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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all members of the Exchange

Circular No. : NCDEX/TRADING-014/2024

Date : April 29, 2024

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, 2024 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- a) anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
- b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.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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## I. TRADING DAYS, TRADING HOURS AND TRADING HOLIDAYS

### Trading Days and Trading Hours <sup>1</sup>

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
Pre-Open session	9:45 a.m. to 10:00 a.m.
Normal Trading Session	10:00 a.m. to 5:00 p.m.
Client code modifications	10:00 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 <sup>2</sup>**
- 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 regards 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.
- Pursuant to the above, following days are declared as trading holidays for the Calendar Year along with details as to whether the holidays would be full or part holidays for trading.

<sup>1</sup> [NCDEX/TRADING-033/2023 dated August 01, 2023](#)

<sup>2</sup> [NCDEX/TRADING-056/2023 dated December 13, 2023](#)  
[NCDEX/TRADING-086/2016/200 dated August 31, 2016](#)

**Holiday list:**

Sr. No.	Date	Day	Description	Morning Session Trading 10 am to 5 pm	Evening Session Trading 5 pm to 9 pm
1.	01-Jan-24	Monday	New year Day	<b>Open</b>	Closed
2.	22-Jan-24	Monday	Shri Ramlala Pran Prathisha Din <sup>3</sup>	<b>Closed</b>	Closed
3.	26-Jan-24	Friday	Republic Day	Closed	Closed
4.	08-Mar-24	Friday	Mahashivratri	Closed	Closed
5.	25-Mar-24	Monday	Holi	Closed	Closed
6.	29-Mar-24	Friday	Good Friday	Closed	Closed
7.	11-Apr-24	Thursday	Id-UI-Fitr (Ramzan Id)	Closed	Closed
8.	17-Apr-24	Wednesday	Ram Navmi	Closed	Closed
9.	01-May-24	Wednesday	Maharashtra Day	Closed	Closed
10.	20-May-24	Monday	General Parliamentary Elections of 2024 <sup>4</sup>	Closed	Closed
11.	17-Jun-24	Monday	Idul Zuha (Bakri Id)	Closed	Closed
12.	17-Jul-24	Wednesday	Muharram	Closed	Closed
13.	15-Aug-24	Thursday	Independence Day	Closed	Closed
14.	02-Oct-24	Wednesday	Mahatma Gandhi Jayanti	Closed	Closed
15.	01-Nov-24	Friday	Diwali (Laxmi Pujan)	Closed	<b>Open*</b>
16.	15-Nov-24	Friday	Gurunanak Jayanti	Closed	Closed
17.	25-Dec-24	Wednesday	Christmas	Closed	Closed

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

The holidays falling on Saturdays and Sundays during 2024 are as follows:

Sr. No.	Date	Day	Description
1	14-Apr-24	Sunday	Dr. Baba Saheb Ambedkar Jayanti
2	21-Apr-24	Sunday	Mahavir Jayanti
3	07-Sep-24	Saturday	Ganesh Chaturthi
4	12-Oct-24	Saturday	Dussehra
5	02-Nov-24	Saturday	Diwali Balipratipada

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

<sup>3</sup> [NCDEX/TRADING-001/2024 dated January 19, 2024](#)

<sup>4</sup> [NCDEX/TRADING-013/2024 dated April 10, 2024](#)

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

### Notified Commodity Derivatives Contract <sup>5</sup>

Ministry of Finance vide notification number S.O.1002(E) dated March 01, 2024 has notified list of goods under clause (bc) of Section 2 of SCRA, 1956, thereby superseding the earlier notification number S.O. 3068(E) dated September 27, 2016 issued on the same subject. The new list of goods notified vide notification dated March 01, 2024, includes additional thirteen (13) goods and alloys for five (5) metals, thereby increasing the list of goods on which derivatives can be launched from ninety-one (91) to one hundred and four (104).

#### [List of Notified Commodity Derivatives Contract](#)

### Permitted Instrument and Launch of new contracts <sup>6</sup>

- 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.
  - 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.
  - 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.

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<sup>5</sup> [NCDEX/COMPLIANCE-013/2024 dated March 07, 2024](#)

<sup>6</sup> [NCDEX/TRADING-003/2020 dated January 23, 2020](#)  
[NCDEX/TRADING-053/2017/144 dated June 15, 2017](#)

- 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>
  - 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 on the website of the Exchange.<sup>9</sup>

#### List of contracts currently available for trading

Commodity	Trading Symbol	Futures available for Trading
BAJRA	BAJRA	Yes
BARLEY	BARLEYJPR	Yes
CASTORSEEDNEW	CASTOR	Yes
CASTOROIL	CASTOROIL	Yes
COTTON_CAKE	COCUDAKL	Yes

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

[NCDEX/TRADING-018/2019 dated June 21, 2019](#)

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

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



COTTON29MM	COTTON	Yes
CORIANDER	DHANIYA	Yes
GROUNDNUT (IN SHELL)	GROUNDNUT	Yes
GUARGUM5	GUARGUM5	Yes
GUARSEED10	GUARSEED10	Yes
ISABGOL SEED	ISABGOL	Yes
JEERAMINI	JEERAMINI	Yes
JEERA	JEERAUNJHA	Yes
KAPASNEW	KAPAS	Yes
MAIZE	MAIZE	Yes
SESAMESEED	SESAMESEED	Yes
STEELLONG	STEEL	Yes
CRUDE SUNFLOWER OIL	SUNOIL	Yes
TURMERIC	TMCFGRNZM	Yes

#### **Circulars for discontinuation <sup>10</sup>**

Gur, Paddy and Coffee Futures Contracts has been discontinued with effect from March 15, 2024.

Options in Goods contracts has been discontinued from April 09, 2024.

#### **Retention and reintroduction of derivative contracts on commodities <sup>11</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>12</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

<sup>10</sup> [NCDEX/TRADING-008/2024 dated March 05, 2024](#)

[NCDEX/TRADING-003/2024 dated January 30, 2024](#)

<sup>11</sup> [NCDEX/TRADING-007/2017/020 dated January 23, 2017](#)

<sup>12</sup> [SEBI/HO/CDMRD/DOP/CIR/P/2019/135 dated November 14,2019](#)

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**.
  - 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**. 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.

#### Annexure

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> </ul>	10 days

		<ul style="list-style-type: none"> <li>• Underlying Quotation (Y/L)</li> </ul>	
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>13</sup>
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.	<ul style="list-style-type: none"> <li>• Contract Launch Calendar</li> <li>• Trading Period</li> <li>• Daily Price Limit</li> <li>• Delivery Logic</li> <li>• Settlement of Contract/ Settlement Logic/Final settlement Method</li> <li>• 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>	10 days <sup>6</sup>

(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.

<sup>13</sup> [SEBI/HO/CDMRD\\_DOP/P/CIR/2021/592 dated July 08, 2021](#)

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### **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.

### **Criteria for Settlement Mode of Commodity Derivative Contracts <sup>14</sup>**

The first preference of settlement type shall always be by the way of physical delivery.

Any exemption from the above i.e. cash settlement of commodity derivatives contract, may be considered only in following scenarios with a proper justification

Physical delivery is difficult to implement due to any reason, which may inter-alia include the following:

- Commodity is intangible
- Commodity is difficult to store may be due to low shelf life or inadequate storage infrastructure
- It is difficult to physically handle and transport the commodity due to inadequate logistics and transport infrastructure.

### **Product Advisory Committee <sup>15</sup>**

Exchange has constituted a Product Advisory Committee (PAC) for each group/complex of commodities having common stakeholders/value chain participants, on which derivatives are traded or being proposed to be traded on the exchange.

The PAC shall meet at least twice a year and more frequently as and when required.

In the PAC meetings at least 50% members (excluding representative from exchange/Clearing Corporation) shall be present, including its chairman or vice chairman (acting chairman).

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<sup>14</sup> [NCDEX/TRADING-106/2017/291 dated November 02, 2017.](#)

<sup>15</sup> [NCDEX/TRADING-029/2019 dated August 08, 2019](#)

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### III. FRAMEWORK FOR UTILIZATION OF REGULATORY FEE FOREGONE BY SEBI <sup>16</sup>

With a view to encourage the participation by Farmers/Farmer Producer Organizations (FPOs) in agricultural commodity derivatives markets, SEBI has reduced the regulatory fee on Stock Exchanges with respect to turnover in agricultural commodity derivatives. The objective was to reduce the cost burden on farmers/FPOs from the amount saved by the Exchanges due to reduction of regulatory fee. In order to pass on the desired benefits from reduction of regulatory fees on agricultural commodity derivatives, it has been decided that the stock exchanges dealing with agricultural commodity derivatives shall create a separate fund earmarked for the benefit of farmers/FPOs in which, the regulatory fee forgone by SEBI shall be deposited and utilized exclusively for the benefit of and easy participation by Farmers and FPOs in the agri-commodity derivatives market. Any income on investments from the fund shall also be ploughed back into the same fund.

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<sup>16</sup> [NCDEX/BUSINESS- 001/2019 dated March 27, 2019](#)

#### IV. TRANSACTION CHARGES <sup>17</sup>

In terms of Bye-laws 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.**

<b>Main Category</b>	<b>Member-level slabs</b>	<b>Rate Rs. Per lakh</b>
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.

<sup>17</sup> [NCDEX/TRADING-018/2022 dated March 29, 2022](#)

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**Classification of Commodities in different categories**

<b>Main</b>	<b>Special</b>
Castor Seed	Barley
Coriander	Crude Palm Oil*
Guar Gum Refined Splits	Unprocessed Whole Raw Moong (Not for direct human consumption)*
Guar Seed	Bajra – Feed grade
Jeera	Natural Whitish Sesame Seeds
Jeeramini	Maize - Feed/Industrial Grade
Kapas	29 mm Cotton
Refined Soy Oil*	Wheat*
Soy Bean*	Hipro Soybean Meal*
Turmeric	Steel Long
Un-decorticated Cotton Seed Oil Cake – Akola	Refined Castor Oil
Chana (Desi Unprocessed Whole Raw Chana (Not for direct human consumption)*)	Isabgol Seed (ISABGOL)
Rapeseed Mustard Seed*	

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## V. 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) <sup>18</sup>**

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.

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 <sup>19</sup>**

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.

The participation of mutual funds in ETCDs would be subject to the following.

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<sup>18</sup> [NCDEX/TRADING-057/2017/155 dated June 23, 2017](#)

<sup>19</sup> [NCDEX/SURVEILLANCE & INVESTIGATION-001/2021 dated January 18, 2021](#)  
[NCDEX/SURVEILLANCE & INVESTIGATION-065/2020 dated August 05, 2020](#)  
[NCDEX/TRADING-014/2019 dated May 22, 2019](#)



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- 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.
  - 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 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.
    - 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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## Portfolio Managers<sup>20</sup>

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

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): <sup>21</sup>

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.

