

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all Members of the Exchange

Circular No: NCDEX/Legal/01/2024

Date : April 30, 2024

Subject : Master Circular – Legal

---

The Exchange from time to time has been issuing various circulars/directions to Members. In order to enable the users to have access to the applicable circulars at one place, Master Circular in respect of Legal is attached herewith.

This Master circular is a compilation of relevant circulars issued by the Exchange which are operational as on date of this circular. Efforts have been made to incorporate applicable provisions of existing circulars issued by SEBI.

Notwithstanding in 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a) anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;

b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.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 are requested to take note of the same.

For and on behalf of National Commodity & Derivatives Exchange Limited

Deepali Singh  
Senior Manager – Legal

## TABLE OF CONTENTS

CHAPTER 1: ARBITRATION.....	2
CHAPTER 2: NCDEX LOGO.....	3
CHAPTER 3: ILLEGAL TRADING ON TERMINALS.....	3
CHAPTER 4: TAX LAWS.....	3
CHAPTER 5: SERVICE TAX.....	4
CHAPTER 6: CONTRACT NOTES.....	5
CHAPTER 7: KYC Registration Agencies (KRAs).....	6
CHAPTER 8: WDRA EXEMPTIONS.....	7
CHAPTER 9: UNIFORM CLIENT REGISTRATION PROCESS.....	8
CHAPTER 10: VAT.....	11
CHAPTER 11: COMPLIANCE OF STATE & CENTRAL LAWS.....	15
CHAPTER 12: STOCK LIMIT NOTIFICATIONS.....	22
CHAPTER 13: STAMP DUTY.....	27
CHAPTER 14: MISCELLANEOUS.....	34
Annexure A: Circulars Referred.....	37

## CHAPTER 1: ARBITRATION

### A. Arbitration Fees

The Exchange vide circulars no. NCDEX/LEGAL-004/2013/174 dated 22<sup>nd</sup> May, 2013 and NCDEX/LEGAL-003/2013/111 dated 6<sup>th</sup> April, 2013 had intimated members and participants that no arbitration fees or deposit is payable by the Constituent/ Client, where the arbitration references to a claim or counter claim do not exceed Rs. 10 Lakh. Such expenses shall be borne by the Exchange and the same shall be reimbursed from the Investor Protection Fund of the Exchange. As per directives from Forward Market Commission and the Rules, Bye-Laws and Regulations of the Exchange, in cases where arbitration claim is filed by the client against a deactivated/ absconded member, whose funds are insufficient to meet the arbitration expenses, such expenses shall be borne by the Exchange and shall be reimbursed from the Investor Protection Fund of the Exchange.

### B. Regional Arbitration Centers

- (i) The Exchange vide circular no. NCDEX/LEGAL-005/2007/226 dated 21<sup>st</sup> September, 2007, pursuant to Bye Law 11.5(4) & (15) and Regulation 21.2 of the Exchange and as declared under the Heading “ARBITRATION” on the Exchange website [www.ncdex.com](http://www.ncdex.com), had informed the members the following Regional Arbitration Centres (RACs) of the Exchange are functional and the respective seats of arbitration for each Centre are mentioned in the table below against the name of the corresponding RAC.

Sr. No.	Region of India	RAC	Seat of Arbitration
1	West	Mumbai	Mumbai
2	North	New Delhi	New Delhi
3	East	Kolkata	Kolkata
4	South	Chennai	Chennai

- (ii) SEBI vide Circular no. CIR/CDMRD/DIECE/02/2015 dated 16<sup>th</sup> November, 2015 on Investor Grievance Redressal System and Arbitration Mechanism, the Exchange has set up ‘Investor Service Centers (ISCs)’ at the below mentioned locations. Also, further locations will be notified to members from time to time.

Sr. No.	ISC	Address	Contact Telephone Number
1	Mumbai	NCDEX Ltd. – 1 <sup>st</sup> Floor, Ackruti Corporate Park, Near G.E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai – 400078	022-6640 6789
2	New Delhi	NCDEX Ltd. – 2 <sup>nd</sup> Floor, Jeevan Vihar, 3, Sansad Marg, Parliament Street, New Delhi – 110001	011-66114848

3	Kolkata	NCDEX Ltd. Jasmine Tower, 5th Floor, Unit 503B, 31 Shakespeare Sarani, Kolkata – 700017	033-44213500
---	---------	---	--------------

## **CHAPTER 2: NCDEX LOGO**

- (i) The Exchange vide circular no. NCDEX/LEGAL-007/2004/158 dated 5<sup>th</sup> November, 2004, had permitted the members, a restricted use of the Exchange logo along with the name in their advertisement material as also while communicating with their clients or prospective clients and in seminars/ awareness programmes, based on members' requests for the same, while specifically referring to themselves as Exchange members.
- (ii) Further, the Exchange, on coming across advertisements by some persons in local newspapers soliciting business on the Exchange by using the Exchange logo, vide circular no. NCDEX/LEGAL-002/2005/044 dated 22<sup>nd</sup> February, 2005, superseded the earlier issued circular, prohibiting the use of the Exchange logo on any published material or in any correspondence by any person, including members.

## **CHAPTER 3: ILLEGAL TRADING ON TERMINALS**

The Exchange vide circular no. NCDEX/LEGAL- -003/2007/061 dated 15<sup>th</sup> March, 2007 reiterated the previously issued circular no. NCDEX/LEGAL-003/2006/146 dated 8<sup>th</sup> June, 2006, communicating FMC directions, stating that real time trading in commodities by opening terminals of foreign commodity exchanges in India, without approval of Central Government or FMC, would be deemed as illegal and persons entering into such contracts would be punishable under Section 21 of Forward Contracts (Regulation) Act, 1952.

## **CHAPTER 4: TAX LAWS**

- (i) The Exchange vide circular no. NCDEX/LEGAL-002/2009/181 dated 23<sup>rd</sup> June, 2009, has advised the members to keep themselves updated with changes in the rates of applicable statutory taxes/ charges from time to time in respect of commodities, thereby directing the respective market participants to ensure compliances under the applicable laws. The Exchange further informed the members and their constituents about a notification no. KA.NI.-2-1169/XI-9(10)/08-U.P Act.-5-2008-Order-(45)-2009 Lucknow, dated May 29, 2009 issued by the Government of Uttar Pradesh, regarding levy of an additional Tax on the taxable turnover of sale or purchase as the case may be, of various goods notified in the said notification w.e.f 1<sup>st</sup> June, 2009.
- (ii) Further, the Exchange vide circular no. NCDEX/LEGAL-004/2009/198 dated 14<sup>th</sup> July, 2009 drew reference to its previously issued circular no. NCDEX/LEGAL-002/2009/181 dated 23<sup>rd</sup> June, 2009, advising members and participants to keep themselves updated with the changes in the rates of applicable statutory taxes/ levies/ charges from time to time in respect of commodities, further reiterating the responsibility of the respective market participants to ascertain the applicable rates of taxes while transacting on the Exchange and to ensure compliances under the applicable local laws. The Exchange further intimated about a notification dated

30<sup>th</sup> June, 2009 issued by the Government of Rajasthan, extending the period of applicability of VAT @ 1 % on certain specified commodities from 31<sup>st</sup> March, 2009 to 31<sup>st</sup> July, 2009.

- (iii) Further drawing reference to the aforesaid circular dated 23<sup>rd</sup> June, 2009, the Exchange vide circular no. NCDEX/LEGAL-006/2011/287 dated 19<sup>th</sup> September, 2011, informed the members and their constituents about a notification dated 13<sup>th</sup> September, 2011 issued by the Government of Andhra Pradesh, increasing rate of VAT from 4 % to 5% on certain specified commodities with effect from 14<sup>th</sup> September, 2011 and as on date the basis centres for contracts of Chilli and Turmeric (which are covered by the aforesaid notification) are located in the State of Andhra Pradesh, further reiterating the responsibility of the respective market participants to ascertain the applicable rates of taxes while transacting on the Exchange and to ensure compliances under the applicable local laws.

## **CHAPTER 5: SERVICE TAX**

### **A. Applicability of Service Tax**

The Exchange vide circular no. NCDEX/Legal002/2004/030 dated 2<sup>nd</sup> April, 2004 expressed its opinion that the Exchange members are not liable to pay service tax on the brokerage charged by them from their clients. However, the Exchange further advised the members to get themselves with the local Excise Department (Service Tax) to avoid any instances of penalty and/ or interest on unpaid service tax, if any. Further, the Exchange clarified that the opinion expressed is not a regulatory/ legal ruling and that the members have to take their own decision as to whether they are liable to pay service tax on the brokerage charged by them from their clients, in consultation with their legal advisors.

### **B. Service Tax under Finance Bill 2004**

The Exchange vide circular no. NCDEX/Legal-004/2004/077 dated 9<sup>th</sup> July, 2004 notified that in accordance with the provisions contained in the Finance Bill 2004 presented before the Parliament on 8<sup>th</sup> July, 2004, the members of an association recognized under the provisions of Forward Contracts (Regulation) Act, 1952 will be liable to pay service tax on the amount of transaction fee charged by them from their clients for providing services in relation to forward contracts. Thus, the Members of commodity exchanges (for commodity futures) will be covered by the service tax liability. The proposed rate of service tax will be 10% of the brokerage. In addition, an education cess at the rate of 2% of the service tax is also chargeable. The net impact therefore will be 10.20%. The Exchange further stated that the above provision relating to service tax and education cess would be effective from the date when the President gives their assent on the bill.

### **C. Service Tax on members of the Exchange**

Pursuant to the circular no. NCDEX/Legal-004/2004/077 dated 9<sup>th</sup> July, 2004, the Exchange vide its circular no. NCDEX/Legal-006/2004/120 dated 13<sup>th</sup> September, 2004, notified that the Service Tax levy would be effective from 10<sup>th</sup> September, 2004 as per notification no. 18/2004 dated 10<sup>th</sup> September, 2004 issued by Ministry of Finance and that the members are liable to pay Service Tax under a new class (zzy) added in Clause 105 of Section 65 of Finance Act 1994. The Exchange further advised the members to obtain registration with the local Excise

Department (Service Tax) and deposit Service Tax as well as Education Cess in accordance with the Service Tax rules and directed the members having branch offices at various places to get registered at one central place if the billing is centralized at that place and if the bills are issued from branches, each such branch would require registration at the place of location.

## **CHAPTER 6: CONTRACT NOTES**

### **A. Revised Contract Note Format**

The Exchange vide circular no. NCDEX/LEGAL003/2004/045 dated 21<sup>st</sup> April, 2004 informed the members about the revised format of the contract note, subsequent to the feedback received from the Members on the prescribed format of Contract Note to be issued by the Members to their constituents/clients in accordance with the Regulation 5.5 of the Exchange, thereby requesting the members to take note of the changes and ensure use of the revised formats from the effective dates as stipulated herein.

### **B. Issue of Contract Notes under Digital Signature**

The Exchange vide circular no. NCDEX/Legal-005/2004/091 dated 22<sup>nd</sup> July, 2004 informed the members that contract notes currently being issued in physical format can also be issued in electronic form under digital signature of the member in accordance with Information Technology Act, 2000 and such digitally signed contract notes shall have the same validation as physical contract notes. The Exchange further stated that all contract notes whether signed in physical form or issued under digital signature, shall be generated on the same day the deal is concluded and all contract notes shall be in the format as prescribed by the Exchange vide circular No. NCDEX/ LEGAL003/2004/045 dated 21<sup>st</sup> April, 2004 with all required information therein duly filled. In addition, the Exchange advised the members to keep the required records of all contract notes, in whatever form, for the purpose of inspection and/or audit by the Forward Markets Commission and/or the Exchange as prescribed under its Rules, Bye laws and Regulations.

### **C. Revised Contract Note Format**

The Exchange vide circular no. NCDEX/LEGAL-006/2012/379 dated 2<sup>nd</sup> November, 2012, notified the members about the change in the format of the contract note, incorporating the increase in limitation period for reference of disputes to Arbitration and that the revised format shall take effect from 1<sup>st</sup> January, 2013.

### **D. Contract Note Format Revised – inclusion of CTT**

Referring to the circulars no. NCDEX/FINANCE & ACCOUNTS/-001/2013/209 dated 24<sup>th</sup> June, 2013 on imposition of commodity transaction tax and NCDEX/LEGAL-006/2012/379 dated 2<sup>nd</sup> November, 2012 on Revised Contract Note Format, the Exchange vide circular no. NCDEX/LEGAL-005/2013/234 dated 16<sup>th</sup> July, 2013 notified that the Forward Markets Commission vide Circular No.16/1/2013-MKT-I dated 21<sup>st</sup> June, 2013 had informed that the Department of Revenue, Central Board of Direct Taxes had issued a notification No. 46/2013/F.No.142/09/2013 – TPL dated 19<sup>th</sup> June, 2013, notifying the Commodity Transaction Rules, 2013 (CTT Rules-2013), providing for levy of Commodities Transaction Tax on taxable Commodities transactions and that the CTT would be applicable with effect from 1<sup>st</sup> July, 2013,

thereby revising the format of the contract notes and advising th members to take note of the aforesaid and ensure compliance.

#### **E. Revised Guidelines on issue of Electronic Contract Notes (ECN)**

The Exchange vide circular no. NCDEX/LEGAL-001/2015/014 dated 13<sup>th</sup> January, 2015 drew the attention of members to circulars no. NCDEX/LEGAL-001/2012/002 dated 3<sup>rd</sup> January, 2012 and NCDEX/LEGAL-001/2014/080 dated 27<sup>th</sup> March, 2014 regarding the implementation of Common / Uniform Client Registration Form / Process and stated that the Forward Markets Commission had issued revised guidelines with respect to the issuance of Electronic Contract Notes (ECN) in regard to (i) use of Digital Signature on Contract Notes, (ii) issuance of ECNs when specifically consented, (iii) where to send ECNs, (iv) requirement of digital signature, (v) requirements for acknowledgement, (vi) Proof of delivery, (vii) Log Report for rejected or bounced mails, (viii) when to issue or send in Physical form and (ix) general requirements. The Exchange further notified about immediate implementation of the aforesaid guidelines, advising the members and their clients to ensure compliance of the same.

