed price sales / purchases of cash products and related products of such commodity by the hedger subject to the relevant conversion ratio, i.e. hedge ratio. Hedge ratio is the proportion of the position taken in the futures to the size of the exposure. For example, if a bakery owner has exposure to Flour, he can hedge his exposure in the Wheat futures subject to the standard conversion factor, i.e., if say the conversion ratio is 1:0.7, i.e., every unit of Wheat results in 0.7 units of flour. This means that the hedger can take position to the extent of 1.428 (1/0.7) times in Wheat futures for exposure in every 1 unit of flour. Other examples of this could be Rape Mustard Seed is used to hedge exposure in Erucic Acid, or any other processed goods where it is used as raw material directly or indirectly.
  6. Sales and purchases for future delivery may also be offset other than by the same quantity of the same cash commodity, provided that the fluctuations in value of the position for future delivery are substantially related to the fluctuations in the value of the actual or anticipated cash position in the same or another commodity, and provided that the positions shall not be maintained in the near month of that future.

Following are few examples to explain the above:

- a. Same commodity but different contracts – If the hedger has position in SUGARS150 contract and there is sufficient liquidity in SUGARM200 contract, then as the underlying commodity is same, one could hedge in SUGARM200 contract. Other examples of this could be GOLD, GOLDHEDGE and GOLDH100 or SILVER and other mini contracts in Silver.
- b. Related commodity or Cross Hedging –The client can use related commodities for the cross hedging in a particular commodity. The related commodity can be the upstream commodity (raw material) or downstream commodity (processed goods) or having very high correlation between the commodities arising out of the similar degree of effect of various macro-economic factors. The Exchange shall provide hedge limit if the client is using futures contract in commodity X, which is raw material, for hedging the price risk in commodity Y, which is the processed goods. The difference with the scenario explained in Point '5' above is that, in the earlier case, the hedger wants to hedge its exposure which is not readily available as a tradable contract on the Exchange platform and hence, uses a proxy contract i.e., Wheat is used as a proxy for flour. In this instance, both the contracts are available on the Exchange platform at first or one of the contracts is subsequently banned / suspended / curbed or has low liquidity which impacts hedging costs. For example, Soybean contracts could be used as a hedge for Soya Oil contracts or vice versa, Soybean contracts could be used as a hedge for Soybean Meal contracts, Guar Seed contracts could be used as hedge for Guar Gum contracts, Castor Seed contracts could be used as hedge for Castor Oil exposure, etc.

## 2. Bona fide Hedge

The bona fide hedger can be classified under the following broad categories:

- a) Processors of commodities – Entities who buy physical commodities, process them & sell the same
- b) Traders – Entities who buy from the producers or import the commodities, stock it and sell in the local market / export

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- c) Producers or cooperatives representing the producers
  - d) Procurement Agencies – both government or private agencies
  - e) Other value chain participants
  - f) Multiple hedgers – Independent divisions of large corporations having diverse economic interests may require hedge limits for the same commodity but on different sides, i.e., long and short. This could arise due to differing economic exposures, timing differences in procurement/supply, etc.

### 3. Eligibility

The hedge limit shall be applicable in respect of the long/short open position acquired by a member or a non-member (client) as a hedge against his unfulfilled domestic commitment or unfulfilled commitment to export / import or the short open position held by member/ client by way of hedge against stocks held. The member or the client shall submit documents relating to domestic / export / import commitment / stocks held or anticipated positions as well as a declaration in this respect in the prescribed form. Accordingly, the basis on which hedge limits are considered by the Exchange are as under:

1. Export obligation / Anticipated Sales
2. Import obligation / Anticipated Purchases
3. Domestic obligation
4. Stocks held / Stocks anticipated
5. Past track record of production / processing capacity
6. Past track record of purchases / sales
7. Any other record / documentation that would establish validity for seeking hedge limits

### 4. Position Limits for Hedgers

#### **Guidelines and Conditions for seeking Hedge Limit Exemptions**

- a) The hedge limit to be granted to the bona fide hedgers shall be in addition to the normal position limit allowed to it. Such hedge limit is non-transferable and shall be utilized only by the Hedger to whom the limit has been granted and not by anyone else.
- b) This hedge limit granted for a commodity derivative shall not be available for the near month contracts of the said commodity from the date of applicability of near month limit.
- c) Hedge limits for a commodity shall be determined on a case to case basis, depending on applicant's hedging requirement in the underlying physical market based upon his/its Export or Import commitments/ Stocks held/ Past track record of Production or Purchase or Sales/ Processing capacity and other factors as the Exchange may deem appropriate.
- d) The members submitting requests for hedge limits either in their own a/c or for its clients' shall undertake proper due diligence by verifying documentary evidence of the underlying exposure

and ensure that the hedge limit requested is genuine and does not have the potential to disturb the equilibrium of the market of that particular derivative contracts.

- e) The hedge limit may also be made available in respect of the short open position acquired by an entity for the purpose of hedging against the stocks of commodities owned by it and,
- a. Pledged with the Scheduled Commercial Banks/ Co-operative Banks or
  - b. lying in any Government Entity's warehouse/ WDRA Approved warehouses or
  - c. lying in any other premises (warehouse, factory etc.), provided the premises is either owned by the hedger or taken on lease by the hedger in its name and such premises are well equipped with quality control safeguards for storage of the relevant commodity

and shall be subject to the production of the relevant Bank Certificate/Warehouse Receipt, as the case may be, and also shall be subject to verification regarding ownership of the stocks etc., by the Exchange in accordance with the procedure laid down by the Exchange in this regard.

- f) At any point of time during the hedge period, hedging positions taken in derivatives contracts by hedger, across multiple Exchanges / Contracts, shall not exceed his / its actual / anticipated exposure in the physical market, even if there is a usable hedge limit available as per allocation made by the Exchanges to the hedger.
- g) If under any circumstances a hedger is found availing hedge limit in contrary to the guideline framed by the SEBI / Exchange, or submits false document/s or fails to inform Exchange timely about reduction of underlying exposure based upon which it has been allocated hedge limit by Exchange, it shall be liable for expulsion from membership / prohibition from trading as the case may be. Such action shall be without prejudice to other disciplinary actions including penalties prescribed by Exchange.
- h) A Hedger having availed of benefit of hedge limits, shall preserve relevant records for a period of minimum three years for inspection by SEBI / Exchange.
- i) The hedge limit approved by the Exchange shall be valid for a period as mentioned in the approval letter and such hedge limit shall stand cancelled automatically upon expiry of such period without any notice.
- j) The Exchange shall disclose on its website the hedge position allocated to various hedgers, indicating the period for which approval is valid, in an anonymous manner. The disclosure shall be made in the following format:

Sr. No.	Name of the Commodity	Hedger	Long Hedge Limits	Short Hedge Limits	Date of making application	Application Approval Date	Approval Start Date	Date till Approval is valid
		Hedger 1						
		Hedger 2						

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## 5. Regular Compliance Requirements and Operations Process Flow

### 5.1. Regular Compliance Requirement for the Hedger and the Registering Member

It is the intention of the Exchange to ensure that the sanction of hedge limits does not result in market concentration or undue influence on the futures market prices. The sanction of the hedge limits, therefore, is subject to certain regular compliances which include:

1. A prospective Hedger must register with the Exchange as a Hedger by forwarding a request for the status of a Hedger through a Member along with the prescribed forms, annexures and documents.
2. The request from a prospective Hedger shall be considered only on receipt by the Exchange of all the prescribed documents complete in all respects. The Exchange reserves the right to reject any application from a Hedger or to stipulate any additional conditions or ask for additional documentation before and/or after sanctioning hedge limits.
3. It is the responsibility of the Registering Member to ensure that the Hedger complies with the hedge requirement.
4. A Hedger shall be sanctioned hedge limits either for Long positions or Short positions but not for both in same commodity. Hence the applicant has to state clearly if the application is for Long or Short position. A fresh application will be needed if the Hedger needs an opposite position in lieu of the existing sanctioned position. Once the hedge limit is sanctioned for opposite position the erstwhile limit already sanctioned will stand cancelled.
5. The Hedger's sanctioned limit in a commodity should not be exceeded at any time and under any circumstances. If any violations (including intra-day violations for whatever reasons) are found, the Exchange may not permit taking of any further position by the Hedger and may reduce open interest position at market rate, which shall be binding on the Hedger and the Registering Member.
6. The Registering Member has a responsibility:
  - a. Not to put through any trade by a Hedger violating the limits or any of the terms or conditions on which hedge limits are sanctioned to the Hedger by the Exchange.
  - b. To monitor the Hedger's position continuously to ensure that it does not exceed the sanctioned limit or the terms and conditions of the sanction of the limits.
  - c. To ensure that the Hedger reduces the open interest positions in the near month contract within the normal limit for that contract.
  - d. To immediately inform the Exchange of any violation of limit or terms and conditions by a Hedger.
  - e. The member shall ensure that the client shall not churn the hedge positions during the hedge period and would ensure that the dynamic hedging facility is not misused.
7. The margins for any commodity prescribed by the Exchange for the other market participants shall also be applicable to the hedgers. As the hedge positions are typically larger than the normal client level limits, the member shall ensure that appropriate margins are collected upfront as risk mitigation. If in the assessment of the members, the risk profile of the hedger warrants margins in

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addition to the Exchange stipulated margins, the member shall collect such additional margins. The margins collected by the member at no time shall be less than those stipulated by the Exchange.

8. A Hedger shall furnish all information called for by the Exchange at any time and allow officials of Exchange or any person/s authorized by the Exchange or officials of regulatory authorities to inspect their records and account books as also verification of physical stocks for the purpose of verification of information or documents, with or without prior intimation.
9. All parties to the limits sanctioned to a Hedger, i.e. the Hedger and the Registering Member shall abide by the Rules, Bye-laws and Regulations of the Exchange and directions of the Regulator, if any, apart from the terms and conditions under which the hedge limits are sanctioned. Any violation may result in cancellation of hedger status and appropriate action including penalties on the constituent and/or other parties concerned at the option of the Exchange.
10. The documents (formats of which have been annexed) are to be filled up by both the applicant and the registering Member for applying for a Hedger status and also for any subsequent request for enhancement/renewal of hedge limits.
11. A Hedger registered with the Exchange will be allotted a unique Participant Code. The Participant Code should be used by the Hedger while trading on the Exchange in those commodities in which he has been sanctioned hedge limits. This code should not be used by the Hedger while trading in any other commodity where he has no hedge limits approved to him.
12. For a member having normal clients and / or hedge clients, the aggregate open positions for normal clients will be restricted to member level open positions while there will be no limit on the aggregate open positions for the hedger clients. The proprietary positions of the member are treated as normal client positions and then aggregated for monitoring purposes. The position of the hedger shall not exceed the hedge limit as sanctioned by the Exchange to each such hedger.
13. The Hedger should apply for any renewal of limits in advance and before the expiry of approval along with relevant documents as prescribed by the Exchange from time to time.
14. An exporter / importer or a trader, as the case may be, availing hedging limit on open position on account of his unfulfilled domestic/export/import contracts shall, in the event of his not being able to ship the goods during the contract period, either for reason of non-availability of freight or for any other reason, forthwith liquidate his equivalent open position exceeding the limit prescribed specifying reasons to the Exchange. Failure to do so would render him ineligible for availing hedging limit on open position in respect of his domestic / export / import contracts thereafter.
15. Hedge limits would be valid till underlying exposure in physical market such as stocks held, Domestic/import/Export commitments, anticipated sales/purchases are open. Positions established in the hedge code can be liquidated in an orderly manner in accordance with sound commercial practices.
16. The initiation and unwinding of hedge positions should correspond to the underlying position in the physical markets. Though the hedge positions can be liquidated based on sound commercial reasons, the company/ client shall not churn (frequent unwinding and reinitiating) the hedge positions during a hedge period for whatever reasons. For this purpose, the hedge period is defined as the time between initiation of hedge position in a futures contract and the time of expiry

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of the contract. The Exchange shall be the sole authority in determining whether frequent churning happens in a Hedger's position or not and the decision of the Exchange in this regard shall be final and binding on all parties involved. This shall be determined on the basis of:

- a. Statement to be submitted by the hedger to the Exchange on a monthly basis, showing the summary of corresponding physical market transactions with respect to the unwinding / reinstitution of positions under the hedge limits.
- b. Any additional hedge document which the Exchange may seek in this regard or any audit/inspection which the Exchange may prescribe if considered necessary, depending on circumstances.

### **5.2 Submission of data in respect of physical stock and other statements**

Clients whose applications for Hedge limits have been approved would need to submit, through the member through whom they are trading, monthly statements in prescribed formats. Such monthly statement as of last day of the calendar month, should reach the Exchange not later than 12<sup>th</sup> of succeeding month, except as may be allowed by the Exchange.

### **5.3 Use of Participant code**

Hedgers have to use the allotted Participant Code while trading on the Exchange in Commodities where hedge limits have been sanctioned. The members who hedge using proprietary a/c will be issued a client code and they will have to take hedge positions in that client code linking it with the participant code issued by the Exchange.

### **5.4 Penal action for non-compliance of hedge limits**

It would be incumbent upon the members to ensure that they as well as their clients comply with the terms and conditions governing the Hedge limits.

Non-compliance of terms and conditions of the Hedge limits as prescribed by the Exchange shall invite stringent penal action including financial penalties as may be prescribed by the Exchange from time to time.

The penalties prescribed shall be in addition to and without prejudice to any other action including suspension and/or expulsion of membership as may be deemed appropriate by the Exchange.

**The above terms and conditions may be altered/amended or any other terms may be added by the Exchange at any time without any notice and the Hedgers and/or the Registering Members shall accordingly be bound by them.**

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## Hedge Guidelines

### 1. Application Process and Documentation ([Annexures](#))

#### 1.1. Common Documents to be submitted at the time of fresh application

- a. Brief profile of Business of the hedger client giving details of production capacity for all plants, location of plants (along with addresses), other relevant details such as past years' production performance, sales, domestic /import/export performance etc.
- b. Latest financial statements and Annual report preceding the date of application.
- c. Request Letter for Hedge limit
- d. Request for participation code (to be filled in by the Trading cum Clearing member) (Annexure 1)
- e. Statement of commodity /domestic or import or export obligation (Annexure 2)
- f. Statement on hedge rationale and hedge strategy (Annexure 3)
- g. Statement of movement of positions in the physical market (Annexure 4)
- h. List of directors along with their details in prescribed format (with PAN details) (Annexure 5)
- i. The required documents are to be filled up by both the applicant and the registering member for applying for a Hedger status and also for any subsequent request for enhancement/renewal of hedge limits.