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

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<sup>20</sup> [NCDEX/TRADING-015/2019 dated May 23, 2019](#)

<sup>21</sup> [NCDEX/TRADING-050/2022 dated September 30, 2022](#)

- 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.
- 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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## VI. LIQUIDITY ENHANCEMENT SCHEME (LES) IN COMMODITY DERIVATIVES CONTRACTS <sup>22</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.

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<sup>22</sup> [NCDEX/TRADING-025/2019 dated July 29, 2019](#)  
[NCDEX/TRADING-023/2018/091 dated April 06, 2018](#)

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## VII. 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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## VIII. 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>23</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.

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<sup>23</sup> [NCDEX/TRADING-010/2021 dated March 22, 2021](#)  
[NCDEX/TRADING-003/2021 dated January 12, 2021](#)

- **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.

<b>Category</b>	<b>Initial Slab</b>	<b>Enhanced Slab</b>	<b>Aggregate DPL</b>
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.

#### **DPL for commodity futures contracts which are based on non-agricultural goods<sup>24</sup>**

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

<b>Category</b>	<b>Initial Slab</b>	<b>Enhanced Slab</b>	<b>Aggregate DPL</b>	<b>Trading beyond Aggregate DPL</b>
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.

<sup>24</sup> [NCDEX/TRADING-049/2022 dated September 28, 2022](#)

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- 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>25</sup>**

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

#### **Modification of Client Codes post execution of trade <sup>26</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.

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<sup>25</sup> [NCDEX/TRADING-037/2020 dated July 21, 2020](#)

<sup>26</sup> [SEBI/HO/CDMRD/DMP/CIR/P/2016/43 dated March 29, 2016](#)



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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>27</sup>
- Proprietary trades are not allowed to be modified as client trade and vice-versa.

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<sup>27</sup> [NCDEX/TRADING-023/2019 dated July 26, 2019](#)

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## IX. 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>28</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.
- 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.
- 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.

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<sup>28</sup> [NCDEX/TRADING-048/2017/133 dated June 09, 2017](#)  
[NCDEX/TRADING-038/2015/107 dated March 27, 2015](#)

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- 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.

### **Market Price Protection (MPP) <sup>29</sup>**

To strengthen the pre-trade risk control measures for preventing aberrant orders and to ensure orderly trading, the Exchange is implementing the functionality of Market Price Protection in the Futures contracts. The Market Price Protection (MPP) feature will function as follows.

- 1) The MPP logic is applicable to normal order and Stop-loss market order with all conditions except for Spread combinations.
- 2) Market orders shall be allowed to be traded only up to certain mark-up/down price range above / below the reference price. Reference price in case of MPP would be the Last traded price (LTP) after the first match of the incoming market order.
  - a) Buy market orders shall be allowed to trade till Reference Price + Mark-up %.
  - b) Sell market orders shall be allowed to trade till Reference Price - Mark-down %.
  - c) The mark-up / mark-down percentage for MPP would be set at 2%. The Exchange may review the mark-up / mark-down percentage on timely basis based on the internal monitoring and market feedback.
- 3) The remaining order quantity of incoming market order with other than IOC condition, if any, post sweeping the counter orders up to mark-up/down price during matching shall convert into a limit order on the same side at LTP of the said market order, if there are no further counter order present or counter orders are beyond the mark-up/down price range.
- 4) If a reference price for MPP cannot be established as there are no counter orders available, an incoming market order with other than IOC condition would be converted into a limit price order on the same side as per the following priority;
  - a) Last Trade Price (LTP)
  - b) Previous day Daily Settlement Price
- 5) For Stop loss order with market condition, mark-up / mark-down price range shall be applied as per the above logic when the stop loss order is triggered.
- 6) MPP shall be applicable on order modification request when a limit order is modified to a market order.

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<sup>29</sup> [NCDEX/TRADING-046/2023 dated October 18, 2023](#)

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## 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.

## 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>30</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>31</sup>

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<sup>30</sup> [NCDEX/TRADING-071/2008/173 dated August 04, 2008](#)

<sup>31</sup> [NCDEX/TRADING-125/2008/286 dated December 24, 2008](#)

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**X. REDUCTION OF EXPOSURE BY THE MEMBER THROUGH EXCHANGE <sup>32</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 Exchange will initiate the process for squaring up.
- All orders through NCFE will be sent 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>32</sup> [NCDEX/TRADING-014/2007/042 dated February 28, 2007](#)

## XI. CONTINGENCY POOL

Trading Members may be aware that the Exchange has provided a facility of contingency pool for the members to trade from the Exchange premises, in the event of a contingency where trading member is not able to use own connectivity because of a technical or a power failure. In such cases, trading member can send the request in writing to the Exchange asking for permission.

The contingency pool is located at NCDEX, 1st Floor, Ackruti Corporate Park, Near G.E. Garden, LBS Road, Kanjurmarg West, Mumbai 400 078 and is available during trading hours.

Member shall submit the request as per the Exchange defined format in [Annexure](#) on the Member's letterhead via e-mail to [askus@ncdex.com](mailto:askus@ncdex.com).

Further, members may note;

- Maximum two persons from their offices shall be allowed inside the pool at any given point of time.
- Exchange will verify the original identity proof as provided in the request letter details before allowing the representative of the trading member to come and use the trading terminal situated in the contingency pool in its premises.
- The facility is available on a first come first serve basis.
- The trading facility in the contingency pool is granted for a particular day only.

Members are requested to strictly follow the procedure stipulated in this regard.

## XII. ALGORITHMIC TRADING GUIDELINES <sup>33</sup>

### Broad Guidelines on Algorithmic Trading

SEBI and Exchange has issued following Broad Guideline for Algorithmic trading:-

- Any order that is generated using automated execution logic shall be known as algorithmic trading
- There should be clear classification of algorithmic orders in terms of CTCL terminal code/ATS User ID approved by the Exchange for algorithmic trading.
- The orders of clients are routed through member server only and client orders are not placed directly to the Exchange System.
- The Exchange shall subject the systems of the members to initial conformance tests and ensure that the checks mentioned in these guidelines are in place.
- 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.
- Immediate Or Cancel (IOC) orders cannot be placed using algorithmic trading.
- Market orders shall not be allowed to be placed using algorithmic trading, only limit orders shall be allowed.
- 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.
- Co-Location, Co-Hosting shall not be allowed and algorithmic trading shall not be permitted from Exchange hosted CTCL terminals.
- 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, following economic disincentives for daily algorithmic order-to-trade ratio is applicable.

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

- 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

<sup>33</sup> [NCDEX/TECHNOLOGY-038/2016/249 dated September 28, 2016](#)



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- 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 0<sup>th</sup> – 5<sup>th</sup> second, 5X orders for 1<sup>st</sup> - 6<sup>th</sup> second, 5X orders for 2<sup>nd</sup> to 7<sup>th</sup> second and so on). Currently, the Exchange has allowed order per second limit of 60 orders for Algo User <sup>34</sup>.
  - All algorithmic orders should be 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.
  - 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 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.
  - The exchange may seek details of algorithmic strategies to be used by the members for purposes of inquiry, surveillance, investigation etc.
  - 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.
  - Members approved the facility of algorithmic trading shall comply:
    - 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.

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<sup>34</sup> [NCDEX/TECHNOLOGY-005/2022 dated February 04, 2022](#)  
[NCDEX/TECHNOLOGY-024/2018/090 dated April 05, 2018](#)

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- 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 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 are 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.
  - 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.

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## Order to Trade Ratio report

Intraday Order to Trade ratio summary and detail files shall be provided to the member during the day at following path, [Extranet.ncdex.com](http://Extranet.ncdex.com) → Onlinebackup folder → DNLD folder.

- NCDEX\_TMID\_ORDER\_DETAILS\_DDMMYYYYHHMMSS\_DDMMYYYY.CSV
- NCDEX\_TMID\_ORDER\_SUMMARY\_DDMMYYYYHHMMSS\_DDMMYYYY.CSV

## Condition for usage of Automated Trading facility through CTCL solutions <sup>35</sup>

For Members to avail the 'automated trading' facility through CTCL solutions, the following conditions shall apply –

- Prior written permission of the Exchange shall be required for any changes in the software for the purpose of availing 'automated trading' facility through CTCL.
- All automated trading orders need to be placed through unique User Id identified for the purpose and all automated trading orders should be placed in the system through these Ids only.
- In addition to the above, the members shall execute, sign, and subscribe, to such other documents, papers, agreement, covenants, bonds, and / or undertakings as may be prescribed or required by the Exchange from time to time.
- Exchange reserves the right to withdraw or modify this facility in respect of all or any commodity, generally or specifically for any Member or for any client of any Member.

## Mock participation guidelines for Algo Members <sup>36</sup>

As per the Exchange circular on Testing of software used in or related to Trading and Risk Management, 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.

## Performance/Return claimed by unregulated platforms offering algorithmic strategies for trading<sup>37</sup>

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

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<sup>35</sup> [NCDEX/TECHNOLOGY-002/2011/052 dated February 25, 2011](#)

<sup>36</sup> [NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#)

<sup>37</sup> [NCDEX/TRADING-002/2024 dated January 23, 2024](#)  
[NCDEX/TRADING-046/2022 dated September 21, 2022](#)  
[NCDEX/TRADING-044/2022 dated September 07, 2022](#)

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- 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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### XIII. HEDGE POLICY & GUIDELINES <sup>38</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>39</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.

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

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<sup>38</sup> [NCDEX/TRADING-026/2021 dated August 30, 2021](#)

<sup>36</sup> [NCDEX/CLEARING-019/2016/246 dated September 28, 2016](#)

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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. Bonafide Hedge

The bonafide 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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#### XIV. PROPRIETARY ACCOUNT TRADING <sup>40</sup>

##### **Disclosure of proprietary trading by broker to client**

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

- The stock broker shall disclose this information upfront to his new clients at the time of entering into the KYC agreement.
- In case of a stock broker who at present does not trade on proprietary account, chooses to do so at a later date, he shall be required to disclose this to his clients before carrying out any proprietary trading.
- 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.

##### **Conditions for “Pro – account” trading terminals**

- Facility of placing orders on “pro-account” through trading terminals shall be extended only at one location of the members as specified / required by the members.
- Trading 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 stock exchange / SEBI.
- In case any member requires the facility of using “pro-account” through trading terminals from more than one location, such member shall be required to submit an undertaking to the stock exchange stating the reason for using the “pro-account” at multiple locations and the stock exchange may, on case to case basis after due diligence, consider extending the facility of allowing use of “pro-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.

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<sup>40</sup> [NCDEX/TRADING-052/2016/108 dated May 12, 2016](#)  
[NCDEX/TRADING-042/2016/095 dated April 26, 2016](#)



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- Further, it is to be noted that members cannot do Pro-account trading from a terminal which has not been identified/reported as Pro-account (own account) trading terminal.

### **Process for enablement of Pro-trading or seeking permission for using a CTCL/Nextra ID for Pro trading**

- To enable terminals/CTCL IDs at only one location (default), the request should be sent as per [Annexure 1](#)- 'Enabling user ids for proprietary account orders through terminals in one location'.
- In case the requirement is to enable terminals/CTCL ids at more than one location, request should be submitted as per [Annexure 2](#) – 'Enabling user ids for proprietary account orders through terminals in more than one location'
- 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.