### **CHAPTER 7: KYC Registration Agencies (KRAs)**

#### **A. Registration with KYC Registration Agencies (KRAs) – M/s. CDSL Ventures Limited (CVL)**

In continuation with the circulars no. NCDEX/LEGAL-003/2015/136 dated 21<sup>st</sup> April, 2015 and NCDEX/LEGAL-004/2015/142 dated 24<sup>th</sup> April, 2015, regarding revised guidelines on Common/ Uniform Client Registration through KYC Registration Agencies (KRAs) in Commodity Derivatives Markets, the Exchange vide circular no. NCDEX/LEGAL-005/2015/152 dated 30<sup>th</sup> April, 2015, advising the Trading and Clearing Members of the Exchange to register with any one or more KRAs registered by SEBI as per the Board's KRA Regulations 2011, annexing therewith the updated list of KRAs registered with SEBI mentioned in circular dated 24<sup>th</sup> April, 2015. The Exchange further notified the members about the application for registration of intermediary, terms & conditions, registration process and awareness programme schedule, as received from CVL.

#### **B. Registration with KYC Registration Agencies (KRAs) – M/s. NSDL Database Management Limited (NDML)**

In further continuation to circulars No. NCDEX/LEGAL-003/2015/136 dated 21<sup>st</sup> April, 2015 and NCDEX/LEGAL-004/2015/142 dated 24<sup>th</sup> April, 2015 regarding revised guidelines on Common/ Uniform Client Registration through KYC Registration Agencies (KRAs) in Commodity Derivatives Markets, the Exchange vide circular no. NCDEX/LEGAL-006/2015/182 dated 25<sup>th</sup> May, 2015, advising the Trading and Clearing Members of the Exchange to register with any one or more KRAs registered by SEBI as per the Board's KRA Regulations 2011, annexing therewith the updated list of KRAs registered with SEBI mentioned in circular dated 24<sup>th</sup> April, 2015. The Exchange further notified the members desirous of registering with NDML about the process as detailed by NDML, thereby enclosing the application for registration of intermediary, terms & conditions, registration process, as received from NDML.

## CHAPTER 8: WDRA EXEMPTIONS

### **A. Applicability of Exemption of commodities kept in WDRA registered warehouses in the State of Rajasthan from Stock holding limits under the Essential Commodities Act, 1955**

Drawing reference to circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, NCDEX/LEGAL-008/2009/251 dated 5<sup>th</sup> September, 2009, NCDEX/LEGAL-009/2009/255 dated 15<sup>th</sup> September, 2009, NCDEX/LEGAL-001/2010/043 dated 16<sup>th</sup> February, 2010, NCDEX/LEGAL-003/2011/105 dated 15<sup>th</sup> April, 2011, NCDEX/LEGAL-007/2011/303 1<sup>st</sup> October, 2011, pertaining to the notifications issued by the Government of Rajasthan regarding stock limits on pulses in the state of Rajasthan and further drawing reference to circulars no. NCDEX/TRADING-078/2015/224 dated 26<sup>th</sup> June, 2015, NCDEX/TRADING-087/2015/246 dated 14<sup>th</sup> July, 2015 informing the participants of the exemption given by the Central Government for commodities kept in WDRA registered warehouses from the stock limits under Essential Commodities Act, the Exchange vide circular no. NCDEX/LEGAL-007/2015/310 dated 29<sup>th</sup> September, 2015, informed the members and constituents that the Rajasthan Government vide notification dated 28<sup>th</sup> September, 2015 had kept its notification dated 10<sup>th</sup> July, 2015 (exempting the commodities kept in WDRA registered warehouses in the State of Rajasthan from Stock holding limits under EC Act, 1955) in abeyance until further notice in view of the directions of the Central Government vide letter dated S-10/4/2014/ECR & E dated 21<sup>st</sup> September, 2015. The Exchange further advised the members to note that any person under obligation to give or take physical delivery of any commodity on the Exchange platform would have to ensure compliance of the applicable State laws for giving/ taking physical delivery, thereby advising the members to caution their clients, sellers as well as buyers and also those holding stocks in warehouses approved by the Exchange to become familiar with and be informed about the applicable provisions of law and compliance requirements to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central Government or the concerned State Government as applicable to them.

### **B. Withdrawal of exemption from stock limits on commodities kept in WDRA registered warehouses**

Drawing reference to circular No. NCDEX/TRADING-078/2015/224 dated 26<sup>th</sup> June, 2015, with respect to exemption of commodities kept in WDRA registered warehouses, the Exchange vide circular no. NCDEX/LEGAL-008/2015/316 dated 1<sup>st</sup> October, 2015, informed the members and constituents about the press note dated 23<sup>rd</sup> September, 2015 issued by Government of India, Ministry of Consumer affairs, Food & Public Distribution, withdrawing the exemption provided to commodities kept in WDRA registered warehouses, further directing the members and constituents to take note of an order dated 28<sup>th</sup> September, 2015 issued by the Central Government by way of an amendment to the removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs Order, 2002, enabling States to impose stock limits on pulses, edible oils and oil seeds for a period of one year, from 1<sup>st</sup> October, 2015 to 30<sup>th</sup> September, 2016, advising the members and constituents to comply accordingly.



**C. Exemption from stock limits on specified commodities kept in WDR registered warehouses**

- (i) The Exchange vide circular no. NCDEX/LEGAL-001/2020 dated 8<sup>th</sup> January, 2020, informed the members and market participants about the order dated 16<sup>th</sup> December, 2019, issued by the Government of India through its Ministry of Consumer affairs, Food & Public Distribution, Department of Consumer Affairs, Government of India, providing exemption for the stock of specified commodities (specified by the Central Government for the purpose of this order), in which derivatives trading is permissible from stock limit and kept in warehouses accredited by a commodity derivatives exchange and registered with WDR for delivery on exchange platforms and this exemption shall be available as long as the aforesaid conditions are fulfilled, thereby advising members and constituents to ensure compliance.
- (ii) Drawing reference to Order No. S.O. 2674(E) issued by Ministry of Consumer Affairs, Food & Public Distribution (Department of Consumer Affairs) vide Gazette notification dated 2<sup>nd</sup> July, 2021, amending the ‘Removal of Licensing requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs Order, 2016, the Exchange vide circular no. NCDEX/LEGAL-001/2021 dated 6<sup>th</sup> July, 2021, notified that the Government of India through the Ministry of Consumer affairs, Food & Public Distribution (Department of Consumer Affairs) vide the said notification, has imposed stock limit on Pulses effective from the date of notification to be valid till 31<sup>st</sup> October, 2021. The Exchange also drew reference to its earlier dated 8<sup>th</sup> January, 2020, communicating Order No.4471(E) dated 16<sup>th</sup> December, 2019 issued by Ministry of Consumer Affairs, Food & Public Distribution (Department of Consumer Affairs), exempting specified commodities in which derivatives trading is permissible from stock limit and kept in warehouses accredited by a commodity derivatives exchange and registered with WDR for delivery on exchange platforms, thereby requesting the members and constituents note the aforesaid exemption while trading in pulses contract on the Exchange.

**CHAPTER 9: UNIFORM CLIENT REGISTRATION PROCESS**

**A. Common/ Uniform Client Registration Form/ Process**

- I. The Exchange vide circular no. NCDEX/LEGAL-001/2012/002 dated 3<sup>rd</sup> January, 2012, notified that the Forward Markets Commission (FMC) has prescribed the uniform and common client registration forms including Member Client Agreement, Risk Disclosure Document and “Know your Client” form, pursuant to the demand from Members as well as participants in commodity futures market, wherein the client will be required to fill in only one set of documents while registering for trading on multiple National Commodity Exchanges w.e.f 1<sup>st</sup> April, 2012.
  1. (i) For the purpose of registration of new clients, the Member shall make available a folder / booklet containing (i) Know Your Client application form, (ii) Uniform Risk Disclosure Document, (iii) Rights and Obligations of Members, Authorised Persons and Clients and (iv) Do’s and Don’ts for the clients. The Exchange further clarified that wherever the words ‘Business Rules’ appear in the prescribed uniform documents, the same may be read as ‘Regulations’ for the purpose of transactions on the Exchange.

- (ii) A tariff sheet specifying various charges, including brokerage, payable by the client, to avoid any dispute at a later date. List of documents, which are voluntary/non-mandatory in nature.
  - (iii) Information on contact details of senior officials and Investor grievance cell of the Member, so that the client can approach them in case of any grievance.
2. The Non - Mandatory documents (any other document concerned with any term(s) or condition(s), other than those covered in the Mandatory documents) obtained from clients, shall be subject to the following conditions:
    - (i) The clauses in the non-mandatory part shall not be in contravention of any of the clauses in the mandatory documents, as also the Rules, Regulations, Bye-laws, circulars of the Exchange, directives and guidelines of the Commission. Any such clause in contravention of the above shall be null and void.
    - (ii) Any authorization sought in non-mandatory part shall not be in contravention of the provisions of Rules, Byelaws (including Regulations), circulars of the Exchange and directives and guidelines of the Commission and Exchanges and has to be a separate document and shall require specific consent of the client.
    - (iii) Authorization sought in non-mandatory part shall always be subject to the following conditions:-
      - a. The authorization shall contain a clause that the client may revoke the authorization at any time.
      - b. The authorization shall be in writing and be signed by the client only and not by any person authorized on his behalf.
      - c. The authorizations so obtained are not for any inter family / group company / related accounts adjustment.
      - d. The authorizations so obtained are not for any adjustment of funds among securities exchange and commodities exchange.
  3. The Exchange further clarified that the new set of documents under the Uniform Client Registration process would be applicable for all clients registering on or after 1st April, 2012 and the clients registered prior to this date will continue to be governed as per the earlier procedure followed. If any client wishes to trade in an additional exchange on or after the aforesaid date, then the new uniform client registration form would have to be filled in by him.
- II.** The Exchange vide circular no. NCDEX/LEGAL-001/2014/080 dated 27<sup>th</sup> March, 2014 drew attention to the earlier directives of Forward Markets Commission (FMC) vide Ref. No. Div. III/I/89/07 dated 16<sup>th</sup> December, 2011 and the Exchange Circular No. NCDEX/LEGAL-001/2012/002 dated 3<sup>rd</sup> January, 2012 on the implementation of Common / Uniform Client Registration Form / Process, thereby necessitating the following amendments to the aforesaid Exchange circular with immediate effect:
1. **Amendment of para 40 of "RIGHTS AND OBLIGATIONS OF MEMBER, AUTHORIZED PERSONS AND CLIENTS as prescribed by FMC and Commodity Exchanges", i.e, Annexure 3 of the KYC documents:**  
 The entire para 40 shall stand substituted replaced as under:  
*"40. The Electronic Contract Note (ECN) declaration form will be obtained from the client who opts to receive the Contract Note in Electronic Form in place of physical contract note. This declaration will remain valid till it is revoked by the client"*
  2. **Amendment in Appendix A – Format of Electronic Contract Note [ECN] – DECLARATION (VOLUNTARY)**

The Appendix A being the format of Declaration for obtaining consent from clients for receiving ECNs as appearing in the said circular shall stand replaced by the attached format of Declaration.

- III.** The Exchange vide circular no. NCDEX/LEGAL-004/2014/186 dated 16<sup>th</sup> June, 2014, drew attention to the FMC directives vide Ref. No. Div. III/I/89/07 dated 16<sup>th</sup> December, 2011 and the Exchange Circular No. NCDEX/LEGAL-001/2012/002 dated 3<sup>rd</sup> January, 2012 on the implementation of Common / Uniform Client Registration Form / Process and also referred to Exchange Circulars no. NCDEX/COMPLIANCE - 010/2013/266 dated 27<sup>th</sup> August, 2013, NCDEX/LEGAL-002/2014 dated 27<sup>th</sup> March, 2014 and NCDEX/LEGAL-002/2014/119 dated 17<sup>th</sup> April, 2014, notifying further directives of FMC pertaining to changes in the common KYC documentation, whereby the Exchange vide circular dated 23<sup>rd</sup> August, 2013, had communicated that the FMC had allowed UID - 'Aadhaar card' as an address proof in addition to being accepted as identity proof for KYC documentation of clients. The Exchange stated that FMC has considered the acceptance of e-KYC service launched by UIDAI also, as a valid process for KYC Verification and to treat the information containing relevant client details and photographs, made available from UIDAI through e-KYC process as sufficient proof of Identity and Address of the Client subject to the intermediary being duly authorized by the client to access his data through UIDAI, advising the members to adopt the e-KYC service launched by UIDAI for KYC verification purposes after obtaining appropriate authority in writing from the concerned clients for accessing their data through UIDAI.

**B. Revised guidelines on Common / Uniform Client Registration through KYC Registration Agencies (KRAs) in Commodity Derivatives Markets**

- I.** In terms of the directives received from FMC and in continuation of Exchange Circular nos. NCDEX/ LEGAL-001/ 2012/ 002 dated 3<sup>rd</sup> January, 2012, NCDEX/ COMPLIANCE - 010/ 2013/ 266 dated 27<sup>th</sup> August, 2013, NCDEX/ LEGAL - 001/ 2014/ 080 dated 27<sup>th</sup> March, 2014, NCDEX/ LEGAL - 002/ 2014/ 119 dated 17<sup>th</sup> April, 2014, NCDEX/ LEGAL - 004/ 2014/ 186 dated 16<sup>th</sup> June, 2014 and NCDEX/ LEGAL - 001/ 2015/ 014 dated 13<sup>th</sup> January, 2015, the Exchange vide circular no. NCDEX/LEGAL-003/2015/136 dated 21<sup>st</sup> April, 2015 notified the Trading & Clearing Members of the Exchange and market participants about the FMC directives, whereby the KYC documents of the Commodity Derivatives Market will be identical to that prescribed by SEBI for Securities Market in order to enable uniform KYC registration and to make it easier for the clients to register for trading in these markets and to avoid duplication of paper work with other intermediaries, mandating the following documents to be obtained by members from the clients with a view to ensuring uniform KYC registration process in the financial markets and a centralized location & maintenance of KYC records of all the clients in the Commodity Derivatives Market which will also enable a single point KYC data management:
- Annexure 1: Part I - KYC Form for "Individuals only" and "Non-Individuals only" prescribed by SEBI vide their Circular no. F/C/MIRSD/SE/Cir-21/2011 dated October 05, 2011.
- Annexure 1: Part II – For individuals and non-individuals
- Annexure 2: Uniform Risk Disclosure Document
- Annexure 3: Rights and Obligations of Members, Authorised Persons and Clients
- Annexure 4: Do's and Don'ts for the clients

The circular further notified the members and market participants that the KRA system shall be made available to the members for uploading / downloading details for all the new client accounts opened from 1<sup>st</sup> April, 2015 on optional basis with the registration of clients from 1<sup>st</sup> July, 2015 to be done only through the KRA system. The circular mandated the uploading of KYC details & documents by the members on the KRA system/ server for all the new client accounts opened, if not already in existence on the KRA system and in case of NRIs and Foreign Nationals, self-attested copies of statutory approval must be attached with KYC, further requiring the members to upload the KYC details & documents of all their existing clients on the KRA system/ server latest by 1<sup>st</sup> December, 2015, until which such clients can continue to trade/deal with their members as per their existing KYC.