#### 1.2 Additional Documents to be submitted based on specific Hedge requirement

- a. Hedge Limit based on physical stocks:

A statement containing details of Physical stocks owned by the applicant along with warehouse address, status of ownership of warehouse and physical condition of warehouse duly certified by a practicing Chartered Accountant (Annexure 7).

- b. Hedge Limit based on Domestic/Import/Export Commitments:

A statement containing summary of contract wise details of outstanding Domestic /Import/Export commitments duly certified by a practicing Chartered Accountant (Annexure 6).

- c. Hedge Limit based on anticipated Sales:

Statement showing monthly/quarterly/half yearly sales for at least one year duly certified by a practicing Chartered Accountant.

- d. Hedge Limit sanctioned based on crushing/production capacity/anticipated purchase:



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Statement showing installed as well as utilized quarterly/half yearly production/crushing capacity of all the plants and daily crushing capacity for at least one year for the company duly certified by a practicing Chartered Accountant.

Note: If the applicant entity is in existence for less than 1 year then the above statement will be applicable for the actual period.

## 2. Renewal of Hedge Limit

- Statement of commodity /domestic or import or export obligation (Annexure 2)
- Statement on hedge rationale and hedge strategy (Annexure 3) (To be submitted in case of enhancement of existing hedge limit or in case of change in hedge rational and hedge strategy).
- CA certified Statement of Export/Import/Domestic commitments (Annexure 6)
- CA certified statement containing details of Physical stocks owned by the applicant along with warehouse address, status of ownership of warehouse and physical condition of warehouse (Annexure 7)

## 3. Periodic submissions:

### 3.1 Monthly submission\*

- Self-certified Statement of Export/Import/Domestic commitments. In case the member is submitting self-certified statements, it shall also submit CA certified stock statements on quarterly basis (Annexure 6)
- Statement of movement of positions in the physical market (Annexure 4)
- Self-certified statement containing details of Physical stocks owned by the applicant along with warehouse address, status of ownership of warehouse and physical condition of warehouse. (Annexure 7).

### 3.2 Half yearly submission:

- CA certified Statement of Export/Import/Domestic commitments (Annexure 6)
- CA certified statement containing details of Physical stocks owned by the applicant along with warehouse address, status of ownership of warehouse and physical condition of warehouse. (Annexure 7).

### 3.2 Annual documents

The company is also required to submit the annual report on yearly basis.

**Such Monthly / half yearly documents as of last day of the calendar month, should reach the Exchange not later than 15<sup>th</sup> of succeeding month. If 15<sup>th</sup> happens to be a trading holiday, then submission shall be done on next trading day of the Exchange.**

## 4. Appendix 1 – Penal Action

**Penalties to be levied and other penal actions that would be initiated by the Exchange for non-compliance of provisions governing Hedge limits**

Sr. No	Nature of violation	Amount of penalty
1.	Violation of overall hedge limits/Daily hedge limits as prescribed by the Exchange or violation by continuing to avail hedge limit even when there is no corresponding physical stock held by the hedger or when there is no domestic / import/export commitment	The penalties as prescribed by the Exchange from time to time for violation of client level open interest limits.
2.	Submission of forged/fake documents for availing hedge limit	Suspension of membership together with financial penalty as deemed appropriate by the Relevant Authority of the Exchange.
3.	Procedural violation of terms and conditions of approval of Hedge limits and Hedge Policy as amended from time to time	As may be decided on case to case basis by the Relevant Authority of the Exchange
4.	Any violation not covered above	As may be decided on case to case basis by the Relevant Authority of the Exchange

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## XII. Proprietary Account - Trading and Disclosure <sup>37</sup>

The Exchange provides an option to submit orders in Proprietary account 'Pro' or Client account 'CLI'. All Proprietary orders should be strictly placed in 'PRO' and client orders should be placed in 'CLI' account.

By default, new User will have on client order placement facility. If Member wish to enable facility for placing orders in pro-account for a User, request needs to be placed with the Exchange. Members are advised to ensure that no trades in PRO account are executed through any CTCL user ids/Nextra user ids unless necessary approvals are taken from the Exchange.

### Trading - Proprietary Accounts (One location)<sup>38</sup>

- By default, facility of placing orders on proprietary account through trading terminals / CTCL terminals shall be extended only at one location (default location will be the member's registered or correspondence address) of the member as specified / required by the members.
- Trading terminals/CTCL terminals located at places other than the above location shall have a facility to place orders only for and on behalf of a client by entering client code details as required / specified by the Exchange / SEBI.
- To enable terminals/CTCL IDs at only one location (default), the request should be sent as per [Annexure 1](#).

### Trading - Proprietary Accounts (Multiple location)

- In case any member requires the facility of using proprietary account through trading terminals from more than one location, such member shall be required to submit an application to the Exchange, stating the reason for using the proprietary account at multiple locations. The Exchange may, on case to case basis after due diligence, consider extending the facility of allowing use of proprietary account from more than one location.
- It is to be noted that pursuant to the provisions contained in the guidelines issued by SEBI, members can carry out Pro-account trading through a terminal from a location which has been identified/reported as default location and also, from trading terminals at multiple locations for which members have obtained the permission from the Exchange.
- In case the requirement is to enable terminals/CTCL ids at more than one location, request should be submitted as per [Annexure 2](#), along with an Undertaking as per [Annexure 3](#).

The CTCL Ids/Nextra user ids mapped to an Exchange user id which is enabled for PRO trading is automatically enabled for PRO trading. Members are advised to ensure no trades in PRO account should be executed through any CTCL user ids/Nextra user ids unless the necessary approvals are taken from the Exchange.

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<sup>37</sup> [NCDEX/TRADING-029/2007/078 dated April 03, 2007](#)

<sup>38</sup> [NCDEX/TRADING-052/2016/108 dated May 12, 2016](#)

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Members cannot do Pro-account trading from a terminal which has not been identified/reported as Pro-account (own account) trading terminal. Trading through a terminal (Exchange user id/CTCL id/Nextra user id) which is not approved by the Exchange may attract penal charges and/or disablement of the terminal (Exchange user id) for PRO trading.

In addition to the above, the trading members shall be subject to and abide by all Circulars, requirements, conditions, norms, guidelines and / or such terms as may be prescribed or required by the Exchange from time to time, upon its notice to the members by the Exchange.

#### **Disclosure of Proprietary Trading and “Pro - account” Trading terminal <sup>39</sup>**

With a view to increase the transparency in the dealings between the broker and the client, every broker shall disclose to his client whether he does client based business or proprietary trading as well.

- Disclose the information of proprietary trading, if any, to all their existing clients. This may be done through the following modes:
  - Emails to all your existing clients.
  - Update the information on your company website (if any)
  - Mention the same on the Contract Notes issued to the clients.
- Disclose the information of proprietary trading, if any, upfront to new clients at the time of entering into the Know Your Client agreement.
- If a member does not trade on proprietary account presently, but chooses to do so at a later date, the same shall be disclosed to the clients before commencement of any proprietary trading.

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<sup>39</sup> [NCDEX/TRADING-052/2016/108 dated May 12, 2016](#)  
[NCDEX/TRADING-042/2016/095 dated April 26, 2016](#)

### XIII. User Id Management

#### Type of Users

Exchange provides an enhanced trading front end - "NEXTRA", to all its Trading and Clearing members. Each Member will have a 'Corporate Manager' terminal for administration at member firm level and order placement facilities, One Dealer Id Adaptor under which the Member can create one or multiple dealer terminal id and Drop copy id for taking online backup.

Sr. No.	User id types	Features
1	Corporate Manager Id (CM) (For Trading / Clearing Member)	a) The Corporate Manager is at the highest hierarchy of the Member firm and can access dealer-wise details for all dealers in its firm. b) One Corporate Manager id is issued per Trading Member c) The Corporate Manager can; <ul style="list-style-type: none"> <li>• Set User Collateral Limits</li> <li>• View Net Position</li> <li>• Perform Quick order cancellation</li> <li>• View pending orders</li> <li>• Give up Approval / rejection</li> <li>• Perform Trade modification</li> <li>• Enter orders for creating fresh position as well as View Net position and place square-off orders</li> </ul>
2	Dealer Id (ADMIN) viz. NCDEX CTCL User / NCTCL (For Trading Member)	These are additional user ids, which are issued to members for accessing Nextra. These used ids are issued based on members request and has dealer functionalities.
3	Drop Copy User (DC) (For Trading / Clearing Member)	a) Only one Admin User id is issued per Trading Member. b) The Admin User can access the following functionalities in the trading system: <ul style="list-style-type: none"> <li>• Assist the Trading Members and the Clearing Members to receive and capture all the trades on a real-time basis.</li> <li>• Obtain online backup.</li> </ul> c) The Admin User does not have the authority to enter orders and perform trade functions.

Member can apply for additional User with CTCL facility to connect their CTCL solution to the Exchange host system.

### **Creation of Corporate Manager User<sup>40</sup>**

- Trading and Clearing members needs to apply for 'Creation of Nextra Corporate Manager ID and Adapter for Lease Line/Internet' as per Circular no NCDEX/CSG-002/2019 dated July 09, 2019 by Submitting [Annexure I](#), Declaration and [Annexure II](#).

### **Process for creation of Drop Copy User, Admin User or CTCL User**

- For applying user id namely Drop Copy User, Admin User or additional CTCL User ids, the member needs to place a request through Web NCFE application.
- If Member wish to avail CTCL/IBT/STWT/ATS/TBT/ATS facility on User id, Member is required to send an online application for CTCL/IBT/STWT/ATS/ASP to the Exchange and upload through following path NCDEX Website →Technology →Additional User id for CTCL/IBT/STWT/ATS/TBT →Request/Application Form.

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<sup>40</sup> [NCDEX/CSG-002/2019 dated July 09, 2019](#)

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## Change of User Name

### For Corporate Manager User

- Corporate Manager terminals shall be accessed and operated only by the authorized User of the Member.
- Member are required to immediately inform the change in Corporate User to the Exchange in [Annexure II](#) and [Annexure III](#) along with the Pan copy of proposed user as a hard copy to the Exchange as per circular no. 002 dated July 09, 2019 and simultaneously place an online request for User name change in NCFE portal.

### For Drop Copy User, Admin User or CTCL User

Member are required to immediately inform the change in Drop Copy User, Admin User or CTCL User by placing an online request for User name change in NCFE portal.

### Deletion of Drop Copy User, Admin User or CTCL User

Member are required to immediately inform the deletion for Drop Copy User, Admin User or CTCL User by placing an online request for User deletion in NCFE portal.

### Dual enablement of user ids<sup>41</sup>

Members intending to get dual connectivity mapped to their user ids are requested to send the request in the format as per Annexure as specified in circular.

### Password Reset

Exchange provides an online module through the WEB NCFE portal – [NCFE](#) for requesting password reset of Corporate Manager and CTCL User. Nextra Corporate Manager can reset password for Nextra Admin id and Dealer id.

Online password reset functionality in Web NCFE portal can be accessed under Admin → Reset Password menu.

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<sup>41</sup> [NCDEX/TECHNOLOGY-025/2018/095 dated April 16, 2018](#)  
[NCDEX/TECHNOLOGY-017/2006/171 dated July 01, 2006](#)

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**User ID charges<sup>42</sup>****Internet charges would be collected on the basis of usage as given under.**

- Internet charges at the rate of Rs. 2500 per user id will be charged per quarter.
- User Ids which have logged in through Internet at least once during a quarter will only be considered for levying of Internet user id charges.
- If the turnover per user-ID is more than Rs. 10 crores during the quarter, Internet user id charges would not be levied.
- **Terminal User id charges of NEXTRA**
  - The terminal user id charges would be levied @Rs. 100/- per terminal user id per month.<sup>43</sup>
  - Two terminal user ids, i.e. one each for Corporate Manager (CM) and Drop Copy (DC) will be provided free of cost to each member.
  - Members using NEXTRA terminals and connecting to their corresponding NEXTRA adapters through Internet would be exempted from the aforesaid NEXTRA user id charges. However, such terminal user ids will be subject to current charges for Internet user ids, where each Nextra terminal Id will be treated as a “User Id” as specified under Circular No. NCDEX/TECHNOLOGY-022/2016/163 dated July 12, 2016.

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<sup>42</sup> [NCDEX/TECHNOLOGY-022/2016/163 dated July 12, 2016](#)

<sup>43</sup> [NCDEX/TECHNOLOGY-043/2017/194 dated August 01, 2017](#)



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#### **XIV. Guidelines for Empanelment and Usage of CTCL Software**

##### Types of Computer to Computer link (CTCL) software

Exchange facilitates empanelment of Computer-to-Computer Link (CTCL) to the Members of the Exchange for carrying out trading, in addition to the Exchange hosted Trading Workstations (NEXTRA). Members can either procure the CTCL software from the vendors empaneled with the Exchange or develop their own in-house CTCL software.

The external trading software includes software used for Computer-to-Computer Link (CTCL), Internet Based Trading (IBT), Security Trading through Wireless Technologies (STWT), Algorithmic Trading (AT) and Application Service Provider (ASP). Members can also build software to read the tick-by-tick data feed.

##### Empaneled Software Vendor:

These trading software's are developed by vendors specialized in the field and are reviewed and approved by the Exchange. Once the software is approved by the Exchange, the CTCL vendors are given empanelment status and vendors are free to provide the Exchange approved software to any of the registered members of the Exchange.

##### In-House developed Software by Members:

Registered members of the Exchange are also permitted to develop CTCL software using their own resources. Such software, which is developed by the members themselves for their own consumption, are referred as in-house developed software.

#### **Empanelment of CTCL / IBT / STWT / ASP / ATS software Vendor**

Interested software vendors with net worth of 100.00 lacs are eligible for registration as empanelment Vendors/ASP.

#### **Application for CTCL / IBT / STWT / ASP / ATS**

- Vendor shall submit an application expressing their interest in getting themselves empaneled with the Exchange to provide CTCL trading front end solutions to the registered members of the Exchange.
- Application shall be submitted along with a detailed note on the company profile, note on the product and RMS, procedure and undertaking, duly filled checklist and other relevant documents. Formats are available on the website of the Exchange.
- On receipt of all the relevant documents & empanelment fee, the Exchange will share the API details and also provide access to NCDEX Test market for development and testing.
- The Vendor is required to develop and test their software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
- After successful development, vendor shall demonstrate the software to the Exchange. Observations, if any identified during the demo shall be resolved and demonstrated to the Exchange.
- Post successful demo, the vendor shall upload Acceptance certificate along with the checklist on the website of the Exchange.