Members are required to provide details for all the Exchange terminals (user ids)/CTCL ids (including user ids created in Nextra) used for Pro trading purpose.

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. Member are advised to refer [FAQ on Trading in Proprietary Account \(OWN Account\)](#).

## XV. USER ID MANAGEMENT

### Exchange hosted Trading Front End <sup>41</sup>

The Exchange offers next-generation trading frontend called NEXTRA to its registered Members. NEXTRA contains features, including member-level risk management and enhanced information to members and dealers. NEXTRA would be available to all members connected through Leased Line, MPLS and Internet.

NEXTRA trading front-end system offers various CTCL features. In order to ensure that the use of the software complies with all rules and regulations of the Exchange, it is required that the members submit an undertaking to the Exchange for compliance of the same on a non-judicial stamp paper.

#### Type of Users

Each Member will have a 'Corporate Manager' User terminal for administration at member firm level and order placement facilities, Dealer User terminal under which the Member can create one or multiple CTCL terminal id and Drop-copy User id for online backup.

Sr. No.	User id types	Access Through	Features
1	Corporate Manager Id (CM)	NEXTRA	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> d) Corporate Manager can login using NEXTRA.
2	NCTCL Dealer Id (ADMIN)	NEXTRA	These are User ids to place orders using Nextra. Dealer ids is created based on member's request and has dealer functionalities.
3	CTCL Dealer Id (Using )	CTCL Software	These are additional user ids, which is issued to members for accessing CTCL Software. These used ids are issued based on member's request.

<sup>41</sup> [NCDEX/TECHNOLOGY-016/2016/126 dated May 31, 2016](#)  
[NCDEX/TECHNOLOGY-015/2015/311 dated September 30, 2015](#)

4	Drop Copy User (DC)	NEXTRA	a) Only one Admin User id is issued per 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.
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Member can apply for additional User with CTCL facility to connect their CTCL solution to the Exchange host system.

### Process for User Management <sup>42</sup>

The Exchange offers a web-based NCFE module for User id management. NCFE can be used by the Corporate Manager only and the updation done by the corporate manager shall be binding on the Member.

Corporate Manager can send requests to Create, delete, shift user-ids, change of user name and view the status of requests. The member will 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.

### Creation of User

#### For Corporate Manager User <sup>43</sup>

Corporate Manager's terminal shall be accessed and operated only by the authorized User of the Member. Members are required to submit an application for creation of Corporate Manager User as per the following format prescribed by the Exchange's circular no. [NCDEX/CSG-002/2019 dated July 09, 2019](#). Application forms shall be submitted over an email along with the copy of PAN card of the User in whose name the Ids are created.

- [Annexure I](#) – Application for creation of Corporate Manager User ID and Adapter for Lease Line/Internet.
- Declaration by the User (to be given separately by corporate manager Users)
- [Annexure II](#) – Application for accessing Web NCFE portal.

<sup>42</sup> [NCDEX/CSG-003/2008/121 dated May 28, 2008](#)

<sup>43</sup> [NCDEX/CSG-002/2019 dated July 09, 2019](#)

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### **For NEXTRA Dealer / Drop Copy User**

For applying Nextra Dealer ID, Drop Copy User, Member needs to place a request through Web NCFE application option – ‘Web NCFE → TRD Member ID → New request → Create User ID’. Corporate Manager can view the status of requests in NCFE.

### **For CTCL Dealer User using third Party CTCL Software**

#### 1<sup>st</sup> User id along with an application for usage of new CTCL application

If the Member wish to use a third party CTCL software, Member needs to apply for a new CTCL Software along with a request for new CTCL Dealer id.

- Online application for [CTCL Software](#)
- Online application for New CTCL Dealer Id - Web NCFE application option – ‘Web NCFE → TRD Member ID → New request → Create User ID’.

#### Additional User id on an approved CTCL application

If the Member wish to apply for an additional User to use a third party CTCL software, Member needs to apply as per below process.

- Online application for Additional User id for CTCL / IBT / STWT / TBT- [NCDEX Website → Technology → Additional User id for CTCL/IBT/STWT/ATS/TBT → Request/Application Form](#)
- Online application for additional CTCL Dealer Id - Web NCFE application – ‘Web NCFE → TRD Member ID → New request → Create User ID’.

### **Change of User Name**

In case of change in the User details, Members are requested not to seek deletion of the User Ids. Members are required to submit an application pertaining to change in User as per the format prescribed by the Exchange.

### **For Corporate Manager**<sup>44</sup>

Member is required to immediately inform the change in Corporate User to the Exchange in as per the [Annexure III](#) format prescribed by the Exchange’s circular no. [NCDEX/CSG-002/2019 dated July 09, 2019](#) along with a PAN copy of proposed user over the email. Member shall simultaneously place an online request for User name change in NCFE portal.

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<sup>44</sup> [NCDEX/CSG-002/2019 dated July 09, 2019](#)

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- Application for accessing Web NCFE portal
  - Format for change in user name of Corporate Manager User ID
  - Declaration by the user (to be given separately by different users)
  - Nextra CTCL Undertaking <sup>45</sup>

### **For Dealer / Drop Copy User**

Member shall place an online request for User name change in NCFE portal – Web NCFE → TRD Member ID → New request → Change User Name.

### **Change in IP Address**

Member are required to submit an online request for change in IP Address mapping of a User through Web NCFE → TRD Member ID → New request → Shift User ID.

Request can be processed during market hours but the member should note that when the IP address is modified or removed, the user would be forcefully logged out.

### **Dual Connectivity mapping of User Ids <sup>46</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 the circular no. [NCDEX/TECHNOLOGY-017/2006/171 dated July 01, 2006](#).

### **Deletion of User**

Member are required to immediately inform the deletion for User by placing an online request for User deletion in NCFE portal – Web NCFE → TRD Member ID → New request → Delete User ID.

If the User is the last CTCL Dealer using third Party CTCL Software, Member has to submit an application for Surrender of CTCL Software available at following path – [NCDEX Website --. Technology → CTCL](#)

### **Internet charges for NEXTRA Terminal <sup>47</sup>**

Internet charges for would be collected as per the usage detailed below.

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<sup>45</sup> [NCDEX/TRADING-014/2023 dated April 10, 2023](#)

<sup>46</sup> [NCDEX/TECHNOLOGY-025/2018/095 dated April 16, 2018](#)  
[NCDEX/TECHNOLOGY-017/2006/171 dated July 01, 2006](#)

<sup>47</sup> [NCDEX/TECHNOLOGY-022/2016/163 dated July 12, 2016](#)

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- 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.

#### **NEXTRA Terminal User id charges <sup>48</sup>**

The Exchange in its continuous endeavor to provide enhanced trading experience to its members had replaced the old trading front end system “TRADEX” with “NEXTRA”. Nextra has features that provide the members with a robust risk management and surveillance abilities. Further, the members have been provided with the access rights to create as many dealer and investor client terminal user ids as required. The Exchange incurs substantial cost in providing the above mentioned sophisticated trading front end infrastructure. To ensure that its members enjoy a seamless trading experience along with a robust risk management features, the Exchange has proposed a nominal charge of Rs. 100/- for creation and maintenance of terminal user ids in Nextra trading front end, to be levied with effect from May 1st, 2017.

- The terminal user id charges would be levied @Rs. 100/- per terminal user id per month.
- 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.
- The computation of terminal id charges will happen on a monthly basis.
- Billing cycle of Nextra terminal id charges is being quarterly

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<sup>48</sup> [NCDEX/TECHNOLOGY-043/2017/194 dated August 01, 2017](#)  
[NCDEX/TECHNOLOGY-021/2017/082 dated April 11, 2017](#)

### Process for Password Reset of User <sup>49</sup>

Members should note, the Exchange would disable that User id which have been inactive for more than 14 days. In other words, if a user has not logged into the system for a continuous period of 14 days, the user-id will disable for further access.

Members needs to place a request for enablement of inactive user ids. Exchange provides an online module through the Web NCFE Portal 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>49</sup> [NCDEX/TECHNOLOGY-052/2018/202 dated August 18, 2018](#)  
[NCDEX/TECHNOLOGY-009/2006/098 dated April 19, 2006](#)

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## XVI. CTCL SOFTWARE EMPANELMENT AND TESTING OF SOFTWARE

### Computer to Computer Link (CTCL) Facility <sup>50</sup>

Exchange provides a front-end application for trading, to its registered members. Alternatively, Members can also use a third party trading software to connect and transact with the Exchange, which can be procured from a vendor or can be developed by the Member in-house. This facility is called Computer-to-Computer Link (CTCL) facility. Exchange facilitates empanelment of Computer-to-Computer Link (CTCL) facility for the Members of the Exchange. CTCL facility would enable members to customise the front-end software to meet their specialised needs like information formatting, provision of online trade analysis, risk management tools, integration of back-office operations, look and feel of front end, etc.

Computer to Computer link (CTCL) softwares.

- Computer-to-Computer Link (CTCL) Software
- Internet Based Trading (IBT)
- Security Trading through Wireless Technologies (STWT)
- Algorithmic Trading (AT)

In addition to procuring the CTCL software from the exchange empaneled software vendor or in-house development, Members can use CTCL services of empaneled Application Service Providers (ASPs).

### Types of Software

Following types of software are available for the purpose of connecting to the Exchange:

- A. Empaneled Vendor's Software: Exchange approved Software provided by Exchange's empaneled vendors
- B. In-House Software: Any Software other than Exchange empaneled vendors' software.
  - Not provided by Exchange's empaneled vendors
  - In-house software which are developed by members for their own purpose
  - Any other software which require connection to Exchange platform

### Testing of software used in or related to Trading and Risk Management

As per Exchange / SEBI guidelines, any CTCL software used by trading and / or clearing members for connecting to the Exchange and for the purposes of trading and real time risk management including software used for Computer to Computer Link (CTCL), Internet Based Trading (IBT), Security Trading through Wireless Technologies (STWT) & Algorithmic Trading (AT) will be tested in the test environment

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<sup>50</sup> [NCDEX/TECHNOLOGY-056/2017/242 dated September 25, 2017](#)  
[NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#)  
[NCDEX/TECHNOLOGY-011/2016/069 dated April 01, 2016](#)



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and audited prior to the deployment for usage as per the detailed guidelines of circular NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016. On satisfactory completion of testing on the Exchange's test environment and mock environment, the CTCL facility shall be approved by the Exchange.

New software or changes to the existing software without proper testing may affect the integrity of the markets, the provisions of the circular 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

With respect to testing of software related to

- (a) Fixes to bugs in the software,
- (b) Changes undertaken to the brokers' software / systems pursuant to a change to any stock exchange's trading system.

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

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), IBT, STWT and AT, 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, trading members shall ensure the system auditor does not have any conflict of interest with the Trading member and the directors / promoters of the system auditor are not directly or indirectly related to the current directors or promoters of trading member.

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 trading member.