The circular further conveyed FMC's directive that SEBI has permitted other financial regulators to avail the services of KYC Registering Agencies (KRAs) registered with SEBI, listing out the process for the Members, existing clients, KRA's, the requirement for members to carry out In Person Verification (IPV).

- II. In furtherance to the circular no. NCDEX/LEGAL-003/2015/136 dated 21<sup>st</sup> April, 2015, informing the market participants about the revised guidelines on Common / Uniform Client Registration through KYC Registration Agencies (KRAs) in Commodity Derivatives Markets, the Exchange vide circular no. NCDEX/LEGAL-004/2015/142 dated 24<sup>th</sup> April, 2015 advised the members and their constituents to take note of the updated list of the KRAs.
- III. In connection with the circular no. NCDEX/LEGAL-003/2015/136 dated 21<sup>st</sup> April, 2015, informing the market participants about the revised guidelines on Common / Uniform Client Registration through KYC Registration Agencies (KRAs) in Commodity Derivatives Markets, the Exchange vide circular no. NCDEX/LEGAL-015/2015/347 dated 4<sup>th</sup> November, 2015, reiterated that the member should upload the KYC details and documents of all their existing clients on the KRA system/ server latest by 1<sup>st</sup> December, 2015.

## CHAPTER 10: VAT

### A. Amendment to the Rajasthan Value Added Tax

- I. Referring to the circulars no. NCDEX/LEGAL-002/2009/181 dated 23<sup>rd</sup> June, 2009 23, 2009 and NCDEX/LEGAL-007/2012/391 dated 20<sup>th</sup> November, 2012 in terms of which members and participants were advised to keep themselves updated with the changes in the rates of applicable statutory taxes/levies/charges from time to time in respect of commodities, the Exchange vide circular no. NCDEX/LEGAL-002/2013/078 dated 13<sup>th</sup> March, 2013, informed the members and participants about the notification no. F.12 (11) FD/Tax/2013-108 dated 6<sup>th</sup> March, 2013 issued the Rajasthan government amending with immediate effect the Schedule I of the Rajasthan VAT Act, 2003 (Act No. 4 of 2003) vide notification no. whereby certain commodities have been exempted from VAT by inserting a new serial number after 136, as follows:-

137	Cumin seed, aniseed, turmeric, dry chillies, dhaniya, methi, ajwain, suwa, asaliya, kathodi	When sold in a form other than powder or crushed or paste form
-----	---	--

**II.** Referring to circular no. NCDEX/LEGAL-002/2013/078 dated 13<sup>th</sup> March, 2013, informing the amendment in Schedule I of the Rajasthan VAT Act, 2003 (Act No. 4 of 2003) vide notification no. F.12 (11) FD/Tax/2013-108 dated 6<sup>th</sup> March, 2013, the Exchange vide circular no. NCDEX/LEGAL-006/2014/230 dated 25<sup>th</sup> July, 2014, informed the members and participants that the Rajasthan Government has further notified amendments in Schedule IV of the Rajasthan VAT Act, 2003 (Act No. 4 of 2003) vide S.O. 35 issued from File no. F.12 (59) FD/Tax/2014- 13 dated 14<sup>th</sup> July, 2014, inter-alia as under with immediate effect, substituting the existing serial number 126 and entries thereto as under:

(i)

126	Spices (when sold in unmixed and in powder or in crushed or in paste form whether loose or in packages) including cumin seed, aniseed, turmeric, dry chillies, dhaniya, methi, ajwain, suwa, amchoor, asaliya, kathodi, hing (Asafoetida) and sonth	5	
-----	---	---	--

(ii) the existing serial number 126A (inserted vide S.O 245 dated 6<sup>th</sup> March, 2013 issued vide F.12 (11) FD/Tax/2013-111) and entries thereto shall be deleted and the existing serial number 137 and entries thereto shall be deemed to have been substituted, with effect from 1<sup>st</sup> April, 2006, by the following, namely:-

(iii)

137	Tools including power tools and parts thereof	5	Subject to provisions of section 97A of the Act
-----	---	---	---

The Exchange further drew reference to its circular no. NCDEX/LEGAL-007/2012/391 dated 20<sup>th</sup> November, 2012 advising members and participants to keep themselves updated with the changes in the rates of applicable statutory taxes/ levies/ charges from time to time in respect of commodities dealt with by them, thereby ensuring compliance of applicable Central and State laws in respect of deliveries effected by/through them.

**III.** Referring to circulars no. NCDEX/LEGAL-002/2013/078 dated 13<sup>th</sup> March, 2013 and circular no. NCDEX/LEGAL-006/2014/ 230 dated 25<sup>th</sup> July, 2014, the Exchange vide circular no. NCDEX/LEGAL-008/2014/253 dated 25<sup>th</sup> August, 2014, further informed the members and participants to note that the Rajasthan Government vide separate notifications, has made the following amendments in the Rajasthan VAT Act, 2003:

(1) Notification vide S.O 037 dated July 14, 2014 [File no. F.12 (59) FD/Tax/2014-15]:

“In Schedule VI appended to the said Act:

(i) In column number 2 against serial number 7, for the existing expression “except the goods included in Schedule-I or in Schedule III”, the expression “except the goods specified elsewhere in this Schedule or included in Schedule – I or in Schedule – III” shall be substituted.

(ii) after the existing serial number 13 and entries thereto, the following new serial numbers and entries shall be added namely:

S. No.	Item	Rate of Tax (%)
14	All types of used motor vehicles	2.5
<b>15</b>	<b>Oilseeds</b>	<b>3.0</b>

(2) Notification dated 19<sup>th</sup> August, 2014 [File no. F.12 (31) FD/Tax/2013-100]:

“In Schedule IV appended to the said Act-

(i) the existing serial number 126 and entries thereto shall be substituted by the following, namely:-

S. No.	Item	Rate of Tax (%)
126	Unmixed spices including turmeric, dry chillies, methi, ajwain, suwa, amchoor, asaliya, kathodi, hing (Asafoetida) and sonth in all their forms (whether loose or in packages) excluding items specifically mentioned in any other Schedule	5

(ii) after the existing serial number 208 and entries thereto, the following new serial number and entries thereto shall be added:

S. No.	Item	Rate of Tax (%)
209	Dhaniya other than in whole form	5

(3) Notification dated 19<sup>th</sup> August, 2014 [File no. F.12 (31) FD/Tax/2013-101] :

“In Schedule VI appended to the said Act, after the existing serial number 16 and entries thereto, the following new serial number and entries shall be added namely:-

S. No.	Item	Rate of Tax (%)	
17	Dhaniya in whole form	2.0	Any amount of tax charged or collected over and above 2 percent, shall also be deposited with the State Government and already deposited tax shall not be refunded.

The Exchange further drew reference to its circular no. NCDEX/LEGAL-007/2012/391 dated 20<sup>th</sup> November, 2012 advising members and participants to keep themselves updated with the changes in the rates of applicable statutory taxes/ levies/ charges from time to time in respect of commodities dealt with by them, thereby ensuring compliance of applicable Central and State laws in respect of deliveries effected by/through them.

## B. Amendment to Gujarat VAT

Drawing reference to circulars no. NCDEX/LEGAL-002/2009/181 dated 23<sup>rd</sup> June, 2009, NCDEX/LEGAL-007/2012/391 dated 20<sup>th</sup> November, 2012 and NCDEX/LEGAL-002/2013/078 dated 13<sup>th</sup> March, 2013 in terms of which Members and participants are advised to keep themselves updated with the changes in the rates of applicable statutory taxes/levies/charges from time to time in respect of commodities, the Exchange vide circular no. NCDEX/LEGAL-006/2013/286 dated 18<sup>th</sup> September, 2013, informed the members and participants that the Gujarat government has notified an amendment in the Gujarat VAT Act, 2003, vide The Finance Department, Gujarat Government Notification No. (GHN -16) VAT-2013-(S.5) (2) (39)-TH, dated 29<sup>th</sup> August, 2013, whereby certain commodities have been exempted from VAT applicability.

The said notification of the Government of Gujarat amends the Schedule to the earlier Government notification, Finance Department No. (GHN-35) VAT-2006-(S.5) (2) (1)-TH dated March 31, 2006 by inserting a new serial number after 99, as follows:

Entry No.	Class of Sales or Purchases	Exemption whether whole or part of tax	Restriction and conditions if any
1	2	3	4
“100	Jira (Cumin seeds) and Variali (ani seeds) (excluding in powder form, in paste form and grinded)	Whole of tax	.....”

## C. Tax Inclusive Contracts where the seller is specifically exempted from paying Sales Tax/VAT

Drawing reference to the earlier circular no: NCDEX/OPERATIONS-013/2005/082 dated 7<sup>th</sup> April, 2005, wherein process of VAT invoice has been prescribed for physical deliveries under tax inclusive contracts, the Exchange vide circular no. NCDEX/LEGAL-003/2009/185 dated 29<sup>th</sup> June, 2009, stated that the seller is required to issue VAT invoice showing the applicable VAT amount separately as the same is deemed to be included in the Final Settlement Price in case the commodity is subject to VAT. In case the commodity is not subject to VAT, the VAT amount deemed to be included becomes nil.

The Exchange further notified having come across certain instances where the seller is exempted under some specific scheme or by virtue of being located in special development zone even though the relevant commodity as such is subject to VAT. In such cases with tax inclusive contracts, even though the VAT is deemed to be included in the prices, the seller being exempted under some specific exemption, cannot issue VAT invoice and consequently depriving the corresponding buyers of credit of such VAT which is deemed to be included in the price paid. It is therefore, clarified that the Sellers in such cases shall be liable to refund the VAT amount received by them to the corresponding Buyers as per following procedure:

1. The seller/s will have to refund the VAT/ sales Tax component of the inclusive contract value to the corresponding buyer/s within three days of the VAT settlement date.
2. No such refund will be required to be made by the seller/s to the buyer/s if the commodity is as such exempted from VAT/Sales Tax in the State/s where the delivery centre is located.

3. All Tax Invoice/s issued by the seller entitled to such exemption/s as above, should be made for the amount after deducting the Sales Tax/VAT amount from the Final Settlement Price of the contract.

4. If any buyer does not receive the VAT amount as clarified in this circular or a VAT invoice showing VAT amount separately, such buyer should revert to the Exchange within time lines prescribed vide Exchange Circular NCDEX/Clearing-006/2007/027 dated 9<sup>th</sup> February, 2007.

#### **D. Notification on levy of VAT on Guar Gum by State Government of Rajasthan**

The Exchange vide circular no. NCDEX/LEGAL-002/2016/046 dated 16<sup>th</sup> March, 2016, notified the members and their constituents that the State Government of Rajasthan in exercise of the powers conferred by sub-section (5) of section 4 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003) has, vide S.O.256 dated 8<sup>th</sup> March, 2016, amended the Schedule IV (xvii) at Sr. No. 227, and notified the levy of VAT @ 5.5% on Guar Gum and Guar gum powder.

### **CHAPTER 11: COMPLIANCE OF STATE & CENTRAL LAWS**

#### **A. Compliance of State Laws for Delivery Obligations**

(i) The Exchange vide circular no. NCDEX/LEGAL-004/2007/121 dated 11<sup>th</sup> May, 2007, notified the members about the control orders issued by the Delhi Government under the Essential Commodities Act, 1955 prescribing maximum stock limit for pulses, which any person may hold and also the requirement to obtain license for holding pulses' stock and that such stock restrictions are different for different category of persons.

The Exchange further advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/ taking physical delivery and as per the Exchange settlement process in compulsory delivery contracts, the sellers have choice to mark the center where they propose to give delivery. Even though buyers may mark preferred delivery center of their choice and the Exchange system gives preference to allocate delivery at such delivery center of choice, but there is no assurance that buyer will get delivery at his chosen center. Therefore, members should advise their clients, seller as well as buyers, to become familiar with the above provisions to ensure that they comply with the stipulations under control orders issued by Delhi Government including the stipulation of obtaining license and necessary permission for holding stock beyond prescribed limits, as applicable to them.

(ii) The Exchange vide circular no. NCDEX/LEGAL-001/2008/088 dated 16<sup>th</sup> April, 2008, reiterated the contents of the aforesaid circular, requiring the members to advise their clients that the stocks of any essential commodity held by them through Commodity demat account and/or otherwise should not exceed the stock limits prescribed under the applicable control orders issued under Essential Commodities Act, 1955 and further requiring the members to advise their clients (who intend to give delivery, particularly at centers where such stock limits are in force) that it is the obligation of selling clients to ensure that the goods are free for physical delivery and transfer to the corresponding buyer/s.