- List of documents required for empanelment are available on NCDEX Website under Technology → CTCL Vendor Empanelment.
- Vendors can apply empanelment of IBT /STWT software along with the CTCL empanelment or even later. There is no additional cost to be paid by the vendor. The documentation and demo requirement would remain the same as it is with CTCL software empanelment.
- In case of approval for Algo trading software, approval needs to be taken for each strategy. While applying for Algo strategy, vendor shall additionally submit Algo strategy categorization letter.
- The Vendor is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Vendor fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Vendor is required to submit fresh Application with revised date and re submit all the relevant documents.

### Fees and charges

The Vendor is required to make the payment of the applicable annual fees and one-time empanelment charges along with the registration document. The fee is spread on a pro-rata basis and is charged in advance on 1st of April of the financial year. The fees structure as applicable is mentioned below:<sup>44</sup>

Type	One time charges	Annual recurring charges
Vendor empanelment – CTCL / IBT / STWT / ASP	10.00 Lacs	2.50 Lacs
Vendor empanelment – ATS	Nil	0.50 Lacs

- The annual fee shall be payable by 30th day of June each year. Any payment made beyond the specified timeline will invite a late payment fee @15% p.a. on the annual charges.
- The invoices for empaneled vendors will be sent through email.

### Process for releasing Software Version Upgrade for Empaneled Vendor

- Vendor shall submit an application for version upgrade indicating the nature of change and details.
  - Version upgrade with changes in Risk Management System (RMS)
  - Version upgrade without changes in Risk Management System (RMS)
- Application shall be submitted along with a detailed note on the product and RMS, duly filled checklist and other relevant documents. Formats are available on the website of the Exchange.
- The Vendor is required to develop and test their software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
- After successful development, vendor shall demonstrate the software to the Exchange in case version upgrade is with changes in Risk Management System (RMS). Observations, if any identified during

<sup>44</sup> [NCDEX/TECHNOLOGY-012/2018/044 dated February 23, 2018](#)

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the demo shall be resolved and demonstrated to the Exchange. If version upgrade is without any changes in RMS, demo is not required.

- Post successful demo, the vendor shall upload Acceptance certificate along with the checklist on the website of the Exchange.
- List of documents required for empanelment are available on NCDEX Website under Technology → CTCL Vendor Empanelment.
- The Vendor is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Vendor fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Vendor is required to submit fresh Application with revised date and re submit all the relevant documents.

#### **Empanelment of Tick by Tick (TBT) software Vendor**

- Vendor shall submit an application expressing their interest in getting themselves empaneled with the Exchange to provide TBT solutions.
- Application shall be submitted along with a detailed note on the company profile, note on the product and RMS, procedure and undertaking, duly filled checklist and other relevant documents. Formats are available on the website of the Exchange.
- On receipt of all the required documents and payment of fees applicable as per the 'Data Feed Policy and Tariff' applicable from time to time, the Exchange will share the API details and also provide access to NCDEX Test market for development and testing.
- The Vendor is required to develop and test their software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
- Post successful testing of software by the vendor, the vendor shall upload Acceptance certificate along with the checklist on the website of the Exchange.
- List of documents required for empanelment are available on NCDEX Website under Technology → CTCL Vendor Empanelment.
- The Vendor is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Vendor fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Vendor is required to submit fresh Application with revised date and re submit all the relevant documents.

#### **Empanelment of In-House developed CTCL / IBT / STWT / ASP / ATS software**

Members will be required to place a request for empanelment of software. Members with minimum net worth of 10.00 lacs are eligible for applying in-house IBT / STWT software.

#### **Application for CTCL / IBT / STWT / ASP / ATS**

- Member shall submit an application for development and usage of in-house CTCL trading front end solutions.

- Application shall be submitted along with note on the product and RMS, undertaking, duly filled checklist / audit report and other relevant documents. Formats are available on the website of the Exchange.
- On receipt of all the relevant documents & empanelment fee, the Exchange will share the API details and also provide access to NCDEX Test market for development and testing.
- The Member is required to develop and test their software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
- After successful development, Member shall demonstrate the software to the Exchange. Observations, if any identified during the demo shall be resolved and demonstrated to the Exchange.
- Post successful demo, the Member shall upload Acceptance certificate, Annexure G1 and Audit report on the website of the Exchange under Technology → CTCL Software.
- List of documents required for empanelment are available on NCDEX Website under Technology → CTCL Software.
- Member can apply empanelment of IBT /STWT software along with the CTCL empanelment or even later. There is no additional cost to be paid by the Member. The documentation and demo requirement would remain the same as it is with CTCL software empanelment.
- In case of approval for Algo trading software, approval needs to be taken for each strategy. While applying for Algo strategy, Member shall additionally submit Algo strategy categorization letter.
- The Member is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Member fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Member is required to submit fresh Application with revised date and re submit all the relevant documents.

### Fees and charges

The Member is required to make the payment of the applicable annual fees and one-time empanelment charges along with the registration document. The fee is spread on a pro-rata basis and is charged in advance on 1st of April of the financial year. The fees structure as applicable is mentioned below:<sup>45</sup>

Type	One time charges	Annual recurring charges
Member in-house developed software – CTCL / IBT / STWT / ASP	1.00 Lac	0.50 Lacs
Member in-house developed software - ATS	0.50 Lac	Nil

- The annual fee shall be payable by 30th day of June each year. Any payment made beyond the specified timeline will invite a late payment fee @15% p.a. on the annual charges.
- A digitally authenticated Invoice for In-house members will be kept in members Extranet > Accounts folder.

<sup>45</sup> [NCDEX/TECHNOLOGY-012/2018/044 dated February 23, 2018](#)

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## **Process for releasing Software version upgrade by in-house developed software**

Member shall submit an application for version upgrade indicating the nature of change and details.

- Version upgrade with changes in Risk Management System (RMS)
- Version upgrade without changes in Risk Management System (RMS)
- Application shall be submitted along with note on the product and RMS, duly filled checklist / audit report and other relevant documents. Formats are available on the website of the Exchange
- The Member is required to develop and test their software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
- After successful development, Member shall demonstrate the software to the Exchange in case version upgrade is with changes in Risk Management System (RMS). Observations, if any identified during the demo shall be resolved and demonstrated to the Exchange. If version upgrade is without any changes in RMS, demo is not required and Member shall submit 'No change letter from Auditor' as required by the Exchange.
- Post successful demo for CTCL / IBT / STWT , the Member shall upload Acceptance certificate, Annexure G1 and Audit report on the website of the Exchange under Technology → CTCL Software.
- In case of approval for Algo trading software, approval needs to be taken for each strategy. While applying for Algo strategy, Member shall additionally submit Algo strategy categorization letter.
- In case of ATS software, post successful demo, the Member shall upload Acceptance certificate, Annexure G2 and Audit report on the website of the Exchange under Technology → CTCL Software
- List of documents required for empanelment are available on NCDEX Website under Technology → CTCL Software.
- The Member is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Member fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Member is required to submit fresh Application with revised date and re submit all the relevant documents.

## **Empanelment of In-house Member developed Tick-by-Tick Market Data Facility**

- Member shall submit an application expressing their interest to develop TBT solutions.
- Application shall be submitted along with note on the product and RMS, procedure and undertaking and other relevant documents. Formats are available on the website of the Exchange.
- On receipt of all the relevant documents, the Exchange will share the API details and also provide access to NCDEX Test market for development and testing.
- The Member is required to develop and test their software in Test and Mock environment while testing the software.
- Post successful testing of software by the Member, the Member shall upload Acceptance certificate on the website of the Exchange on Technology → TBT.

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- List of documents required for empanelment are available on NCDEX Website under Technology → TBT.
  - Once the above documents are approved, the Member has to place a User Id request via NCFE web portal (Member has to select the TBT IP only while placing the request)
  - The Member is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Member fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Member is required to submit fresh Application with revised date and re submit all the relevant documents.

#### **Discontinuation and re-empanelment of of CTCL / IBT / STWT //ATS /ASP software**

- The Vendor/Member who wish to surrender their empanelment status/approval is required to provide the application as per format on NCDEX Website →Technology → Surrender.
- The Member also need to place User id deletion request in Web NCFE.
- For re-empanelment - the initial empanelment charges paid at the time of empanelment shall not be applicable, if Member disable this facility and they opt to re-register within 1 year of date of disablement. Member shall follow below procedure.
  - a) Documentation needs to be resubmitted by the member
  - b) If there is any change in software version / RMS / OMS related functionality or Algo strategy (in case of Algo) then demo to the Exchange is mandatory.
  - c) Demo is not required, in case there is no change in software version or RMS or OMS related functionality or Algo strategy (in case of Algo). 'No change letter from Auditor' is required to be submitted.

If member is opting In-house CTCL / IBT / STWT / ATS facility after 1 year of disablement, then they have to follow the procedure as per the new empanelment.

#### **Process for Member to use empaneled Vendor's CTCL/ IBT / STWT / ASP / ATS software**

##### **For using CTCL / IBT / STWT / ASP / ATS trading software**

Members with minimum Net worth of 10.00 lacs are eligible for applying IBT / STWT software.

- Member shall submit an application for approval to use new CTCL software / Version Upgrade for CTCL Software of empaneled CTCL trading front end solutions.
- Application shall be submitted along with Vendor confirmation letter, undertaking, Networth certificate (in case of IBT) duly filled checklist / audit report and other relevant documents. Formats are available on the website of the Exchange.
- On receipt of all the relevant documents, the Exchange will provide access to NCDEX Test market for testing.

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- The Member is required to test the software in Test and Mock environment meeting all the requirements of the Checklist shared by the Exchange while testing the software.
  - Post successful testing, the Member shall upload Acceptance certificate, Annexure G1 and Audit report on the website of the Exchange under Technology → CTCL Software.
  - List of documents required for using empaneled CTCL / IBT / STWT / ASP are available on NCDEX Website under Technology → Apply for CTCL software through empaneled-vendor.
  - In case of approval for Algo trading software, approval needs to be taken for each strategy. While applying for Algo strategy, Member shall additionally submit Algo strategy categorization letter. Post successful testing, the Member shall upload Acceptance certificate, Annexure G2 and Audit report on the website of the Exchange under Technology → CTCL Software.
  - The Member is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Member fails to submit the complete documents within completion of 30 days from the date of submission of application, then the Member is required to submit fresh Application with revised date and re submit all the relevant documents.

#### **For Using TBT data feed from Empaneled Vendor**

- Members who wish to avail TBT feed from empaneled TBT vendors are required to apply to the Exchange.
- Member can refer the details required to apply for TBT through Empaneled vendor format of document/checklist provided on the NCDEX website →Technology→TBT.
- Member is required to upload the Application and vendor confirmation letter for using empaneled vendor TBT product.
- Once the above documents are submitted, Member has to place a User Id request via NCFE web portal (Member has to select the TBT IP only while placing the request)
- Post successful testing, Member is required to submit test reports / Acceptance certificate and requesting the Exchange to enable the User id.
- Member is required to complete the process of Demo to the Exchange and submission of above documents within 30 calendar days from the date of submission of Application. If the Member had submitted the completed documents post completion of 30 days from the date of submission of application, then the Member is required to submit fresh Application with revised date and re submit all the relevant documents.

#### **FIX Empaneled Vendor List**

List of Financial Information Exchange based interface (FIX Interface) empaneled Vendors are available on NCDEX Website → Technology → List of Empaneled Vendors version/strategy details.

- List of Empanelled Vendors version and strategy details
- Tick by Tick Empanelled Software Vendors
- List of FIX Empanelled ATS vendors
- List of FIX Empanelled CTCL Vendor



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## Testing of software used in or related to Trading and Risk Management<sup>46</sup>

The term 'software' shall mean electronic systems or applications used by stock brokers / trading members for connecting to the stock exchanges and for the purposes of trading and real-time risk management, including software used for IBT, DMA, STWT, SOR, AT, etc.

In order to improve the efficacy of the mock trading sessions, all stock brokers / trading members shall ensure that all user-ids approved for Algo trading, irrespective of the algorithm having undergone change or not, shall participate in the mock trading sessions.

The stock broker / trading member shall undertake User Acceptance Test (UAT) of the software to satisfy itself that the newly developed / modified software meets its requirements.

Stock brokers / trading members shall also engage system auditor(s) to examine reports of mock tests and UAT in order to certify that the tests were satisfactorily undertaken.

For pre-approval / periodic system audit of Computer-to-Computer Link (CTCL) or Intermediate Messaging Layer (IML), IBT, DMA, STWT, SOR and AT, stock brokers / trading members shall engage a system auditor with any of the certifications specified vide SEBI circular dated CIR/MRD/DP/16/2013 dated May 21, 2013. While finalizing the system auditor, stock brokers / trading members shall ensure the system auditor does not have any conflict of interest with the stock broker and the directors / promoters of the system auditor are not directly or indirectly related to the current directors or promoters of stock broker / trading member.

Since new software or changes to the existing software without proper testing may affect the integrity of the markets, the major provisions covered are as under:

- a. Testing of Software
- b. Approval of Software of brokers/members
- c. Undertaking to be provided by the brokers/members
- d. Sharing of Application Programming Interface (API) specifications by the brokers/members
- e. Penalty on malfunction of software used by brokers/members

Stock brokers / trading members shall seek approval of the respective stock exchanges for deployment of the software in the securities market by submitting necessary details required by stock exchange including details of software, tests undertaken and certificate / report provided by the system auditor. Stock exchange may seek additional details as deemed necessary for evaluating the application of the stock broker / trading member.

With regard to changes / updates to stock broker's trading software that intend to modify the 'look and feel' and do not affect the risk management system of the stock broker or the connectivity of the trading software

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<sup>46</sup> [NCDEX/TECHNOLOGY-011/2016/069 dated April 01, 2016](#)  
[NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#)



with stock exchange's trading system, it is clarified that mock testing and consequent system audit may not be insisted upon.

