

MCX Circular no.: MCX/MCXCCL/437/2023 MCXCCL Circular No. MCXCCL/COMP/162/2023 June 30, 2023

Consolidated Master Circular - MCXCCL

Multi Commodity Exchange Clearing Corporation ("MCXCCL") from time to time has been issuing various circulars/ direction to its members.

In order to enable the users to have an access to all the applicable circulars at one place, MCXCCL has consolidated various circulars issued by the MCXCCL during the period from April 01, 2022 to March 31, 2023. Consolidated Master Circular of MCXCCL is attached herewith.

In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.

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- a. anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
- b. the previous operation of the rescinded guidelines or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded guidelines, any penalty, incurred in respect of any violation committed against the rescinded guidelines, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded guidelines have never been rescinded.

For any further clarifications, members may contact the below-mentioned relevant departments:

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Encl.: Consolidated Master Circular - MCXCCL

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Chapter 1: Membership

1.1 Types / Categories of Membership

A person who is desirous of becoming registered as a Member of the Clearing Corporation may apply for any of the following types / categories as per the Regulations, Rules and Bye-Laws of the Clearing Corporation:-

1.1.1 Trading-cum-Clearing Member (TCM) / Self Clearing Member (SCM):

This type of Membership class relates to a Member of the Clearing Corporation which is also a Trading Member of the Concerned Exchange for a particular Market Segment correlating to the corresponding Clearing Segment/ Sub-Segment of the Clearing Corporation where the said Clearing Member can deal/trade on the Concerned Exchange for itself and/or on behalf of its Clients. This category of Member shall not be allowed to Clear and Settle the deals/ trades of any other Trading Member of the Concerned Exchange. This category of Member may however, decide to affiliate itself with either an Institutional Trading Cum Clearing Member (ITCM) or a Professional Clearing Member (PCM) or such other category of Member of the Clearing Corporation as defined from time to time for Clearing and Settling its trades on the Concerned Exchange. The said type of Membership is allowed to a sole proprietor, partnership firm, LLP, company and institution.

1.1.2 Institutional Trading-cum-Clearing Member (ITCM) / Trading Member & Clearing Member:

This type of Membership class relates to a Member of the Clearing Corporation who is also a Trading Member of the Concerned Exchange and can Deal/trade on the trading platform of the Concerned Exchange and clear & settle such trades transacted for itself and/or for its Clients/Custodial Participants and shall also be entitled to clear & settle Deals/Trades for other Trading Members/ Trading-cum-Clearing Member of the Concerned Exchange/ Clearing Corporation respectively. Such Members may also choose to affiliate themselves with other Institutional Trading Cum Clearing Members or Professional Clearing Members for clearing and settling their trades, if they so desire, provided that such Clearing Member has not accepted the mandate to act as an Institutional Trading Cum Clearing Member to any other Trading member of the Concerned Exchange. The said type of Membership is allowed to LLP, a company and an institution.

1.1.3 Professional Clearing Member (PCM) / Clearing Member (CM):

This type of Membership class relates to a Member of the Clearing Corporation who shall not be a Trading Member of the Concerned Exchange and shall only undertake to clear & settle Deals/trades transacted by one or more Trading Members of the Concerned Exchange, Custodial Participants, Trading-cum-Clearing Members/ Institutional Trading Cum Clearing Members of the Clearing Corporation. The said type of Membership is allowed to LLP, a Corporate, Bank and Institution.

1.2 Eligibility for Admission:

a) For conditions precedent for eligibility, Applicant is required to refer to Rules, Bye-Laws and Regulation of the Clearing Corporation, Securities Contracts (Regulation) Rules, 1957 {SCRR} and



SEBI (Stock Brokers) Regulations, 1992 {SBR} and comply with the same at all points of time.

- b) The Applicant shall have minimum 2 (two) Designated Directors {in case of corporate} or 2 (two) Managing Partners {in case of partnership firm} or 2 (two) Designated Partners {in case of LLP}, as the case may be, at all points of time meeting the eligibility criteria as specified by the Clearing Corporation and SEBI from time to time.
- c) The eligibility requirements specified for Designated Director/Managing Partner/ Designated Partner or Proprietor are as under and the same are to be maintained at all points of time:

Sr. No.	Particulars	Requirement	
1	Age	Minimum 21 Years	
2	Experience	At least two Designated Directors / two Designated Partners / two Managing Partners or Proprietor, shall possess a minimum experience of two years': (a) in dealing in securities or (b) as portfolio managers; or (c) as investment consultants	
3	Minimum Education qualification	12 th Pass / HSC / equivalent qualification	

- d) The Applicant, its Directors, Promoters, Partners, Principal Officer and Key Management Persons, at all points of time, shall be Fit and Proper Persons as per the provisions of Schedule II of the SEBI (Intermediaries) (Third Amendment) Regulations, 2021.
- e) The Applicant, at all points of time, is required to have necessary infrastructure like adequate office space, equipment and manpower to effectively discharge their activities.
- f) The Applicant (Corporate / LLP), at all points of time, shall have minimum Paid Up Capital / Capital Contribution of Rs. 30 Lakh or as may be specified by the Clearing Corporation and SEBI from time to time.

1.3 Fee and Deposit Structure:

a) The Admission Fee, Deposits (as applicable) and other fees / charges would be applicable to the Applicant / Members as specified by the Clearing Corporation and SEBI from time to time. The Clearing Corporation may review, modify and relax the admission fee and/or other fees / charges / deposits (as applicable) or criteria of membership at any time.



The current fee and deposit structure for Membership are as under:

			In Rs.
Particulars	Trading- Cum- Clearing Member (TCM)	Institutional Trading-Cum- Clearing Member (ITCM)	Professional Clearing Member (PCM)
	(Self- Clearing Member)	(Trading & Clearing Member)	(Clearing Member)
Admission Fees (plus applicable taxes)	2.5 Lakh	17.5 Lakh	10 Lakh
Processing Fees (plus applicable taxes)	10,000/-	10,000/-	10,000/-
Annual Subscription (plus applicable taxes)	45,000/-	70,000/-	100,000/-
SEBI Application (Registration) fees (one-time fee)	50,000/-	50,000/-	50,000/-
SEBI Annual Fees (To be paid annually before 1 st June of that financial year)	50,000/-	50,000/-	50,000/-
Initial Security Deposit (ISD) / Initial Margin	50 Lakh	1 crore	1 crore
Cash Deposit from Clearing Member		All ITCM and PCM provide cash dep 500,000.00 in respect Member of the Cond who are affiliated to Member concerned Deals/ trade where 50,000.00 is to be in balance Rs. 4.50 lakhs/ Fixed Deposit exposure would be p deposit.	cosits of Rs. of each Trading terned Exchange the said Clearing for clearing their by minimum Rs. form of cash and s in form of Cash Receipt. No

Notes:

- a) The application Processing Fees: Rs. 10,000/- plus applicable Tax
- b) The admission fee once paid is non-refundable.
- c) ISD will be in the ratio of 50% Cash and 50% Cash Equivalent i.e. Bank Guarantee/Fixed Deposits Receipts. The formats of Cash Equivalent has to be as per the format specified by the Clearing Corporation. For existing Members, ISD will be higher of scheme in which they had applied.
- d) Minimum Liquid Net-worth of Rs. 50 Lakhs will be blocked from the available collaterals of the clearing members in terms of SEBI circular no



			In Rs.
Particulars	Trading-	Institutional	Professional
	Cum-	Trading-Cum-	Clearing
	Clearing	Clearing Member	Member
	Member	(ITCM)	(PCM)
	(TCM)		
	(Self-	(Trading &	(Clearing
	Clearing	Clearing Member)	Member)
	Member)		

SEBI/HO/CDMRD/DRMP/CIR/P/2018/52 dated March 21, 2018.

e) Pursuant to admission of a new member, who is SEBI Registered or will get SEBI registration, in a particular quarter of a financial year, the applicable Annual subscription will be charged in the following manner depending on the category of Member, for that financial year:

Quarter	%age of Annual Subscription
Quarter 1 : April-June	100%
Quarter 2 : July-September	75%
Quarter 3 : October-December	50%
Quarter 4 : January-March	25%

1.4 Annual subscription

- a) Member is required to pay annual subscription in advance or latest by April 30 of every financial year.
- b) The Clearing Corporation shall debit the settlement account of the respective members after the close of business hours of the respective due date. In case of inadequacy / insufficiency of funds in the settlement accounts, interest @18% per annum on the balance payable till the time such default continues shall be charged.
- c) At least 3 years of Annual Subscription amount (plus applicable taxes) shall be recoverable from the deposits of such newly admitted members who surrenders their membership within three years from the date of approval of their membership by the Clearing Corporation.

1.5 Other Pre-Conditions:

a. The Applicant is required to submit an application for Membership in the specified format available on the website. The Applicant is also required to give other documents along with Admission Fee, Security Deposit (as applicable) or any other fees as mentioned in the table above or as may be specified by the Clearing Corporation /SEBI from time to time.

The Applicant may be required to appear for an interview before the Relevant Authority of the Clearing Corporation. The Relevant Authority has a right to accept or reject the applications received for the membership after recorded reasons thereof and is empowered to frame rules or criteria relating to admission of membership based on the guidelines issued and as per the Securities Contracts (Regulation) Rules, 1957, SEBI (Stock Brokers) Regulations, 1992 and Bye-Laws, Rules and Regulations of the Clearing Corporation. On admission as a member of the Clearing Corporation, the Member will be required to submit the specified documents/payment related to



membership, network connectivity etc. with the Clearing Corporation.

In case the application is rejected for any reason whatsoever, the fee/deposit paid, if any, shall be refunded by the Clearing Corporation (without any interest amount) to the Applicant except the processing fee, if applicable.