- (iii) Referring to various circulars issued from time to time, advising the members to ensure compliance of applicable laws including the local State laws (at the place of delivery) in respect of deliveries effected by / through them, the Exchange vide circular no. NCDEX/LEGAL-007/2012/391 dated 20<sup>th</sup> November, 2012, drew the attention of members to Regulation 9.4.1 of the Exchange Regulations, advising the members to ensure that while effecting deliveries, valid registrations with the concerned Sales Tax/VAT Authorities are available for their clients/constituents who intend to deliver or their settlement agents, as the case may be and that all related legal requirements in respect of such deliveries should be complied with by members/ clients/ their settlement agents.
- (iv) Drawing reference to circular dated 24<sup>th</sup> November, 2015, whereby members and constituents were informed of the notification dated 23<sup>rd</sup> November, 2015 of the Rajasthan Government, Food and Civil Supplies Department, under Section 3 of the Essential Commodities Act, 1955 making a Special Provision Order to amend 'The Rajasthan Trade Articles (Licensing and Control) (Third Special Provision) Order, 1980' extending the applicability of stock limits on edible oil and edible oil seeds as mentioned thereunder with the said order was to take effect from the date of its publication in the Official Gazette, the Exchange vide circular no. NCDEX/LEGAL-017/2015/372 dated 27<sup>th</sup> November, 2015 notified that the Rajasthan Government had since published the said order in the official Gazette vide S.O No. 168 dated 23<sup>rd</sup> November, 2015 and would be effective immediately.

**B. Compliance of Central and State laws for delivery obligations – Sugar Control Order**

- (i) The Exchange vide circular no. NCDEX/LEGAL-001/2009/078 dated 16<sup>th</sup> March, 2009, notified the members about the order under the Essential Commodities Act, 1955 issued by the Central Government, prescribing maximum stock limit for sugar which any person may hold and also the requirement to obtain/ renew license (recognized dealer) for holding stock of sugar.  
The Exchange further advised the members to note that any person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable Central/State laws for giving/taking physical delivery, for which they should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform, they should not violate any stipulations under control orders issued by Central /any State Government including stock holding limits and the stipulation of obtaining /renewing license.
- (ii) Drawing reference to the aforesaid circular, informing that the Government of India has issued orders under Essential Commodities Act, 1955 prescribing maximum stock limit, period for holding sugar stocks and also the requirement to obtain/renew license as recognized dealer, the Exchange vide circular no. NCDEX/LEGAL-001/2011/012 dated 10<sup>th</sup> January, 2011, notified that the Central Government has extended the period of validity of the said control order on sugar stock holding limit up to March 2011.  
The Exchange further advised the members to note that any person under an obligation to give or take physical delivery of any commodity has to ensure

compliance of the applicable Central/State laws for giving/taking physical delivery, for which they should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform, they should not violate any stipulations under control orders issued by Central /any State Government including stock holding limits, period of holding and obtaining of licenses.

- (iii) Drawing reference to circular dated 10<sup>th</sup> January, 2011, informing that the Government of India has extended the stock holding limits for sugar prescribed under Essential Commodities Act, 1955 up to March 2011, the Exchange vide circular no. NCDEX/LEGAL-004/2011/142 dated 12<sup>th</sup> May, 2011 informed the members and participants that the Central Government had by order dated 30<sup>th</sup> March, 2011 prescribed new stock limits upto 30<sup>th</sup> September, 2011 and other terms for the holding of sugar.

The Exchange further advised the members to note that any person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable Central/State laws for giving/taking physical delivery, for which they should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform, they should not violate any stipulations under control orders issued by Central /any State Government including stock holding limits, period of holding and obtaining of licenses as may be applicable.

- (iv) Drawing reference to circular dated 12<sup>th</sup> May, 2011, informing that the Government of India has extended the stock holding limits for Sugar prescribed under Essential Commodities Act, 1955 up to 30<sup>th</sup> September, 2011, the Exchange vide circular no. NCDEX/LEGAL-008/2011/308 dated 7<sup>th</sup> October, 2011, informed the members and participants that the Central Government had by order dated 28<sup>th</sup> September, 2011 extended the stock limits for sugar till 30<sup>th</sup> November, 2011.

The Exchange further advised the members to note that any person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable Central/State laws for giving/taking physical delivery, for which they should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform, they should not violate any stipulations under control orders issued by Central /any State Government including stock holding limits, period of holding and obtaining of licenses.

- (v) The Exchange vide circular no. NCDEX/LEGAL-004/2016/102 dated 5<sup>th</sup> May, 2016 informed the members that the Government of India in exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 read with the clause 5 of the Sugar (Control) Order, 1966 had directed that no dealer of sugar shall hold any stock for a period exceeding thirty days from the date of receipt by him of such stock and shall not keep sugar in stock at any time in excess of the quantities mentioned at such places as mentioned in the order dated 29<sup>th</sup> April, 2016, thereby requiring the members to note that (a) this Order shall come into force with immediate effect from the publication date in the Official Gazette (29<sup>th</sup> April, 2016) and the said order shall remain into force for a period of 180 days thereafter; (b) further, in exercise of powers conferred by clause 15 of the said Order, the Central Government has authorized the State Governments and Union territory

Administrations to fix the stock holding and turn over limits in their respective States or Union territories subject to the condition that the stock holding limit and / or the turn over period shall not be higher than the limit or period as being specified above by the Central Government; (c) for counting the period of holding of the stock, the date on which any stock is received by the dealer shall be included; (d) Dealer includes all persons involved in the sugar trade channel after sugar is delivered from the factory premises and till it is received with the consumers.

The Exchange further advised the members to note that any person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/taking physical delivery, for which they should caution their clients, seller as well as buyers and also those who are holding stocks in Exchange approved warehouse for delivery on the Exchange platform, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ any State as may be notified and would be applicable including stock holding limits and the stipulation of obtaining /renewing license, if any, during the period of deposit in the Exchange approved warehouses.

The Exchange further notified that since the members and market participants were aware of sugar contracts being compulsory delivery contracts, under which all outstanding positions upon expiry will result in delivery, it was therefore, obligatory on all the members and participants to ensure compliance of the applicable Central/State laws and failure to give or receive delivery for reasons of non-compliance of such applicable laws will amount to a default in obligations and shall attract the relevant proviso's of the Exchange Rules, Bye-laws and Regulations.

**C. Compliance of Central and State laws for delivery obligations – Pulses control order by Rajasthan Government under Essential Commodities Act, 1955.**

- (i) The Exchange vide circular no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, notified the members about a Notification under the Essential Commodities Act, 1955 issued by the Rajasthan Government, prescribing maximum stock limit for 'Chana (Gram)' which any person may hold and also the requirement to obtain license for holding stock of Chana and the time limit of 30 days for holding the stock of Chana acquired by him/her.

The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, requiring the members to caution their clients, seller as well as buyers and also those who are holding stocks in accredited warehouses to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform they should not violate any of the stipulations under Notification issued by Rajasthan State Government including stock holding limits, the stipulation of obtaining license and also the maximum period of holding stocks.

Drawing the members' attention to the circular dated 11<sup>th</sup> May, 2007 informing them that stock limits have been prescribed by Delhi Government, the Exchange once again reminded about the compliance of notifications issued by various State Governments under Essential Commodities Act including Rajasthan and Delhi while giving/taking deliveries in settlement of transactions on the Exchange by all

participants and that the participants holding a commodity in any accredited warehouse or intending to deposit commodity in any accredited warehouse should keep in view the provisions of notifications issued under Essential Commodities Act and consequences thereof.

- (ii) In furtherance to the aforesaid circular, the Exchange vide circular no. NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, informed the members and constituents about a notification dated 25<sup>th</sup> August, 2009 issued under The Essential Commodities Act, 1955 by the Rajasthan Government, revising the maximum stock limit for pulses which any person may hold and stipulating the requirement to obtain license for holding stock of pulses and also the time limit of 45 days for holding the stock of pulses acquired by him/her. Pulses include 'Chana' (gram), the contracts of which are currently traded on the Exchange. The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, requiring the members to caution their clients, seller as well as buyers and also those who are holding stocks in accredited warehouses to become familiar with the applicable provisions to ensure that upon giving/taking delivery on Exchange platform they should not violate any of the stipulations under Notification issued by Rajasthan State Government including stock holding limits, the stipulation of obtaining license and also the maximum period of holding stocks.
- (iii) Drawing reference to circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009 and NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, on the Rajasthan Government notification on stock limit for pulses which any person may hold and the requirement to obtain license for holding stock of pulses, the Exchange vide circular no. NCDEX/LEGAL-008/2009/251 dated 5<sup>th</sup> September, 2009, informed the members and constituents about a notification dated 31<sup>st</sup> August, 2009 issued under The Rajasthan Trade Articles (Licensing & Control) Order, 1980 by the Rajasthan State Government, wherein one of the directives is that a wholesale dealer of pulses and sugar shall only sell to a retailer, i. e, one wholesale dealer shall not sell to another wholesaler dealer. The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers, to become familiar with the applicable provisions so that they do not violate any stipulations under the Notifications issued by Rajasthan State Government, including stock limits, licensing requirements, restriction on sale by wholesalers and storage of goods.
- (iv) Drawing reference to the circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, and NCDEX/LEGAL-008/2009/251 5<sup>th</sup> September, 2009, on the Rajasthan Government notification on stock limit for pulses which any person may hold, the requirement to obtain license for holding stock of pulses and the restriction of sale by wholesalers, the Exchange vide circular no. NCDEX/LEGAL-009/2009/255 dated 15<sup>th</sup> September, 2009 informed the members and constituents that the Rajasthan State Government has now modified earlier orders and issued the further notifications as follows:

- 1) Rajasthan Government has withdrawn earlier restriction that a wholesale dealer of pulses and sugar shall only sell to a retailer.
- 2) The period of holding of stock has been reduced from the current 45 days to 30 days. Thus, no person can hold stock of pulses for more than 30 days from date of acquiring such stock.
- 3) Except the above modification specified in the notifications dated 9<sup>th</sup> September, 2009, all other the remaining directives/orders of the notification dated 25<sup>th</sup> August, 2009 as informed to the members vide above referred Exchange circulars, shall continue to remain operative and in force.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers, to become familiar with the applicable provisions so that they do not violate any stipulations under the Notifications issued by Rajasthan State Government, including stock limits, licensing requirements, restriction on sale by wholesalers and storage of goods.

- (v) Drawing reference to the circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, NCDEX/LEGAL-008/2009/251 dated 5<sup>th</sup> September, 2009 and NCDEX/LEGAL-009/2009/255 dated 15<sup>th</sup> September, 2009, on the Rajasthan Government notification on stock limit for pulses which any person may hold, the requirement to obtain license for holding stock of pulses and other related conditions, the Exchange vide circular no. NCDEX/LEGAL-001/2010/043 dated 16<sup>th</sup> February, 2010 informed the members and constituents that the Rajasthan Government had now vide notification dated 8<sup>th</sup> January, 2010, extended the applicability of stock limits and the requirement of licenses and other conditions upto 30<sup>th</sup> September, 2010.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers, to become familiar with the applicable provisions so that they do not violate any stipulations under the Notifications issued by Rajasthan State Government, including stock limits, licensing requirements, restriction on sale by wholesalers and storage of goods.

- (vi) Drawing reference to the circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, NCDEX/LEGAL-008/2009/251 dated 5<sup>th</sup> September, 2009, NCDEX/LEGAL-009/2009/255 dated 15<sup>th</sup> September, 2009 and NCDEX/LEGAL-001/2010/043 dated 16<sup>th</sup> February, 2010, pertaining to the notifications issued from time to time by the Government of Rajasthan in respect of stock limit for pulses, the Exchange vide circular no. NCDEX/LEGAL-003/2011/105 dated 15<sup>th</sup> April, 2011, informed the members and constituents are that the Rajasthan Government had vide notification dated 7<sup>th</sup> April, 2011 amended the applicable stock limits in respect of pulses, which any person may hold and the period for which such stocks may be held.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members

should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/taking delivery on Exchange platform, they should not violate any of the stipulations under the Notifications issued by Rajasthan State Government including stock holding limits, licensing requirements and maximum period of holding stocks.

- (vii) Drawing reference to the circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009, NCDEX/LEGAL-007/2009/240 dated 28<sup>th</sup> August, 2009, NCDEX/LEGAL-008/2009/251 dated 5<sup>th</sup> September, 2009, NCDEX/LEGAL-009/2009/255 dated 15<sup>th</sup> September, 2009, NCDEX/LEGAL-001/2010/043 dated 16<sup>th</sup> February, 2010, and NCDEX/LEGAL-003/2011/105 dated 15<sup>th</sup> April, 2011, pertaining to the notifications issued from time to time by the Government of Rajasthan in respect of stock limit for pulses, the Exchange vide circular no. NCDEX/LEGAL-007/2011/303 dated 1<sup>st</sup> October, 2011, informed the members and constituents that the Rajasthan Government had vide notification dated 29<sup>th</sup> September, 2011 amended the applicable stock limits in respect of pulses, and the period for which such stocks may be held and in terms of the said notification, the limit upto which any wholesale dealer may hold chana has been reduced to 2500 quintals from the existing 5000 quintals. So also, the period upto which any such wholesale dealer can hold such stock got reduced to 75 days from the existing 5 month period and that the revised stock limit and holding period as per the said notification shall be effective from 15 days after the date of notification.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/taking delivery on Exchange platform, they should not violate any of the stipulations under the Notifications issued by Rajasthan State Government including stock holding limits, licensing requirements and maximum period of holding stocks.

- (viii) Drawing reference to circulars no. NCDEX/LEGAL-006/2009/232 dated 13<sup>th</sup> August, 2009 and NCDEX/LEGAL-007/2015/310 dated 29<sup>th</sup> September, 2015, the Exchange vide circular no. NCDEX/LEGAL-010/2015/332 dated 26<sup>th</sup> October, 2015, informed the members and constituents that the Rajasthan Government, Food and Civil Supplies Department, vide notification S.O. 156 dated 20<sup>th</sup> October, 2015 had made the 'Special Provision Order to amend The Rajasthan Trade Articles (Licensing and Control) (Second Special Provision) Order, 1980' extending the applicability of stock limits on pulses till 30<sup>th</sup> September, 2016, also referring to S.O.157 dated 20<sup>th</sup> October, 2015, wherein the stock limits had been prescribed for dealers and producers (millers).