Stock brokers / trading members shall submit an undertaking to the respective stock exchanges stating the following at the minimum:

- (i) M/s (name of the stock broker / trading member) will take all necessary steps to ensure that every new software and any change thereupon to the trading and/or risk management functionalities of the software will be tested as per the framework prescribed by SEBI / stock exchange before deployment of such new / modified software in securities market.
- (ii) M/s (name of the stock broker / trading member) will ensure that approval of the stock exchange is sought for all new / modified software and will comply with various requirements specified by SEBI or the stock exchange from time to time with regard to usage, testing and audit of the software.
- (iii) The absolute liability arising from failure to comply with the above provisions shall lie entirely with M/s (name of the stock broker / trading member) ....

Stock exchanges shall examine the cases of malfunctioning of software used by stock brokers / trading members and apply deterrent penalties in form of fines or suspension to the stock broker / trading member whose software malfunctioned. In addition, stock brokers / trading members shall implement various mechanisms including the following to minimize their losses in the event of software malfunction:

- include suitable clauses in their agreement with the software vendors to define liabilities of software vendor and stock broker / trading member in case of software malfunction, and / or,
- consider taking suitable insurance cover to meet probable losses in case of software malfunction.

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## Miscellaneous Provisions for CTCL

- **Display Of Maturity Date On CTCL Front-End And Back-Office Systems** <sup>47</sup>

Members, CTCL vendors and the Back-office vendors shall display the 'Maturity Date' on applicable screens (where Expiry Date is displayed) on their CTCL application Internet based application, Mobile Application and the contract note published by the Members to its constituents

- **Display Of Brokerage, Statutory & Regulatory Levies** <sup>48</sup>

To bring more transparency to investors on the brokerage and other charges being levied by the members, the details of the brokerage and charges applicable for the order to be placed shall be prominently displayed on the "Order placement window/screen" under the separate tab called "Charges" on their IBT/STWT applications.

- **Implementation Of Two Factor Authentication** <sup>49</sup>

Two-factor authentication for login sessions is mandatory for IBT & STWT. In case of Biometric authentication additional one more factor out of the below is required to be implemented.

- Knowledge factor (password, PIN)
- Possession factor (OTP, Security token)

In case of non-biometric case both of the above factor to be introduced.

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<sup>47</sup> [NCDEX/TRADING-007/2023 dated February 27, 2023](#)  
[NCDEX/TRADING-013/2023 dated April 03, 2023](#)

<sup>48</sup> [NCDEX/COMPLIANCE-060/2022 dated September 30, 2022](#)

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## XV. Reporting for CTCL Terminal ids (12 digit id)

As per Exchange guidelines, members are required to seek Exchange permission for usage of any 12 digit CTCL terminal id prior to allotment.

CTCL Terminal Information

3 digit Vendor code –

1 – 3 - Vendor Code (Every order coming from your CTCL trading software should carry 3 -digit vendor code as assigned to the Member/Vendor)

2 digit terminal code -

- 1 – 3 - Branch id of the trading member where particular Terminal is active
- 4 – 6 - Unique Id of Terminal
- 7 – 12 - Pin Code of the location of the Terminal

- Member can use Web based NCFE module for upload of CTCL Terminal details, Bulk Upload of CTCL Details, List of State code and Bulk Disablement of CTCL 12 Digit Terminal id as per the details of the circular.<sup>50</sup>
- Members providing Internet Based Trading (IBT) facility approved by the Exchange are required to populate the 12-digit terminal id field with ‘111111111111’ (12 times 1). For trading through Securities Trading through Wireless Technology (STWT) facility populate the 12-digit terminal id field with “333333333333” (12 times 3) and not with any other information.<sup>51</sup>
- For non- reporting of 12 digit CTCL Id, a penalty of Rs.100/- per day per CTCL terminal Id is levied, till the time the terminal details are not reported to the Exchange.

### Exam certification for Approved User<sup>52</sup>

- As per the SEBI Gazette Notification dated November 21, 2019 in terms of Regulation 3 of Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets), Regulations, 2007, it is mandatory for approved users and/or sales personnel of all associated person of a stock broker to obtain certification by passing the NISM series XVI – Commodity Derivatives Certification Examination.
- Members are advised to monitor the expiry of existing certification for Approved Users of the 12 digit CTCL Terminal IDs and also the applicability of certification requirement in case of new Approved Users of the 12 digit CTCL Terminal IDs. Members should ensure that Approved Users of the 12 digit CTCL Terminals IDs shall have all the necessary certification at all times.
- In case of non-availability/expiry of the validity of the certification, a fresh valid certificate is not obtained and if such terminals are used for trading, a penalty of Rs. 100/- per day per 12 digit CTCL Terminal id is levied till the time the terminal is not reported by submitting valid certification details

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<sup>50</sup> [NCDEX/TECHNOLOGY-041/2020 dated October 05, 2020](#)  
[NCDEX/TECHNOLOGY-008/2017/033 dated February 06, 2017](#)  
[NCDEX/TECHNOLOGY-041/2020 dated October 05, 2020](#)

<sup>51</sup> [NCDEX/TECHNOLOGY-009/2018/029 dated January 29, 2018](#)

<sup>52</sup> [NCDEX/CSG-003/2022 dated December 09, 2022](#)  
[NCDEX/CSG-004/2019 dated December 05, 2019](#)

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**Same PAN against multiple Algo Terminals<sup>53</sup>**

- Exchange permits creation and reporting of only one 12 digit CTCL Terminal ID against a PAN number. However, considering that trading through ATS is system driven, the aforesaid restriction is being removed for CTCL terminals used for Algo trading. Members can map/report multiple CTCL Terminal IDs on a single PAN provided the same is used for Algo trading only.

For other CTCL software, the restriction will continue to remain applicable i.e. only one CTCL terminal can be reported against a unique PAN number

**Deactivation or reassignment of CTCL Terminal Id<sup>54</sup>**

- In reference to reporting of CTCL terminal ids through the NCFE module, Members are required to timely report discontinuation of CTCL User's association/employment with a Member (who is no longer associated/ employed with the member).
- Members are required to verify active CTCL terminals and are directed to disable any such terminals where the concerned CTCL users are no longer associated with them or assign such terminals to a different user.
- On an ongoing basis, Members must ensure immediate deactivation or reassignment of the trading terminals when the corresponding user is no longer associated with them.

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<sup>53</sup> [NCDEX/ CSG-002/2021 dated October 27, 2021](#)

<sup>54</sup> [NCDEX/CSG-003/2021 dated December 21, 2021](#)

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## XVI. Authorised Person

### Regulatory Framework for Market Access through Authorised Persons

**Authorised Persons** - Any person - individual, partnership firm, LLP or body corporate – who is appointed as such by a stock broker (including trading member) and who provides access to trading platform of a Stock Exchange as an agent of the stock broker.

A stock broker may appoint one or more authorised person(s) after obtaining specific prior approval from the Stock Exchange concerned for each such person. The approval as well as the appointment shall be for specific segment of the exchange.

### Procedure for Appointment

Member are required to submit application to the Exchange for registration of Authorised person as per the Exchange circular.<sup>55</sup>

Documents required to be submitted along with application have been mentioned as enclosure to the above-mentioned circular

'Authorised Person' (AP) are also permitted to use the option of e-Signature/Digital Signature for signing the documents. In such cases, members are required to provide an Undertaking along with the AP application which has to be uploaded on the online AP-module through WEB NCFE portal for Registration.<sup>56</sup>

For change/modification and cancellation request, format of the undertaking is available in circular of the Exchange. On receipt of the aforesaid application, the Stock Exchange.

- May accord approval on satisfying itself that the person is eligible for appointment as authorized person, or
- May refuse approval on satisfying itself that the person is not eligible for appointment as authorized person.

### Eligibility Criteria

- An individual is eligible to be appointed as authorised person if he:
  - is a citizen of India;
  - is not less than 18 years of age;
  - has not been convicted of any offence involving fraud or dishonesty;

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<sup>55</sup> [NCDEX/COMPLIANCE-017/2019 dated April 15, 2019](#)  
[NCDEX/COMPLIANCE-002/2017/037 dated February 15, 2017](#)

<sup>56</sup> [NCDEX/CSG-001/2021 dated June 14, 2021](#)

- 
- has good reputation and character;
  - has passed at least 10th standard or equivalent examination from an institution recognized by the Government; and
  - the approved users and/or sales personnel of Authorised Persons shall have the necessary certification of the respective segments at all points of time.
- A partnership firm, LLP or a body corporate is eligible to be appointed as authorized person
    - if all the partners or directors, as the case may be, comply with the requirements contained in clause above.
    - the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to deal in securities business
  - The person shall have the necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the activities on behalf of the stock broker

### **Conditions of Appointment**

The following are the conditions of appointment of an authorised person:

- The stock broker shall be responsible for all acts of omission and commission of the authorized person.
- All acts of omission and commission of the authorized person shall be deemed to be those of the stock broker.
- The authorized person shall not receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of stock broker.
- The authorised person shall receive his remuneration - fees, charges, commission, salary, etc. - for his services only from the stock broker and he shall not charge any amount from the clients.
- A person shall not be appointed as authorized person by more than one stock broker on the same Stock Exchange.
- A partner or director of an authorised person shall not be appointed as an authorised person on the same Stock Exchange.
- The stock broker and authorised person shall enter into written agreement(s) in the form(s) specified by Exchange. The agreement shall inter-alia cover scope of the activities, responsibilities, confidentiality of information, commission sharing, termination clause, etc.

### **Withdrawal of Approval**

Approval given to an authorised person may be withdrawn by the Stock Exchange:

- on receipt of a request to that effect from the stock broker concerned or the authorised person, subject to compliance with the requirements prescribed by the Stock Exchange, or

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- on being satisfied that the continuation of authorised person is detrimental to the interest of investors or securities market or the authorised person at a subsequent date becomes ineligible under clause 4 above.

### **Obligations of Stock Broker**

- The stock broker shall be responsible for all acts of omission and commission of his authorised person(s) and/or their employees, including liabilities arising there from.
- If any trading terminal is provided by the stock broker to an authorised person, the place where such trading terminal is located shall be treated as branch office of the stock broker.
- Stock Broker shall display at each branch office additional information such as particulars of authorised person in charge of that branch, time lines for dealing through authorised person, etc., as may be specified by the Stock Exchange.
- Stock Broker shall notify changes, if any, in the authorised person to all registered clients of that branch at least thirty days before the change.
- Stock Broker shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them.
- The client shall be registered with stock broker only. The funds and securities of the clients shall be settled directly between stock broker and client and all documents like contract note, statement of funds and securities would be issued to client by stock broker. Authorised person may provide administrative assistance in procurement of documents and settlement but shall not issue any document to client in its own name. No fund/securities of clients shall go to account of authorized person.
- On noticing irregularities, if any, in the operations of authorised person, stock broker shall seek withdrawal of approval, withhold all moneys due to authorised person till resolution of investor problems, alert investors in location where authorised person operates, file a complaint with the police, and take all measures required to protect the interest of investors and market.

### **Disclosure by the Exchange**

- Details of the broker with whom the authorised person is registered.
- Locations of branch assigned to authorised person(s).
- Number of terminals and their details, given to each authorised person.
- Withdrawal of approval of authorised person.
- Change in status or constitution of authorised person.
- Disciplinary action taken by the Exchange against the authorised person

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### Online Submission of Applications for Authorised Person(s)

Exchange has facilitated Online Authorised Person Registration module through WEB NCFE portal, which includes following features. <sup>57</sup>

- Real time report to check the status of AP submissions made online.
- Option to “edit and resubmit” an application in case of rejections.
- Online report to view AP code and date of Registration
- Option to download the entire data of AP entered into the new online system by the members. Members may use this data to upload in their back office system and avoid duplication of manual data entry

### Authorised Persons – Processing fees<sup>58</sup>

- A processing fee of Rs.1000/- Plus applicable GST per application will be levied on the applications for appointment of Authorised Persons received and approved by the Exchange.
- No charge will be levied for cancellation of Authorised Person.
- The processing fee will be debited from the Member’s Exchange dues account on a monthly basis. Bill for the same will be uploaded in Member’s extranet folder.

[Link to Annexures](#)

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<sup>57</sup> [NCDEX/COMPLIANCE-028/2019 dated July 12, 2019](#)

<sup>58</sup> [NCDEX/COMPLIANCE-009/2012/260 dated July 21, 2012](#)



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**XVII. Member's Fidelity Insurance<sup>59</sup>**

The Exchange has advised the members to take the Fidelity insurance policy to cover the operational risks associated with their business operations.

Members are advised to take note of the following and put in place systems and procedures so as to ensure adherence to the compliance requirements.

- It is mandatory for the members to have an insurance cover at all points of time and submit the renewed copy to the Exchange on or before expiry.
- In case, Member is not trading in any particular financial year and has not renewed the insurance policy, the member is required to submit a declaration for not trading on their letter head duly signed by authorised signatory to the Exchange
- Member trading only in proprietary account, needs to submit a declaration stating the same on their letter head duly signed by authorised signatory to the Exchange.
- For non-submission of Insurance policy, a penalty of Rs. 100/- per day starting from eleventh (11th) day after the date of expiry of the current insurance policy is levied till the date of submission of fidelity insurance details. The Exchange provides a grace period of 10 calendar days to the member to electronically submit the document and no penalty will be levied for any electronic submission within these 10 calendar days.
- The penalty will be collected on monthly basis from the Exchange dues account of the member.

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<sup>59</sup>[NCDEX/MEMBERSHIP-002/2018/036 dated February 02, 2018](#)

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## **XVIII. PROCESS FOR REQUESTING STATUS REPORT**

Exchange facilitates Status report for various purpose as per member's requirements. Request for status report is to be submitted through online facility on web NCFE portal. Various purpose for which status report is requested by the Members of the Exchange are as below.

- Application / Renewal of Bank Guarantee
- Bank Submission
- Availing Bank Overdraft Limit / availing Credit Facility
- New Membership in any other Commodity Exchange
- Integration of broking activities / Transfer of Membership
- Empanelment as broker with Mutual Fund / Financial Institutions
- DP Empanelment
- Membership of depository & Renewal of depository certificate
- Filing of Prospectus DRHP
- Annual Returns
- Audit Purpose

While raising the request online through web NCFE portal, members are required to upload the scanned image of the request letter printed on the company letterhead. The document has to be signed by the Authorised Signatory mentioning the reason for the requirement of Status Report.

Once the status is received from all the relevant departments, the Exchange issues a digitally signed copy of Status Report on NCDEX letterhead. The letter is placed in the member's extranet folder.

#### **XIX. CUSTOMER SERVICE GROUP CONTACT DETAILS**

Members can contact during working hours on all working days for all trade related queries on Toll Free Number: 1800 266 2339 & Kisan Helpline: 1800 103 4861.