- b. Post interview by Relevant Authority, the application will be referred to Member and Core Settlement Guarantee Fund Committee (MCSGFC) for its approval. MCSGFC is a committee mandated by SEBI responsible for selection/admission of members to the various segments of the Clearing Corporation.
- c. The Members of the Clearing Corporation are required to be registered with the SEBI and shall comply with the terms, conditions, Bye-Laws, Rules and Regulations of the Clearing Corporation on continuous basis.
- d. Accordingly, in case a Member is already a Member of other Exchanges duly registered with SEBI, no separate SEBI registration shall be required. However, the Applicant in such case is required to obtain Single Registration from SEBI and apply for Single Registration with the Clearing Corporation.
- e. ¹[Every member is required to -
 - 1) maintain the net worth as specified by the Clearing Corporation / SEBI during the entire period of membership.

Net worth specified for the Members is provided hereunder:-.

Type of	Base Net-worth {within	Base Net-worth {within 2	Variable Net-worth
Member	1 year of the date of	years of the date of	{within 1 year
	notification of the	notification of the	of the date of notification
	Securities and Exchange	Securities and Exchange	of the
	Board of India (Stock	Board of	Securities and Exchange
	Brokers) (Amendment)	India(Stock	Board of
	Regulations, 2022} (in₹)	Brokers)(Amendment)Re	India (Stock Brokers)
		gulations, 2022} (in₹)	(Amendment)
			Regulations, 2022} #
TM	-	1 crore	10% of average daily cash
			balance of
TCM	3 crore	5 crore	clients retained with the
ITCM	10 crore	15 crore	member
PCM	25 crore	50 crore	across segments/
			exchanges in the
			previous 6 months.

Net worth requirement for members shall be Base Net worth or Variable Net worth, whichever is higher].

- 2) make payment of following fees as may be specified by Clearing Corporation / SEBI from time to time:
 - i. SEBI Annual Fees

¹ Reference: MCXCCL circular no. MCXCCL/MEM/51/2022 dated March 08, 2022



- ii. Clearing fees
- iii. Annual subscription fee
- iv. Any other fees as specified from time to time
- 3) Obtain Indemnity Insurance policy /cover every year as may be specified by the Clearing Corporation/ SEBI from time to time.
- 4) appoint a Principal Officer with FIU-IND and a Designated Director as intimated to FIU-IND (any change(s) have to be intimated to the Clearing Corporation.
- 5) abide by the circulars and notifications issued by the Clearing Corporation/SEBI from time to time.
- 6) appoint a Compliance officer having valid NISM Certification or other Certification as specified by Clearing Corporation/SEBI from time to time.
- 7) ²[appoint a compliance officer who shall be responsible for monitoring the compliance relating to the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI and for redressal of investors' grievances. The Compliance Officer is required to immediately and independently report the SEBI any non-compliance observed by him. In this regard, guidelines on Compliance Officers are detailed in "Annexure-A"].
- f. The Clearing Corporation has absolute discretion to modify and / or cancel any of the terms and conditions related to membership.
- g. A member will undertake to do business as mentioned in Regulations, Rules and Bye-Laws of the Clearing Corporation and / or in Securities Contracts (Regulation) Rules, 1957, SEBI (Stock Brokers) Regulations, 1992 or Circulars issued by the Clearing Corporation/ SEBI from time to time, as amended from time to time. However, borrowing and lending of funds, by a Member, in connection with or incidental to or consequential upon the securities business, would not be disqualified under Rule 8 (1) (f) and 8 (3) (f). Also, a Member would not be disqualified if such member is engaged in "business in goods related to the underlying" and /or "business in connection with or incidental to or consequential to trades in derivatives" under Rule 8 (1) (f) and 8 (3) (f) of the Securities Contracts (Regulation) Rules, 1957.
- h. ³[The Member of the Clearing Corporation shall provide a list of all its bank accounts and submit the Undertaking as per the prescribed format in "Annexure-B", enabling the Clearing Corporation to instruct the bank (s) of the Members to freeze the bank account for debits under the conditions as specified in Standard Operating Procedure in the cases of Trading Member leading to default. The Member shall submit a revised Undertaking to the Clearing Corporation within seven working days of opening of any new bank account or change in details of any existing bank account, failing which applicable penalty and disciplinary action shall be levied as informed by the Clearing Corporation from time to time].
- i. ⁴[The Member of Clearing Corporation, its Directors, Promoters, Partners, Principal Officer and Key Management Persons, at all points of time, shall comply with the "Fit and Proper Persons" criteria as per the provisions of Schedule II of the SEBI (Intermediaries) (Third Amendment)

² Reference: MCXCCL Circular no.: MCXCCL/MEM/253/2022 dated November 29, 2022

³ Reference: MCXCCL Circular no.: MCXCCL/DEFAULT/150/2020 dated July 02, 2020

⁴ Reference: MCXCCL Circular no.: MCXCCL/MEM/317/2021 dated December 17, 2021



Regulations, 2021 and required to submit "Fit and Proper person" undertaking during the continuity of membership to the Clearing Corporation as per prescribed format in "Annexure C"].

1.6 Dominant Promoter Group:

A Corporate is required to identify Promoter Group (PG) at the time of admission as well as subsequently at all relevant points of time which would be as under;

1.6.1 Unlisted Corporate: The Promoter shall be as per Companies Act, 2013

Section 69 of Companies Act, 2013

"promotor" mean a person –

capacity;

- a) who has been name is identified by the company in the annual return referred to in section 92: or
- b) who has control over the affaires of the company, directly or indirectly, whether as a shareholder, director or otherwise: or
- c) in accordance with whose advise, directions or instructions the Board or Directors of the company is accustomed to act.
 Provided that nothing in clause (c) shall apply to a person who is acting merely in the professional
- **1.6.1.2.1 Listed Corporate:** The promotor shall be as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - (00) "promoter" shall include a person:
 - who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or
 - ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
 - iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act;

Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity; Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations;

⁵[Change in control" – As per clause (ac) in sub regulation (1) of regulation 2 of the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992.

- (i) In case of a body corporate –
- (A) If its shares are listed on any recognized stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of Section 11 of the Act;
- (B) If its shares are not listed on any recognized stock exchange, shall be construed with reference to the definition of control as provided in sub-section (27) of Section 2 of the Companies Act, 2013 (18 of 2013);

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⁵ Reference: MCXCCL/MEM/024/2023 dated January 31, 2023



(ii) In case other than that of a body corporate, shall be construed as any change in its legal formation or ownership or change in controlling interest.

Explanation – For the purpose of sub-clause (ii), the expression "controlling interest " means an interest, direct or indirect, to the extent of not less than fifty percent of voting rights or interest].

1.6.3 Notes:

- i. Promotors shall meet the criteria of fit and proper person as specified in Schedule II of SEBI (Intermediaries) Regulations, 2021 and other applicable eligibility criteria laid down by the Concerned Exchange and / or Clearing Corporation / SEBI.
- ii. Promotors shall comprise of Individuals, Partnership Firms, LLPs, Corporates (Listed and Unlisted) and HUFs. Promotors will be identified to the level of Ultimate Beneficiary Owner unless otherwise stated in these norms.
- iii. Corporate Shareholder to act as a part of PG: Corporate shareholder is allowed to be identified as PG of a Corporate /Partnership/LLP provided that the corporate shareholder identifies any person or persons as their PG as per the aforesaid norms applicable to the Member. In case the DPG consists of more than one corporate shareholder, the PG shall be identified separately for each such corporate shareholder. This would enable Member to identify the last individual/s promoter shareholders (the person(s) falling within the definition of 'Control' under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997) as Ultimate /Beneficiary Owners in the Member Company/Holding Company/ultimate holding company (as applicable).
- iv. **Foreign Entity to act as a part of promotors**: Foreign entities are allowed to become part of the Promotors of member entity provided they meet the PG norms as specified above. They also need to comply with RBI norms / any other requirement specified by the Concerned Exchange and / or Clearing Corporation / SEBI from time to time.
- v. Once a member nominates/determines a group of shareholders/partners as its promotors, it is to be ensured that the nominated/determined PG always maintains among themselves the minimum required shareholding as specified above at all points of time.
- vi. Members are required to seek prior approval from the Clearing Corporation for any change in the shareholding/ sharing pattern /capital contribution of the Member Corporate /Partnership /LLP or the corporate shareholder (s) identified as dominant promoter(s).
- vii. In case of Member being a listed company, or corporate shareholder being listed, it is not required to take prior approval for any changes in holdings of promoter group, if it does not lead to change in control. However, Members are required to inform about changes to the Clearing Corporation on quarterly basis. In any case, a change leading to change in control would require prior approval from the Clearing Corporation and SEBI.
- viii. Transfer/transmission of shareholding in case of unlisted body corporate intermediary: In following scenarios, change in shareholding of the intermediary will not be construed as change in control:
- a. Transfer of shareholding among immediate relatives shall not result into change in control. Immediate relative shall be construed as defined under Regulation 2(l) of SEBI SAST Regulations



which inter-alia includes any spouse of that person, or any parent, brother, sister or child of the person or of the spouse;

b. Transfer of shareholding by way of transmission to immediate relative or not, shall not result into change in control.