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/taking delivery on Exchange platform, they should not violate any of the

stipulations under the Notifications issued by the Central Government or the concerned State Government as applicable to them.

- (ix) Referring to the circular no. NCDEX/LEGAL-010/2015/332 dated 26<sup>th</sup> October, 2015, the Exchange vide circular no. NCDEX/LEGAL-016/2015/368 dated 24<sup>th</sup> November, 2015, informed the members and constituents that the Rajasthan Government, Food and Civil Supplies Department, had issued a notification dated 23<sup>rd</sup> November, 2015 in exercise of the powers conferred under Section 3 of the Essential Commodities Act, 1955 (copy enclosed) making a Special Provision Order to amend The Rajasthan Trade Articles (Licensing and Control) (Third Special Provision) Order, 1980' stipulating applicability of stock limits on edible oil and edible oil seeds as mentioned thereunder.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity on the Exchange platform and covered under the said notification dated 23<sup>rd</sup> November, 2015 has to ensure compliance of the applicable State laws for giving/taking physical delivery, for which members should caution their clients, seller as well as buyers and also those who are holding stocks in warehouses approved by the Exchange, to become familiar with the applicable provisions of law and compliance requirements to ensure that while depositing commodity and upon giving/taking delivery on Exchange platform, they should not violate any of the stipulations under the Notifications issued by the Central Government or the concerned State Government as applicable to them.

## **CHAPTER 12: STOCK LIMIT NOTIFICATIONS**

### **(i) Stock limit notification by Maharashtra Government**

- A. Referring to various Exchange circulars, advising the members/ clients/ participants to ensure compliance with the applicable State/ Central/ local laws for giving/ taking physical delivery, the Exchange vide circular no. NCDEX/LEGAL-001/2013/005 dated 7<sup>th</sup> January, 2013, informed the members and constituents that the Government of Maharashtra had vide notification dated 3<sup>rd</sup> October, 2012 extended the applicable stock limits on Pulses, edible oils and edible oilseeds for a period up to 30<sup>th</sup> September, 2013, effective 1<sup>st</sup> October, 2012.

The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in accredited warehouse to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ concerned State Government as applicable.

- B. Referring to circular no. NCDEX/LEGAL-001/2013/005 dated 7<sup>th</sup> January, 2013, with respect to imposition of stock limits by Government of Maharashtra, the Exchange vide circular no. NCDEX/LEGAL-012/2015/339 dated 30<sup>th</sup> October, 2015, informed the members and Constituents that the Department of Food, Civil Supplies and Consumer Protection Department of Government of Maharashtra vide its notification no. Jeevak-1513/423/Pra.Kra.47/Napu-23 dated 19<sup>th</sup> October,

2015 conveyed the following in view of the Central Government Notifications vide S.O.2642 (E) dated 28<sup>th</sup> September, 2015 and S.O.2857 (E) dated 18<sup>th</sup> October, 2015:

- (a) Withdrawal of the letter dated 23<sup>rd</sup> April, 2015, read with clarification of 27<sup>th</sup> April, 2015, conveying the removal of stock limits on domestic pulses, edible oils and oilseeds.
- (b) Extension of the applicable stock limits on Pulses, edible oils and edible oilseeds for a period up to 30<sup>th</sup> September, 2016 in terms of its Order no. ECA. 1009/ C.R. 551/ CS-23 dated 23<sup>rd</sup> February, 2010.

The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in accredited warehouse to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ concerned State Government as applicable.

- C. Referring to circulars no. NCDEX/LEGAL-001/2013/005 dated 7<sup>th</sup> January, 2013 and NCDEX/LEGAL-012/2015/339 dated 30<sup>th</sup> October, 2015 with respect to imposition of stock limits by Government of Maharashtra, the Exchange vide circular no. NCDEX/LEGAL-014/2015/345 dated 3<sup>rd</sup> November, 2015, informed the members that the Department of Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra has, vide Order No. ECA. 1009/ C.R. 551/ CS-23 dated 28<sup>th</sup> October, 2015, notified as “Maharashtra Pulses, Edible Oilseeds and Edible Oils (Storage Control) (Amendment) Order, 2015”, revised the limits for ‘Edible oilseeds including ground nut in shell’.

The Exchange further advised the members to note that a person under obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in approved warehouse to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ concerned State Government as applicable.

- D. Referring to circular no. NCDEX/LEGAL-014/2015/345 dated 3<sup>rd</sup> November, 2015 with respect to imposition of stock limits by Government of Maharashtra, the Exchange vide circular no. NCDEX/LEGAL-019/2015/387 dated 14<sup>th</sup> December, 2015, informed the members and constituents that Department of Food, Civil Supplies and Consumer Protection Department of Government of Maharashtra vide its Order No. Jeevaka-1513/426/ Pra.Kra.47/ napu-23 dated 30<sup>th</sup> October, 2015 has issued clarification on the non-applicability of stock limits on Edible Oil and Edible Oil Seeds.

**(ii) Stock limits on pulses imposed on licensed food processors and large departmental retailers**

Drawing reference to the circular dated 1<sup>st</sup> October, 2015, with respect to imposition of stock limits on pulses, edible oils & edible oil seeds for a period of one year, from 1<sup>st</sup> October, 2015



to 30<sup>th</sup> September, 2016, the Exchange vide circular no. NCDEX/LEGAL-009/2015/328 dated 20<sup>th</sup> October, 2015, notified that The Ministry of Consumer Affairs, Food & Public Distribution, Government of India, vide notification dated 18<sup>th</sup> October, 2015, has by way of an amendment to the Removal of (Licensing Requirements, Stock Limits and Movement Restrictions) on Specified Foodstuffs Order, 2002, withdrawn the exemptions granted for pulses stocks in terms of its earlier notification dated 28<sup>th</sup> September, 2015, thereby advising the members and participants to note that the stock limit restrictions on pulses are applicable till 30<sup>th</sup> September, 2016.

**(iii) Increase in stock limits – Notification issued by Rajasthan Government**

Referring to circular nos. NCDEX/LEGAL-016/2015/368 dated 24<sup>th</sup> November, 2015 and NCDEX/LEGAL-017/2015/372 dated 27<sup>th</sup> November, 2015, the Exchange vide circular no. NCDEX/LEGAL-018/2015/386 dated 14<sup>th</sup> December, 2015, informed the members and constituents that the State Government of Rajasthan, Food and Civil Supplies Department has further amended the Rajasthan Trade Articles (Licensing and Control) 1980 vide its notification dated 8<sup>th</sup> December, 2015, wherein the sub clause (p) to Clause 2 and the Form C has been amended to the extent mentioned, further increasing the stock limits on Edible oils and Oilseeds.

The Exchange accordingly advised the members and constituents to note that a person under obligation to give or take physical delivery of any commodity on the Exchange platform and covered under the said notification dated 8<sup>th</sup> December, 2015 or any other notifications/ orders as may be applicable from time to time, has to ensure compliance of the applicable State laws for giving/ taking physical delivery.

**(iv) Withdrawal of stock limits on edible oils and oilseeds in state of Rajasthan**

Referring to circular no. NCDEX/LEGAL-016/2015/368 dated 24<sup>th</sup> November, 2015 intimating the applicability of stock limits on edible oils and oil seeds in the State of Rajasthan, the Exchange vide circular no. NCDEX/LEGAL-001/2016/043 dated 10<sup>th</sup> March, 2016, advised the members and constituents to take note that the Rajasthan State Government Food and Civil Supplies Department, in exercise of the powers conferred u/s 18 (ii) of 'The Rajasthan Trade Articles (Licensing and Control) Order, 1980' has vide notification dated 26<sup>th</sup> February, 2016, discontinued the applicability of stock limits on edible oils and edible oilseeds as previously notified vide S.O 167 and S.O 168 no. 17(3)F.S/Legal/94 dated 23<sup>rd</sup> November, 2015.

The Exchange further advised the members to note that a person under obligation to give or take physical delivery of any commodity on the Exchange platform, has to ensure compliance of the applicable State laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in Exchange approved warehouses to become familiar with and be informed about the applicable provisions of law and compliance requirements to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ the concerned State Government as applicable to them.

**(v) Imposition of stock limits on Sugar in State of Maharashtra**

- A. Referring to circular no. NCDEX/LEGAL-004/2016/102 dated 5<sup>th</sup> May, 2016 with respect to imposition of stock limits on sugar by Government of India, the Exchange vide circular no. NCDEX/LEGAL-008/2016/121 dated 30<sup>th</sup> May, 2016,

informed the members and constituents that the Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra has, in exercise of the powers conferred by sub-section (1) and clauses (c), (d), (e), (f) and (h) of sub-section (2) of section 3 of the Essential Commodities Act, 1955 (10 of 1955) read with the Order No. S.O. 1584(E), dated 29<sup>th</sup> April, 2016 and Order No. G.S.R. 471 (E), dated 29<sup>th</sup> April, 2016 issued by the Ministry of Consumers Affairs, Food and Public Distribution Government of India, notified the following orders vide its Order No. Sakhar-1116/ GOI-12/ C.R.46/ CS-19 dated 26<sup>th</sup> May, 2016 imposing the restrictions on possession of sugar.

(a) Maharashtra Scheduled Commodities Retail Dealers' Sugar (Storage Control) Licensing Order, 2016;

(b) Maharashtra Scheduled Commodities Wholesale Dealers' Sugar (Storage Control) Licensing Order, 2016.

Accordingly, no Retail and Wholesale Dealers shall any time, after the date of coming into force of the Government of India Order, Ministry of Consumers Affairs, Food and Public distribution, No. G.S.R. 471(E), dated 29<sup>th</sup> April, 2016 hold any stock of sugar in excess of five hundred quintals for a period of maximum thirty days after he received such stock either by himself or through any person on his behalf and the order would apply to the whole of Maharashtra and effective immediately from the date of its publication in the Official Gazette and the said order, upto 25<sup>th</sup> October, 2016.

The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity on the Exchange platform has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in warehouses approved by the Exchange for delivery on the Exchange platform, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ concerned State Government as may be notified and would be applicable including stock holding limits and the stipulation of obtaining/ renewing license, if any, during the period of deposit in the Exchange approved warehouses and further notified that since members and market participants are aware that Sugar contract is a compulsory delivery contract under which all outstanding positions upon expiry will result in delivery, it is obligatory on all the Members and participants to ensure compliance of the applicable Central/ State laws and failure to give or receive delivery for reasons of non-compliance of such applicable laws will amount to a default in obligations and shall attract the relevant proviso's of the Exchange Rules, Bye-laws and Regulations.

- B. Referring to the aforesaid circular on Imposition of stock limits on Sugar in State of Maharashtra, the Exchange vide circular no. NCDEX/LEGAL-009/2016/123 dated 30<sup>th</sup> May, 2016 made the following changes:

The relevant paragraph in the said circular is to be read as mentioned below –

"Accordingly, no Retail and Wholesale Dealers shall any time, after the date of coming into force of the Government of India Order, Ministry of Consumers Affairs, Food and Public distribution, No. G.S.R. 471(E), dated the 29<sup>th</sup> April 2016, hold any stock of sugar in excess of five hundred quintals (in case of Retailers) and in excess of five thousand quintals (in case of Wholesalers) for a period of

maximum thirty days after he received such stock either by himself or through any person on his behalf.

**(vi) Extension of Stock limits in the State of Rajasthan**

Referring to circular no. NCDEX/LEGAL-010/2015/332 dated 26<sup>th</sup> October, 2015, the Exchange vide circular no. NCDEX/LEGAL-015/2016/304 dated 12<sup>th</sup> November, 2016 informed the members and constituents that the State Government of Rajasthan, Food and Civil Supplies Department vide notification dated 30<sup>th</sup> September, 2016, has made 'The Rajasthan Trade Articles (Licensing and Control) (Third Special Provision) Order, 1980', extending the applicability of stock limits on pulses till 30<sup>th</sup> September, 2017.

The Exchange advised the members to note that a person under obligation to give or take physical delivery of any commodity on the Exchange platform has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in Exchange approved warehouses for delivery on the Exchange platform, to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ concerned State Government as may be notified and would be applicable including stock holding limits and the stipulation of obtaining /renewing license, if any, during the period of deposit in the Exchange approved warehouses.

**(vii) Extension of stock limits on edible oils and edible oilseeds**

Referring to the Notification of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) issued vide order bearing no. S.O. 3136 (E) dated 27<sup>th</sup> September, 2017 in exercise of the powers conferred under Section 3 of the Essential Commodities Act, 1955 on extension of Stock Limits on edible oil and edible oils seeds till 30<sup>th</sup> September 2018, the Exchange vide circular no. NCDEX/LEGAL-004/2017/261 dated 5<sup>th</sup> October, 2017, requested the members and constituents to note that vide the said notification, the item (iii) in sub-clause (2) of Clause 3 in the Principal Order vide G.S.R. No. 929 (E) dated 29<sup>th</sup> September, 2016 i.e. Removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs Order, 2016 issued by the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 29<sup>th</sup> September, 2016 now stands amended to read as "30<sup>th</sup> September, 2018 instead of "30<sup>th</sup> September, 2017", further notifying that the aforesaid Principal Order dated 29<sup>th</sup> September, 2016 has already been amended vide S.O.1600 (E) dated 17<sup>th</sup> May, 2017, whereby the licensing requirements, stocks limits and movement restrictions on Pulses have been omitted.

The Exchange advised the members note that a person under obligation to give or take physical delivery of any commodity on the Exchange platform, has to ensure compliance of the applicable State laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in warehouses approved by the Exchange to become familiar with and be informed about the applicable provisions of law and compliance requirements to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications/ Orders issued by the Central/ concerned State Government as applicable to them.