### **Testing of Empaneled Software**

Testing facility can be availed by the members for familiarisation with CTCL software procured from empaneled vendors before going live. The Exchange shall allot two user ids per member on the Exchange test environment.

- User Acceptance Testing (UAT): Member shall undertake UAT of the software to satisfy themselves that the newly developed / modified software meets its requirements.

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- Mock testing: As per the SEBI directive, it is mandatory for members to test the new or modification or changes in the existing software in the Exchange's mock trading session before moving it to live.

### **Testing of In-House Software**

- Testing in a simulated test environment: It is mandatory for the members to test any new software or existing software that has undergone change prior to seeking approval from the Exchange. Members must obtain prior approval from the Exchange before putting the software to use for connecting to Exchange system.
- User Acceptance Testing (UAT): Member shall undertake UAT of the new or existing software that has undergone change to satisfy themselves that the newly developed / modified software meets its requirements.
- Mock testing: It is mandatory for members to test the new software or existing software that has undergone change in the Exchange's mock trading session.
- Demo to Exchange: It is mandatory for members to provide a demo of the new or existing software that has undergone changes on Exchange's test environment.

### **Undertaking**

Members/Vendors have to provide one time undertaking as per the format of the Exchange, prior to accessing Exchange Testing environment.

Trading members shall submit an undertaking to the respective stock exchanges stating the following at the minimum:

- (i) M/s (name of the 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 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 trading member)

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## Approval of software

Approval process for all the software shall have following steps:

- Software Approval Process
- Software Testing
- System Audit Reports

Software Approval Process shall be applicable for Computer to Computer Link (CTCL); Internet Based Trading (IBT); Trading through Wireless Technology (STWT); and Algorithmic trading (AT/HFT) software, including.

- In-house software and empaneled software vendor
- New software
- Any modifications to the already approved software

Members who are seeking approval for new software or change to the existing approved shall be required to;

- Engage system auditor(s) as specified vide SEBI circular CIR/CDMRD/DEICE/03/2015 dated December 11, 2015 to examine reports of tests performed in simulated test environment
- Perform User Acceptance Testing (UAT) and participate in mock drill to certify that the tests were satisfactorily undertaken
- Submit the auditor's certificate, as per the specified format to the Exchange at the time of seeking approval for the new or modified software

While finalizing the system auditor, trading members shall ensure that the system auditor does not have any conflict of interest with the trading member and that the Directors / Promoters of the system auditor are not directly or indirectly related to the current Directors or Promoters of the trading member.

Trading members shall submit an application, along with system auditor report covering the details mentioned in Annexures issued by the Exchange and seek approval from the Exchange for deployment of the software.

## Compliance of Approved Software

System Audit reports shall be submitted by the Member Annually / Bi-Annually based on CTCL/ IBT/ STWT facility and count of presence in multiple locations or count of CTCL terminals. Members may refer System Audit report related circulars issued by the Exchange from time to time.

## Sharing of API specification by Exchange to the Members/ Brokers/ Vendors

The Exchange maintains the API specification for interfacing with its system/s and shares the same with market participants on demand. Exchange also intimates to the market in case of any changes in the

existing API specifications through issue of circular followed by email of NNF document to all existing vendors/in-house members.

Members are fully responsible to procure the CTCL application including procurement of the requisite hardware, software, networking connectivity and to implement the solution at their end.

**Process mapping for Test Market access <sup>51</sup>**

Reference	Empaneled Vendor's			In-house developed			ASP empaneled		TBT	
	CTCL	IBT/ STWT software	ATS software	CTCL software	IBT/ STWT software	ATS software	CTCL software	IBT/ STWT software	TBT - Empaneled Vendor Software	TBT - In- house developed software
Application to access Test Market Annexure A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Application for VPN ID Annexure I	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Undertaking for Testing of Software(One Time) Annexure D	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**Process mapping for Software Approval <sup>52</sup>**

Reference	Empaneled Vendor's			In-house developed			ASP empaneled		TBT	
	CTCL	IBT/ STWT software	ATS software	CTCL software	IBT/ STWT software	ATS software	CTCL software	IBT/ STWT software	TBT - Empaneled Vendor Software	TBT - In- house developed software
Application for CTCL Software	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Application Form	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Network Diagram	✓	✓	✓	✓	✓	✓	✓	✓	-	-
SSL Certificate (In-case of IBT/STWT)	-	✓	-	-	✓	-	-	✓	-	-
Network Certificate (In-case of IBT)		✓	-	-	✓	-	-	✓	-	-
CTCL Software Approval – Undertaking	<b>Annex A</b>	<b>Annex A</b>	<b>Annex B</b>	<b>Annex C</b>	<b>Annex C</b>	<b>Annex D</b>	<b>Annex F</b>	<b>Annex F</b>	-	-
Board Resolution	✓	✓	✓	✓	✓	✓	✓	✓	-	-

<sup>51</sup> [NCDEX/TECHNOLOGY-046/2020 dated October 23, 2020](#)
<sup>52</sup> [NCDEX/TRADING-014/2023 dated April 10, 2023](#)

Vendor Confirmation Letter	✓	✓	✓	-	-	-	✓	✓	✓	-
Product and RMS Write-up	-	-	-	✓	✓	✓	-	-	-	✓
Strategy Categorization	-	-	✓	-	-	✓	-	-	-	-
No Change in RMS & OMS (In-case of Version Upgrade)	-	-	-	✓	✓	✓	-	-	-	-
Annexure G1	✓	✓	-	✓	✓	-	✓	✓	-	-
Annexure G2	-	-	✓	-	-	✓	-	-	-	-
Audit Report	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Acceptance Certificate	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### Conditions to be met by Member for CTCL / IBT / STWT Facility <sup>53</sup>

SEBI Guidelines on Trading through Wireless Medium and Wireless Technology are provided in the SEBI Master Circular no. CIR/MRD/DP/9/2015 dated May 26, 2015 on Trading Software & Technology (Chapter 2).

All Members who are trading through Wireless medium on Wireless Application Protocol (WAP) platform and/or trading by using Wireless Technology are required to go through the following Sections in the said circular.

- I. Internet trading – Conditions to be met by Members for providing Securities trading through WAP platform and/or by using Wireless Technology (refer Circular no. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000)
- II. Securities Trading through Wireless medium on Wireless Application Protocol (WAP) platform (refer SEBI Circular no. SMDRP/Policy/Cir-48/2000 dated October 11, 2000)
- III. Securities Trading using Wireless Technology (refer SEBI Circular no. CIR/MRD/DP/25/2010 dated August 27, 2010)
- IV. Additional Requirements for Internet Based Trading (IBT) and Securities trading using Wireless Technology (STWT) (refer SEBI Circular no. CIR/MRD/DP/08/2011 dated June 30, 2011)

### Conditions for trading through WAP platform and/or by using Wireless Technology

As per the guidelines of SEBI circular no. SMDRP/POLICY/CIR-06 /2000 dated January 31, 2000, The SEBI Board has approved the report on Internet Trading brought out by the SEBI Committee on Internet Based Trading and Services.

<sup>53</sup> [NCDEX/TECHNOLOGY-54/2016/321 dated November 30, 2016](#)

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Internet Based trading can take place through order routing systems, which will route client orders, to exchange trading systems, for execution of trades on the existing stock exchanges. SEBI Registered Brokers can introduce the service after obtaining permission from respective Stock Exchanges.

Internet Based trading can take place through order routing systems, which will route client orders, to exchange trading systems, for execution of trades on the existing stock exchanges. SEBI Registered Brokers can introduce the service after obtaining permission from respective Stock Exchanges.

### **Networth Requirement**

The broker must have a minimum net worth of Rs.50 lacs if the broker is providing the Internet based facility

### **Operational and System Requirements**

- i) **Operational Integrity:** The system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology. Basic minimum security standards are specified in following paras. The records maintained in electronic form by the broker are not susceptible to manipulation
- ii) **System Capacity:** The brokers should maintain adequate backup systems and data storage capacity. The brokers should have adequate system capacity for handling data transfer, and arranged for alternative means of communications in case of Internet link failure.
- iii) **Qualified Personnel:** Suitably qualified & adequate personnel to handle technology infra, communication including trading instruction & back office work

### **Risk Management**

The brokers should have a system-based control on the trading limits of clients, and exposures taken by clients. Brokers must set pre-defined limits on the exposure and turnover of each client.

The broker systems should be capable of assessing the risk of the client as soon as the order comes in. The client should be informed of acceptance/rejection of the order within a reasonable period. In case system based control rejects an order because of client having exceeded limits etc., the broker system may have a review and release facility to allow the order to pass through.

Reports on margin requirements, payment and delivery obligations, etc. should be informed to the client through the system.

### **Cross Trades**

As in the case of existing system, brokers using Internet based systems for routing client orders will not be allowed to cross trades of their clients with each other. All orders must be offered to the market for

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matching. It is emphasised that in addition to the requirements mentioned above, all existing obligations of the broker as per current regulation will continue without changes.

The other criteria's mentioned deal with Network Security Protocols and Interface standards, Network Security, Standards of Web Interface Protocols and System operations

### **Additional conditions for Trading using Wireless Technology**

SEBI registered brokers who provide Internet Based Trading as specified by SEBI circular no. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 shall be eligible to provide securities trading using wireless technology. All relevant requirements applicable to internet based trading shall also be applicable to securities trading using wireless technology.

Securities Trading using Wireless technology shall include devices such as mobile phone, laptop with data card, etc, that use Internet Protocol (IP).

In addition, the stock exchange shall ensure that the broker complies with the following

- a) There shall be secure access, encryption and security of communication for internet based trading and securities trading using wireless technology. DOT policy and regulation shall govern the level of encryption.
- b) Adequate measures should be taken for user identification, authentication and access control using means such as user-id, passwords, smart cards, biometric devices or other reliable means, to prevent misuse of facility by unauthorized persons.
- c) Unique identification number as given in case of internet based trading shall be made applicable for securities trading using wireless technology.
- d) In case of failure of the wireless network, alternative means of communication for placing orders should be available.
- e) Additional provisions specifying possible risks, responsibilities and liabilities associated with securities trading using wireless technology should be incorporated as an addendum or by bringing to the notice of clients, who are desirous of availing such facility, and taking their concurrence on the same.
- f) As it may not be possible to give detailed information to the investor on a hand held device e.g. mobile phones, it may be ensured that minimum information may be given with addresses of the Internet web site/web page where detailed information would be available.
- g) Order confirmation should be provided to the user on submitting the order. Order modification / cancellation facilities should also be provided. Trade confirmation should be provided to the user, along with history of trades for the day.
- h) Session login details should not be stored on the devices used for internet based trading and securities trading using wireless technology.
- i) Network security protocols and interface standards should be as per prevalent industry standards and sound audit trails should be available for all transactions conducted using wireless devices.
- j) The broker's server routing orders to the exchange trading system shall be located in India.



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Member shall arrange for periodic systems audits of their systems to ensure that requirements specified in the circulars are being met.