Members can also email us on [askus@ncdex.com](mailto:askus@ncdex.com)

Additionally, “[Connect with us](#)” window has been provided on website for Member/Client or FPO/Others to register query/feedback/complaints.

**XX. ANNEXURES**
**Notified Commodity Derivatives Contract:**

<b>(I) CEREALS AND PULSES</b>					
1.	Bajra	6.	Lakh (Khesari)	12.	Ragi
2.	Barley	7.	Maize/Corn	13.	Rice or Paddy (Including Basmati)
3.	Gram (including Dal)	8.	Masoor (including dals)	14.	Small Millets (KodanKulti, Kodra, Korra, Vargu, Sawan, Rala, Kakun, Samai, Vari and Banti)
4.	Jowar	9.	Moong and Products (including Chuni, Dal)	15.	Tur/Arhar (Including Chuni, Dal)
5.	Kulthi	10.	Moth	16.	Urad/Mash (Including Dal)
		11.	Peas (including Yellow Peas)	17.	Wheat
<b>(II) OILSEEDS, OILCAKES AND OILS</b>					
18.	Castor Complex (including seed, oil, oilcake)	22.	Groundnut complex (including nut, oil, oilcake)	26.	Safflower complex (including seed, oil, oilcake)
19.	Coconut / Copra complex (including seed / fruit, oil, oilcake)	23.	Linseed complex (including seed, oil, oilcake)	27.	Sesamum complex (including seed, oil, oilcake)
20.	Cottonseed complex (including seed, oil, oilcake)	24.	Rapeseed Mustardseed complex (including seed, oil, oilcake, meal)	28.	Soy complex (including bean, oil, oilcake, meal)
21.	Palm oil complex (including seed, oil, oilcake)	25.	Rice bran complex (including bran, oil, oilcake)	29.	Sunflower complex (including seed, oil, oilcake)
<b>(III) SPICES</b>					
30.	Aniseed	35.	Cloves	40.	Nutmegs
31.	Cardamom	36.	Coriander seed	41.	Pepper
32.	Celeryseed	37.	Ginger	42.	Turmeric
33.	Chillies	38.	Jeera (Cumin seed)		
34.	Cinnamon	39.	Methi		
<b>(IV) METALS</b>					
43.	Aluminium	47.	Lead	51.	Steel
44.	Brass	48.	Nickel	52.	Tin
45.	Copper	49.	Pig Iron	53.	Zinc

46.	Iron Ore	50.	Sponge Iron		
<b>(V) PRECIOUS METALS</b>					
54.	Gold (including variants such as coins, bars etc.)	55.	Platinum (including variants such as bars etc.)	56.	Silver (including variants such as coins, bars etc.)
<b>(VI) GEMS and STONES</b>					
57.	Diamond				
<b>(VII) FIBRES</b>					
58.	Art Silk Yarn	60.	Jute and Jute goods (including raw jute, mesta, hessian, sackings, cloth, bags, twines, yarns and any other products made of jute)	61.	Staple Fibre Yarn
59.	Cotton complex (including Kapas, fibre, loose, half-pressed, full-pressed, yarn, pods, cloth)				
<b>(VIII) ENERGY</b>					
62.	Carbon Credit	66.	Bio-fuel (Including Ethanol, Bio-diesel)	70.	Methanol
63.	Coal (including variants such as coking, thermal, lignite etc.)	67.	Furnace Oil	71.	Natural Gas
64.	Crude Oil	68.	Gasoline/Petrol		
65.	Electricity	69.	Diesel		
<b>(IX) SWEETENERS</b>					
72.	Gur	73.	Sugar (including S, M and other grades and khandsari)		
<b>(X) PLANTATION</b>					
74.	Cocoa	76.	Rubber	77.	Tea
75.	Coffee				
<b>(XI) DRY FRUITS</b>					
78.	Almond				
<b>(XII) OTHERS</b>					
79.	Betelnuts	84.	Guar Seed and products (including Guar Gum split, Guar Gum powder, Korma, Churi)	89.	Potato
80.	Camphor	85.	Isabgol	90.	Seedlac

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81.	Chara or Berseem (including chara seed or berseem seed)	86.	Mentha Oil and Products (including Crystals, Flakes etc.)	91.	Shellac
82.	Eggs	87.	Onion		
83.	Gram Husk (Gram Chilka)	88.	Polymer		

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**Performance/Return claimed by unregulated platforms offering algorithmic strategies for trading**  
ANNEXURE A**Members providing algorithmic trading services**

(To be submitted on Member's Letter Head)

I/We <Name of Member>, registered trading member <member ID> with National Commodity and Derivatives Exchange Ltd. (NCDEX) hereby confirm that we are complying with the guidelines issued via SEBI vide circular no. SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022 and Exchange circular no. NCDEX/TRADING-044/2022 dated September 07, 2022 regarding Performance/ Return claimed by unregulated platforms offering algorithmic strategies for trading.

- a. We will not directly or indirectly make any reference to the past or expected future return/performance of the algorithm trading services in any form of advertisements/ business communication on publicly accessible platforms such as social media/ websites/ digital & print media, SMS, what's app messages and telegram services etc.; and/or
- b. We are not directly or indirectly associated with any platform providing any reference to the past or expected future return/performance of the algorithm.
- c. We shall not make any reference to the past performance or expected return out of algorithmic trading services, during any presentations/ account opening forms/ pamphlets/ banners/ forums/ gatherings organised to on-board new clients/ pitching new segment/ product to existing clients including, exhibiting of past performance, or expected return on any of the platforms used by Authorized Persons/ Vendor/ associated entities of the member
- d. We have removed such reference from our website and/or disassociated ourselves from the aforesaid platforms providing such references, with effect from **September 09, 2022**.
- e. We hereby confirm that, we have adhered to the provisions of SEBI circular no. SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022, and Exchange circular no. NCDEX/TRADING-044/2022 dated September 07, 2022.
- f. I/We further confirm that, I/We will be held responsible for any non-compliance of the abovementioned circular at all times.

I/We hereby submit the supporting document(s) to confirm the compliance of the above-mentioned points (Annexure I enclosed herewith showing before and after status).

**Date**

**Place**

**Compliance Officer/ Designated Director**

**Signature and stamp**

ANNEXURE B

**Members not providing algorithmic trading services**

(To be submitted on Member's Letter Head)

I/We <Name of Member>, registered trading member <Member id> with National Commodity and Derivatives Exchange Ltd. (NCDEX) hereby confirm that we are complying with the guidelines issued by SEBI vide circular ref. no. SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022 and Exchange circular no. NCDEX/TRADING-044/2022 dated September 07, 2022 regarding Performance/Return claimed by unregulated platforms offering algorithmic strategies for trading.

Further, I/We hereby confirm that we are not directly/ indirectly referring to any past or expected future return/ performance of an algorithm trading services in any form of advertisements/ business communication on publicly accessible platforms such as social media/ websites/ digital & print media etc. and are not associated with any platform providing such reference.

I/We further confirm that, I/We will be held responsible for any non-compliance of the above-mentioned circular at all times

**Date**

**Place**

**Compliance Officer/Designated Director**

**Signature and stamp**





**Annexure 2**

**(On the letter head of client/member seeking the Hedge limit)**

**Statement of commodity /domestic or import or export obligation as on \_\_\_\_\_.**

Name of the Commodity	Long Physical position			Short physical position	Domestic Commitments
	Current Stock ( in Units and Details of ware house*)	Import commitments (in Units)	Total Long (in Units)	Export commitments (in Units)	

\* Please mention the details of location of warehouse where the commodity owned by the hedger is held.

For the Import and Export commitments, a copy of the import/export orders needs to be attached along with this annexure.

**Statement of Hedge requirements**

Name of the commodity	Long position (Qty in units)	Short position (Qty in units)

We confirm that the above statements are true and correct to the best of our knowledge.

Place:

Date:

(Signature)

(Rubber Stamp)

(Name of Authorised Signatory of the Client/Member seeking Hedge limit)  
 Designation

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**Annexure 3**  
**Statement on hedge rationale and hedge strategy**

Name of the commodity in which hedge is sought:
Long / Short hedge:
Rationale / reasons for obtaining hedge:
Hedge strategy:

Signature of Authorised Signatory of the client / hedger seeking hedge limits:

Name of Authorised Signatory of the client / hedger seeking hedge limits (along with rubber stamp):

**Annexure 4**
**Statement of movement of positions in the physical market for the month**

Name of the commodity in which hedge is availed:
Long / Short hedge availed:
Date of activation of hedge:
Movement of positions in the physical market during the month:  Opening stock  Add Production during the month  Less Sales  Add Purchases (if any)  Closing stock
Deviation, if any, from the hedge strategy submitted earlier, along with reasons for the same:
Position taken on other bourses (Qty in MT):   (This should include cross hedging/back to back trades if any)

Signature of Authorised Signatory of the client / hedger seeking hedge limits:

Name of Authorised Signatory of the client / hedger seeking hedge limits (along with rubber stamp):

## Annexure 5

### Director's Details

To be filled by the client/member seeking/holding hedge limit

1.	Name of the client applying for/holding hedge limit	
2.	Status of the applicant	<i>Proprietorship/Partnership/HUF/Private Limited/Limited/Trust/Co-operative society</i>
If others, please specify:		
3.	PAN of applicant	
4.	Under mentioned details to be submitted for Individual in case the applicant is Proprietorship firm/ for each of the Partners in case the applicant is Partnership firm/ for each of the Directors in case the applicant is Private limited or Limited Company/for each of the Manager/Karta in case the applicant is HUF/ for each of the Trustees in case applicant is Trust.	

Name as per PAN	PAN	Director/Partner Type (E.g. Managing, Whole Time, independent)	Address	Phone No

(In case the details does not fit in the form, it should be given by way of annexure)

We confirm that the above statements are true and correct to the best of our knowledge.

Signature of the Authorized signatory of the client/member along with Rubber stamp

Name

Designation

Place:

Date:

Company Stamp:

**Annexure 6**

**Statement of Export/Import/Domestic commitments for the month of -----**

**Part A :-** Details of Export/Import/Domestic Contracts Outstanding as on ----- (Last Date of the Previous Month)

Sr. No.	Contract No.	Contract Date	Commodity	Name of the Counterparty	Quantity	Shipment period
1						
2						
3						
4						
				Total Quantity		

**Part B :-** Details of Export/Import/Domestic Contracts fulfilled during the month of ----- (previous month)

Sr. No.	Contract No.	Contract Date	Commodity	Name of the Counterparty	Quantity	Shipment period
1						
2						
3						
4						

Signature of the Authorised signatory of the client along with Rubber stamp:

Name:  
Designation:

Date:  
Place:  
Company Stamp:

## Annexure 7

### (On the letter head of client seeking the Hedge limit)

#### **Declaration to be given by the Hedge applicant with respect to ownership of stocks and details of warehouses based on which hedge limit is sanctioned**

I/We), \_\_\_\_\_, hereby declare that stock based on which hedge limit is sanctioned/being sanctioned is owned by me/us and are,

- i. Pledged with the scheduled Commercial Banks/Co-operative Banks (certified copy of Bank certificate attached)

Or

- ii. Lying in any Government Entity's warehouse / WDRA approved warehouses (certified copy of Warehouse Receipt is attached)

Or

- iii. Lying in other premises (warehouse, factory etc.) which is owned by me/us or premises is taken on lease in my / our name (certificate by practicing Chartered Accountant)

#### **Warehouse wise details**

Sr. No.	Name and address of the Warehouse	Ownership of warehouse (Warehouse owned by hedger / Warehouse taken on lease by hedger in its name)	Stock (Qty)

We confirm that the above warehouse premises are well equipped with quality control safeguards for the storage of the relevant commodity. We also confirm as under -

- The warehouse structure is of good quality and has sound waterproofing to prevent leakage of water;
- The warehouses have necessary arrangements for maintaining hygiene and cleanliness inside the warehouse premises;
- The warehouses have proper ventilation;

- The warehouses have adequate arrangements for fumigation and prophylactic spraying and maintain records of such fumigation and prophylactic sprayings;
- The warehouses have adequate arrangements for controlling/preventing presence of rodents in the warehouse premises;
- The warehouses have required number of dunnage for proper storage of stocks;
- In case of cold storages, the cold storages have adequate arrangements for monitoring the temperature of cold storage on a regular basis;
- Any other requirements / standards to ensure that warehouses are well equipped for safe storage of the commodity

Place:

Date:

Company Stamp

(Signature)

(Name of Authorised Signatory of  
the Client/Member seeking Hedge limit along with Rubber stamp)

Designation



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**Proprietary Account - Trading and Disclosure****Annexure 1**

(On Member's Letter Head)

Date:

To,

Customer Service Group,  
National Commodity & Derivatives Exchange Limited  
Kanjur Marg, Mumbai 400 078

Dear Sir,

**Enabling user ids for proprietary account orders through terminals in one location**

This is to inform you that the following User ID(s) is/are to be enabled for proprietary account order entry.

**Default Location**

Sr No	Exchange User Id	Nextra User Id	12 digit CTCL (if the user id is of CTCL Connectivity /Nextra)	User Name	VSAT /Lease line/ Internet	Location (only one)	Pin code

Yours faithfully

For (Member Name)

Authorized signatory

Name

Designation

TMID

SEBI registration No.

**Annexure 2**

(On Member's letter head)

Date:

To,

Customer Service Group,  
 National Commodity & Derivatives Exchange Limited,  
 Kanjur Marg, Mumbai 400 078

Dear Sir,

**Enabling user ids for proprietary account orders through terminals in more than one location**

I / We, a Member of NCDEX wish to avail of the facility of placing orders on "Pro- account" through trading terminals from more than one location.

In this regard, I/we are furnishing the following details:-

1. Name of Trading Member along with SEBI registration No.:-
2. Default location where Pro account is being availed (if any):-

Sr No	Exchange User Id	Nextra User Id	12 digit CTCL (if the user id is of CTCL Connectivity /Nextra)	User Name	VSAT /Lease line/ Internet	Location (only one)	Pin code

3. Additional Location(s)

Sr No	Exchange User Id	Nextra User Id	12 digit CTCL (if the user id is of CTCL Connectivity /Nextra)	User Name	VSAT /Lease line/ Internet	Location	Pin code	Name of the Director/Partner -stationed at the location	Reason

Yours faithfully,

For (Member Name)

Authorized signatory / Name and Designation

**Annexure 3**

**Undertaking For Availing Proprietary Account Order Entry Facility**

I/We \_\_\_\_\_, an individual /a firm registered under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the Companies Act of 1956 and any amendments thereto, and residing at / having our registered office at \_\_\_\_\_ give this UNDERTAKING on this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ IN FAVOUR of National Commodity and Derivatives Exchange Limited, a company incorporated under the Companies Act, 1956, with its Registered Office at 1st Floor, Akruiti Corporate Park, Near G.E. Garden, LBS Road, Kanjurmarg West, Mumbai 400 078 (hereinafter called "NCDEX").