1.6.4 Other points:

- i. Apart from clause mentioned above, any change in the shareholding / sharing ratio of the Company/ Partnership Firm/ LLP (with or without change in control) including that of the said PG or their shareholding / sharing pattern / capital contribution ratio, shall be effected only with the prior approval of the Clearing Corporation unless otherwise specified.
- ii. The above norms will be applicable even for the existing unlisted corporate Member proposing to get listed and post listing they are required to meet the existing norms applicable to the listed corporate Members;
- iii. Any approval conveyed to the Members for the said changes will be valid only for a period of 6 months from the date of the approval letter. In case Member fails to execute the proposal during that period, they shall be required to obtain fresh approval(s) from the Clearing Corporation;
- iv. The aforesaid norms are also applicable to members who are partnership firms/ LLP. The term dominant shareholder/promoter may be substituted as Dominant Partners/Managing Partners;
- v. If in the opinion of the Clearing Corporation, it is evident that the identification of PG is not practically possible in terms of the aforesaid norms, then the Clearing Corporation, at its sole discretion, reserves the right on deciding on identification of PG norms by adding certain conditions, if required;
- vi. Members are advised to note that any change as mentioned above is subject to fulfillment of membership eligibility criteria laid down by the Clearing Corporation / SEBI from time to time.
- vii. Preference Shareholding Pattern (if any) is required to be submitted separately as per the format specified.
- viii. Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges / Penalty</u>
- ix. Member will be required to obtain prior approval from SEBI for change in control.
 - A. ⁶[The following process of providing approval to the proposed change in control:
 - a. Member shall make an online application to SEBI for prior approval through the SEBI Intermediary Portal ("SI Portal")
 - b. The online application in SI portal shall be accompanied by the following

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⁶ Reference: MCXCCL Circular no.: MCXCCL/MEM/252/2022 dated November 29, 2022



information/declaration/undertaking about itself, the acquirer (s)/the person (s) who shall have the control and the directors /partners of the acquirer (s)/the persons (s) who shall have the control;

- a) Current and proposed shareholding pattern of the Applicant
- Whether any application was made in the past to SEBI seeking registration in any capacity but was not granted? if yes, details thereof.
- Whether any action has been initiated /taken under Securities Contracts (Regulation) Act 1956 (SCRA)/Securities and Exchange Board of India Act, 1992 (SEBI Act) or Rules and Regulations made thereunder? If yes, the status thereof along with the corrective action taken to avoid such violations in the future. The acquirer /the person who shall have the control shall also confirm that it shall honor all past liabilities/obligations of the applicant, if any.
- d) Whether any investor complaint is pending? if yes, steps taken and confirmation that the acquirer/ the person who shall have the control shall resolve the same.
- e) Details of litigations (s) if any.
- f) Confirmation that all the fees due to SEBI have been paid.
- g) Declaration cum undertaking of the applicant and the acquirer/ the person who shall have the control (as per specified format), duly stamped and signed by their authorized signatories that
- (i) there will not be any change in the Board of Directors of incumbent, till the time prior approval is granted.
- (ii) pursuant to grant of prior approval by SEBI, the incumbent shall inform all the existing investors/clients about the proposed changes prior to effecting the same, in order to enable them to take informed decision regarding their continuance or otherwise with the new management; and
- (iii) the "fit and proper person" criteria as specified in Schedule II of SEBI (Intermediaries) regulations, 2008 are complied with.
- h) In case the incumbent is a registered stock broker, clearing member, depository participant, in addition to the above, it shall obtain approval /NOC from all the stock exchanges/cleating corporations/depositories, where the incumbent is a member/depository participant and submit self- attested copy of the same to SEBI.
- c. The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval within which the applicant shall file application for fresh registration pursuant to change in control.
- B. The following process of providing approval to the proposed change in control of the Member in matters which involve scheme (s) of arrangement which needs sanction of the National Company Law Tribunal ("NCLT") in terms of the provisions of the Companies Act, 2013;
 - a. The application seeking approval for the proposed change in control of the Member shall be filed with SEBI prior to filing the application with NCLT.
 - b. Upon being satisfied with compliance of the applicable regulatory requirements, an inprinciple approval will be granted by SEBI.
 - c. The validity of such in-principle approval shall be three months from the date issuance,



within which the relevant application shall be made to NCLT.

- Within 15 days from the date of order of NCLT, Member shall submit an online application in terms of paragraph A above, along with following documents to SEBI to final approval;
 - (a) Copy of the NCLT Order approving the Scheme.
 - (b) Copy of the approval Scheme.
 - (c) Statement explaining modifications, if any, in the approved Scheme *vis-à-vis* the draft Scheme and the reasons for the same; and
 - (d) Details of compliance with the conditions/observations, if any mentioned n the in-principle approval provided by SEBI].
- x. In case prior approval is not obtained, action, as applicable, shall be initiated.
- xi. The guidelines issued by the Clearing Corporation / SEBI from time to time shall be applicable.

1.7 Change Designated Director / Director / Designated Partner / Managing Partner / Partner:

- i. For any Change in Designated Director/ Designated Partner / Managing Partner / Partner, all Members shall furnish necessary documents for such change(s) and obtain prior approval from the Clearing Corporation.
- ii. The Members are required to intimate any change in Ordinary Directors within 15 days from the date of such change in ROC.
- iii. Member shall have at least 2 (two) Designated Directors or 2 (two) Managing Partners or 2 (two) Designated Partners, as the case may be, at all points of time, meeting all the eligibility criteria as specified in Rule 8 of Securities Contract (Regulation) Rules, 1957 (SCRR).
- iv. Any approval conveyed by the Clearing Corporation for change in directors will be valid only for 60 days from the date of approval. In case member do not complete the proposed changes within this time limit, they shall be required to obtain fresh approval.
- v. Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges</u> / Penalty
- vi. In case prior approval is not obtained, action, as applicable, shall be initiated.
- vii. The Members are required to intimate any change in non-designated Directors/Partners within 15 days from the date of such change in ROC
- viii. The guidelines issued by the Clearing Corporation / SEBI from time to time shall be applicable.

1.8 Change in Designated Email ID

All Members shall designate one contact email ID as "Designated Email ID". The Clearing Corporation would be sending all email communications to the said Email ID. Also, all emails received from the Members' specified "Designated Email ID" would be considered as official communications from the Member. It will be Members responsibility to:



- a. Access the "Designated Email ID" regularly to see whether the Clearing Corporation has sent any communications.
- b. Monitor and manage storage capacity of this email to ensure that the storage space in the mail box does not get exceeded leading to bouncing of mails.
- c. To keep the Clearing Corporation informed about change in the Designated Email ID.
- d. To take precautions necessary at its end to ensure confidentiality of mails.

1.9 Conversion of Membership/ Change in Status / Change in Constitution of Member:

Members are required to obtain prior-approval from the Clearing Corporation for effecting the said change meeting the following specified criteria:

- a) Where a Partnership/Corporate / LLP entity has been formed by converting the Individual Membership of the Concerned Exchange and / or Clearing Corporation, the erstwhile Individual shall be designated director / managing partner / designated partner of the newly formed entity and also continue to hold a minimum of 51% stake in the new entity for a period of at least 3 years from the date of such conversion.
- b) Where a Corporate / LLP entity has been formed by converting the Partnership firm / Corporate Membership of the Concerned Exchange and / or Clearing Corporation, the managing partner / designated director of the erstwhile entity will continue to be designated director/ designated partner in the new entity and the dominant promoter group of the erstwhile Partnership Firm/Corporate will continue to hold a minimum of 51%, singly or jointly, stake in the new entity for a period of at least 3 years from the date of such conversion.
- c) Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges / Penalty</u>, as applicable
- d) Whenever, the conversion of membership will lead to the change in control of the member entity , prior approval should be obtained from SEBI.
- e) In case prior approval is not obtained, action, as applicable, shall be initiated.
- f) The guidelines issued by the Clearing Corporation / SEBI from time to time shall be applicable.

1.10 Change of Trade Name

The Members are required to obtain prior approval from the Clearing Corporation for effecting change of name as per the procedure specified from time to time.

- 1. The new name of the entity should not have the following words in the Trade Name:
 - Exchange
 - National
- 2. Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges / Penalty</u>, as applicable.



- 3. In case prior approval is not obtained, action, as applicable, shall be initiated.
- 4. The guidelines issued by the Clearing Corporation / SEBI from time to time shall be applicable.

1.11 Modification in Clearing Rights

- 1. Members of Clearing Corporation may up-grade their class/ type of membership to another viz., TCM to ITCM, subject to the meeting eligibility criteria and conditions specified and by paying the differential admission fees, deposits, etc., as applicable for the said up-graded class / type of Membership.
- 2. Members of Clearing Corporation may down-grade their class/ type of membership to another viz., from ITCM to TCM, subject to the meeting eligibility criteria and conditions specified and agreeing to forego his excess Admission Fees (if any) paid to the Clearing Corporation and also pays relevant deposits (as applicable) to the Clearing Corporation for the said downgraded class / type of Membership.
- 3. Such Members who down-grade their clearing Membership, would continue to be eligible for the exposure on the excess deposits (wherever applicable) lying with the Clearing Corporation.
 - However, the excess deposits, on the request of such Members would be considered for refund on fulfillment of pending compliances/ satisfactory redressal of investor grievances of Concerned Exchange / Clearing Corporation and payment of all the /dues / penalties/ fines, etc., are fully crystallized and recovered.
- 4. The processing charge would be levied as per Schedule of Charges / Penalty

1.12 Submission of Annual Returns/ Audited Accounts / Half Yearly Networth Certificate and Computation of Net worth:

- 1. Members are required to submit Annual Returns/ Audited Accounts / Half Yearly Networth Certificate and Computation of Net worth along with specified document/ information within the timelines specified by the Clearing Corporation / SEBI (strictly in the format specified) from time to time.
- 2. Members having accounting year end / half yearly ended March 31st / September 30th, are required to make the submissions towards net worth within a period of two months.
- 3. Non-compliance with the above will result in appropriate action including levy of penalty as specified from time to time. The current action/penalty for such Non-compliances are specified in Schedule of Charges / Penalty
- 4. The guidelines issued by the Clearing Corporation / SEBI from time to time shall be applicable.

1.13 Transfer of Membership

All types of memberships, once granted by the Clearing Corporation, are transferable inter class subject to payment of differential admission fees and deposits as specified from time to time. Membership of the Clearing Corporation shall be transferable as per Rules of the Clearing



Corporation.

Pursuant to integration of broking activities permitted by SEBI through the Securities Contracts (Regulation) Rules, 1957 as amended vide Gazette Notification dated June 27, 2017 And SEBI (Stock Broker) Regulations, 1992 as amended vide Gazette Notification dated July 13, 2017, all eligible Members applying for transfer of business (by way of Transfer of Membership/ Merger / De-merger / Amalgamation) shall follow the procedure and submission of documents as specified and available on the website of the Clearing Corporation for the purpose of activation of the New Member Entity.