**Additional conditions for Trading on Internet Based Trading (IBT) and Securities trading using Wireless Technology (STWT)**

Further to the SEBI circular no SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 on Internet Based Trading and SEBI circular no CIR/MRD/DP/25/2010 dated August 27, 2010 on Securities Trading using Wireless Technology, it has been decided that the stock exchange shall ensure that the broker comply with the following –

- a. The broker shall capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT orders.
- b. The brokers system should have built-in high system availability to address any single point failure.
- c. There should be secure end-to-end encryption for all data transmission between the client and the broker through a Secure Standardized Protocol. A procedure of mutual authentication between the client and the broker server should be implemented.
- d. The broker system should have adequate safety features to ensure it is not susceptible to internal/ external attacks.
- e. In case of failure of IBT/ STWT, the alternate channel of communication shall have adequate capabilities for client identification and authentication.
- f. Two-factor authentication for login session may be implemented for all orders emanating using Internet Protocol. Public Key Infrastructure (PKI) based implementation using digital signatures, supported by one of the agencies certified by the government of India, is advisable. Further the two factors in the Two-factor authentication framework should not be same.
- g. In case of no activity by the client, the system should provide for automatic trading session logout. Further to the above, the following practice is advisable –
- h. The back-up and restore systems implemented by the broker should be adequate to deliver sustained performance and high availability. The broker system should have on-site as well as remote site back-up capabilities.

**Empanelment of CTCL Software Vendor (Including Algo Software) / ASP Vendor <sup>54</sup>**

The Exchange empanels eligible software vendors for providing approved CTCL / IBT / STWT / AT software to the Members of Exchange. Vendors desirous of being empaneled with NCDEX shall submit a request to the Exchange for the empanelment.

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<sup>54</sup> [NCDEX/TECHNOLOGY-011/2017/045 dated February 28, 2017](#)  
[NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#)

### Criteria for empanelment of CTCL Vendor

Vendor shall be evaluated on the basis of various parameters such as net worth, organizational profile, infrastructure, systems, client base etc. The broad details of the eligibility criteria are as below:

Sr No.	Criteria	Details required
1.	Networth	<ul style="list-style-type: none"> <li>Software vendors with net worth of 50.00 lacs are eligible for registration as empanelment CTCL / ATS empanelment / Application Service Providers (ASP).</li> </ul>
2.	Vendor profile (In case of a newly formed company the promoters of the company to fulfill the criteria)	<ul style="list-style-type: none"> <li>Details of promoters and their background</li> <li>List of directors and organizational structure</li> <li>Details of affiliation with entities like brokers / sub-brokers etc. including beneficial interests held by / in such brokers / sub-brokers etc.</li> <li>Number of years of operations – a brief record of project implementation along with reference</li> <li>ISO / CMM certification for IT activity, if any</li> </ul>
3.	Financials of the company	<ul style="list-style-type: none"> <li>Financial position for the last three years</li> </ul>
4.	Support at centers	<ul style="list-style-type: none"> <li>Total staff strength</li> <li>Geographical presence – number of offices / branches with names of locations</li> <li>Required skills within the organization – system integration and porting competency</li> </ul>
5.	Infrastructure	<ul style="list-style-type: none"> <li>Hardware &amp; software facilities</li> <li>Communication &amp; networking facilities within the organization</li> <li>General office facilities in terms of office space and infrastructure</li> <li>Complete details of projects implemented along with References</li> </ul>
6.	Solution details	<ul style="list-style-type: none"> <li>Comprehensive write-up and network diagram</li> <li>Proposed Price (indicative per user &amp; site license fee) of providing the Solution to NCDEX Trading Members</li> </ul>

### Procedure and approval of CTCL Vendor

On receipt of the duly completed documents and applicable charges, the Exchange will verify the eligibility of the applicant and on meeting requirements of the Exchange.

Vendor shall ensure that the software developed by them meets the checklist outlined by the Exchange. On completion of development of software, the vendor shall test the software on the test environment

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provided by the Exchange. After successful completion of testing on the Exchange test environment, the Vendor shall demonstrate the software to the Exchange.

On being satisfied with demonstration of the software and compliance with Exchange requirements, the Vendor will empanel with the Exchange. The Exchange shall specify the software in respect of which such empanelment is given.

- Vendors can apply empanelment of IBT /STWT software along with the CTCL empanelment or even later.
- For addition / modification of CTCL/IBT/STWT/ AT software/strategies, Empaneled vendor shall seek, develop and test the CTCL/IBT/STWT/AT software/strategies on the test environment. After successful completion of testing, the vendor shall demonstrate the software/strategies to the Exchange for seeking approval.

### **Documentation**

Interested vendors will raise a request to Exchange for the empanelment with Exchange. Vendor are required to submit following documents and the associated fees. On receipt of the document along with the payment of fees, Exchange will initiate the process for empanelment.

- Brief Profile, Financial statements, net worth, organizational profile, infrastructure, systems
- Application for empanelment as vendor
- Application for access to Test market
- Undertaking cum indemnity
- Checklist

Additionally, in case of Algo Software, approval to be taken for each Algo strategy and following additional document to be submitted.

- Strategy categorization letter

List of documents required for empanelment are available on NCDEX Website under [Technology → CTCL Vendor Empanelment](#). Members may refer to document detailing the instructions for Submitting an Undertaking.

### **Sharing of API**

The Exchange maintains the API specification for interfacing with its system/s and the Exchange shall share the API with the vendor after the application is processed successfully and fees is received. Exchange also intimates to the market in case of any changes in the existing API specifications through issue of circular followed by email of NNF document.

## Testing in Test Environment and Mock Environment

A distinct User ID on the Exchange's test environment shall be provided to the Vendor for the purpose of testing the software. Vendor shall be required to perform following steps as per the circular no. [NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#).

- Testing in a simulated test environment
- User Acceptance Testing (UAT)
- Mock testing

## Demo of Software

Exchange schedules Demo for the CTCL/IBT/STWT/Algo product with the vendor and validates all the required steps as defined by the Exchange.

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.

## Approval for Software

On successful completion of demo, Acceptance certificate along with the checklist shall be uploaded on the website of the Exchange.

Exchange then issues approval letter for authorization to the vendor. Once the Exchange provides approval to CTCL / IBT / STWT / ATS vendor, the Exchange issues a circular for introducing new vendor to market.

## Fees and Charges <sup>55</sup>

CTCL vendors interested in getting their Trading front-end software empaneled with the Exchange are required to pay a one-time empanelment charge and recurring annual charges as per the table below:

Particulars	One Time	Annually
Vendor empanelment - CTCL	10.00 Lacs	2.50 Lacs
Vendor empanelment – ATS	-	0.50 Lacs

- The annual fee shall be calculated for the first year on a pro-rata basis from the date of receipt of the member's application till March 31<sup>st</sup> of that financial year.

<sup>55</sup> [NCDEX/TECHNOLOGY-012/2018/044 dated February 23, 2018](#)  
[NCDEX/TECHNOLOGY-002/2011/052 dated February 25, 2011](#)

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- Any excess amount paid for the first year (on pro-rata basis) shall be adjusted towards annual fees for the next financial year.
  - 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.
  - Any Vendor who wishes to discontinue their empanelment needs to inform the Exchange by 5th day of April of the same financial year.
  - A digitally authenticated invoice will be send through email to the vendors.

#### **Process for releasing Software Version Upgrade for Empaneled Vendor <sup>56</sup>**

Empaneled 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 at [Technology → CTCL Vendor Empanelment](#).
- The Vendor is required to develop and test their software in Test environment and Mock environment meeting all the requirements of the reference Checklist shared by the Exchange.
- 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 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.

#### **Process for Member to use Empaneled Vendor's CTCL Software <sup>57</sup>**

Members can use empaneled vendor providing CTCL solutions, running on any suitable hardware/software platform of their choice in order to trade on NCDEX trading system. The facility would enable members to customise the front–end software to meet their specialised needs like information formatting, provision of online trade analysis, risk management tools, integration of back-office operations, look and feel of front end, etc. The dealers of the member may trade using the software, remotely through the member's own private network, subject to approvals from related regulatory authorities, as may be required in this regard.

The Exchange will provide a user id (user type – Dealer) for the purpose of CTCL and members shall not be permitted to use the Corporate Manager user ids for the purpose of CTCL. It will be trading member's responsibility to create the entire CTCL set-up at their offices and at registered dealers/branch premises.

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<sup>56</sup> [NCDEX/TECHNOLOGY-011/2016/069 dated April 01, 2016](#)

<sup>57</sup> [NCDEX/MEMBERSHIP001/2004/028 dated April 1, 2004](#)

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This would include procurement of application software, hardware, setting up a network, etc. The Exchange shall provide the required technical details of the connectivity of the CTCL server to the NCDEX trading system and other technical guidance.

Any Member can apply for CTCL software facility, however for offering IBT / STWT trading software, Members with minimum Net worth of 50 lacs are eligible.

### **Process for Member procuring CTCL software**

Subject to terms and conditions as may be prescribed from time to time, members may procure the CTCL software from approved software vendors who are empanelled with the Exchange. Members may contact any of the empaneled CTCL vendors for further queries on the CTCL solution, costing and other details. It may be noted that members are solely responsible for all the contracts they enter into with any CTCL vendor. The Exchange shall not be liable for any loss, damage or costs arising in any way out of the failure or malfunctioning of the system.

### **Documentation**

Interested members will raise a request to Exchange for using the software purchased from Exchange empaneled vendor. Members are required to submit following documents. On receipt of the completed document, Exchange will initiate the process for approval.

- Application
- CTCL undertaking
- Prescribed Annexures
- A letter from the empaneled vendor confirming that the CTCL software is being procured from them will be required

### **Testing in Test Environment and Mock Environment**

On receipt of the documents, user id on the Exchange's test environment shall be provided to the member for the purpose of testing. The member is required to test the software on the NCDEX trading test environment so as to enable the Exchange to monitor the same as per the detailed guidelines of circular NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016. On satisfactory completion of testing on the Exchange test environment, system test report needs to be submitted

### **Approval of Software**

- CTCL/ATS Approval: On successful completion of documentation, Exchange issues approval/intimation through email to the member. Exchange will also allocate CTCL id/ATS id to the members after successful approval and authorization.

- IBT/STWT Approval: On successful completion of Documentation and Exchange issues approval letter for IBT/STWT.

### Process for Member procuring Algo software

Additionally, in case of Algo Software, approval to be taken for each Algo strategy and Strategy categorization letter to be submitted.

### Additional Compliance for Testing of Algo Software

- Members shall ensure that all user-ids approved for Algorithmic trading, irrespective of their algorithm having undergone change or not, shall participate in all the mock trading sessions conducted by the Exchange.