## CHAPTER 13: STAMP DUTY

### I. Stamp duty on Contract Note

- (i) The Exchange vide circular no. NCDEX/LEGAL001/2004/024 dated 25<sup>th</sup> March, 2004 had released a schedule of stamp duty payable on a contract note issued by a member to his client in the same State and further clarified that the Information compiled is advisory in nature and the stamp duty particulars contained in the said schedule are based on the opinions obtained by the Exchange from its Solicitors in Mumbai. The Exchange notified that since the opinions are untested in any court of law, they are subject to interpretation by Courts/Authorities in the respective States and disclaimed accepting no responsibility / liability for the consequences in case of use of the information contained in the schedule by any member, thereby suggesting the members to consult their lawyers on the stamp duty to be paid from time to time.
- (ii) In furtherance to the circular no. NCDEX/LEGAL001/2004/024 dated 25<sup>th</sup> March, 2004, the Exchange vide circular no. NCDEX/LEGAL-004/2005/071 dated 28<sup>th</sup> March, 2005, informed the members that the Revenue and Forest Department of the Government of Maharashtra had vide its order reference No. 2002/32/CR-281/M-1 dated 11<sup>th</sup> August, 2004, remitted the stamp duty chargeable on instruments relating to purchase and sale of 'Oil seeds' and 'Turmeric' for a period of three years. Subsequent to the notification from the Maharashtra Government, the Exchange modified the relevant items in the schedule issued alongwith the previously issued circular. The Exchange further informed that in the budget for the State of Maharashtra presented on 21<sup>st</sup> March 21, 2005, it is indicated that the stamp duty payable on various instruments relating to commodity market transactions will be reduced by 90% and the Exchange will keep the members informed on the of relevant details.

### II. Stamp duty on forward contract transactions in commodities

The Exchange vide circular no. NCDEX/LEGAL- 005/2005/109 dated 12<sup>th</sup> May, 2005 informed the members about an ordinance dated 7<sup>th</sup> May, 2005, issued by Government of Maharashtra, amending the Bombay Stamp Act, 1958, effective from 7<sup>th</sup> May, 2005. The Exchange, pursuant to discussion with officials of Stamp Office, Government of Maharashtra, requested the members/constituents in Maharashtra to pay stamp duty on all transactions in forward contracts in commodities at the rate of Re 1 per lac or part thereof in terms of Article 51A of the amended Act, to be paid directly to the Stamp Office of the place where the member or constituent, as the case may be, is located in Maharashtra and this procedure shall be followed till the Chief Controlling Revenue Authority of the State Stamp Office, Maharashtra prescribes the procedure and manner of deduction of stamp duty from the Members' accounts as stipulated in Section 10B of the Bombay Stamp Act as amended by the above stated Ordinance, thereby advising the members to ensure compliance of the aforesaid provisions.

### III. New Stamp Duty Formats

The Exchange vide circular no. NCDEX/LEGAL-004/2006/196 dated 2<sup>nd</sup> August, 2006, informed the members about receiving a letter No. 4999/06 dated 1<sup>st</sup> August, 2006, from the Additional Controller of Stamps, General Stamp Office, Mumbai, prescribing the new formats

of monthly submissions to be followed by the members of Commodity Exchanges effective August 2006 onwards, thereby advising the members to take note of the same and ensure compliance. The Exchange further confirmed no change in the rate of stamp duty payable, as mentioned in the Exchange circular no. NCDEX/LEGAL- 005/2005/109 dated 12<sup>th</sup> May, 2005.

#### **IV. Reduction in rate of Stamp Duty in the State of Rajasthan**

The Exchange vide circular no. NCDEX/LEGAL-005/2006/271 dated 11<sup>th</sup> October, 2006, informed the members about a notification no. F.2. (30) FD/Tax/2006 - 95 dated 11<sup>th</sup> October, 2006, issued by the Government of Rajasthan, reducing the stamp duty on record of transactions (electronic or otherwise) effected by a trading member relating to forward contracts of commodities from the existing rupee one for every rupees one lakh or part thereof to thirty paise for every rupees one lakh or part thereof, effective 31<sup>st</sup> March, 2006, further notifying that the stamp duty already paid according to the old rates will not be refunded but would be adjusted against the future dues, thereby advising the members to be guided as per the notification and ensure compliance accordingly.

#### **V. Collection of Turnover Stamp Duty by BOI Shareholding Limited**

The Exchange vide circular no. NCDEX/LEGAL-002/2008/160 dated 21<sup>st</sup> July, 2008, informed the members of receiving a letter from M/s. BOI Shareholding Ltd. about an order vide Resolution No. Mudrank – 2008 /C.R.212/M-1, passed by the Government of Maharashtra, authorizing and appointing M/s. BOI Shareholding Ltd. to collect NCDEX turnover stamp duty from member of the Exchange from the month of July, 2008 (for the month of June, 2008).

The Exchange has further been informed by BOI Shareholding Limited about the members requiring to submit Form A and Form B in the formats prescribed by the General Stamp Office and that all members need to comply with the following directions received from the Government of Maharashtra:

1. The Government of Maharashtra vide its order no. Mudrank 2006/CR/290/M-1 dated 23<sup>rd</sup> May, 2006 had in public interest waived the stamp duty on the instruments of record of transaction relating to sale and purchase of securities (Commodities) by trading members and investors residing outside Maharashtra.

The Exchange further notified that BOISL shall obtain appropriate returns of turnover from brokers residing in and outside Maharashtra state-wise for proper implementation of the aforesaid order and BOISL shall furnish this information to General Stamp Office on a monthly basis and clarified that returns of brokers not furnishing in such manner shall not be accepted and that BOISL is acting on behalf of Government as a stamp duty collection agency and therefore it needs to verify whether payable stamp duty is properly calculated in the returns and if not, advise appropriate corrections in assessment. The Exchange clarified that the procedure so far of accepting returns and stamp duty in such manner as submitted by clearing members is to be discontinued and all members should submit between 1<sup>st</sup> and 10<sup>th</sup> of every month, the Form A and B together with stamp duty payable on counters no. 3 & 4 of BOI Shareholding Ltd. BSE building, Dalal Street, Fort, Mumbai 400 001, thereby requesting all members to ensure compliance.

#### **VI. Amendment in the Schedule as applicable to Delhi**

The Exchange vide circular no. NCDEX/LEGAL-003/2010/261 dated 20<sup>th</sup> October, 2010, notified about the amendment of The Indian Stamp Act, 1899 by The Office of Divisional

Commissioner, Delhi Government, N.C.T of Delhi, Stamp Branch (HQ) effective July, 2010 for the purpose of stamp duty on brokers note, drawing members' attention towards the newly inserted Article 54 A (d) to the Schedule 1A as applicable to the National Capital Territory of Delhi, whereby a stamp duty of One Rupee for every Rupees One lakh or part thereof has been prescribed.

The Collector of Stamps (HQ), Delhi Government N.C.T. of Delhi vide letter dated 4<sup>th</sup> October, 2010 has requested the Exchange to inform members registered in Delhi as under:

Quote:

“In this regard, I am directed to inform you that proper system of collecting and depositing Stamp Duty on the brokers note generated electronically is being examined and deliberated in the Govt. of Delhi and it is expected that we would be in a position to finalize expeditiously. However, till such time the system is put in place, it is advised that the stamp duty on brokers note generated electronically may be deposited through Treasury Challan on monthly basis in the MH 0030 at State Bank of India, Tis Hazari, Delhi along with the return containing detail of contract notes and stamp duty on that.

The amount shall be deposited in the shape of cash or cheque or demand (draft shall be in favour of P.A.O.VI, S.B.I., Tis Hazari, Delhi). A copy of the same may be deposited by the respective company/member of your association to the Collector of Stamps (HQ), Divisional Commissioner Office, 5, Sham Nath Marg, Delhi.”

The Exchange urged the members registered in Delhi to take note of the above for compliance.

#### **VII. Levy and Collection of Stamp duty on Trading Transaction of Goods/Commodities – Karnataka**

The Exchange vide circular no. NCDEX/LEGAL-002/2011/030 dated 28<sup>th</sup> January, 2011, notified about the receipt of a letter no. STP/ 06/ 2010-11(67B) dated 17<sup>th</sup> January, 2011 from the office of the Inspector General of Registration and Commissioner of Stamps, Bangalore on the captioned subject.

#### **VIII. Collection of Stamp duty in respect of Unginned Cotton, Bullion, Spice, Oil seeds, Yarn etc. – Tamil Nadu**

The Exchange vide circular no. NCDEX/LEGAL-002/2012/081 dated 12<sup>th</sup> March, 2012, notified about the receipt of a letter no. 38391/C2/2011-3 dated November 2011 from the office of the Inspector General of Registration, Chennai on the captioned subject.

#### **IX. Collection of stamp duty–Security related transaction – on behalf of Government of Tamil Nadu – Appointment of BOISL as Collection agent**

The Exchange vide circular no. NCDEX/LEGAL-003/2012/219 dated 15<sup>th</sup> June, 2012, notified about the receipt of a letter No. 6135/C2/2012-2 dated 24<sup>th</sup> May 2012 from the office of the Inspector General of Registration, Chennai on the captioned subject.

#### **X. On-line payment of Stamp Duty through GRAS System**

The Exchange vide circular no. NCDEX/LEGAL-007/2013/314 dated 17<sup>th</sup> October, 2013, notified about the receipt of a letter no. AML-1/2/360/13 dated 22<sup>nd</sup> August, 2013, from the office of the Collector of Stamps, Head Stamp Office, Mumbai on the captioned subject detailing the procedure for payment of stamp duty online.

## **XI. Regularizing payments of Stamp Duty**

Referring to circulars no. NCDEX/LEGAL-004/2006/196 dated 2<sup>nd</sup> August, 2006, NCDEX/LEGAL-002/2008/160 dated 21<sup>st</sup> July, 2008 and NCDEX/LEGAL-007/2013/314 dated 17<sup>th</sup> October, 2013 in respect of payment of stamp duty in the State of Maharashtra, The Exchange vide circular no. NCDEX/LEGAL-008/2013/354 dated 23<sup>rd</sup> November, 2013, notified about the receipt of a letter from the Office of Collector of Stamps (Enforcement – 1), Mumbai, informing that non-payment of payable stamp duty within a month as per the Bombay Stamp Act, 1958 in terms of Article 51-A, will attract a penalty @ 2% per month, while reiterating the requirement of submission of turnover data in respect of entities dealing in Commodity transactions separately for Members from and outside Maharashtra, requesting the members to take note of the aforesaid for ensuring compliance.

## **XII. Collection of Brokers Turnover Stamp Duty**

- (i) Referring to circular no. NCDEX/LEGAL-003/2010/261 dated 20<sup>th</sup> October, 2010, informing Members and Participants of the amendment in the Delhi Stamp Act, imposing stamp duty on forward contracts, the Exchange vide circular no. NCDEX/LEGAL-003/2014/157 dated 13<sup>th</sup> May, 2014, informed the members about having received a letter bearing Ref. no. F.1/ 234/ Regn.Br./ Div.Com./ HQ/ 2012/33 dated 22<sup>nd</sup> April, 2014, from the Divisional Commissioner, Stamp and Registration, New Delhi on the captioned subject, informing that the Government of NCT, Delhi has appointed and authorized M/s BOI Shareholding Ltd. for collection of members turnover stamp duty for the month of April 2014 and thereafter, thereby advising members to impute the data for its turnover stamp duty paid by them effective July 2010 to the Government of Delhi and ensuring compliance accordingly.
- (ii) The Exchange vide circular no. NCDEX/LEGAL-005/2014/187 dated 16<sup>th</sup> June, 2014, notified about receiving a letter no. STP/NXN.33/2011/4325 dated 19<sup>th</sup> May, 2014 on the subject from Superintendent of Stamps, Gujarat informing that the M/s. BOI Shareholding Ltd., have been appointed and authorized for collection of Stamp Duty on transaction of commodity through brokers or sub brokers including proprietary transactions turnover w.e.f. 1st June, 2014 from the month of May, 2014 and thereafter, thereby advising all trading and clearing members to take note of the same and ensure compliance.

## **XIII. Amendment in payment of Stamp Duty in the State of Madhya Pradesh**

- (i) The Exchange vide circular no. NCDEX/LEGAL-009/2014/292 dated 25<sup>th</sup> September, 2014, requested the members and participants to take note of the recent amendment in the Indian Stamp Act as applicable to the State of Madhya Pradesh vide Indian Stamp (Madhya Pradesh Amendment) Ordinance, 2014, substituting Schedule IA of the Principal Act. Clause (a) of Article 46 of Schedule 1-A of the Principal Act covers record of transactions (electronic or otherwise) relating to future and option trading and forward contracts of goods (exceeding in value of one hundred rupees) effected by a broker both for himself as well as on behalf of clients. The Exchange advised the trading and clearing members to take note of the same and ensure compliance.

- (ii) The Exchange vide circular no. NCDEX/LEGAL-002/2015/106 dated 26<sup>th</sup> March, 2015, required the members and participants are requested to take note of the recent amendment in the Indian Stamp Act as applicable to the State of Madhya Pradesh vide Indian Stamp (Madhya Pradesh) Amendment Act, 2014, stating that in terms of the said amendment, Schedule IA of the Principal Act has been substituted. Clause (a) of Article 46 of Schedule 1-A of the Principal Act covers record of transactions (electronic or otherwise) relating to future and option trading and forward contracts of goods (exceeding in value of one hundred rupees) effected by a broker both for himself as well as on behalf of clients. The Exchange advised the trading and clearing members to take note of the same and ensure compliance.

**XIV. Collection of Broker Turnover Stamp Duty by Agency on transaction of security and commodity through brokers for state of West Bengal**

The Exchange vide circular no. NCDEX/LEGAL-010/2016/156 dated 1<sup>st</sup> July, 2016, notified about receipt of letter no. 2125/1M-136/16 dated 28<sup>th</sup> June, 2016 on the subject from the Secretary, Finance Department & Inspector General of Registration & Commissioner of Stamp Revenue, West Bengal informing that M/s. BOI Shareholding Ltd., has been appointed and authorized for collection of Stamp Duty on transaction of commodities through brokers effective 1<sup>st</sup> July, 2016 for the month of June, 2016 and thereafter and that members are required to pay the applicable stamp duty by using web based portal of BOI Shareholding Ltd. by the 10<sup>th</sup> of every month, advising all trading and clearing members to take a note of the same and ensure compliance.