**WHEREAS**

NCDEX provides the national level trading platform through Automated Trading software to enable its Trading Members to trade and in addition NCDEX also permits Computer To Computer Link (hereinafter called "CTCL") facility to its Trading Members for order entry, receipt of order and trade confirmation and also for receipt of data relating to its trade quotations.

NCDEX, has prescribed that the facility of placing orders on "Pro-account" through trading terminals shall be availed by the Trading Members only at one location of the Trading members as specified / required by the Trading Members; any trading terminal located at a place other than the above location shall have a facility to place order only for and on behalf of a Constituent by entering client code details as required by NCDEX / SEBI; and In case any Trading Member requires the facility of using "Pro- account" through trading terminals from more than one location, such Trading Member shall request NCDEX stating the reason for using the "Pro-account" at multiple locations.

NCDEX has as a precondition to the Undersigned being permitted the facility of using "Pro-account" through trading terminals from more than one location required me/us to furnish the undertaking in the manner and on the terms herein below:-

**NOW THEREFORE IN CONSIDERATION OF** NCDEX having agreed to allow me/us at my/our request to avail the Pro-account trading facility from more than one location, I/we hereby **IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE** and agree to abide by and be bound by the following terms and conditions:-

That I/we undertake to enter proprietary orders only from the Pro-account terminals permitted by NCDEX and undertake not to misuse the said "Pro-account" facility and state that the proprietary trades on the Pro-account terminals pertain to proprietary trades and not client trades.

That I/we state that our Director(s) / Partner(s) is/are based at the location where the “Pro-account” trading terminals are located. The Pro-account facility shall be made available to the Approved Users only after obtaining the prior written consent of NCDEX and subject to such terms and conditions as may be prescribed by NCDEX from time to time.

That I/we undertake not to put through pro account trading through any other terminals other than the ones that I/we have applied for and approved by NCDEX.

That I/we undertake to take all such steps and/or precautions to ensure and keep ensured that the ‘Pro-account’ facility is not extended to a location other than the location of the trading terminals where the “Pro-account” facility is permitted by NCDEX and CTCL terminals shall not be extended beyond the location of such permitted trading terminals.

That NCDEX, at its absolute discretion, may make the Pro-account facility available to me / us only from the date of my / our enablement on the Pro-account facility till such time as it may deem fit and further that the Pro-account facility may at any time be withdrawn by NCDEX at its discretion without giving me / us any prior notice or any reasons whatsoever.

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

That I/we undertake to abide by all the provisions of the Byelaws, Rules, Regulations and Circulars/norms and requirements that may be in force from time to time relating to use and operation of the Trading System (including use of CTCL software) and that they shall also mutatis mutandis become applicable to the use and operation of the Pro-account facility.

That I/we undertake to render all possible assistance and cooperation to NCDEX by providing all information in any form as it may require and shall produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, other storage mediums etc. and any other information as may be required by NCDEX at its discretion.

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

Signed by, for and on behalf of:

Before me

---

## Instructions for Undertaking

The Undertaking is to be executed on a non-judicial stamp paper worth Rs.100/- if executed in State of Maharashtra. If this Undertaking is executed outside the State of Maharashtra, then it must be executed on a non-judicial stamp paper stamped in accordance to the duty as payable in the place of execution or on a non-judicial stamp paper worth Rs.100/- whichever is higher.

Further this Undertaking (including all annexures / schedules) has to be notarized before a Notary Public.

All the pages of this Undertaking (including all annexures / schedules) have to be signed in full. The persons signing should also sign in full at all places in the Undertaking where anything has been hand-written / any corrections have been made.

If the Trading Member is an individual, then the Undertaking has to be signed by the individual Trading Member himself.

If the Trading member is a firm, then ALL the partners are required to sign this Undertaking.

If the Trading Member is a corporate, then the Undertaking has to be signed by the Managing Director or any two Directors of the company named as an authorised signatories of the company. The Undertaking has to be accompanied with a certified copy of the resolution of the Board of Directors of the company authorising the person(s) executing the Undertaking to do so. The Common Seal of the company has to be affixed by the company on this Undertaking in the presence of such persons as authorised by the Articles of Association of the company. The Board Resolution should clearly state that the affixation of common seal shall be made in the presence of such persons as authorised by the Articles of Association of the company and should also clearly state the names of such persons. The above persons should sign the Undertaking as a token of their presence when the Common Seal is affixed.

**User ID Management**  
**Application for additional User id**

*(On the Letterhead of the Trading Member)*

To,  
**Market Watch Department**  
National Commodity & Derivatives Exchange Limited  
Ackruti Corporate Park, 1<sup>st</sup> Floor, LBS Road,  
Kanjurmarg (West)  
Mumbai – 400078

Dear Sir,

I/We \_\_\_\_\_ (Name of Trading Member) request you to allocate an additional user id to be used with our <CTCL/IBT/STWT/ATS/TBT> software. Details of the trading software is provided below. Please also note that we have placed a request through NCFE Web portal.

Sr.No.	Particulars	Details
1	TM Id	
2	Type of software ( <b>ASP / Empaneled vendor / In-house</b> )	
3	Software subtype <CTCL/IBT/STWT/ATS/TBT>	
4	Strategy Name & No	
5	Product Name	
6	Version No.	
7	Name of Vendor (in case of empaneled vendor software)	

I/We will be using the User id only on the aforementioned Trading software.

Thanking You,

Authorised Signatory  
(Name, stamp and designation)

Date:  
Place:

**I. Corporate Manager user**  
**ANNEXURE I**

(On the Letterhead of the Trading Member)

**Application for creation of Corporate Manager User Id and Adapter for Lease Line/Internet**

To : Membership Department  
National Commodity & Derivatives Exchange Limited  
Akruti Corporate Park  
1<sup>st</sup> Floor, Near GE Garden  
Kanjurmarg (West) Mumbai - 400078

Dear Sir,

I/We \_\_\_\_\_ (Name of the Member) do hereby request you to permit Mr. / Ms. \_\_\_\_\_ (Name of Corporate Manager User) to act as our Approved User for trading on my/our behalf through Leased Line/Internet terminals.

1. Address & Pin code of the office where terminal is located.	:	Regd. Office / Head Office / Dealing Office Office Address:
<b>DETAILS OF THE PROPOSED USER</b>		
1. Name of the person for whom this application for allotment of User ID is made (expand all initials)	:	
2. Age	:	
3. Father's name	:	
4. Address	:	
5. PAN	:	
6. Qualification	:	
7. Email id	:	
8. Type of User	:	<b>Corporate Manager</b>
9. Relationship of the proposed User with the Trading Member i.e. an employee, agent on commission basis, trainee, client or others.(pls. specify)	:	

10. Mode of connectivity for trading from the office where terminal is located.(from where the proposed User would operate)	:	<input type="checkbox"/> Lease Line ID <input type="checkbox"/> Internet
---	---	---

**Details required for Creation of Nextra adapter for Admin/Drop copy and Access to Web Extranet:**

Particulars	Admin Id	Drop Copy Id	Web Extranet
Email id			
Mobile No.			

**Declaration to be given by Trading Member**

- I/We hereby agree and bind myself/ourselves to be responsible for all acts, quotations made and transactions done or effected by the said Mr. / Ms. \_\_\_\_\_ as our Approved User on the Trading System of the National Commodity & Derivatives Exchange Limited (NCDEX).
- I/We shall ensure that he/she will not execute any order on his/her own account or on account of anyone without such order having my/our prior approval. I/We further agree that I/We shall be responsible for any risks, loss or claims/actions arising out of use of the said User ID and shall not hold NCDEX responsible for any such risk, loss, claims or liabilities arising from the use of the said User ID.
- I/We shall ensure that the proposed Approved User Mr. / Ms. \_\_\_\_\_ will not function / place orders / deal on the trading system in any manner that would represent that the trades have been placed as an Authorised Person or a sub-broker.
- In case of the said Mr./Ms. \_\_\_\_\_ ceasing to be associated with me /us as an employee, agent on commission basis, trainee, client, Approved User or in any other capacity, I/we shall communicate to you the same along with related details and seek change in the User ID so allotted against this application, as prescribed.
- I/We also confirm that the Approved User shall clear such certification as may be prescribed by the Exchange from time to time and within such period as may be prescribed by the Exchange. The User ID so allotted may be withdrawn by the Exchange at its discretion on the expiry of such period within which such Approved User fails to obtain the certification.
- I/We certify that I/we have not applied for any other User ID in the name of the said Mr. /Ms. \_\_\_\_\_. The User ID so allotted would be used by the said Mr. / Ms. \_\_\_\_\_ only to access the NCDEX trading system.



- I/We also understand that I/We have to pay Internet charges @ Rs. 2500 per user id per quarter, if the Corporate Manager user id or any other terminal id created in Nextra is used over Internet.
- I/We also agree to pay the user id charges @ Rs. 100 per month per ID for all additional dealer ids/terminals created by me other than the Corporate Manager and Drop Copy user ids.

System Requirement	Desktop
	Intel(R) i3 Processor
	Integrated Broadcom(R) 10/100/1000 LOM(BCM5787)
	8GB(1x1GB) NECC DDR 667MHz SDRAM Memory
	8x DVD-ROM Drive ,Keyboard, Mouse, Monitor 80GB SATA/SAS Hard Drive
	OS: Microsoft(R) Windows 7 with latest windows updates Norton Antivirus Corporate Edition Power Cord, Network Cord
	RAM
Scrips in Market Watch	50 Scrips
Not Recommended OS	XP, Windows 2000,2003,2008,windows 10 and above
Recommended OS	Windows 7 SP1

- I/We hereby confirm that necessary infrastructure as mentioned below has already been installed by us for running the NEXTRA application for which this permission is being sought:

Date:

Place:

---

**Stamp & Signature of the authorized  
signatory of the Trading Member**

**DECLARATION BY THE USER (TO BE GIVEN SEPERATELY BY CORPORATE MANAGER USERS)**

I hereby declare that I am aware and shall update myself about the Rules, Bye-laws, Regulations and Circulars issued there under by the Exchange from time to time. I agree to become an Approved User of M/s \_\_\_\_\_ (name of Trading Member). I would intimate the Exchange upon ceasing to be an employee, agent on commission basis, trainee, client, Approved User of or ceasing to be associated in any other capacity with M/s \_\_\_\_\_ (name of the trading member). I hereby agree to abide by the Rules, Bye-laws, Regulations and Circulars issued by the Exchange that may be in force from time to time. I understand that appropriate action may be initiated against me by the Exchange in case of violation of the Rules, Bye-laws, Regulations and Circulars issued by the Exchange. I certify that I have not applied for any other User ID on the same segment for which this User Id is now being applied for. I will not allow anybody else to access / use the NCDEX Trading System using the User ID so allotted to me.

I shall keep complete secrecy of the password.

Date:

Place:

\_\_\_\_\_  
**Signature of User**

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**Annexure II**

(On the letter head of the member)

**Application for accessing Web NCFE portal**

To

Membership Department  
National Commodity & Derivatives Exchange Limited  
Akruti Corporate Park  
1<sup>st</sup> Floor, Near GE Garden  
Kanjurmarg (West) Mumbai – 400078

Dear Sir,

I/We (\_\_\_\_\_, the 'Trading Member') have appointed Mr./Ms. \_\_\_\_\_ (Name of Corporate Manager User) son/daughter/wife of \_\_\_\_\_ as our Corporate Manager and at our request you National Commodity & Derivatives Exchange Limited (the 'Exchange') have created/agreed to create and issued/agreed to issue Corporate Manager User ID accordingly.

I/We want to avail online facility made available by the Exchange for creation of new User Id's, Change in the name of User ID, User Id deletion, change in User Id location and other related activities.

I/We confirm that the above said Corporate Manager is authorised to appoint person/s to act as Approved User/s for the Trading Member and to apply online to the Exchange for creation new User ID's, change in the name of User ID, User Id deletion, change in User Id location and for other related activities on behalf the Trading Member on the terms and conditions as may be stipulated by the Exchange.

I/We undertake and confirm that I/we shall be responsible and bound by all transactions and activities done and arising out of use of said User ID's created and issued at the request of Corporate Manager as aforesaid and shall not hold the Exchange responsible for any loss/claims or liabilities arising from the use of said User ID/s.

All requests submitted online by use of Corporate Manager User ID and the related password shall be deemed to be done by me/us for all purposes and all transactions, actions, activities done by use of any User ID created and issued pursuant to online requests as aforesaid and related respective password/s shall be deemed to be done by me/us and I/we shall be responsible and liable for all such transactions, actions, activities etc. and liabilities/obligations arising there from.

Date:

Place:

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**Stamp & Signature of the authorized signatory  
of the Trading Member**

**Annexure III**

(On the Letterhead of the Trading Member)

**Format for change in user name of Corporate Manager User ID**

To  
 Customer Service Department  
 National Commodity & Derivatives Exchange Limited  
 Akruti Corporate Park  
 1<sup>st</sup> Floor, Near GE Garden  
 Kanjurmarg (West) Mumbai- 400078

Dear Sir,

Sub: Change in the user name of existing Corporate User ID/s.

I / We request you to kindly change the name of the following User ID/s entirely at our risk and responsibility.