As per SEBI circular CIR/MRD/DP/16/2013 dated May 21, 2013 member shall submit half yearly system audit report by specified system auditor to the Exchange for compliance of regular participation in the Exchange conducted mock sessions

### List of Exchange empaneled CTCL Vendors

List of Exchange empaneled CTCL Vendors: Please follow the below link for the updated list of CTCL vendors: Website → Technology → [List of Empaneled CTCL vendors](#)

Sr. No.	CTCL Vendor Name	Address	Contact Details	Application Type
1	63 Moons Technologies Ltd	FT Towers, CTS No. 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai – 400093	Mr. Manan Shah Phone:- 022 - 6686 8010 Fax:- 022 - 6709 9066	CTCL / IBT / STWT / ATS / TBT
2	BSE Tech Infra Services Private Limited	3rd Floor, 'B' Wing, Aggarwal Trade Centre, Plot 62, Sector 11, Belapur CBD, Navi Mumbai -400614	Mr. Pranav Trivedi Phone:- 986779960 / 22728258 Fax:- 022- 27566906 / 022 - 6148 4259	CTCL / IBT / STWT
3	OmneNEST Technologies Private Limited.	Villa 199 Adarsh Palm Retreat, Bellandur, Bangalore – 560103	Miss Pooja Ganeshan Phone: 98190 75345 Email Id: <a href="mailto:pooja.ganeshan@omnenest.com">pooja.ganeshan@omnenest.com</a> Customer Support: 18005706378	CTCL / IBT / STWT / ATS

			Email ID: support@omnenest.com	
4	Dion Global Solutions Ltd.	1st Floor, Tower B, Plot A3,4,5 Prius Universal, Sector 125, Noida-201301	Ms. Rama Ojha Phone:- 0120 – 4894627 / 9650498281	CTCL / IBT / STWT
5	Geojit Technologies Pvt. Ltd.	9th Floor, 34/659-P, Civil Line Road, Pativattom, Ernakulam, Kerala- 682024	Mr. Anil Kumar N Phone:- 9995800333 Fax:- 0484 – 2405 618	CTCL / IBT / STWT
6	Saral Information Technologies Pvt.Ltd.	A-507, Stellar, Sindhu Bhavan Road Near Pakwan Cross Road, Bodakdev, Ahmedabad, Gujarat - 380059	Mr. Nilesh Gajjar Phone: 079- 32988260 / 9825606105	CTCL / IBT
7	Greeksoft Technologies Pvt. Ltd.	507, 5th Floor, Western Edge - 1, Western Express Highway, Borivali East, Mumbai– 400066	Mr. Rahul Yesale Phone:- 02240421000/ 40421007	CTCL / IBT / STWT
8	Symphony Fintech Solutions Pvt. Ltd.	11, Shreepal Complex, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	Mr. Praveen Kumar Gupta Phone:- 9892032020/ 022- 40190913 / 02240190900	CTCL / IBT / STWT



## List of Exchange empaneled Algo Vendors

List of Exchange empaneled AT Vendors: Please follow the below link for the updated list of ATS vendors:  
 Website → Technology → [List of Empaneled ATS vendors.](#)

Sr. No.	CTCL Vendor Name	Address	Contact Details	Application Type
1	63 Moons Technologies Ltd	FT Towers, CTS No. 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai – 400093	Mr. Manan Shah Phone:- 022 - 6686 8010 Fax:- 022 - 6709 9066	CTCL / IBT / STWT / ATS / TBT
2	OmneNEST Technologies Private Limited.	Villa 199 Adarsh Palm Retreat, Bellandur, Bangalore – 560103	Miss Pooja Ganeshan Phone: 98190 75345 Email Id: <a href="mailto:pooja.ganeshan@omnenest.com">pooja.ganeshan@omnenest.com</a> Customer Support: 18005706378 Email ID: support@omnenest.com	CTCL / IBT / STWT / ATS
3	Dataman Computer Systems Pvt. Ltd.	25/16, Karachi Khana, Kanpur Nagar208001	Mr. Sunil Dixit / Mr. Raman Dham Phone:- 0512-2334400, 2317191/ 9415128072/ 8400998313	ATS / TBT
4	Greeksoft Technologies Pvt. Ltd.	507, 5th Floor, Western Edge - 1, Western Express Highway, Borivali East, Mumbai– 400066	Mr. Rahul Yesale Phone:- 02240421000/ 40421007	ATS / TBT

## Fees and charges

There is no software empanelment charges to the Member for using CTCL software procured from an empaneled Vendor.

## CTCL facility through Application Service Providers (ASP) <sup>58</sup>

To facilitate standardization of service structure of Application Service Providers (ASPs) and for the benefit of members, the Exchange has empaneled Application Service Providers.

<sup>58</sup> [NCDEX/TECHNOLOGY-031/2006/291 dated November 7, 2006](#)  
[NCDEX/TECHNOLOGY-025/2006/255 dated October 5, 2006](#)

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## **Process to use CTCL facility of Empaneled Application Service Providers (ASP)**

Members shall apply to the Exchange for permission to use the services of an ASP in the prescribed format along with an undertaking.

### **Documentation**

Interested members will raise a request to Exchange for using the software purchased from ASP. Members are required to submit following documents. On receipt of the completed document, Exchange will initiate the process for approval.

- Application
- CTCL undertaking
- Prescribed Annexures
- A letter from the empaneled vendor confirming that the CTCL software is being procured from them will be required

### **Testing in Test Environment and Mock Environment**

On receipt of the documents, user id on the Exchange's test environment shall be provided to the member for the purpose of testing. The member is required to test the software on the NCDEX trading test environment, so as to enable the Exchange to monitor the same as per the detailed guidelines of circular NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016. On satisfactory completion of testing on the Exchange test environment, system test report needs to be submitted.

### **Approval of Software**

On successful completion of documentation, Exchange issues approval/intimation through email to the member. Exchange will also allocate CTCL id to the members after successful approval and authorization. Members would be allowed to use Dealer ID on the ASP model to connect to the Exchange.

### **Fees and charges**

Exchange shall not levy any charges to the Member for using software procured from ASP.

## **Empanelment of In-House CTCL and Algo Software by Members <sup>59</sup>**

Exchange permits the Members to use their in-house developed software or software procured from non-empaneled vendor/s providing CTCL solutions, run on a suitable hardware/software platform of their choice in order to trade on NCDEX trading system.

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<sup>59</sup> [NCDEX/TECHNOLOGY-008/2004/064 dated June 15, 2004](#)

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The facility would enable members to customise the front-end software to meet their specialised needs like information formatting, provision of on-line trade analysis, risk management tools, integration of back-office operations, look and feel of front end, etc. The authorized dealers of the member may trade using the software, subject to approvals from relevant Regulatory Authorities, as may be required in this regard.

The Exchange will provide a User ID (User type – Dealer) for the purpose of CTCL. Members shall not be permitted to use the Corporate Manager User ID for the purpose of CTCL so developed/procured.

### **Process for approval of Member developing In-house CTCL software <sup>60</sup>**

Subject to terms and conditions as may be prescribed from time to time, members may develop the CTCL software in-house.

### **Documentation <sup>61</sup>**

Interested members will raise a request to Exchange for using the software purchased from Exchange empaneled vendor. Member are required to submit following documents and the associated fees. On receipt of the document along with the payment of fees, Exchange will initiate the process for empanelment.

- Application
- CTCL undertaking
- Product and RMS Write-up
- Prescribed Annexures

Additionally, in case of Algo Software, approval to be taken for each Algo strategy and following additional document to be submitted.

- Strategy categorization letter

### **Sharing of API**

In case of procuring software from non-empaneled vendors / developing in-house CTCL software, after submission of the undertaking and upon payment of onetime fee, the Exchange shall provide the technical specifications (message formats/protocols etc) i.e. Application Program Interface (APIs) for interface with the Exchange's trading system.

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<sup>60</sup> [NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016](#)

<sup>61</sup> [NCDEX/TRADING-014/2023 dated April 10, 2023](#)

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## Demo of Software

Exchange shall schedule a Demo for the CTCL Algo product with the members and validates all the required steps as defined by the Exchange.

## Testing in Test Environment and Mock Environment

The Exchange provides a facility to members for testing their CTCL / Algo software on the Exchange's testing environment. The member is required to test the software on the NCDEX trading test environment, so as to enable the Exchange to monitor the same as per the detailed guidelines of circular NCDEX/TECHNOLOGY-015/2016/125 dated May 31, 2016.. A distinct User ID on the Exchange's test environment shall be provided to the members for the purpose of testing the software. Member shall be required to perform following steps.

- Testing in a simulated test environment
- User Acceptance Testing (UAT)
- Mock testing

## Approval for Software

On successful completion of demo and documentation, Exchange shall issue approval / intimation through email to the member. Exchange will also allocate CTCL Id to the members after successful approval and authorization.

## Additional Compliance for Testing of Algo Software

- Members shall ensure that all user-ids approved for Algorithmic trading, irrespective of their algorithm having undergone change or not, shall participate in all the mock trading sessions conducted by the Exchange.
- As per SEBI circular CIR/MRD/DP/16/2013 dated May 21, 2013 member shall submit half yearly system audit report by specified system auditor to the Exchange for compliance of regular participation in the Exchange conducted mock sessions.

## Fees and charges <sup>62</sup>

The Member is required to make the payment of the applicable annual fees and one-time empanelment charges along with the registration document. The fees structure as applicable is mentioned below:

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<sup>62</sup> [NCDEX/TECHNOLOGY-012/2018/044 dated February 23, 2018](#)

Type	One Time Charges	Annual recurring charges
Member in-house developed software – CTCL	1.00 Lac	0.50 Lacs
Developed In House or taken from Non-Empaneled ATS Vendor	0.50 Lacs	Nil

- The annual fee shall be calculated for the first year on a pro-rata basis from the date of receipt of the member's application till March 31<sup>st</sup> of that financial year.
- Any excess amount paid for the first year (on pro-rata basis) shall be adjusted towards annual fees for the next financial year.
- 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.
- Member who wishes to discontinue their empanelment needs to inform the Exchange by 5th day of April of the same financial year.
- A digitally authenticated Invoice for members will be kept in members Extranet → Accounts folder.

#### Version Upgrade of CTCL Software <sup>63</sup>

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.
- 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).
- 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.
- 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.
- Post successful demo for CTCL / IBT / STWT, the Member shall upload Acceptance certificate, Annexure G1 / G2 and Audit report on the website of the Exchange under Technology → CTCL Software.
- List of documents required for Version upgrade are available on NCDEX Website under Technology → CTCL Software.

<sup>63</sup> [NCDEX/TECHNOLOGY-011/2016/069 dated April 01, 2016](#)

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## Surrender of CTCL Software <sup>64</sup>

With reference to Exchange circular on “Testing of software used in or related to Trading and Risk Management”, all members who wish to surrender their CTCL / Algorithmic trading software (ATS) are required to follow the process as mentioned below.

- Seek permission from the Exchange for surrender of CTCL / ATS trading software.
- The permission for surrender should be sent on the member’s company letter head signed by Authorized signatory as per the format.
- On receipt of approval from the Exchange, members need to place a deactivation request through NCFE portal for all the Exchange user ids allotted for usage with the specific CTCL / ATS trading software being surrendered.
- Surrender the CTCL / ATS trading software to the respective vendor.