- 1. Conditions of Transfer of Membership
- 1.1. The Members are required to submit request for transfer of membership to the Clearing Corporation directly and the Clearing Corporation in turn will seek SEBI's prior approval wherever applicable. A transfer of Membership becomes effective only upon approval thereof by the Clearing Corporation / SEBI.
- 1.2. The Transferee shall obtain fresh registration from SEBI in the same capacity before the transfer of business if it is not registered with SEBI in the same capacity. SEBI shall issue new registration number to transferee different from transferor's registration number in the following scenario:
 - "Business is transferred through regulatory process (pursuant to merger / amalgamation / corporate restructuring by way of order of primary regulator /Govt / NCLT, etc) or non-regulatory process (as per private agreement /MOU pursuant to commercial dealing / private arrangement) irrespective of transferor continues to exist or ceases to exist after the said transfer.
- 1.3. In case of change in control pursuant to both regulatory process and non-regulatory process, prior approval and fresh registration shall be obtained. While granting fresh registration to same legal entity pursuant to change in control, same registration number shall be retained.
- 1.4. If the transferor ceases to exist, its certificate of registration shall be surrendered.
- 1.5. In case of complete transfer of business by transferor, it shall surrender its certificate of registration.
- 1.6. In case of partial transfer of business by transferor, it can continue to hold certificate of registration.
- 1.7. Transferor shall be responsible to pay all the outstanding dues of the Concerned Exchange and / or Clearing Corporation / SEBI, if any, including the payment of annual subscription.
- 1.8. Transferor shall continue to be a Party before Arbitration matters or any other proceedings in which a claim is made along with the transferee for any claim or dispute on account of dealings, transactions, contracts and covenants in the capacity as a member of the Concerned Exchange and / or Clearing Corporation that has arisen before the actual transfer took place.
- 1.9. There is no disciplinary action pending against the transferor by the Concerned Exchange/Clearing Corporation.
- 1.10. The transferor has no enforcement action pending from SEBI.



- 1.11. There are no investor claims pending against the transferor.
- 1.12. The Transferor should release an advertisement in two Newspapers (a local newspaper where the Transferor's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation) stating its intention to transfer its membership and inviting objections, if any, to the transfer (in case of change in control).
- 1.13. Transfer of Membership shall be to persons / entities eligible under Clearing Corporations' Byelaws, Rules and Regulations including Circulars and instructions issued by the Clearing Corporation / SEBI from time to time.
- 1.14. Members intending to transfer their membership / Business, wishing to merge, amalgamate, demerge are required to submit the required documents as stated by Clearing Corporation / SEBI from time to time.
- 2. The Transferee / incoming entity will be required to pay relevant fees/charges/security deposit as per the prevailing deposits/fees/charges applicable for new members. The Transferee / incoming entity will be required to meet all the eligibility criteria as specified for new membership on a continuous basis as per the provisions of Bye laws, Rules, Regulations including Circulars and instructions issued by the Clearing Corporation and SEBI from time to time.
- 3. It may be noted that the Clearing Corporation reserves the right to reject/decline the transfer of membership without assigning any reason(s) whatsoever to the Member.
- 4. The guidelines issued by the Concerned Exchange and / or Clearing Corporation / SEBI from time to time shall be applicable.
- 5. The Processing Charges / Transfer Fees will be applicable as specified in the <u>Schedule of Charges</u> / <u>Penalty</u>.

1.14 Transmission of Membership / Nomination of Membership:

1.14.1 Transmission of Membership

- a. Transmission of Membership will be allowed to Individual/Proprietary Firms having Membership of the Clearing Corporation, subject to Bye Laws, Rules, and Regulations of the Clearing Corporation. Membership of the Clearing Corporation will be transmitted in the name of legal heir/successor (in whose name the interest in property of the deceased devolves by testamentary or intestate succession).
- b. The legal heir, seeking or applying for transmission, will be required to submit following:-
 - (a) Written request for transmission of membership
 - (b) Attested copy of the Death certificate of the Individual, as may be applicable
 - (c) In case of <u>Intestate Succession</u>, following is to be submitted:
 - i. Succession Certificate / Legal Heir Certificate granted by Competent Authority.



- ii. No objection Certificate from other legal heirs
- (d) In case of <u>Testamentary Succession</u>, following is to be submitted:
 - Authentic copy of Will duly notarized by Notary Public U/s. 14 of Notaries Act.
 - ii. Identification of the legatee of the Will.
 - iii. Affidavit of attesting witness of the Will.
 - iv. No objection Certificate from other legal heirs.
 - v. Undertaking of legal heir applying for transmission of membership on Non-judicial stamp paper of appropriate value- duly Notarized.
- (e) Membership Application Form.
- (f) Net worth certificate in the format specified by the Clearing Corporation / SEBI from time to time.
- (g) Processing Charges / Fees for any such change in case would be levied as per Schedule of Charges / Penalty.
- c. The legal heir/ successor applying for transmission will be:
 - (a) require to pay applicable security deposit, annual subscription and any other fees/ charges as per the prevailing deposits/ fees/ charges applicable for new members.
 - (b) require to maintain the net worth on continuous as specified in the Bye Laws, Rules and Regulations by the Concerned Exchange and / or Clearing Corporation including circulars and instructions issued by the Concerned Exchange / Clearing Corporation and SEBI from time to time.
 - (c) responsible for payment of all the outstanding fees/charges/dues etc., interest payable thereon etc, due to the Concerned Exchange and / or Clearing Corporation/ SEBI on account of the deceased Member.
- d. Request for transmission of membership will be considered by the Concerned Exchange and / or Clearing Corporation only on fulfillment of above stated conditions and submission of documents as per the specified formats / requirements of the Concerned Exchange and / or Clearing Corporation by the legal heir/successor applying for transmission which can be granted to the applicant at the discretion of the Concerned Exchange and / or Clearing Corporation.
- e. The Concerned Exchange and / or Clearing Corporation reserves the right to reject / decline the transmission of membership without assigning any reason(s) whatsoever.
- f. The guidelines issued by Concerned Exchange and / or Clearing Corporation / SEBI from time to time shall be applicable.

1.14.2 Transfer /Transmission of shareholding in case of a proprietary firm type intermediary:

In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and hence by the definition of change in control, such transmission or transfer shall be considered as change in control. The legal heir / transferee in such cases is required to obtain prior



approval and thereafter fresh registration shall be obtained in the name legal heir/transferee,

1.14.3 Transfer / Transmission of ownership interest in case of partnership firm type intermediary:

The Change in partners and their ownership interest of the partnership firm type intermediary shall be dealt in following manner:

- a) Transfer of ownership interest in case of partnership firm: In case a SEBI registered entity is registered as a partnership firm with more than two partners, then inter-se transfer amongst the partners shall not be construed to be change in control. Where the partnership firm consists of two partners only, the same would stand as dissolved upon the death of one of the partners. However, if a new partner is inducted in the firm, then the same would be considered as a change in control, requiring fresh registration and prior approval of SEBI.
 - a. Transmission of ownership interest in case of partnership firm: Where the partnership deed contains a clause that in case of death of a partner, the legal heir(s) of deceased partner be admitted, then the legal heir(s) may become the partner (s) of the partnership firm. In such scenario the partnership firm is reconstituted. Bequeathing of partnership right to legal heir(s) by way of transmission shall not be considered as change in control.
 - b. Incoming entities/ shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (immediate relative or not), need to satisfy the fit and proper person criteria stipulated in Schedule II of SEBI (Intermediaries) Regulations, 2008.

1.14.4 Nomination of Membership

- a) An individual having membership with his own name / with trade name (as a proprietary concern) may make a nomination of its Membership.
- b) The person so nominated by the Individual member shall be one of his family members/ Legal heir(s) and shall in all case be normally eligible to become member of Clearing Corporation in his own right. Family Members shall include only the parents, spouse, children and brothers and / or Sister of the Individual Member.
- c) If the member has appointed more than one nominee / or the successor to the member has appointed more than one nominee, then such all nominated persons will have to form a company/ partnership firm to effect nomination to new entity
- d) If the member has revised/ changed the nomination, the latest nomination received by the Clearing Corporation shall prevail.
- e) For a nomination to become effective, the Nominee must have complied all the relevant conditions / eligibility criteria of membership.
- f) Nomination of any outsider [other than family member / legal heir(s)] will not be accepted unless and otherwise this is supported by a valid will, letter of probate and letter of Administration.
- g) The Nominator (Member) as well as Nominee, along with witness will have to sign the nomination form.



- h) The nomination shall not be effective unless the nominating member of the Clearing Corporation, and in the case of a deceased member, his legal heirs or any of the family member in whose favor the nomination has been made shall have paid and satisfied all dues, fines, claims, charges, complaints against the deceased/main Member.
- i) If the nomination is such that it cannot be approved at the time of date of its implementation, the successors of the member will have to nominate someone among themselves.
- j) Nomination shall become effective from the date of death of the Member or final approval of Relevant Authority whichever is later (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any) and in case of nomination made by successors, the date of nomination shall be the date on which it is duly approved by the Clearing Corporation (subject to the fulfillment of all outstanding dues, claims, charges, liabilities if any).
- k) Nomination made by the Member may be revoked or cancelled by the Member with prior written notice duly approved by Relevant Authority.
- 1) Clearing Corporation and / or Concerned Exchange reserves right to reject the nomination request.