**XV. Collection of Broker Turnover Stamp Duty by Agency on Transaction of Security and commodity through Brokers for State of Haryana**

The Exchange vide circular no. NCDEX/LEGAL-014/2016/297 dated 4<sup>th</sup> November, 2016, notified about the receipt of letter no. STR-1-2016/ 9812 dated 27<sup>th</sup> October, 2016 on the subject enclosing the copies of Notification no. LEG.20/2013 dated 1<sup>st</sup> October, 2013 from the Under Secretary, Revenue, Haryana Revenue and Disaster Management Department, informing that M/s. BOI Shareholding Ltd., has been appointed and authorized for collection of Broker Turnover Stamp Duty on transaction of Securities & Commodities w.e.f. 1<sup>st</sup> November, 2016 for the month of October 2016, and thereafter, advising the members to take note of the said letter from the Under Secretary, Revenue, Haryana Revenue and Disaster Management Department and the applicable Stamp duty rates as applicable on the transaction of Securities & Commodities and the arrangement of the State Govt. of Haryana with BOI Shareholding Ltd for collection of Broker turnover stamp duty. The Exchange further urged the members to note that they can pay their stamp duty by using web-based portal of BOI Shareholding Ltd. by the 10<sup>th</sup> of every month and thereby ensure compliance.

**XVI. Revision in the rates of Broker Turnover stamp duty on transactions of securities and commodities w.e.f 1<sup>st</sup> April, 2017**

Referring to circular no. NCDEX/LEGAL-002/2011/030 dated 28<sup>th</sup> January, 2011 on the Levy and Collection of Stamp duty on Trading Transaction of Goods/ Commodities in the State of Karnataka, the Exchange vide circular no. NCDEX/LEGAL-002/2017/077 dated 6<sup>th</sup> April 2017, notified the receipt of letter no. 67-B/02/12-13 dated 1<sup>st</sup> April, 2017 from office of Inspector General of Registration and Commissioner of Stamps, Government of Karnataka, informing that the rates of Broker Turnover stamp duty on transactions of Securities and



Commodities stand revised effective 1<sup>st</sup> April, 2017 to “Thirty paise for every ten thousand or part thereof on the value of each type of transaction.” In other words, the present rate of stamp duty in Karnataka will be 0.003% without cap on different types of trades/segments.

#### **XVII. Indian Stamp (Haryana Amendment) Act, 2017**

- (i) The Exchange vide circular no. NCDEX/LEGAL-003/2017/231 dated 15<sup>th</sup> September, 2017, notified the receipt of letter having Memo no. 2089-STR-1-2017/7809 dated 12<sup>th</sup> September, 2017, from Superintendent Stamp and Registration, Government of Haryana on the recent amendment in Indian Stamp Act as applicable to the State of Haryana vide Indian Stamp (Haryana Amendment) Act, 2017, thereby advising all trading and clearing members to take note of the same and ensure compliance.
- (ii) Referring to circular no. NCDEX/LEGAL-003/2017/231 dated 15<sup>th</sup> September, 2017, on Indian Stamp (Haryana Amendment) Act, 2017, the Exchange vide circular no. NCDEX/LEGAL-005/2017/325 dated 30<sup>th</sup> November, 2017, notified the receipt of a letter bearing Memo No. 2089-STR-1-2017/9897 dated 24<sup>th</sup> November, 2017, from Superintendent Stamp and Registration, Government of Haryana on the second amendment in the Indian Stamp Act as applicable to the State of Haryana vide The Indian Stamp (Haryana Second Amendment) Act, 2017, advising all trading and clearing members to take note that by the said notification and more particularly to the fact that Article 43 in the Indian Stamp Act as applicable to the State of Haryana has been amended to include clauses (c), (d) and (e) as mentioned in para 2(iii) of the Gazette Notification of the same and ensure compliance.

#### **XVIII. Collection of Broker Turnover Stamp Duty by Agency on Transaction of Security and commodity through Brokers for State of Uttar Pradesh**

- (i) The Exchange vide circular no. NCDEX/LEGAL- 01/2019 dated 5<sup>th</sup> April, 2019, notified the receipt of letter no. 611 shi./kaa./1ko./2019 dated 27<sup>th</sup> March, 2019 from Inspector General of Registration/ Commissioner of Stamp, Uttar Pradesh, informing that the Government of Uttar Pradesh has appointed and authorized M/s. BOI Shareholding Ltd., for collection of Broker Turnover Stamp Duty on transaction of Securities & Commodities effective 1<sup>st</sup> May, 2019 for the month of April 2019, and thereafter, thereby advising members to take note of the said letter from the Inspector General of Registration/ Commissioner of Stamp, Uttar Pradesh and the applicable Stamp duty rates as applicable on the transaction of Securities & Commodities and the arrangement of the State Govt. of Uttar Pradesh with BOI Shareholding Ltd for collection of Broker turnover stamp duty, further urging the members to pay their stamp duty by using web-based portal of BOI Shareholding Ltd. by the 10<sup>th</sup> of every month, and advising them to note the same and ensure compliance.
- (ii) Referring to circular no. NCDEX/LEGAL-01/2019 dated 5<sup>th</sup> April, 2019 on the aforementioned subject, the Exchange vide circular no. NCDEX/LEGAL- 02/2019 dated 16<sup>th</sup> April, 2019, notified the receipt of letter no. 720 shi./kaa./1ko./2019 dated 9<sup>th</sup> April, 2019 from Inspector General of Registration/Commissioner of Stamp, Uttar Pradesh, informing that certain amendments have been carried out by the Uttar

Pradesh Government in Article 5 and 43 of Schedule 1B of the Indian Stamp Act, 1899 as applicable in Uttar Pradesh, vide notification no. 5a.vi.Ka-Ni-5-388/11-2008-5009159)/ 2006 dated 8<sup>th</sup> February, 2008, thereby advising members to take note of the said letter and the applicable Stamp duty rates as applicable on the transaction of Securities & Commodities and ensure compliance.

**XIX. Collection of Back dated Broker Turnover Stamp Duty by Agency on Transaction of Security and commodity through Brokers for State of Uttar Pradesh**

- (i) The Exchange vide circular no. NCDEX/LEGAL- 05/2019 dated 20<sup>th</sup> August, 2019, notified the receipt of letter no. 1605/Shi.Ka.Lko./2019 dated 13<sup>th</sup> August, 2019, from Inspector General of Registration, Commissioner of Stamp, Uttar Pradesh, Lucknow informing that the Government of Uttar Pradesh has appointed and authorized M/s. BOI Shareholding Ltd., (BOISL) for collection of Backdated Broker Turnover Stamp Duty on transaction of Securities & Commodities from February 2008 to March 2019, advising the members to take note of the said letter and the Stamp duty rates as applicable on the transaction of Securities & Commodities and the arrangement of the State Govt. of Uttar Pradesh with BOISL for collection of Back dated Broker turnover stamp duty. The Exchange further urged the members to pay their backdated Stamp duty by using the web based portal of BOISL and in case of any query regarding the same BOISL officials can be contacted, thereby advising them to take note of the same and ensure compliance.
- (ii) Referring to circular no. NCDEX/LEGAL-05/2019 dated 20<sup>th</sup> August, 2019 on the aforementioned subject, the Exchange vide circular no. NCDEX/LEGAL- 02/2020 dated 27<sup>th</sup> February, 2020, notified the receipt of letter dated 25<sup>th</sup> February, 2020, from Inspector General of Registration, Commissioner of Stamp, Uttar Pradesh, Lucknow informing that the collection of back dated stamp duty by M/s. BOI Shareholding Ltd., (BOISL) which was initially from 1<sup>st</sup> November, 2019 until 31<sup>st</sup> December, 2019 and was extended till 31<sup>st</sup> January, 2020, has been further extended till 24<sup>th</sup> March, 2020, advising the members to take note of the said letter and the stamp duty rates as applicable on the transaction of Securities & Commodities and the arrangement of the State Govt. of Uttar Pradesh with BOISL for collection of Back dated Broker turnover stamp duty, further urging the members to pay their backdated Stamp duty by using the web based portal of BOISL and in case of any query regarding the same BOISL officials can be contacted and ensure compliance.
- (iii) Referring to circulars no. NCDEX/LEGAL-05/2019 dated 20<sup>th</sup> August, 2019 & NCDEX/LEGAL-02/2020 dated 27<sup>th</sup> February, 2020 respectively, on the aforementioned subject, the Exchange vide circular no. NCDEX/LEGAL-03/2020 dated 8<sup>th</sup> June, 2020, notified that the collection of back dated stamp duty by M/s. BOI Shareholding Limited, (BOISL) for the period from February 2008 to March 2019 which was initially from 1<sup>st</sup> November, 2019 to 31<sup>st</sup> December, 2019 and subsequently extended twice to 31<sup>st</sup> January, 2020 and 24<sup>th</sup> March, 2020, has now been further extended till 30<sup>th</sup> June, 2020, as per the directive of the Inspector General of Registration Commissioner of Stamp, Uttar Pradesh, Lucknow, thereby advising members to take care of the Stamp duty rates as applicable on the transaction of Securities & Commodities and the arrangement of the State Govt. of

Uttar Pradesh with BOISL for collection of Back dated Broker turnover stamp duty, further urging the members to pay their backdated Stamp duty by using the web based portal of M/s. BOI Shareholding Limited and in case of any query regarding the same BOISL officials can be contacted and ensure compliance.

#### **CHAPTER 14: MISCELLANEOUS**

##### **(i) Delivery of Franked Document from office of Superintendent of Stamps, Mumbai**

The Exchange vide circular no. NCDEX/LEGAL-006/2005/170 dated 19<sup>th</sup> August, 2005, notified the receipt of letter no. DESK-5CLS/9327 dated 18<sup>th</sup> August, 2005 from the office of Superintendent of Stamps, Mumbai for informing the Members to collect the delivery of Franked Document (Clearance List) from 1<sup>st</sup> August, 2005, which was submitted to the office of Superintendent of Stamps, Mumbai for payment of Stamp Duty, further informing that the franked document should be collected within week from the submission date.

##### **(ii) Right to Information Act, 2005**

The Exchange vide circular no. NCDEX/LEGAL-007/2005/210 dated 14<sup>th</sup> October, 2005 notified about the enactment of the Right to Information Act, 2005 by the Parliament, published in the Gazette of India on 21<sup>st</sup> June, 2005. The Exchange further notified about the FMC appointing its Director Shri Anupam Mishra, holding office at Everest, 3rd Floor, 100, Marine Drive, Mumbai 400 002, as a Public Information Officer (PIO) u/s 5 of the RTI Act, 2005 and that the PIO would be in charge to deal with information requests to FMC.

##### **(iii) Compulsory license under Rubber Act, 1947 for trading in Rubber**

The Exchange vide circular no. NCDEX/LEGAL-001/2007/025 dated 6<sup>th</sup> February, 2007, notified about the receipt of a communication from Rubber Board, Ministry of Commerce and Industry, Government of India (Board) informing that as per Section 14 of the Rubber Act, 1947, no person shall sell or otherwise dispose off and no person shall buy or otherwise acquire rubber except under and in accordance with the terms of a general or special license issue by the Board, thereby advising members to note the above and also inform their constituents who are required or intend to give or take physical delivery of rubber under any transaction on the Exchange, to obtain a dealer's license as required under the Rubber Act, 1947 and the requisite application form would be available at the office of the Deputy Director (Licensing) Willington Island, Kochi – 682003, Kerala.

##### **(iv) Payments by Demand Drafts/Pay Orders (DD/PO) by the Constituents**

The Exchange vide circular no. NCDEX/LEGAL-005/2009/199 dated 14<sup>th</sup> July, 2009, informing having received some complaints from time to time from clients that amounts paid to the member by DDs/POs have not been credited to the complainant constituent's account with the member, while the members being aware of the DDs/POs not mentioning the name of person who purchased the same from the bank.

Therefore, in view of the above, the Exchange requested the members requested to adopt following procedures whenever amounts are paid by any constituent by DD/PO in terms of Rules, Bye laws and Regulations of the Exchange and in order to avoid such complaints:

The member should issue a receipt clearly mentioning the name of constituent for whose account DD/PO has been accepted along with other details of DD/PO e.g., amount, number, date of DD/PO, drawer bank's details, while a duplicate copy of receipt should be retained by the member.

**(v) Payment of market fee and compliance of requirements of Gujarat Agricultural Produce Markets Act, 1963**

The Exchange vide circular no. NCDEX/LEGAL-005/2011/193 dated 22<sup>nd</sup> June, 2011 notified about the receipt of a communication from the Gujarat Agricultural Produce Market (GAPM) Committee, Unjha, Gujarat stating that many members, brokers and agents giving/ taking deliveries of cumin seeds (Jeera) pursuant to trading on the Exchange were not paying the applicable market cess, thereby urging the members to comply with the statutory requirements as applicable under the GAPM Act and advise their clients accordingly and referred to the circular dated 9<sup>th</sup> February, 2007 on the subject with a view to members ensuring compliance.

**(vi) Implementation of FSLRC's recommendations on Customer Protection**

Drawing reference to the circulars dated 3<sup>rd</sup> January, 2012 and 27<sup>th</sup> March, 2014, pertaining to in the Common /Uniform client registration form and changes therein, the Exchange vide circular no. NCDEX/LEGAL-002/2014/119 dated 17<sup>th</sup> April, 2014, informed that the FMC had prescribed changes in the Common/Uniform client registration form pursuant to the recommendations made by the Financial Sector Legislative Reforms Commission (FSLRC) for enhancement of consumer protection in the financial markets. The Exchange further notified that the FMC had directed adoption of the recommendations made by FSLRC and had incorporated the same in the existing Annexure 3 - 'Rights and obligations of Members, Authorised Persons and Clients' of the Common/ Uniform client registration form, thereby amending the Annexure 3 accordingly.