User ID No.	Existing User Name	Proposed User Name	User	Reason

Status & Address of the office where terminal is located : Regd. Office / Head Office / Dealing Office  
 Office Address:

1. Name of the person for whom this application for allotment of User ID is made *(expand all initials)* :

2. Age :

3. Father's name :

4. Address :

5. PAN :

6. Email :

7. Qualification :

8. Type of User : **Corporate Manager**

9. Relationship of the proposed User with the Trading Member i.e. an employee, agent :

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on commission basis, trainee, client or others (pls. specify)

10. Mode of connectivity for trading from the office where terminal is located. (from where the proposed User would operate) :
- Lease Line ID
  - Internet

**Declaration to be given by Trading Member**

- I/We hereby agree and bind myself/ourselves to be responsible for all acts, quotations made and transactions done or effected by the said Mr. / Ms. \_\_\_\_\_ as our Approved User on the Trading System of the National Commodity & Derivatives Exchange Limited (NCDEX).
- I/We shall ensure that he/she will not execute any order on his/her own account or on account of anyone without such order having my/our prior approval in writing. I/We further agree that I/We shall be responsible for any risks, loss or claims/actions arising out of use of the said User ID and shall not hold NCDEX responsible for any such risk, loss, claims or liabilities arising from the use of the said User ID.
- I/We shall ensure that the proposed Approved User Mr. / Ms. \_\_\_\_\_ will not function / place orders / deal on the trading system in any manner that would represent that the trades have been placed as an Authorised Person or a sub-broker.
- In case of the said Mr./Ms. \_\_\_\_\_ ceasing to be associated with me /us as an employee, agent on commission basis, trainee, client, Approved User or in any other capacity, I/we shall communicate to you the same along with related details and seek change in the User ID so allotted against this application, as prescribed.
- I/We also confirm that the Approved User shall clear such certification as may be prescribed by the Exchange from time to time and within such period as may be prescribed by the Exchange. The User ID so allotted may be withdrawn by the Exchange at its discretion on the expiry of such period within which such Approved User fails to obtain the certification. I/We certify that I/we have not applied for any other User ID in the name of the said Mr. /Ms. \_\_\_\_\_. The User ID so allotted would be used by the said Mr. / Ms. \_\_\_\_\_ only to access the NCDEX trading system.

Date:  
Place:

\_\_\_\_\_  
**Stamp & Signature of the authorized signatory  
of the Trading Member**

**DECLARATION BY THE USER (TO BE GIVEN SEPARATELY BY DIFFERENT USERS)**

I/we hereby declare that I am aware and shall update myself/ourselves about the Rules, Bye-laws, Regulations and Circulars issued there under by the Exchange from time to time. I agree to become an Approved User of M/s \_\_\_\_\_ (name of Trading Member). I would intimate the Exchange upon ceasing to be an employee / an employee, agent on commission basis, trainee, client, Approved User of or ceasing to be associated in any other capacity with M/s \_\_\_\_\_ (name of the trading member). I hereby agree to abide by the Rules, Bye-laws, Regulations and Circulars issued by the Exchange that may be in force from time to time and understand that appropriate action may be initiated by the Exchange in case of violation of the Rules, Bye-laws, Regulations and Circulars issued by the Exchange. I certify that I have not applied for any other User ID on the same segment for which this ID's now being applied for. I will not allow anybody else to access / use the NCDEX Trading System using the User ID so allotted to me.

I shall keep complete secrecy of the password.

Date:

Place:

\_\_\_\_\_  
Name and signature of User

Thanking You

Yours faithfully,

Authorized Signatory

**Format for Dual Enablement of User-ids**

**(The document should be printed on your letter head)**

To,

Customer Service Group,  
 NCDEX,  
 Mumbai.

Dear Sir/ Madam

**Sub: Enablement of user-ids on dual network connectivity.**

Please enable below mentioned user ids for dual connectivity as per following details.

User Ids.	Site Address	Current Connectivity Details	Additional Connectivity Details
		Leased Line <input type="checkbox"/>	Leased Line <input type="checkbox"/>
		VSAT <input type="checkbox"/>	VSAT <input type="checkbox"/>
		MPLS <input type="checkbox"/>	MPLS <input type="checkbox"/>
		IP Address : <input type="checkbox"/>	IP Address : <input type="checkbox"/>
		VSAT ID:	VSAT ID:

We request you to provide this facility at the earliest.

Thanking You

Yours Faithfully,

(Company Seal & Signature of Authorized Signatory)



**Authorised Person**

**Annexure I**

**REQUEST FOR APPOINTMENT OF AUTHORISED PERSON**

(On the Letterhead of the Member)

To

National Commodity & Derivatives Exchange Limited

(Customer Service Department)

1<sup>st</sup> floor, Akruti Corporate Park, LBS Road

Kanjurmarg (West)

Mumbai 400 078

Dear Sir,

**Sub: Request for appointment of Authorised Person**

1. I/We intend to appoint

\*Mr./Ms. \_\_\_\_\_

\*M/s \_\_\_\_\_ (\*strike off whichever is not applicable)

as my/our Authorised Person in terms of Exchange circular no. NCDEX/COMPLIANCE-017/2019 dated April 15, 2019 and the directives issued by the Securities and Exchange Board of India and as amended from time to time, to act for and on my/our behalf for the purpose of providing access to the trading platform of the Exchange. Details of the above named person/entity (hereinafter referred to as the 'said Authorised Person') are as contained in Annexure II, III, IV & V hereto.

2. I/We confirm that the said Authorised Person is eligible and proper person to be appointed as Authorised Person in accordance with the above stated circulars of the Exchange and Securities and Exchange Board of India. I/We further confirm that the said Authorised Person and its/directors/partners have good reputation and character and have not been convicted of any offence involving fraud or dishonesty.

3. I/We further confirm that all acts, deeds, omissions and commissions done by the said Authorised Person as such shall be deemed to have been done by me/us under the Rules, Bye-laws and Regulations of the Exchange and in terms of above stated circular of the Exchange. I/We shall be bound by all such acts, deeds, omissions and commissions done by the said Authorised Person.

4. I/We and the said Authorised Person comply and shall continue to comply with and be bound by all the terms and conditions as per the various Circulars issued by the Exchange and also the directives issued by the Securities & Exchange Board of India from time to time but not limited to the following:

- a. The said Authorised Person is not an Authorised Person of any other member of NCDEX
- b. The said Authorised Person is not a director or a partner of any other member of NCDEX
- c. I/We shall intimate to the Exchange, any change in the constitution, shareholding and partners/directors of the said Authorised Person at least 30 days in advance
- d. I/We hereby confirm that the said Authorised Person or any of its partners/directors has/have not been suspended or barred by any Stock or Commodity Exchange for a period of more than six continuous calendar months.

5. I/We hereby confirm that the information submitted herein is true to the best of my/our knowledge and if at a later date any contrary material information comes to my/our knowledge subsequent to the submission of this application, I/We undertake to keep the Exchange informed about the same.

I/We Mr./ M/s. \_\_\_\_\_ (name of member), TMID \_\_\_\_ of the Exchange hereby recommend the registration of the above mentioned applicant as Authorised person.

**(Name, Signature & Stamp of Member)**

**Enclosures:**

1. Copies of PAN Card of the said Authorised Person and all Directors and Partners of the said Authorised Person (in case of Partnership/LLP/Company)
2. Copy of any one of the following as evidence of address of the said Authorised Person and all Directors and Partners (in case of Partnership/LLP/Company)
  - Bank statement/passbooks (last entry should not be older than 2 months)
  - Electricity Bill (not more than 2 months old)

- Landline Telephone bills (not more than 2 months old)
  - Voter ID Card/ Driving License/ Passport /Ration Card/Aadhar Card (If the said Authorised Person is individual)
3. Copy of School/College Mark sheets or degree/diploma certificate of the said Authorised Person (if individual) / all Directors and Partners of the said Authorised Person
  4. Copy of the Registered Partnership Deed/ Memorandum of Association of the said Authorised Person containing the clause permitting them to deal in commodities/ Securities derivatives contracts

***(All the above enclosures are to be certified by the Authorised Signatory of the Member)***

**Annexure II**

**Details of Authorised Person**  
(On the letterhead of the Member)

Sr. No.	Particulars	Details required
1.	Whether application is for existing or new Authorised Person	Existing / New
2.	Name of Authorised Person	
3.	Constitution: (Individual/Partnership/LLP/Body Corporate)	
4.	Nationality	
5.	Date of Incorporation/Registration (In case of corporate/firm/LLP)	
6.	Office Address Details**  Telephone no. with STD code: Fax No.: Email Address: Mobile No.	
7.	Name and designation of the Contact Person in Authorised Person's office **	
8.	Income Tax Permanent Account No. (PAN) of Authorised Person	
9.	No. of terminals existing/proposed at this location	

\*\* In case the Authorised Person operates from more than one location, similar details to be provided location-wise in separate annexure.

**(Name, Signature & Stamp of Member)**

**Annexure III**

**Details of the Individual / Details of Directors/Partners of M/s \_\_\_\_\_**

**(Applicant Authorised Person)**

Sl. No.	Name (in full)	Name (in full) of Father/Husband	Date of Birth	PAN	Educational Qualification	Residential Address	Contact No./Email ID	Signature

**Photographs of the Individual or each of the Directors/Partners of M/s \_\_\_\_\_**

**(Applicant Authorised Person)**

(to be signed across and pasted below)

Name	Name	Name	Name	Name	Name

Confirmed

**(Name, Signature & Stamp of Member)**

**Annexure IV**
**(For Corporates)**

(On the letter head of Authorised Person)

Shareholding Pattern of \_\_\_\_\_ (name of Authorised Person) as on \_\_\_\_\_(date)

Paid up \_\_\_\_\_ Rs. \_\_\_\_\_

Face value of each equity share \_\_\_\_\_ Rs. \_\_\_\_\_

Sr. no.	Name	Number of Shares held	Amt paid- up Rs.	% age of total
1.				
2.				
3.				
4.				
5.				
Others				
TOTAL				100%

Signature(s)

Name of Director(s)

Stamp of the Authorised Person

**CERTIFICATE**

This is to certify that the Shareholding as given above, based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction. Further, we confirm that there is no foreign shareholding in the said entity.

Chartered Accountant

Membership Number

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**Annexure IV**

**(For Firms/LLP)**  
(On the letter head of Authorised Person)

Sharing Pattern of \_\_\_\_\_ (name of Authorised Person) as on  
\_\_\_\_\_ (date)

Sr. no.	Name of the Partner	Capital in the Firm (Rs.)	Share in Profits	Share in Losses
1				
2				
3				
4				
5				
TOTAL			100%	100%

Signature(s)  
Name of Partner(s)  
Stamp of the Authorised Person

**CERTIFICATE**

This is to certify that the Capital and Sharing Pattern as given above, based on my/ our scrutiny of the books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction. We confirm that there is no foreign holding in the said entity.

Chartered Accountant  
Membership Number

## Annexure V

### Undertaking

(On the letterhead of Authorised Person)

I/we, Mr./Ms./M/s. \_\_\_\_\_ aged \_\_\_\_\_ residing at \_\_\_\_\_  
having its registered office address at \_\_\_\_\_ had applied for appointment as  
Authorised Person of the Exchange for trading in the Exchange platform through trading member,  
M/s. \_\_\_\_\_.

In this regard I/we hereby confirm/undertake that;

- 1) Neither I/we nor our directors/partners have been convicted for any offence in the past and presently not under trial for any offence involving fraud and dishonesty.
- 2) I/We will-deal with investors on behalf of Trading Member only and that we would not engage in any activities with investors which could result in unauthorised intermediations
- 3) Neither I/we nor our directors are Authorised Person of any other member of the Exchange nor have applied for appointment as Authorised Person with any other member of the Exchange.
- 4) Neither I/We nor any of our directors/partners is a partner or a director in/with any of the Member of the Exchange.
- 5) I/We are not defaulter/expelled on any Exchange.
- 6) I/We shall be governed by the NCDEX Bye-Laws and Regulations and its amendments thereto and the Circulars issued from time to time.
- 7) I/We hereby acknowledge and confirm that I/We shall be entitled to act as a 'Authorised Person' within the meaning and subject to SEBI Circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and Circulars issued by SEBI and NCDEX from time to time.
- 8) I/We are "fit and proper person "under the SEBI (Intermediaries) Regulations, 2008 and no action has been taken against us by SEBI, RBI, etc. and we have not defaulted in payment to any agency.

**Stamp & Signature of Authorised Person:**

[(Individual/ All the Director(s)/All the Partner(s)]

Name of Authorised Person:

Date:

Place:

**Stamp & Authorised Signatory of Member:**



## Annexure VI

### TRADING MEMBER AND AUTHORISED PERSON AGREEMENT

(To be stamped as agreement as applicable under respective State Stamp schedule)

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ between \_\_\_\_\_, Member of National Commodity & Derivatives Exchange Ltd. (hereinafter referred to as "NCDEX" or "EXCHANGE"), ordinarily carrying on business in sale and purchase of commodity derivatives/securities in the name and style of \_\_\_\_\_ from \_\_\_\_\_ (hereinafter referred to as "the Trading Member") and having his/its office/registered office at \_\_\_\_\_ (address), which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said entity, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the **One Part**;

#### AND

\_\_\_\_\_ a individual/partnership firm/LLP/body corporate desirous of providing access to the trading platform of NCDEX as an agent of the Trading Member in the Commodity derivatives segment in the name and style of \_\_\_\_\_ (hereinafter referred to as "the Authorised Person") and having his/its office/registered office at \_\_\_\_\_ (address), which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said entity, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the **Other Part**;

#### WHEREAS,

1. Securities Exchange Board of India (hereinafter referred to as "SEBI") vide its Circular MIRSD/DR-1/Cir-16/09 dated 6<sup>th</sup> November 2009 has allowed SEBI registered stock brokers (including trading members) of stock exchanges to provide access to clients through Authorised Persons.
2. The Trading Member is a member of NCDEX and is a SEBI registered Member/broker.

3. The Authorised Person is desirous of affiliating to the Trading Member to provide access to trading platform of NCDEX in Commodity Derivatives/Securities as an agent of the Trading Member.
4. The Authorised person understands that it shall not be entitled to become an Authorised Person of any other member of the Exchange during the subsistence of this agreement.
5. The Trading Member has satisfied about the eligibility criteria of the Authorised Person as stipulated by SEBI and NCDEX from time to time and therefore has agreed to the request of the Authorised Person.
6. SEBI vide the said Circular has stipulated that the Member/broker and Authorised Person shall enter into written agreement(s) in the form(s) specified by Exchange which would inter-alia cover scope of the activities, responsibilities, confidentiality of information, commission sharing, termination clause, etc.;

**NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. **SCOPE OF THE ACTIVITIES**

- (a) The Trading Member and the Authorised Person shall act as per the requirements specified by SEBI and NCDEX.
- (b) The Trading Member and the Authorised Person shall be governed by the NCDEX Bye-Laws and Regulations and its amendments thereto and the Circulars issued from time to time.
- (c) The Authorised Person hereby acknowledge and confirm that the Authorised Person is entitled to act as a 'Authorised Person' within the meaning and subject to SEBI Circular MIRS/ DR-1/ Cir- 16 /09 dated November 06, 2009 and Circulars issued by SEBI and NCDEX from time to time.
- (d) All the clients dealing through the Authorised Person shall be registered with Trading Member only and for all purposes shall be clients of the Member. The funds and securities of the clients shall be settled directly between Trading Member and client and all documents like contract note, statement of funds and securities would be issued to client by Trading Member. The Authorised person may provide administrative assistance in procurement of documents and settlement, but shall not issue any document to client in its own name. No fund/securities of clients shall go to account of the Authorised Person.