Application shall be submitted as per format on [NCDEX Website → Technology → Surrender](#)

## Re-empanelment of CTCL Software

The Vendor / Member who wish to temporarily surrender or re-empanel their software shall submit following documents.

- Documentation needs to be resubmitted by the member
- 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.
- 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.

Empanelment charges applicable at the time of empanelment shall not be levied, if Member re-empanel within 1 year of date of disablement.

Members applying for re-empanelment for In-house CTCL / IBT / STWT / ATS facility after 1 year of disablement shall follow the same procedure as applicable for the new empanelment.

## Empanelment of Tick by Tick (TBT) data Software <sup>65</sup>

Exchange trading engine will provide low-latency Tick-by-Tick (TBT) market data feed. The Tick-by-Tick data feed will enable members to build the outstanding order book at their own end.

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<sup>64</sup> [NCDEX/TECHNOLOGY-038/2017/174 dated July 14, 2017](#)

<sup>65</sup> [NCDEX/TECHNOLOGY-010/2017/044 dated February 28, 2017](#)  
[NCDEX/TECHNOLOGY-002/2017/003 dated January 04, 2017](#)

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The Tick by Tick trading market data for derivatives segment will be available free of cost to provide to the members for development or testing of their Algorithmic trading (Algo) strategies using Tick By Tick trading market data. However, the connectivity charges and standard port charges shall be applicable as prescribed.

- Members of the Exchange or empaneled CTCL vendors desirous of developing a software to read the TBT data, can apply as per format prescribed by the Exchange.
  - Application for development of TBT software for Members planning Inhouse development
  - Application for development of TBT software for CTCL vendors
  - Enablement of TBT data – (In house development or procured from CTCL vendor) for Members interested in consuming TBT data
- Members developing an in-house software for using Tick-by-Tick trading market data are required to provide demonstration of their software and seek approval from the Exchange before using the same in production environment.
- Similarly, CTCL empaneled vendors who are developing the software for Tick by Tick trading market data are required to demonstrate the software and take approval from the Exchange before deploying it at member's environment.
- To enable the Tick by Tick trading market data in live environment using an empaneled or in-house software, members are required to apply to the Exchange in the format prescribed by the Exchange.

#### **Conditions**

- The Tick by Tick trading market data will be provided to members on a dedicated point to point leased line with minimum bandwidth of 2 Mbps.
- Members who wish to subscribe to this service would need to apply for a separate P2P link.
- Members may please note that order routing will not be allowed on the leased lines enabled for Tick by Tick trading market data.
- Members are also advised to provide for two different links from separate service providers which will connect to corresponding two instances of the low latency TBT Feed servers.

#### **Process for using TBT from Empaneled Vendor / In-house developed software**

- Members who wish to avail TBT feed are required to apply to the Exchange as per the format provided on the [NCDEX website →Technology→TBT](#).
- Member is required to upload the Application and vendor confirmation letter for using empaneled vendor TBT product.
- Member is required to provide the Application and Product write-up for using in-house developed 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.

- 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.

## System Audit

### By Member of the Exchange <sup>66</sup>

The members using CTCL trading software / having exchange approved Algo Trading Software (ATS) shall be required to carry out System audit of their trading facility on frequency of Half-yearly, Annually and Bi-Annually basis as per the applicability criteria.

### System Audit of Application Service Provider (ASP) <sup>67</sup>

Empaneled ASPs of the Exchange are required to carry out Annual system audit of the CTCL facility and conduct an additional system audit w.r.t. security controls built in their ASP platform.

Report 1: For Annual System Audit of CTCL facility, empaneled ASPs of the Exchange are required to submit the report to the Exchange as per the latest Terms of Reference (TOR) applicable for Type II Members audited by CISA / CISSP / CISM / DISA certified auditor. Details of the latest TOR and auditor selection norms are provided in the circular issued by the Exchange on a yearly basis.

Report 2: For submission of additional system audit w.r.t. security controls built in ASP platform & as a part of Regulatory requirement, ASPs are required to follow auditor selection norms as per the published Annexure and provide the following information:

- Details regarding the security controls built in the ASP platform for each version/ instance (to be provided in a tabular format).
- Finding / Observations reported by the auditor to be submitted in the format as per the prescribed Annexures.

ASP shall submit both reports to the Exchange every year for the period April to March. This certificate along with the original audit report and/or re-confirmatory audit report shall be submitted to the Exchange in accordance with the below timelines.

System Audit Report as per Type II TOR and Preliminary Audit Report submission w.r.t. security controls built in their ASP platform	Follow on System Audit Report (if applicable) w.r.t. security controls built in their ASP platform
On or before June 30	On or before September 30

<sup>66</sup> [NCDEX/COMPLIANCE-054/2023 dated May 19, 2023](#)

<sup>67</sup> [NCDEX/TRADING- 20/2023 dated June 02, 2023](#)



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Submission of the system audit report shall be considered complete only after ASP submits the report to the Exchange after providing management comments. ASPs may submit both the aforesaid audit reports for the period April 2022 to March 2023 and henceforth within the timelines to avoid any penal/disciplinary action, as prescribed by the Exchange from time to time.

### **Miscellaneous Provisions for CTCL**

- **Display Of Maturity Date On CTCL Front-End And Back-Office Systems** <sup>68</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>69</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>70</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 above factor to be introduced.

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<sup>68</sup> [NCDEX/TRADING-013/2023 dated April 03, 2023](#)

[NCDEX/TRADING-007/2023 dated February 27, 2023](#)

<sup>69</sup> [NCDEX/COMPLIANCE-060/2022 dated September 30, 2022](#)

<sup>67</sup> [NCDEX/RISK- 004/2022 dated June 16, 2022](#)

## XVII. CTCL TERMINAL REPORTING

Members are required to report the details of CTCL Terminal IDs through the front end module or bulk upload option provided on the WEB NCFE portal before commencement of trading from such Terminal ID.

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)
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CTCL Terminal ID has to be of numeric value with 12 characters. The formation of 12 digit has be in the below mentioned format:

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

- Members providing Internet Based Trading (IBT) facility approved by the Exchange are required to populate the terminal ID field with '111111111111' (12 times 1) and not with any other information. Members providing Securities Trading through Wireless Technology (STWT) facility approved by the Exchange are required to populate the terminal ID field with "333333333333" (12 times 3) and not with any other information.<sup>71</sup>
- 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 Terminal ID as per the details of the circular.<sup>72</sup>
- A report of terminals reported to the Exchange can be downloaded from following path:  
WEB NCFE portal → CTCL → View CTCL tab

### Exam certification for Approved User <sup>73</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 trading member registered as such in the commodity derivatives segment of the recognized stock exchange to obtain certification by passing the NISM series XVI – Commodity Derivatives Certification Examination.

Members are also required to adhere to the certification guidelines for approved users / CTCL Terminals IDs as specified by SEBI / Exchange from time to time. In case of non-availability/expiry of the validity of

<sup>71</sup> [NCDEX/TECHNOLOGY-009/2018/029 dated January 29, 2018](#)

<sup>72</sup> [NCDEX/TECHNOLOGY-041/2020 dated October 05, 2020](#)  
[NCDEX/TECHNOLOGY-008/2017/033 dated February 06, 2017](#)

<sup>73</sup> [NCDEX/CSG-003/2022 dated December 09, 2022](#)  
[NCDEX/CSG-004/2019 dated December 05, 2019](#)

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the certification, a fresh valid certificate should be obtained by such approved users of the CTCL Terminal IDs and the details of the same should be submitted/reported to the Exchange on or before the expiry of the validity date.

Members shall also ensure that no trades are executed where the certification as required is not obtained / expired or where the details of the CTCL Terminal ID have not been reported. If such terminals are used for trading, a penalty of Rs. 250/- per day per terminal will be levied from the date of trading day. The penalty will be levied till such time the terminal details are not reported / valid certification details are not submitted to the Exchange.<sup>74</sup>

A report of terminals reported to the Exchange can be downloaded from following path:

[WEB NCFE portal](#) → CTCL → View CTCL tab

### **Same PAN against multiple Algo Terminals <sup>75</sup>**

- Exchange permits creation and reporting of only one 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).*
- Exchange provides a facility to the members to report a 12 digit CTCL Terminal ID as Algo/Non Algo. Members shall be solely responsible for the Algo/Non Algo reporting done for the Terminal IDs. Members shall be responsible for providing accurate and complete information/details of the terminals as required. Members must ensure that a User in whose name Algo/Non Algo facility is taken, leaves the organization or under any such similar situation, all the terminal IDs reported under such User's PAN must be disabled. Members should abide by the rules/regulations as communicated by the Exchange/SEBI from time to time.

### **Deactivation or reassignment of CTCL Terminal ID <sup>76</sup>**

- In reference to reporting of CTCL terminal IDs through the Web NCFE portal, Members are also 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 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>74</sup> [NCDEX/CSG-001/2023 dated June 28, 2023](#)

<sup>75</sup> [NCDEX/ CSG-002/2021 dated October 27, 2021](#)

<sup>76</sup> [NCDEX/CSG-003/2021 dated December 21, 2021](#)

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### **Advisory for operations of trading terminals <sup>77</sup>**

The trading terminals of the Member which are enabled / activated for trading shall be operated / accessed only by the approved Users / approved Persons namely – the Employee of the Member, Partner / Proprietor / Director(s), approved Authorized Person (AP) or an Employee of an approved Authorized Person (AP). No other person shall operate and / or place an orders from such trading terminals. Trading Members shall not entrust the CTCL terminals to their clients or to any unregistered intermediary other than Approved Persons.

Further, where a User ID is enabled for Internet Based Trading (IBT) or Securities Trading through Wireless Technology (STWT), orders must be placed by the clients only and not by anybody else or for anybody else. In case of any exigencies, where a client is not able to trade through internet, then the orders on behalf of such clients must be placed by any approved User / approved Persons of the member through the trading terminal as stated above, but not using the Login ID and password of the client.

Members are advised to a take note of the above and abide by all the provisions of the Bye laws, Rules, Regulations, Exchange Circulars / norms and other requirements as may be in force from time to time relating to usage and operation of the User ID and CTCL terminals.

In view of the above, the Trading Members are directed to report appropriate relationship of the approved User / approved Persons with the member as an Employee or Partner/ Proprietor/ Director(s) or approved Authorized Person (AP) or an Employee of an approved Authorized Person (AP) in the “Relationship with TM” attribute, at the time of application or while modification of the User Id or CTCL Terminal in relevant modules of NCFE interface. In an event where the relation of the Approved User / Approved Person with the Trading Member has changed, the Member is required to update the same on an immediate basis by placing a request through NCFE portal.

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<sup>77</sup> [NCDEX/TRADING-039/2023 dated September 04, 2023](#)  
[NCDEX/TRADING-030/2023 dated July 17, 2023](#)

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## XVIII. 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 member (including trading member) and who provides access to trading platform of a stock exchange as an agent of the member.