1.15 Surrender of Clearing Membership:

1.15.1 Surrender of Clearing Membership while continuing Trading Member of the Concerned Exchange:

- a) Member is required to make an application for surrender of clearing membership to the Clearing Corporation and submit necessary supporting documents including documents from affiliated clearing member through whom they will clear & settle trades.
- b) After completion of all formalities and when the application is considered as eligible for approval by the Clearing Corporation, the application of surrender of membership would be forwarded for approval of the Relevant Authority.
- c) Upon approval, the Clearing Corporation may refund the deposit(s) of the Member subject to fulfillment of all dues/compliances under Bye-Laws, Rules, Business Rules and Regulations of the Concerned Exchange and / or Clearing Corporation, SEBI and circulars issued there under. However, the said deposit(s) may be retained, if there are any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action, etc., against the Member which comes to notice of the Concerned Exchange and / or Clearing Corporation, before the date of release of deposit(s).
- d) Members may note that all relevant charges, compliances, requirements, eligibility criteria, etc. with respect to clearing membership will continue to be applicable to the Member till approval of surrender of clearing membership.
- e) Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges / Penalty.</u>



1.15.2 Surrender of Clearing membership along with Surrender of Trading Member of Concerned Exchange:

- f) A Member desirous of surrendering their membership shall before making an application for surrender of membership comply with the following:
 - Intimate all its constituents / Affiliated Trading Members / Custodian Participants (wherever applicable) regarding surrender of membership at least 21 days prior to date of application of surrender of membership.
 - Ensure that open positions (wherever applicable) as on the date of the application are nil.
 - Surrender existing connectivity like VSATs, leased lines, etc. and User IDs, if any, availed by the Member.
 - Ensure that there are no dues pending towards the Concerned Exchange / Clearing Corporation and SEBI.
 - There are no investor complaints/ arbitrations matters pending against the Member.
 - There are no disciplinary proceedings pending against the Member from the Concerned Exchange and / or Clearing Corporation / SEBI.
- g) The Member is required make an application for surrender of membership to the Concerned Exchange and / or Clearing Corporation along with necessary documents specified from time to time.
- h) Upon receipt of unequivocal request for surrender:
 - The Concerned Exchange and / or Clearing Corporation would not charge any charge/fee to the Member. However, Member would be required to settle any outstanding bills raised by the Concerned Exchange and / or Clearing Corporation and / or any service provider for the services rendered during their membership with the Concerned Exchange and / or Clearing Corporation. Any other dues, penalties, fines, etc. which may arise after receipt of surrender request and which has not been crystallized would be applicable and payable by the Member.
 - The membership shall be deactivated and the Concerned Exchange and / or Clearing Corporation shall publish an advertisement with respect to surrender of membership (at the cost of the Member), for the Member who has executed trades / cleared trades, for public information and clients' complaints, if any. A notice to public by way of an advertisement in newspapers, a local newspaper where the Member's Registered Office, Head Office/Corporate Office is situated and another in English daily newspaper with wide circulation will be issued providing time line in the following manner, for receiving legitimate complaints/claims:

Members applied for Surrender	Timeline
who have traded/cleared trades during 12 months preceding	60 days
the date of receipt of surrender application	
who have traded / cleared trades during 24 months preceding	30 days
the date of receipt of surrender application (cases other than	
those covered in {i} above)	



Members applied for Surrender	Timeline
who have not traded/ cleared trades during 24 months	15 days
preceding the date of receipt of surrender application, i.e.,	
have traded before 24 months	

- i) In case where Member has never executed any trade nor cleared any trade, no advertisement will be issued.
- The Concerned Exchange and / or Clearing Corporation as the case may be, shall process claims/complaints, if any, received from legitimate claimants in accordance with the provisions of relevant Bye-laws, Rules, Business Rules / Regulations of the Concerned Exchange and / or Clearing Corporation, subject to period of limitation prescribed under relevant Bye-laws, Rules, Business Rules / Regulations and circulars issued by the Concerned Exchange and / or Clearing Corporation/SEBI from time to time. Any claim(s) received against such Member after the specified period shall not be entertained by the Concerned Exchange and / or Clearing Corporation and it shall be deemed that no such claims exist against such Member or such claims, if any, shall be deemed to have been waived and would not be considered for apportionment from Member's deposits, if any.
- k) After satisfactory redressal of all the Investor (Client) Grievance Complaints/ Arbitration (if any) against the Member and after completion of all formalities and when the application is considered as eligible for surrender by the Concerned Exchange and / or Clearing Corporation, the application of surrender of membership would be considered for approval and thereafter, forwarded to SEBI for its approval.
- Upon approval from SEBI, the Clearing Corporation may refund the deposit(s) of the Member subject to fulfillment of all dues/compliances under Bye-Laws, Rules, Business Rules and Regulations of the Concerned Exchange and / or Clearing Corporation, SEBI and circulars issued there under. However, the said deposit(s) may be retained, if there are any unfulfilled obligations including arbitration claims, investor complaints, other grievances/claims, disciplinary action, etc., against the Member which comes to notice of the Concerned Exchange and / or Clearing Corporation, before the date of release of deposit(s).
- m) The Member shall be required to replace/renew the maturing non-cash component of the deposit suitably till the release of the same.
- n) Members may note that if any User ID / connectivity including handover of equipment, etc. / other facility is not surrendered or cancelled or handed over by the Member, all relevant charges will continue to be applicable and payable by the Member till such time.
- o) Members may note that all relevant charges, compliances, requirements, eligibility criteria, etc. with respect to membership will continue to be applicable to the Member till the date of application for surrender of membership.
- p) Processing Charges / Fees for any such change in case would be levied as per <u>Schedule of Charges / Penalty</u>, as applicable.



1.16 Schemes/Leagues/Competitions launched by registered Members and Code of Advertisement:

1.16.1 Code of Advertisement: The Members are advised to be guided by the following guidelines:

- a) Advertisement shall include all forms of communications issued by or on behalf of the Member in publicly available media that may influence investment/sale decisions of any investor/prospective investors.
- b) Forms of communications shall include, form of document, pamphlets, circulars, brochures, notice or any research reports or any other literature or information, material published, or designed for use in a newspaper, magazine, SMS or other periodical, radio, television, telephone or tape recording, video tape display, signs or bill boards, motion pictures, telephone directories (other than routine listings) or other public media including websites or emails, whether in print or audio visual form or used in workshop/seminar or public speaking or in any other manner.

c) Advertisement/Material shall contain:

- i. Name of the Member, Registered Office Address of the Member, SEBI Registration No. (all registration numbers and names of the Exchanges in case of multiple memberships) / Member ID allotted by Concerned Exchange and / or Clearing Corporation and logo of the Member, if any.
- ii. Information which is accurate, true, fair, clear, complete, unambiguous and concise.
- iii. Standard warning in legible fonts (minimum 10 font size) which states "investment in securities market are subject to market risks, read all the related documents carefully before investing." No addition or deletion of words shall be made to the standard warning. In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable.
- iv. In case the mode of advertisement is SMS/Message/Pop-up, etc. and the details such as full name, logo, full registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then official website hyperlink has to be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.

d) The advertisement/material shall not contain:

- i. Anything which is otherwise prohibited for publication under the relevant Act, unwarranted, or make any promises.
- ii. Statements which are false, misleading, biased or deceptive, based on assumptions/projections.
- iii. Shall not contain any misleading or deceptive testimonials.
- iv. Statements which directly or by implication or by omission may mislead the investor.
- v. Any statement designed as likely to be misunderstood or likely to disguise the significance of the statement.
- vi. Any statement designed to exploit the lack of experience or knowledge of the investors.
- vii. Any slogan that is exaggerated or unwarranted or slogan that is inconsistent with or unrelated to the nature and risk and return profile of the product.



- viii. Any promise or guarantee of assured return to the general investors.
- ix. Any statement which directly or indirectly discredits other advertisements or Member or make unfair comparisons.
- x. Representations made about the performance or activities of the broker unless accompanied by data regarding performance, disclosures of all the risk factors, etc. and a disclaimer that 'such representations are not indicative of future results'. Such disclaimer shall be in the same font as the rest of the advertisement.
- xi. Superlative terms, such as best, no. 1. One of the Best, among market leaders, etc. unless such terms is provided by an entity independent of the Stock Broker and its affiliates, and whose services are not procured by the Member or any of its affiliates to assign the Stock Broker such term.

e) Compliance and Other Requirements:

- i. Prior approval for the advertisement/material to be obtained from the Concerned Exchange and / or Clearing Corporation before issue.
- ii. No celebrities shall form part of the advertisement/material.

The expression "celebrity" means and includes any person mentioned hereunder:

- who has played lead role or one of the lead roles in any movies/TV serials/TV shows which includes but not limited to main actor, actress, child artist, villain, comedian, prominent support character.
- who has been host or one of the hosts or anchor or one of the anchors for any TV programs such as quiz, cooking shows, news channels, comedy show, dance shows, song show, award functions and such other entertainment programs.
- who has been winner or runner in a competitive program that has gone through
 a series of qualifying rounds (for elimination of competitors) which may be
 known as qualifying round, quarter finals, semifinals and finals or by any other
 names.
- Sports person who has been part of National team of the country to which he belongs or represented his country in international tournaments / events such as Olympic Games, Asian Games and competitive games at international level for that given sport, etc.
- Other well-known personalities like Doctors, Authors, Activists, Educationists,
 Politicians, Preachers, Singers, Musicians, Radio Jockeys, Businessmen,
 Business Managers/ leaders of repute, recipients of awards such as Padma
 awards, recipients of awards from international bodies, Government of India
 or any state government set up for recognition of special contribution to the
 field of expertise of such person.
- Any other person who in the view of Concerned Exchange and / or Clearing Corporation is capable of influencing the opinion of viewers of the advertisement.
- Notwithstanding anything contained in these guidelines, decision of Concerned Exchange and / or Clearing Corporation shall be final in determining if the person made a part of the advertisement/material is a celebrity or not and such decision shall be final.



- iii. Statistical information, charts, graphs, etc. when used should be supported by their source.
- iv. Where advertising claims are expressly stated to be based on or supported by independent research or assessment, the source and date of this should be indicated in the advertisement.
- v. In the event of suspension of any Member by the Concerned Exchange and / or Clearing Corporation, the Member so suspended shall not issue any advertisement either singly or jointly with any other Member, during the period of suspension.
- vi. In the event of any proceeding/ action initiated against a Member by a regulatory body other than the Concerned Exchange and / or Clearing Corporation, the Concerned Exchange and / or Clearing Corporation reserves the right to direct the Member to refrain from issuing any advertisement for such a period as it may deem fit.
- vii. The Member shall not involve/ engage in games/ leagues/ schemes/ competitions etc. which may involve distribution of prize monies/ medals/ gifts, etc.
- viii. These norms shall be applicable to any other investment/consultancy agencies associated with the Member concerned and issuing advertisement wherein the Concerned Exchange and / or Clearing Corporation has been named in the advertisement.
- d) ⁷[Clearing Member seeking a NOCs for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures, etc. in GIFT IFSC, shall follow the guidelines;
 - i. The format of application along with list of supporting documents for seeking NOC for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries or entering into Joint Ventures in GIFT IFSC is placed as Annexure-D].
 - ii. Clearing Members shall apply through a Stock Exchange/Clearing Corporation where the applicant is a member, along with the required information, documents and NOC received from all Stock Exchanges/Clearing Corporations/Depositories in which the applicant is a member/participant.
 - iii. Clearing Corporations (where the applicant is only clearing member) are directed to forward the complete application to SEBI, after verification along with its recommendation].