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- (e) All acts of omission and commission of the Authorised Person shall be deemed to be of the Trading Member.
  - (f) The Trading Member as well as the Authorised Person shall not do or omit to do anything that is likely to affect or harm the interests of clients of the Trading Member.
  - (g) All documents like contract notes, statement of funds and commodities, etc. as required under the Rules, Bye-laws and Regulations of the Exchange shall be issued by the Trading Member to the client. The Authorised Person shall, if required by the Member, provide administrative assistance in procurement of documents and settlement, but shall not issue any document to the client in its own name.
  - (h) The Member and Authorised Person shall reconcile their accounts at the end of every month with reference to all trades and settlements during the month.

## 2. **RESPONSIBILITIES/OBLIGATIONS OF THE AUTHORISED PERSON**

- (a) The Authorised Person shall not place any order on behalf of any person unless all the 'Know Your Customer' documents prescribed by the Exchange or the SEBI including Trading Member and Constituent Agreement/Undertaking, Client Registration Form and Risk Disclosure Documents are obtained from such person. The Authorised Person shall ensure that the client has duly signed all the documents and shall also witness the KYC documents submitted by the client and retain a copy for its record.
- (b) The Authorised Person shall not commit transactions in commodity derivatives/securities through the Trading Member in excess of the amount mutually agreed upon in writing from time to time.
- (c) The Authorised Person shall receive his remuneration - fees, charges, commission, brokerage, salary, etc. - for his services only from the Trading Member as mutually agreed between the Trading Member and Authorised Person and he/it shall not charge any amount from the clients.
- (d) The Authorised Person shall inform the Trading Member of any proposed material change in its status and constitution and shall not make any change/s in the status, constitution, shareholding, partners or directors or place of business without obtaining prior written approval of the Trading Member who in turn shall apply and obtain approval for any such change from the NCDEX.

- (e) The Authorised Person shall not receive or pay any money or commodities in its own name or account. All receipts and payments of commodities and funds shall be in the name or account of Trading Member.
- (f) The Authorised Person shall not issue any documents like bill, confirmation memo and statement of funds/commodities to the clients in its own name.
- (g) The Authorised Person agrees that the Trading Member and NCDEX would be entitled to establish any other additional control that it desires to ensure safe and secure dealing of investors with the Authorised Person.
- (h) The Authorised Person shall not indulge in any deceptive, fraudulent or manipulative trade practices and shall not destabilize market equilibrium.
- (i) The Authorised Person shall permit the Trading Member, SEBI and NCDEX or the persons authorized by them, to conduct the inspection of the branch where the terminals are located and records of the operations carried out by the Authorised Person.
- (j) The Authorised Person understands and agreed that it shall not disclose or divulge to any person, any details of investment or personal details of confidential nature of the clients or their transactions and dealings except to the Trading Member, the Exchange or Officials of the Regulatory Authority under applicable Law or in compliance of any statutory obligation.

### **3. RIGHTS, RESPONSIBILITIES/OBLIGATIONS OF THE TRADING MEMBER**

- (a) The Trading Member shall be responsible for all acts of omission and commission of the Authorised Person and/or their employees, including liabilities arising there from.
- (b) The Trading Member shall maintain a separate record including accounts in respect of the dealings in commodity derivatives /securities entered into on behalf of the individual client's dealing, with bifurcation showing the details by the Authorised Person.
- (c) The Trading Member shall upload the details of clients pertaining to Unique Client Code as prescribed by the Exchange and the Authorised Person shall not create or allot any other Unique Client Code to any client at any point of time.
- (d) The Trading Member shall be responsible to the Exchange and to the clients for all transactions of the clients entered through the Authorised Person and to ensure settlement of all such trades and to comply with all the requirements thereto in

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accordance with Rules, Bye Laws and Regulations of the Exchange and the directives of SEBI.

- (e) The Trading Member shall be entitled to fix the limit on the volume of trades that may be entered by the Authorised Person and such limit may be reduced or increased as the Member may deem fit during the course of business subject however, to the procedure and terms if any, set by NCDEX.
- (f) The Trading Member shall display at the branch office additional information such as particulars of the Authorised Person in charge of that branch, time lines for dealing through Authorised Person, etc., as may be specified by NCDEX.
- (g) On noticing irregularities, if any, in the operations of the Authorised Person, the Trading Member shall be entitled to seek withdrawal of approval, withhold all moneys due to Authorised Person till resolution of investor problems, alert investors in the location where Authorised Person operates, file a complaint with the police, and take all measures required to protect the interest of investors and commodity derivatives/securities market.
- (h) The Trading Member shall be entitled to conduct inspection of premises of the Authorised Person, operations carried out by the Authorised Person and all the records including records in electronic formats, at such periodicity as deemed appropriate by the Member or as may be stipulated by NCDEX or SEBI from time to time.

#### **4. SHARING OF COMMISSION**

The Authorised Person shall receive such remuneration - fees, charges, commission, salary, etc. - for his services from the Trading Member as may be mutually agreed between the Authorised Person and the Trading Member from time to time.

#### **5. TERM AND TERMINATION**

- (a) The Trading Member and the Authorised person agree that irrespective of the date of the Agreement, the Authorised Person will commence business only after receipt of approval granted by NCDEX, continue business during currency of the approval and will stop business as an Authorised Person from the date of withdrawal of approval by NCDEX.

- (b) The Trading Member and the Authorised Person shall be entitled to terminate this Agreement without giving any reasons to the other party after giving notice in writing of not less than one month to the other party at its respective address mentioned above.
- (c) Where the Trading Member has terminated his/its agreement with the Authorised Person, the Trading Member shall inform NCDEX forthwith of such termination.
- (d) This Agreement shall forthwith stand terminated-
- i) if the Trading Member for any reason ceases to be a member of NCDEX including by cessation of membership by reason of the Trading Member's, death, resignation, expulsion or having being declared a defaulter or if the certificate issued by the SEBI is cancelled;
  - ii) upon the demise/insolvency of the Authorised Person or the withdrawal of his/its approval with NCDEX.
  - iii) on being satisfied that the continuation of Authorised Person is detrimental to the interest of investors or commodity derivatives/securities market or the Authorised Person at a subsequent date becomes ineligible under clause 4 SEBI circular vide reference no. MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 or Circulars issued from time to time and also Circulars issued by NCDEX from time to time.
- (e) In the event of withdrawal of the Authorised Person approval, the Trading Member shall ensure that investors/general public is informed about cancellation/suspension/termination of appointment of the Authorised Person. A public advertisement to that effect shall be required to be issued by the Trading Member in a local newspaper where the Authorised Person's registered office, Head Office/Corporate office is situated and another in English daily newspaper with wide circulation. The Exchange shall also be entitled to issue notification to the public through any media about such cancellation/termination/suspension.
- (f) Notwithstanding any such cancellation/termination/suspension under clauses mentioned herein, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered prior to the termination of this Agreement shall continue to subsist and vest in/be binding on the respective parties, their legal heirs/ representatives, executors, administrators, successors and attorneys as the case may be and the Member shall be entitled to withhold all moneys due to the Authorised Person till resolution of all clients grievances, alerts clients in the

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location where the Authorised Person operates and take all such measures as may be required to protect the interests of the clients and the market.

**6. DISPUTES**

- (a) The Member and the Authorised Person shall co-operate with each other in settling complaints pertaining to trades, clearing, settlement and delivery etc. in respect of the commodities delivered/to be delivered, received/to be received by the clients from the Member or vice-versa.
- (b) If any dispute arises between the Trading Member and the Authorised Person, then in such an event the Trading Member and Authorised person shall be responsible to each other for their acts of omissions and negligence, if any. Further, the directives of SEBI and the Bye-laws and Regulations of NCDEX applicable, if any, shall apply.
- (c) Dispute between a client and an Authorised Person shall be treated as dispute between the client and the Trading Member and the same shall be submitted for redressal to the Investor Service Cell/Arbitration mechanism of NCDEX in accordance with the Rules, Bye-laws and Regulations of NCDEX and any directives issued by SEBI.

**7. COMMON COVENANTS:**

- (a) The Member and the Authorised Person shall be responsible for their respective statutory liabilities like income tax, PF of its employees etc.
- (b) The Authorised Person declares that it is authorised under the law to enter into this Agreement and to do the business contemplated hereunder.
- (c) This Agreement shall be subject to the Rules, Bye-Laws and Regulations of the NCDEX including any amendments thereof and shall be governed by the provisions of SCRA and SEBI Regulations and Directives issued thereunder and the laws of India.

**8. GENERAL**

(a) **Confidential**

The Parties shall keep confidential all information pursuant to this Agreement and save and except which may be required to be disclosed under law or on need to know basis. The disclosing Party shall inform the other concerned Party(ies) of receipt of any such communication/notice/intimation requiring such disclosure to enable the concerned Party(ies) to take appropriate action, if required.

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(b) **Binding Effect**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal successors.

(c) **Force Majeure**

Neither party shall be liable for any failure to perform any of its obligations under this Agreement if the performance is prevented, hindered or delayed by a Force Majeure Event (defined below) and in such case its obligations shall be suspended for so long as the Force Majeure Event continues. Each party shall promptly inform the other of the existence of a Force Majeure Event and shall consult together to find a mutually acceptable solution. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the Trading Member and the Authorised Person, including, without limitation, unavailability of any communication system, breach or virus in the processes, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war, acts of government, computer hacking unauthorized access to computer data and storage devices, computer crashes, etc.

(d) **Variation**

The Agreement shall not be altered, amended and/or modified by the Parties in a manner that shall be in a contravention of any other provisions of this Agreement.

(e) **Severability**

If any provision of this Agreement is agreed by the parties to be illegal, void or unenforceable under any law that is applicable hereto or if any court of competent jurisdiction in a final decision so determines, this Agreement shall continue in force save that such provision shall be deemed to be deleted here from with effect from the date of such agreement or decision or such earlier date as the Parties may agree.

(f) **Interpretation**

In this Agreement, unless otherwise stated: -

Words in the singular shall include the plural and vice versa;

The headings in this Agreement are for convenience only and are not intended to have any legal effect; and Words denoting persons shall include bodies corporate, unincorporated associations and partnerships.

(g) **Waiver**



A failure by either party to exercise or enforce any rights conferred upon it by this Agreement shall not be deemed to be a waiver of any such rights or operate so as to bar the exercise or enforcement thereof at any subsequent time or times.

(h) **Governing law and jurisdiction**

The construction, validity and performance of this Agreement shall be governed in all respects by the laws of India. The parties hereby submit to the exclusive jurisdiction of the Courts at \_\_\_\_\_.

IN WITNESS WHEREOF, the parties hereto have set their hands and signatures on the day, month and year first above written.

Signed for and on behalf of the Trading Member

Witness:

1.

2.

Signed for and on behalf of the Authorised Person

Witness

1.

2.

## Annexure VII

### Format of Consent Letter-cum-Undertaking for Transfer of Membership (upon sale of broking business)

**Consent Letter-cum-Undertaking**  
(On the letterhead of Authorised Person)

To,  
Member  
Correspondence Address

**Sub: Consent Letter-cum-Undertaking for transfer of my appointment as an Authorised Person of \_\_\_\_\_ (Outgoing Member) to an Authorised Person of \_\_\_\_\_ (Incoming Member) pursuant to Transfer/ Merger / De-merger / Amalgamation of Membership**

Ref: AP Name: \_\_\_\_\_ AP Code: \_\_\_\_\_

I/We \_\_\_\_\_, (name of the AP) hereby state that, I/We are appointed as an Authorised Person (AP) of M/s \_\_\_\_\_ (Outgoing Member) having Membership ID \_\_\_\_\_, SEBI Registration \_\_\_\_\_) with effect from \_\_\_\_\_,

I/We understand that the Membership of M/s \_\_\_\_\_ is now transferred to M/s \_\_\_\_\_ (Incoming Member) pursuant to integration of broking activities by way of Merger / De-merger / Amalgamation/ Transfer of Membership.

In view of the Transfer of Membership as stated above, I/We agree for transfer of my/our appointment as an AP of M/s \_\_\_\_\_ to an AP of M/s \_\_\_\_\_.

In this regard I/we hereby confirm/undertake that;

- 1) Neither I/we nor our directors/partners have been convicted for any offence in the past and presently not under trial for any offence involving fraud and dishonesty.
- 2) I/We will-deal with investors on behalf of Trading Member only and that we would not engage in any activities with investors which could result in unauthorised intermediations

- 3) Neither I/we nor our directors are Authorised Person of any other member of the Exchange nor have applied for appointment as Authorised Person with any other member of the Exchange.
- 4) Neither I/We nor any of our directors/partners is a partner or a director in/with any of the Member of the Exchange.
- 5) I/We are not defaulter/expelled on any Exchange.
- 6) I/We shall be governed by the NCDEX Bye-Laws and Regulations and its amendments thereto and the Circulars issued from time to time.
- 7) I/We hereby acknowledge and confirm that I/We shall be entitled to act as a 'Authorised Person' within the meaning and subject to SEBI Circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and Circulars issued by SEBI and NCDEX from time to time.
- 8) I/We are "fit and proper person" under the SEBI (Intermediaries) Regulations, 2008 and no action has been taken against us by SEBI, RBI, etc. and we have not defaulted in payment to any agency.

I/We further agree to abide by the Rules, Regulations and Bye-laws of the Exchange, all the terms and conditions specified in SEBI Circular no. MIRSD/DR-1/Cir-16/09 dated November 6, 2009 and also the terms and conditions of the Member-AP Agreement dated \_\_\_\_\_, executed between me/us and M/s \_\_\_\_\_ (Transferor Member) as if the same has been executed between me/us and M/s \_\_\_\_\_ (Transferee Member).

**Stamp & Signature of Authorised Person:**

[(Individual/ All the Director(s)/All the Partner(s)]

Name of Authorised Person:

Date:

Place:

**Stamp & Authorised Signatory of Member:**