The Exchange advised the members that the new set of documents under the 'Rights and obligations of Members, Authorised Persons and Clients' shall be applicable to all clients registered on or after 1<sup>st</sup> May, 2014 and to ensure that the revised Annexure 3 would be obtained along with the other existing KYC documents and that the members should further ensure that the revised document is issued to all their existing clients latest by 31<sup>st</sup> December, 2014 and maintain the proof of delivery of such documents sent to the clients as compliance thereof.

**(vii) Storage Control Order, 2015 – Gujarat**

The Exchange vide circular no. NCDEX/LEGAL-011/2015/333 dated 27<sup>th</sup> October, 2015 informed the members and constituents that the Department of Food, Civil Supplies and Consumer Protection Department of Government of Gujarat vide its Order no. GTH/2015/25/ECA/10/2014/530975/B dated 20<sup>th</sup> October, 2015 had imposed restrictions on possession/ storage of pulses by dealer(s) and producer(s) as detailed in the said Order.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in approved warehouses to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the notifications issued by the Central/ the concerned State Government as applicable.

**(viii) Madhya Pradesh Essential Commodities (Restriction on stock limit and accumulation) Order 2015**

The Exchange vide circular no. NCDEX/LEGAL-013/2015/340 dated 30<sup>th</sup> October, 2015 informed the members and constituents that the Department of Food, Civil Supplies and Consumer Protection, Madhya Pradesh vide notification no. F-5- 17/2015/29-1 dated 17<sup>th</sup> October, 2015 had imposed restrictions on possession/ storage of pulses by dealer(s) and producer(s) as detailed in the said notification and a further amendment thereof as notified vide notification No. F-5-17/2015/29-1 dated 21<sup>st</sup> October, 2015.

The Exchange advised the members to note that a person under an obligation to give or take physical delivery of any commodity has to ensure compliance of the applicable laws for giving/ taking physical delivery, for which members should caution their clients, sellers as well as buyers and also those holding stocks in accredited warehouses to become familiar with the applicable provisions to ensure that while depositing commodity and upon giving/ taking delivery on Exchange platform, they do not violate any of the stipulations under the Notifications issued by the Central/ the concerned State Government as applicable.

**(ix) Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)**

The Exchange vide circular no. NCDEX/LEGAL-013/2016/260 dated 29<sup>th</sup> September, 2016, notified that the Foreign Account Tax Compliance Act (FATCA) was enacted in 2010 by the Government of the United States of America (USA) with a view to combat tax evasion by U.S. citizens and residents through the use of offshore accounts, whereby FATCA requires financial institutions globally to share information about the financial accounts held by U.S. citizens/ residents for tax purposes to the Internal Revenue Services (IRS) of the Govt. of US.

On similar lines, Organization for Economic Co-operation and Development (OECD) issued a standard for Automatic Exchange of Information (AEOI) in tax matters called as ‘Common Reporting Standard’ (CRS), requiring financial institutions globally to share information about the financial accounts held by the non-residents (other than U.S. citizens and residents for tax purpose.)

To enable financial institutions in India to comply with FATCA and CRS, the Government of India (GOI) joined the Multilateral Competent Authority Agreement (MCAA) on 3<sup>rd</sup> June, 2015 and signed the Inter-Governmental Agreement (India IGA) with the US Govt. on 9<sup>th</sup> July, 2015.

For implementing India IGA and MCAA, necessary amendments were made to section 285BA of the Income-tax Act, 1961 (Act). Further, the Government of India notified Rules 114F to 114H (hereinafter referred as “the Rules”) under the Income Tax Rules, 1962 and form no. 61B for furnishing of statement of reportable accounts as specified in the Rules.

The Securities and Exchange Board of India (SEBI) has issued following circulars:

- 1) CIR/MIRSD/2/2015 dated 26<sup>th</sup> August, 2015 on Implementation of the Multilateral Competent Authority Agreement and Foreign Account Tax Compliance Act.
- 2) CIR/MIRSD/3/2015 dated 10<sup>th</sup> September, 2015 on Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)- Guidance Note.

The Exchange advised all market participants to take note of the aforesaid circulars of SEBI and take necessary steps for complying with the reporting requirements under FATCA and CRS.

**Annexure – A: Circulars referred**

<b>Sr. No.</b>	<b>Circular No.</b>	<b>Circular Date</b>
1.	NCDEX/LEGAL-004/2013/174	22 <sup>nd</sup> May, 2013
2.	NCDEX/LEGAL-003/2013/111	6 <sup>th</sup> April, 2013
3.	NCDEX/LEGAL-005/2007/226	21 <sup>st</sup> September, 2007
4.	CIR/CDMRD/DIECE/02/2015	16 <sup>th</sup> November, 2015
5.	NCDEX/LEGAL-007/2004/158	5 <sup>th</sup> November, 2004
6.	NCDEX/LEGAL-002/2005/044	22 <sup>nd</sup> February, 2005
7.	NCDEX/LEGAL- -003/2007/061	15 <sup>th</sup> March, 2007
8.	NCDEX/LEGAL-003/2006/146	8 <sup>th</sup> June, 2006
9.	NCDEX/LEGAL-002/2009/181	23 <sup>rd</sup> June, 2009
10.	NCDEX/LEGAL-004/2009/198	14 <sup>th</sup> July, 2009
11.	NCDEX/LEGAL-006/2011/287	19 <sup>th</sup> September, 2011
12.	NCDEX/Legal002/2004/030	2 <sup>nd</sup> April, 2004
13.	NCDEX/Legal-004/2004/077	9 <sup>th</sup> July, 2004
14.	NCDEX/Legal-006/2004/120	13 <sup>th</sup> September, 2004
15.	NCDEX/LEGAL003/2004/045	21 <sup>st</sup> April, 2004
16.	NCDEX/LEGAL-006/2012/379	2 <sup>nd</sup> November, 2012
17.	NCDEX/FINANCE & ACCOUNTS/-001/2013/209	24 <sup>th</sup> June, 2013
18.	NCDEX/LEGAL-005/2013/234	16 <sup>th</sup> July, 2013
19.	NCDEX/LEGAL-001/2015/014	13 <sup>th</sup> January, 2015
20.	NCDEX/LEGAL-001/2012/002	3 <sup>rd</sup> January, 2012
21.	NCDEX/LEGAL-001/2014/080	27 <sup>th</sup> March, 2014
22.	NCDEX/LEGAL-006/2015/182	25 <sup>th</sup> May, 2015
23.	NCDEX/LEGAL-006/2009/232	13 <sup>th</sup> August, 2009
24.	NCDEX/LEGAL-007/2009/240	28 <sup>th</sup> August, 2009
25.	NCDEX/LEGAL-008/2009/251	5 <sup>th</sup> September, 2009
26.	NCDEX/LEGAL-009/2009/255	15 <sup>th</sup> September, 2009
27.	NCDEX/LEGAL-001/2010/043	16 <sup>th</sup> February, 2010
28.	NCDEX/LEGAL-003/2011/105	15 <sup>th</sup> April, 2011
29.	NCDEX/LEGAL-007/2011/303	1 <sup>st</sup> October, 2011
30.	NCDEX/TRADING-078/2015/224	26 <sup>th</sup> June, 2015
31.	NCDEX/TRADING-087/2015/246	14 <sup>th</sup> July, 2015
32.	NCDEX/LEGAL-007/2015/310	29 <sup>th</sup> September, 2015
33.	NCDEX/LEGAL-008/2015/316	1 <sup>st</sup> October, 2015
34.	NCDEX/LEGAL-001/2020	8 <sup>th</sup> January, 2020
35.	NCDEX/LEGAL-001/2021	6 <sup>th</sup> July, 2021
36.	NCDEX/LEGAL-001/2012/002	3 <sup>rd</sup> January, 2012
37.	NCDEX/LEGAL-001/2014/080	27 <sup>th</sup> March, 2014
38.	NCDEX/LEGAL-004/2014/186	16 <sup>th</sup> June, 2014
39.	NCDEX/COMPLIANCE - 010/2013/266	27 <sup>th</sup> August, 2013
40.	NCDEX/LEGAL-002/2014	27 <sup>th</sup> March, 2014
41.	NCDEX/LEGAL-002/2014/119	17 <sup>th</sup> April, 2014
42.	NCDEX/LEGAL-003/2015/136	21 <sup>st</sup> April, 2015
43.	NCDEX/LEGAL-004/2015/142	24 <sup>th</sup> April, 2015
44.	NCDEX/LEGAL-015/2015/347	4 <sup>th</sup> November, 2015
45.	NCDEX/LEGAL-007/2012/391	20 <sup>th</sup> November, 2012

46.	NCDEX/LEGAL-002/2013/078	13 <sup>th</sup> March, 2013
47.	NCDEX/LEGAL-006/2014/230	25 <sup>th</sup> July, 2014
48.	NCDEX/LEGAL-008/2014/253	25 <sup>th</sup> August, 2014
49.	NCDEX/LEGAL-006/2013/286	18 <sup>th</sup> September, 2013
50.	NCDEX/OPERATIONS-013/2005/082	7 <sup>th</sup> April, 2005
51.	NCDEX/LEGAL-003/2009/185	29 <sup>th</sup> June, 2009
52.	NCDEX/LEGAL-002/2016/046	16 <sup>th</sup> March, 2016
53.	NCDEX/LEGAL-004/2007/121	11 <sup>th</sup> May, 2007
54.	NCDEX/LEGAL-001/2008/088	16 <sup>th</sup> April, 2008
55.	NCDEX/LEGAL-017/2015/372	27 <sup>th</sup> November, 2015
56.	NCDEX/LEGAL-001/2009/078	16 <sup>th</sup> March, 2009
57.	NCDEX/LEGAL-001/2011/012	10 <sup>th</sup> January, 2011
58.	NCDEX/LEGAL-004/2011/142	12 <sup>th</sup> May, 2011
59.	NCDEX/LEGAL-008/2011/308	7 <sup>th</sup> October, 2011
60.	NCDEX/LEGAL-004/2016/102	5 <sup>th</sup> May, 2016
61.	NCDEX/LEGAL-010/2015/332	26 <sup>th</sup> October, 2015
62.	NCDEX/LEGAL-016/2015/368	24 <sup>th</sup> November, 2015
63.	NCDEX/LEGAL-001/2013/005	7 <sup>th</sup> January, 2013
64.	NCDEX/LEGAL-012/2015/339	30 <sup>th</sup> October, 2015
65.	NCDEX/LEGAL-014/2015/345	3 <sup>rd</sup> November, 2015
66.	NCDEX/LEGAL-019/2015/387	14 <sup>th</sup> December, 2015
67.	NCDEX/LEGAL-009/2015/328	20 <sup>th</sup> October, 2015
68.	NCDEX/LEGAL-018/2015/386	14 <sup>th</sup> December, 2015
69.	NCDEX/LEGAL-001/2016/043	10 <sup>th</sup> March, 2016
70.	NCDEX/LEGAL-008/2016/121	30 <sup>th</sup> May, 2016
71.	NCDEX/LEGAL-009/2016/123	30 <sup>th</sup> May, 2016
72.	NCDEX/LEGAL-004/2017/261	5 <sup>th</sup> October, 2017
73.	NCDEX/LEGAL001/2004/024	25 <sup>th</sup> March, 2004
74.	NCDEX/LEGAL-004/2005/071	28 <sup>th</sup> March, 2005
75.	NCDEX/LEGAL- 005/2005/109	12 <sup>th</sup> May, 2005
76.	NCDEX/LEGAL-004/2006/196	2 <sup>nd</sup> August, 2006
77.	NCDEX/LEGAL-005/2006/271	11 <sup>th</sup> October, 2006
78.	NCDEX/LEGAL-002/2008/160	21 <sup>st</sup> July, 2008
79.	NCDEX/LEGAL-003/2010/261	20 <sup>th</sup> October, 2010
80.	NCDEX/LEGAL-002/2011/030	28 <sup>th</sup> January, 2011
81.	NCDEX/LEGAL-002/2012/081	12 <sup>th</sup> March, 2012
82.	NCDEX/LEGAL-003/2012/219	15 <sup>th</sup> June, 2012
83.	NCDEX/LEGAL-007/2013/314	17 <sup>th</sup> October, 2013
84.	NCDEX/LEGAL-008/2013/354	23 <sup>rd</sup> November, 2013
85.	NCDEX/LEGAL-003/2014/157	13 <sup>th</sup> May, 2014
86.	NCDEX/LEGAL-005/2014/187	16 <sup>th</sup> June, 2014
87.	NCDEX/LEGAL-009/2014/292	25 <sup>th</sup> September, 2014
88.	NCDEX/LEGAL-002/2015/106	26 <sup>th</sup> March, 2015
89.	NCDEX/LEGAL-010/2016/156	1 <sup>st</sup> July, 2016
90.	NCDEX/LEGAL-014/2016/297	4 <sup>th</sup> November, 2016
91.	NCDEX/LEGAL-003/2017/231	15 <sup>th</sup> September, 2017
92.	NCDEX/LEGAL-005/2017/325	30 <sup>th</sup> November, 2017
93.	NCDEX/LEGAL- 01/2019	5 <sup>th</sup> April, 2019

94.	NCDEX/LEGAL- 02/2019	16 <sup>th</sup> April, 2019
95.	NCDEX/LEGAL-05/2019	20 <sup>th</sup> August, 2019
96.	NCDEX/LEGAL-02/2020	27 <sup>th</sup> February, 2020
97.	NCDEX/LEGAL-03/2020	8 <sup>th</sup> June, 2020
98.	NCDEX/LEGAL-006/2005/170	19 <sup>th</sup> August, 2005
99.	NCDEX/LEGAL-007/2005/210	14 <sup>th</sup> October, 2005
100.	NCDEX/LEGAL-001/2007/025	6 <sup>th</sup> February, 2007
101.	NCDEX/LEGAL-005/2009/199	14 <sup>th</sup> July, 2009
102.	NCDEX/LEGAL-005/2011/193	22 <sup>nd</sup> June, 2011
103.	NCDEX/LEGAL-011/2015/333	27 <sup>th</sup> October, 2015
104.	NCDEX/LEGAL-013/2015/340	30 <sup>th</sup> October, 2015
105.	NCDEX/LEGAL-013/2016/260	29 <sup>th</sup> September, 2016