1.16.2 Schemes/Leagues/Competitions launched by registered Members: Members shall ensure strict compliance with the following requirements:

- i. Member or its associates/group company cannot directly or indirectly, sponsor or be associated with any schemes/leagues/competition, etc. which may involve distribution of monies/prizes/gifts/medals, etc.
- ii. No reference to Member's name, logo etc. can be made in any schemes/leagues/competition, etc.
- iii. Member cannot share any information of their clients with a third party, even with the clients' consent, in case any third party is involved in launching schemes/leagues/competition, etc.

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⁷ Reference: MCXCCL Circular No. MCXCCL/MEM/113/2022 dated May 16, 2022



- iv. Member cannot take any financial liability, including any contingent financial liability, on account of any schemes/leagues/competition, etc. launched by a third party.
- v. Member shall not enter into any tripartite agreement with clients/participants and the third party.
- vi. The following practice, given as part of 'Client information' under the heading 'Rights and obligations of Stock Brokers, Sub-brokers and Clients', as specified by SEBI vide circular CIR/MIRSD/16/2011 dated August 22, 2011 shall continue to apply as given below:-

"The stock broker and sub-broker shall maintain all the details of the clients as mentioned in the account opening form or any other information pertaining to the client, confidentially and that they shall not disclose the same to any person/authority except as required under any law/regulatory requirements. Provided however that the stock broker may so disclose information about his client to any person or authority with express permission of the client."

- vii. Member shall obtain written confirmation from the constituent that the client shall not have recourse to dispute redressal mechanism/arbitration mechanism of the Concerned Exchange and / or Clearing Corporation / SEBI in case the client avails the services under any Schemes/leagues/competitions, etc. offered by any third party.
- viii. Members are also required to be guided by the following points:
 - i. A Member shall abide by all the provisions of the Act and the Rules, Regulations issued by the Government, the SEBI and the Concerned Exchange and / or Clearing Corporation from time to time as may be applicable to him.
 - ii. A Member shall not advertise his business publicly unless permitted by the Concerned Exchange and / or Clearing Corporation.
 - iii. A Member shall not resort to unfair means of inducing clients from other Members.
 - iv. A Member may use the brand name/logo of its group companies, it must display more prominently:
 - a. its name as registered with SEBI, its own logo, if any, its registration number, and its complete address with telephone numbers, in its portal/ web site, if any, notice/ display boards, advertisements, publications, know your client forms, and member client agreements.
 - b. its name as registered with SEBI, its own logo, if any, its registration number, and its complete address with telephone numbers, the name of the compliance officer, his telephone number and e-mail address in contract notes, statement of funds and securities, and correspondences with the clients
 - v. Members are required to make an application for prior approval of the Concerned Exchange and / or Clearing Corporation before issue of the advertisement and provide an undertaking as per format specified by the Concerned Exchange and / or Clearing Corporation duly signed by the Compliance Officer or Proprietor/ Managing Partner/ Designated Partner/ Designated Director.
 - vi. Members are also advised to ensure that:
 - a) Advertisement shall not:
 - recommend purchase or sale of any particular commodity



- be so issued which harms the interest of the investors, create panic, doubts in the general investors, any other Member of the Concerned Exchange and / or Clearing Corporation or make any reference to the Concerned Exchange and / or Clearing Corporation itself.
- b) Advertisement should not contain the logo of the Concerned Exchange and / or Clearing Corporation in any manner whatsoever.
- c) their clients/constituents do not issue advertisements soliciting the business for appropriation in their own name.
- d) the copy of the advertisement be submitted to the Concerned Exchange and / or Clearing Corporation at least seven days before the issue, for approval.
- e) the Member shall not offer Portfolio Management Services and such other services that are prohibited in the commodities derivatives markets.
- f) the copies of such advertisements be retained for verification by Inspection Teams.

1.17 General Points

- i. SEBI fee clearance would be required for all such change(s).
- ii. Formats related to each process / change request mentioned above including issue of status report are available on the website. All the applications for change request are required to be made through "MCX Member Profile Interface" i.e. MMPI.
- iii. Any changes such as contact number, office address, authorized signatory, etc. is required to be updated on MMPI along with supporting documents as specified from time to time.
- iv. Members are requested to ensure that all the Certificates / Reports submitted to Concerned Exchange and / or Clearing Corporation by the Members (issued / certified by full time Practicing Chartered Accountant / Company Secretory) shall mandatorily contain the Unique Document Identification Number (UDIN). In absence of UDIN, the Concerned Exchange and / or Clearing Corporation will not accept such submission(s) from the Member.
- v. All submission of Annual Returns/ Audited Accounts / Financial Strength details / Half Yearly Networth Certificate and Computation of Net worth are required to be made through Enhanced Supervision Portal.

1.18 Schedule of Charges / Penalty:

Schedule of Charge		
Sr.	Name of the Charge	Amount *
No.		
1)	New Membership	Rs. 10,000/-
2)	Change in Shareholding / Sharing Pattern – leading to Change in control	Processing Fees:- Rs. 10,000/- Transfer Fees:- Rs.500,000/-
3)	Change in Shareholding / Sharing Pattern – not leading to Change in control	Rs. 5,000/-



	Schedule of Charge		
Sr. No.	Name of the Charge	Amount *	
4)	Change in Designated Directors (DD)/ Non- Designated Directors (NDD) / Designated Partner (DP) / Managing Partner (MP) / Partner (P)	Rs 5,000/- per Director/Partner (for change in DD/NDD/MP/DP/P)	
5)	Change in Designated Email ID	Nil	
6)	Conversion of Membership / Change in Status / Constitution of Member	Rs. 25,000/-	
7)	Change of Name	Rs. 5,000/-	
8)	Change of Category / Change in Type of Membership	Nil	
9)	Change in Registered Office Address	Rs. 5,000/-	
10)	Transfer of Membership / Business / Merger/ Amalgamation / De-Merger	Processing Fees:- Rs. 10,000/- Transfer Fees:- Rs.500,000/- or Rs.100,000/- (*If membership is transferred to group entity with same promotor group)	
11)	Transmission of Membership / Nomination of Membership	Nil	
12)	Code of Advertisement	Rs. 5,000/-	
13)	Issuance of Status Report	Rs. 5,000/-	
14)	Surrender Fees	Rs. 50,000/-	

Note:

The processing fees is to be paid along with applicable taxes.
 The processing fees is non-refundable



Levy of Late Fees for New Membership & Transfer of Membership

A. New Membership: A Newly admitted member shall be liable to pay the 'Late Fees' as per the below table if they fail to make payment of the applicable fees and deposits within such period as specified by the Clearing Corporation from date of approval of the Clearing Corporation:

Sr. No.	Extension of Timeline for payment of fees and deposits.	Late Fees payable for extension by Newly Admitted Member
1.	Initial extension of 30 days (after completion of 90 days from date of approval by Clearing Corporation).	Rs.5,000/-
2.	Further extension beyond the period of 120 days (i.e. 90 days plus 30 days as mentioned in point no. 1 above).	Rs.500/- per calendar day upto a maximum of 180 days from the date of approval of the Clearing Corporation.

Note:

- 1. The late fees is to be paid along with applicable taxes.
- 2. The late fees is non-refundable

In case of already newly admitted entities, the aforesaid Late Fees for further extension will be made applicable as below:

- i) For entities already admitted and whose initial period of 90 days is not yet completed, such entities will be informed to make payment of the applicable fees and deposits within maximum 45 days **or** remaining number of days for completion of 90 days (whichever in higher), failing which Late Fee/s for further extension/s would be made applicable to them.
- ii) For entities admitted and whose initial period of 90 days is completed, such members will be given final notice to make payment of the applicable fees and deposits till October 10, 2020, failing which Late Fees for further extension would be made applicable to them.

Further, in case the newly admitted member fails to make payment of the applicable fees and deposits within specified period or within the extended timelines, the admission of Membership shall be liable for cancellation.

B. Transfer of Membership: A Newly admitted member (i.e. transferee entity) shall be liable to pay 'Late Fees' as per the below table if they fail to complete the procedure for transfer of business within such period as specified by the Clearing Corporation from date of approval of the Clearing Corporation:

	Extension of Timeline for Transfer of Business	Late Fees payable by Transferee
1.	Initial extension of 30 days (after completion	Rs.5,000/-
	of 180 days from the date of admission by	



		MCXCCL or from the date of admission by other Market Infrastructure Institutions)	
2	2.	Further extension beyond the period of 210 days (180 days plus 30 days as mentioned in point no. 1 above).	

Note:

- 1. The late fees is to be paid along with applicable taxes.
- 2. The late fees is non-refundable

In case of already admitted transferee entities, the aforesaid Late Fees for further extension will be made applicable as below:

- ii) For transferee entities already admitted and whose initial period of 180 days is not yet completed, such transferees will be informed to complete the procedure for transfer of business within maximum 45 days or remaining number of days for completion of 180 days (whichever in higher), failing which Late Fee for further extension(s) would be made applicable to them.
- ii) For transferee entities admitted and whose initial period of 180 days is completed, such members will be given final notice to complete procedure for transfer of business till October 10, 2020, failing which Late Fee(s) for further extension(s) would be made applicable to them.

In case the transferee fails to complete the procedure for transfer of business within specified period or within the extended timelines, the admission of the transferee shall be liable for cancellation.