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

#### 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;
- has good reputation and character;
- has passed at least 10th standard or equivalent examination from an institution recognized by the Government;
- the approved users and/or sales personnel of Authorised Persons shall have the necessary certification of the respective segments at all points of time.

#### Procedure for Appointment

Member are required to submit application to the Exchange for registration of Authorised person as per the Exchange circular.<sup>78</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. The format of Undertaking is available under the Exchange circular No. NCDEX/CSG-001/2021 dated June 14, 2021 on Acceptance of E-Signature/Digital Signature for Authorised Person.<sup>79</sup>

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<sup>78</sup> [NCDEX/COMPLIANCE-017/2019 dated April 15, 2019](#)  
[NCDEX/COMPLIANCE-002/2017/037 dated February 15, 2017](#)

<sup>79</sup> [NCDEX/CSG-001/2021 dated June 14, 2021](#)

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On receipt of the aforesaid application, the Exchange.

- May accord approval on satisfying itself that the person is eligible for appointment as authorised person, or
- May refuse approval on satisfying itself that the person is not eligible for appointment as authorised person.
- 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 mentioned in the eligibility criteria.
  - the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to deal in Securities/Commodities business.
- The person shall have the necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the activities on behalf of the member.

### **Conditions of Appointment**

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

- The Member shall be responsible for all acts of omission and commission of the authorised person.
- All acts of omission and commission of the authorised person shall be deemed to be those of the member.
- The authorised 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 Member.
- The authorised person shall receive his remuneration - fees, charges, commission, salary, etc. - for his services only from the Member and he shall not charge any amount from the clients.
- A person shall not be appointed as authorised person by more than one Member 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 Member 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 Member concerned or the authorised person, subject to compliance with the requirements prescribed by the Stock Exchange, or 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.

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## Obligations of Member

- The member 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 member to an authorised person, the place where such trading terminal is located shall be treated as branch office of the member.
- Member 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 Exchange.
- Member shall notify changes, if any, in the authorised person to all registered clients of that branch at least thirty days before the change.
- Member 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 Member only. The funds and securities of the clients shall be settled directly between member and client and all documents like contract note, statement of funds and securities would be issued to client by member. 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 authorised person.
- On noticing irregularities, if any, in the operations of authorised person, member 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.

## 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>80</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

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<sup>80</sup> [NCDEX/COMPLIANCE-028/2019 dated July 12, 2019](#)

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- 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>81</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.
- A processing fee of Rs.1000/- (plus applicable GST) per application will be levied for cancellation of registration of Authorised Person.<sup>82</sup>
- 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.
- Annual Maintenance Charge (AMC) of Rs.1,000/- (plus applicable GST) will be applicable on all active Authorised Person as on March 31 of every year. The AMC has been effective from the Financial Year 2024-25 onwards. The processing fee for the AMC will be debited from the Member's Exchange dues account on a yearly basis. Bill for the same will be uploaded in Member's extranet folder.

[Link to Annexures](#)

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<sup>81</sup> [NCDEX/COMPLIANCE-009/2012/260 dated July 21, 2012](#)

<sup>82</sup> [NCDEX/CSG-002/2023 dated September 22, 2023](#)



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**XIX. MEMBER'S FIDELITY INSURANCE <sup>83</sup>**

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

Further, the 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.

The member needs to upload the Insurance Policy / Declaration for not trading or Declaration for Pro trading on the mentioned below path:

[WEB NCFE](#) → Compliance → Fidelity Insurance

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<sup>83</sup> [NCDEX/MEMBERSHIP-002/2018/036 dated February 02, 2018](#)

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**XX. PROCESS FOR REQUESTING STATUS REPORT <sup>84</sup>**

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 / Digi 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.

A processing fee of Rs.1,000/- Plus applicable GST per application will be levied for issuance of Status Report.

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<sup>84</sup> [NCDEX/CSG-003/2023 dated September 22, 2023](#)

## **XXI. 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.

**XXII. ANNEXURES**

(On the letter head of trading member)

**Permission for Trading from Exchange premises using Contingency Pool**

To,

Date:

Trading Operations Department  
 National Commodity & Derivatives Exchange Limited  
 Kanjur Marg,  
 Mumbai - 400 078

I / We, ( \_\_\_\_\_ ) a Trading Member of NCDEX Ltd wish to avail the facility for trading from exchange premises using Contingency Pool facility. Please allow following person/s from my office to access and use the contingency pool facility of NCDEX.

The details required are mentioned below:

TM ID	
TM Name	
Date of accessing the contingency pool facility	
Reason for accessing the contingency pool	
Number of persons who want to use the contingency pool (Maximum 2)	
User Details 1	<b>User Name</b> - _____ <b>User ID</b> - _____ <b>ID Proof</b> - _____
User Details 1	<b>User Name</b> - _____ <b>User ID</b> - _____ <b>ID Proof</b> - _____

Location of accessing contingency pool facility	Mumbai <input type="checkbox"/> Jaipur <input type="checkbox"/> (strike whichever is applicable)
Person visiting the Exchange is Approved User and holds valid necessary certification	YES/ NO
Contact Person	Name - Mobile - Email -

**Declaration:** I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

Further we accept the terms and conditions as mentioned below:

1. I/We, hereby authorise NCDEX, to reset the User password, if requested by trading member/ above listed User.
2. I/We hereby understand that NCDEX shall not be responsible for any delay/error during the activity.
3. The said process may take more time than anticipated for any reason whatsoever and I/We hereby unconditionally agree that NCDEX and the directors, managers, officers, employees and agents of NCDEX shall not be liable in any way to me/us and/or to my/ our customers or to any other third person, for any such delay.
4. I /We undertake to adhere to the rules and regulations/ circulars issued by NCDEX/ SEBI / any other statutory authority from time to time and agree that I/we have complied with all statutory provisions applicable to me/us under law.

Yours faithfully,

For \_\_\_\_\_ (TM Name)

**Authorized Signatory**

Name:

Designation:

Date:

Mobile:

**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.	Methi
31.	Cardamom	36.	Coriander seed	41.	Nutmegs
32.	Celeryseed	37.	<b>Garlic</b>	42.	Pepper
33.	Chillies	38.	Ginger	43.	Turmeric
34.	Cinnamon	39.	Jeera (Cumin seed)		
<b>(IV) FRUITS AND VEGETABLES</b>					
44.	<b>Apple</b>	45.	Onion	46.	Potato
<b>(V) METALS</b>					

47.	Aluminium and Aluminium Alloys	51.	Lead and Lead Alloys	55.	Sponge Iron
48.	Brass	52.	Manganese	56.	Steel
49.	Copper and Copper Alloys	53.	Nickel and Nickel Alloys	57.	Tin
50.	Iron Ore	54.	Pig Iron	58.	Zinc and Zinc Alloys
<b>(VI) PRECIOUS METALS</b>					
59.	Gold (including variants such as coins, bars etc.)	61.	Platinum (including variants such as bars etc.)		
60.	Palladium (including variants such as coins, bars, etc.)	62.	Silver (including variants such as coins, bars etc.)		
<b>(VII) GEMS and STONES</b>					
63.	Diamond				
<b>(VIII) FORESTRY</b>					
64.	Betelnuts	66.	Shellac	68.	Processed products of Timber
65.	Seedlac	67.	Processed products of Bamboo		
<b>(IX) FIBRES</b>					
69.	Art Silk Yarn	71.	Jute and Jute goods (including raw jute, mesta, hessian, sackings, cloth, bags, twines, yarns and any other products made of jute)		
70.	Cotton complex (including Kapas, fibre, loose, half-pressed, full-pressed, yarn, pods, cloth)	72.	Staple Fibre Yarn		
<b>(X) ENERGY</b>					
73.	Carbon Credit	77.	Bio-fuel (Including Ethanol, Bio-diesel)	81.	Methanol
74.	Coal (including variants such as coking, thermal, lignite etc.)	78.	Furnace Oil	82.	Natural Gas
75.	Crude Oil	79.	Gasoline/Petrol		
76.	Electricity	80.	Diesel		
<b>(XI) CHEMICALS</b>					

83.	<b>Bitumen</b>	84.	<b>Polymer</b>		
<b>(XII) CONSTRUCTION</b>					
85	<b>Cement</b>				
<b>(XIII) SWEETENERS</b>					
86.	Gur	87.	Sugar (including S, M and other grades and khandsari)		
<b>(XIV) PLANTATION</b>					
88.	Cocoa	90.	Rubber	91.	Tea
89.	Coffee				
<b>(XV) DAIRY AND POULTRY</b>					
92.	<b>Eggs</b>	93.	<b>Skimmed Milk Powder</b>	94.	<b>White Butter</b>
<b>(XVI) DRY FRUITS</b>					
95.	<b>Cashew</b>	96.	Almond		
<b>(XVII) ACTIVITIES, SERVICES, RIGHTS, INTERESTS AND EVENTS</b>					
97.	<b>Freight including trucks, waterways, railways, airways</b>	98.	<b>Weather</b>		
<b>(XVIII) OTHERS</b>					
99.	Camphor	101.	Gram Husk (Gram Chilka)	103	Isabgol
100.	Chara or Berseem (including chara seed or berseem seed)	102.	Guar Seed and products (including Guar Gum split, Guar Gum powder, Korma, Churi)	104	Mentha Oil and Products (including Crystals, Flakes etc.)



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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**



(Name and Signature of the Authorised Signature of TCM with stamp)

(Name and Signature of the Client with stamp)

Date:

Place:

**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

**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:
<p>Movement of positions in the physical market during the month:</p> <p>Opening stock</p> <p>Add Production during the month</p> <p>Less Sales</p> <p>Add Purchases (if any)</p> <p>Closing stock</p>
Deviation, if any, from the hedge strategy submitted earlier, along with reasons for the same:
<p>Position taken on other bourses (Qty in MT):</p> <p>(This should include cross hedging/back to back trades if any)</p>

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

---

**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.



---

**Application for additional User id**

(On the Letterhead of the Trading Member)

To,  
**Trading Operations Department**  
National Commodity & Derivatives Exchange Limited  
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 emapaneled 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:

**Application for creation of 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,  
 Trading Operations Department  
 National Commodity & Derivatives Exchange Limited  
 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 ( <i>expand all initials</i> )	:	
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
---	---	---

Date:

Place:

---

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

### 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	Investor/Dealer RAM: 4 GB; Admin RAM: 8Gb (64 GB of NT)
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 separately 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**

---

**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:

---

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

**Annexure III**

(On the Letterhead of the Trading Member)

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

To  
 Trading Operations Department  
 National Commodity & Derivatives Exchange Limited  
 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	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 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 :	IP Address :
		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, Akruiti 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 3 months)
  - Electricity Bill (not more than 3 months old)
  - Landline Telephone bills (not more than 3 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)**



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**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

---

**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

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**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.
- 9)

**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:**

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**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 interalia 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 MIRSD/ 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.
- (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,

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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 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. TERMS 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 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

### 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.

(a) **Binding Effect**

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

(b) **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.

(c) **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.

(d) **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.

(e) **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.

(f) *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.

(g) *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)

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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:**

**END OF DOCUMENT**