	Policy on Regulatory Action for Membership Compliance Requirements			
Sr. No.	Violations / Non-Compliances	Applicable Penalty/Disciplinary Action		
1.	Not following the advertisement code of the SEBI/MCXCCL	Rs. 50,000/-		
2.	Failure to furnish correct Net worth certificate to MCXCCL within 60 days for half year ending September 30 th and half year ending March 31 st (unaudited).	 Charges of Rs.200/- per day for 1st Month after the due date Charges of Rs.500/- per day for 2nd month after due date till date of submission or disablement 		
3.	Failure to furnish Annual Audited Accounts/ Returns by October 31 st of the relevant year. In case Income Tax Dept. extend the due date, the same shall be applicable here.	2 weeks' notice shall be given to the Member after the 2nd month from the due date, subsequent to which the Member shall be allowed to clear the trades. Notice issued in this regard to the Member shall be		



Sr. No.	Violations / Non-Compliances	Applicable Penalty/Disciplinary Action
4.	Delayed/non-submission of data with respect to monitoring of financial strength of Members (ratios/indicators)	shared with all the Exchanges/CCs for information. In case of members who have not cleared in past 6 months, only embargo will be placed for non-submission of Net worth.
5.	Non Appointment of Principal Officer - FIU / Designated Director – FIU or Non Intimation of Designated Director - FIU or change of Principal officer to FIU	Rs. 15,000/-
6.	Non-appointment of Compliance Officer	Rs. 50,000/-
7. 8.	Non- Submission of valid NISM Certificate of compliance officer. Any change in the shareholding	Advice Letter for submission in 3 months and after 3 months, penalty of Rs. 1500/- per month. Rs.10,000/-
0.	pattern/profit sharing ratio without the prior approval of the MCXCCL involving dilution not below the minimum prescribed shareholding of the dominant promoter group (Post Facto Changes).	163.10,0000/
9.	Any other change in the shareholding pattern/profit sharing ratio of the Member without the approval of the MCXCCL.	Rs.2,500/-
10.	Post facto changes resulting in dilution of the shareholding (SHP) / Sharing pattern (SP) ratio of the Dominant Promoter Group (DPG) below 51%.	Rs.1,00,000/-
11.	Non-Submission of application/complete documents (as per applicable checklist) by the member for Post facto approval for changes in Shareholding pattern / Sharing Pattern leading to dilution of holding of Dominant Promoter Group below 51%.	 i) The date of intimation by the Concerned Exchange / Clearing Corporation sent to the member requiring him to submit the post facto application; or ii) The date of receipt by the Concerned Exchange / Clearing Corporation of the
		incomplete application from the member, whichever is earlier Thereafter, 4 weeks' notice shall be given to the member to submit the complete documents (as per applicable checklist). On his failure to do so within the notice period, the member's terminals shall be disabled till the time the member submits complete documents for such post facto changes. (the said disciplinary action is in addition to the penalties stated above)



Sr. No.	Violations / Non-Compliances	Applicable Penalty/Disciplinary Action
12.	Change in Designated Directors/ Designated Partners/ Managing Partners without obtaining the prior approval of MCXCCL.	Rs.5000/- per instance (i.e. per director/partner)
13.	Change in Ordinary Directors/ Partners without intimation to the MCXCCL within 15 days from the date of such change in ROC/ROF.	Issue of warning letter
14.	Non-Submission of application/complete documents (as per applicable checklist) by the member for Post facto approval for changes in Designated Directors/ Designated Partners / Managing Partners	 On completion of 3 (three) months from: i. The date of intimation by Clearing Corporation sent to the member requiring him to submit the post facto application; or ii. The date of receipt by Clearing Corporation of the incomplete application from the members, whichever is earlier Thereafter, 4 weeks' notice shall be given to the member to submit the complete documents (as per applicable checklist). On his failure to do so within the notice period, the member's terminals shall be disabled till the time the member submits complete documents for such post facto changes. (the said disciplinary action is in addition to the penalties stated above)

In case of members having Networth shortfall, then penal provisions as mentioned below will be levied.

Category	For Clearing Members (i.e. TCM/ ITCM/ PCM)
	*Effective Deposits to be blocked
Networth shortfall less than or equal to 10%	10% of Effective Deposits will be blocked and will
of the prescribed minimum	not be available for margin purpose
Networth shortfall less than or equal to 25%	25% of Effective Deposits will be blocked and will
of the prescribed minimum	not be available for margin purpose
Networth shortfall less than or equal to 50%	50% of Effective Deposits will be blocked and will
of the prescribed minimum	not be available for margin purpose
Networth shortfall less than or equal to 90%	90% of Effective Deposits will be blocked and will
of the prescribed minimum	not be available for margin purpose
Networth shortfall greater than 90%	Terminal/s shall be disabled (suspended square off
_	mode) with immediate effect.

* Effective Deposits = Total Deposits minus Minimum Liquid Networth (MLN)

Notes to Table:

i) In case of ITCMs/PCMs, if net worth falls below prescribed limit, other than blocking of Effective Deposit, ITCMs/PCMs will be allowed 2 months' time from the date of submission or the time prescribed by the Clearing



Corporation (for disablement of terminal for non-submission under the applicable circular), whichever is earlier, to increase their networth (under intimation to the Trading Members(TMs) associated with such ITCMs/PCMs), failing which, they will not be allowed to clear trades of TMs affiliated to them. TMs associated with such ITCMs/PCMs may make alternative clearing arrangements during this two months period. Further, the Concerned Exchange will also be informed to not allow any new TMs being affiliated to these ITCMs/PCMs.

ii) It may be further noted that, Computation of Networth by method other than the L.C. Gupta method, shall be treated as Non-submission of Networth and appropriate penalty/actions as applicable for Non-submission of Networth will be initiated accordingly.

In case of violations / non-compliances related to continuing membership compliance of TCMs and ITCMs, which are also governed by MCX in terms of their Rules, Bye-laws and Business Rules / Regulations, penalty shall be levied by only one entity i.e. MCX for similar violations observed, so as to avoid double jeopardy, based on the 'Principles of natural justice'.

In case of TCMs, which are also governed by MCX Rules, Byelaws and Business Rules / Regulations, penalty shall be levied by one entity (MCX) only, for similar violations observed so as to avoid double jeopardy, based on the 'Principles of natural justice'.

In case of ITCMs, which are also governed by MCX Rules, Byelaws and Business Rules / Regulations, penalty shall be levied by one entity (MCX) only for similar violations observed so as to avoid double jeopardy, based on the 'Principles of natural justice' as far as they pertain to member as an entity however compliance with respect to Clearing Member activities shall be separately monitored by MCXCCL and applicable penalties shall be levied, irrespective of whether MCX has levied the penalty or not. This shall be applicable specifically to non-compliances listed at

- Sr. no. 2: Failure to furnish correct Net worth certificate to MCXCCL within 60 days for half year ending September 30th and half year ending March 31st (unaudited),
- Sr. no. 3: Failure to furnish Annual Audited Accounts/ Returns by October 31st of the relevant year. In case Income Tax Dept. extend the due date, the same shall be applicable here.
- Sr. no. 4: Delayed/non-submission of data with respect to monitoring of financial strength of Members (ratios/indicators)
- Sr. no. 5: Failure to furnish Internal Audit Report for half year ending September 30th and half year ending March 31st.



Annexure-A: Guidelines on Compliance Officers

1. Applicability:

The below mentioned guidelines are applicable to the employee designated as Compliance Officer:

2. Eligibility criteria for appointment of Compliance Officers post January 01, 2023:

- a) **Educational qualification:** An individual shall be eligible to be appointed as Compliance Officer if he/she has passed graduation or an equivalent examination from a Government recognized institution.
 - All the existing Compliance Officer of Clearing Members on record of the Clearing Corporation having experience of 2 years or more shall be exempted from the above-mentioned criteria for educational qualification.
- b) **Experience:** At the time of appointment, the candidate should at least have 2 years of prior work experience in banking or financial services, handling Audit / Finance / Compliance / Legal / Operations/Risk Management functions.
- c) **Skills:** The eligible candidate should have good understanding of securities market industry, risk management, knowledge of regulations, legal framework and regulatory expectations.

3. Certification Requirement:

- a) Compliance Officer shall be required to pass the NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination within 1 year from the date of employment in terms of SEBI notification dated March 11, 2013.
 - The Compliance Officer shall ensure that the certification is renewed before the completion of its validity, as per the procedure specified by NISM, from time to time.
- b) In order to ensure that the Compliance Officer is well informed of all relevant laws and amendments thereof, it is essential that there should be a continuing education program for him/her. In this regard, Clearing Members shall impart half-yearly training to their compliance officers which will cover subject-wise key regulatory requirements and regulatory changes made in the last six months.

4. Tenure:

The Clearing Members shall ensure that any transfer / removal of Compliance Officer is done with explicit prior approval of the Board/ Partners as the case may be and, after following a well-defined and transparent internal administrative procedure and reasons be recorded in writing.

In case of any change in Compliance Officer due to any reasons beyond the control of the Member such as death, resignation etc., the Clearing Members are required to intimate the Clearing Corporation within 7 working days of such a change. In case of such unforeseen change, the Compliance Officer should be appointed within three months from the date of death/resignation of the erstwhile Compliance Officer and confirm the same to the Clearing Corporation.

Notwithstanding the above, the office of the Compliance Officer shall not remain vacant for more than 15 calendar days. In the event of resignation/demise etc. The Clearing Member should appoint an interim



Compliance Officer till such time a regular Compliance Officer is appointed within 3 months from the date of vacation of office.

5. Due diligence requirements: The Clearing Members shall ensure that the person appointed as Compliance Officer is "fit and proper" in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008.

Familiarization program: The Clearing Members shall provide half yearly compliance training program to all the compliance officers including newly appointed officials. It will be mandatory to attend the said program. Individuals who have served as compliance officers for more than a year and have joined another Member in the same capacity, shall be excluded from the aforesaid program. The training content will include all compliance requirements with respect to trading, clearing/settlement, inspections, membership compliance, investor grievance redressal mechanism, surveillance related compliance requirements.

6. Authority:

The Compliance Officer shall have the ability to independently exercise judgement in all matters of compliance and regulations. The Compliance Officer should have the freedom and sufficient authority to interact with regulators/supervisors directly and ensure compliance. In addition, he/she shall have the necessary authority to communicate with any staff member and have access to all records or files that are necessary to carry out entrusted responsibilities in respect of the compliance issues.

It should be ensured that the Compliance Officer or any of his/her staff are not assigned any responsibility which brings elements of conflict of interest, especially any role relating to business development/sales. The Compliance Officer shall under no circumstances act in such a dual capacity.

All the Existing Compliance Officers who are not in compliance with Clause No. 7 shall have time till March 31, 2023 to comply with the requirement. All the Clearing Members are required to confirm compliance with clause no. 7 vide their Internal Audit Report (IAR) submissions from March 2023 onwards.

- 7. Allotment of Trading Terminals: The Clearing Members shall ensure that no trading terminal is allotted to the Compliance Officer or any staff of his/her office except for the purpose of risk management /monitoring/testing or for view only purpose and no trades shall be executed from such terminals.
- 8. Action by Clearing Corporation: The Clearing Corporation shall also reserve the right to seek necessary explanations from the Compliance Officer or record his/her statements in terms of the relevant Rules/Regulations of the Clearing Corporation and initiate suitable disciplinary action against him/her including debarment or directing the Clearing Member for removal, if he/she is found to have failed to carry out his/her responsibilities in a reasonable manner. All actions shall be initiated by the Clearing Corporation, after following due process and providing opportunity of hearing to the Clearing Member /Compliance officer.



Annexure B: Undertaking

(To be on Stamp / Franked Paper of Rs.600 and notarized)

UNDERTAKING

То,
Multi Commodity Exchange of Clearing Corporation Limited
This Undertaking cum Indemnity Bond is signed at (where the undertaking is executed) on thisday of, 20
By
I/We,
, (hereinafter referred to as" Clearing Member", which expression, unless repugnant to the context or meaning thereof, shall be deemed to include its successors and assigns).
In favour of:
Multi Commodity Exchange Clearing Corporation Limited, a company incorporated under the Companies Act, 1956 having its registered office at
I/We hereby solemnly declare and undertake that:
Whereas, the Securities and Exchange Board of India (hereinafter referred to as "SEBI") has issued circular dated July 01, 2020 on Standard Operating Procedure to be followed in the case of Clearing Member leading to default (hereinafter referred to as the "said circular").

Whereas, in terms of the said circular, MCXCCL is empowered to issue instructions to the concerned bank/s to freeze the bank account/s maintained by the Member, for all debits / withdrawal by the Member in the event of a potential default by the Member in meeting its obligations to Clearing Corporation and / or repayment of funds / securities to his / its clients and / or affiliated Trading Members.

Now, in consideration of the above, I / We do hereby agree and confirm unconditionally to undertake that:

1. Multi Commodity Exchange Clearing Corporation Limited are empowered to instruct the concerned banks to freeze my / our bank accounts for all debits / withdrawals from such accounts. The details of bank accounts held by me / us are as follows (Member may choose to submit the details of bank accounts as annexure to this undertaking):



Sr. No.	Bank Name	Bank account no.	ISFC

- 2. Any debits to such bank account, post freezing by the banks, shall be done only on the express instructions to the said banks by MCXCCL.
- 3. MCXCCL shall not be liable in any way to me/us for any losses, claims, penalties, proceedings / actions, damages, consequential or otherwise, arising there from or occasioned thereby.
- 4. No proceeding/suit/action/claims would be adopted by me/us against MCXCCL for any act done with respect to issuance of instruction to the bank/s mentioned above for freezing of my/our account/s held with the bank/s.
- 5. I / We agree to indemnify and keep MCXCCL and/or its successors/assigns indemnified from time to time, and at all times hereafter, against all claims, demands, damages, liabilities, proceedings, losses, actions, charges and expenses made or suffered or incurred or caused or likely to suffer / incur directly or indirectly, to MCXCCL and/or its successors/assigns on account of freezing of my/our account/s held with bank/s.
- 6. I/ We shall keep the Bank appropriately notified of the obligations undertaken by me / us herein and authorizing them to honour the instructions from MCXCCL.
- 7. I / We undertake that a revised Undertaking cum Indemnity Bond shall be submitted by me / us to the above named Multi Commodity Exchange Clearing Corporation Limited (as per the circular) within seven (7) working days of opening of any new bank account or change in details of any existing bank account.
- 8. This Undertaking cum Indemnity Bond shall be binding on my / our successors, legal representatives and assigns.
- 9. I / We warrant that representations made by the undersigned / on behalf of the Member are true and correct.

IN WITNESS WHEREOF, I/We hereby execute this Undertaking cum Indemnity Bond on the day, month and year above written.

Solemnly declared at) this day of, 20)	BEFORE ME
(Name of Designated Director) (Name of Clearing Member) (with rubber stamp & SEBI Registration No.) In the presence of:	
1.	
2.	

Note: Board Resolution / all partners authorization (in case of partnership firm) for execution of the said undertaking cum indemnity and authorization for signing the same should be enclosed alongwith the document.



Annexure C: FIT AND PROPER PERSON" UNDERTAKING

77	D .
To,	Date:

The Managing Director & CEO Multi Commodity Exchange Clearing Corporation Limited Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.

We hereby declare and undertake that:

- 1. The applicant and following persons as referred in substituted Schedule II of SEBI (Intermediaries) (Third Amendment) Regulations, 2021 are fit and proper person as per requirement laid in in aforesaid schedule:
 - (a) the Applicant;
 - (b) the Principal Officer, the Directors or Managing Partners, the Compliance Officer and the Key Management Persons (KMPs) of the Applicant by whatever name called; and
 - (c) the Promoters or persons holding controlling interest or persons exercising control over the applicant, directly or indirectly:

(Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria.)

Explanation—For the purpose of this sub-clause, the expressions "controlling interest" and "control" in case of an applicant or intermediary, shall be construed with reference to the respective regulations applicable to the applicant or intermediary.

- 2. The Applicant and persons referred in point 1 above bear integrity, honesty, ethical behaviour, reputation, fairness and character of the person;
- 3. The Applicant and persons referred in point 1 above are not incurring following disqualifications mentioned in Clause 3(b) of Schedule II of SEBI (Intermediaries) (Third Amendment) Regulations, 2021:
 - i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;
 - ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;
 - iii) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;
 - iv) recovery proceedings have been initiated by the Board against such person and are pending;
 - v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;
 - vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;
 - vii) such person has been declared insolvent and not discharged;



- viii) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- ix) such person has been categorized as a wilful defaulter;
- x) such person has been declared a fugitive economic offender;
- 4. The Applicant or any other person mentioned in point 1 above have not been declared as not 'fit and proper person' by an order of the SEBI.
- 5. No notice to show cause has been issued for proceedings under SEBI (Intermediaries) (Third Amendment) Regulations, 2021 or under section 11(4) or section 11B of the SEBI Act during last one year against the Applicant or any other persons referred in point 1 above.

We hereby undertake that the above declaration is true and correct and any change in the above shall be immediately intimated to Multi Commodity Exchange Clearing Corporation Limited.

Date:	Signature
	Place:
	Name



Annexure- D: Application to SEBI for opening of wholly owned subsidiaries, step down subsidiaries or entering into joint ventures in GIFT IFSC

Please read the instructions carefully before filling up the Application form:

- 1. Fill in all the particulars clearly.
- 2. The information should be complete in all respects.
- 3. Please attach the relevant enclosures.
- 4. The application shall be submitted through Clearing Corporation along with NOC obtained from all the Clearing Corporations, where the applicant is a member/participant and other documents as listed in the present form.

I GENERAL INFORMATION:

1	Details of all registrations of the applicant company in India and abroad	 Name of the entity (Earlier name, if any) Type of Intermediary (If Broker, names of Exchanges and if DP, name of the Depositories) Registration Number Date of Registration
2	Net worth of the applicant company (in Rs.)	
3	Details of the following persons:	
	a) Promoters (Name and PAN number) b)	
	Directors (Name, DIN and PAN number)	
	c) Key Person of the applicant (Name and PAN	
	number)	
4	Details of regulatory action taken/ initiated/ pending, if any, against the applicant/	
	promoters/ directors/key personnel/ principal	
	officer of the applicant company (in	
	India/abroad)	
5	Any fee remaining unpaid to SEBI by applicant/	
	associates	
6	Amount of proposed investment (converted in	
	Indian Rupees)	
7	Whether the applicant is setting up a Wholly	
	Owned subsidiary (WOS) or a Step Down	
	Subsidiary (SDS) or entering into Joint Venture	
	(JV) or acquiring stake in an existing company.	
8	Details of the proposed WOS/SDS/JV in GIFT	a) Name of the proposed entity in GIFT IFSC
	IFSC (provide relevant details in case of equity	b) Purpose for setting up the
	participation in existing company or joint	WOS/SDS/JV/Equity Participation etc.
	venture with a company)	c) Nature of proposed activities



II UNDERTAKING

a. Pursuant to setting up Wholly Owned Subsidiary / investment in step down subsidiary/joint venture, etc., we shall maintain net worth for each category of registration as per SEBI Act, 1992 & Regulations/circulars issued there under and bye laws/rules/regulations/circulars, etc. issued by respective stock exchanges/Depositories.

Signature
Name
Designation

Place: Date:

III. ENCLOSURES:

- a. Certificate of Net worth:
 - i. Net worth Certificate of the applicant based on the latest audited results (in Rs.), duly certified by a Chartered Accountant.
 - ii. In case the above Net worth Certificate is more than 6 months old, then provide above as well as the latest provisional networth certificate, duly certified by a Chartered Accountant.
- b. NOC obtained from all the Stock Exchanges/Depositories where the applicant is a member/ participant, in case the applicant is a Stock Broker/Depository Participant.
- c. Details of any non-compliance w.r.t 'fit and proper person' criteria as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008.
- d. Declaration cum undertaking (format enclosed) with regard to compliance with the 'fit and proper person' criteria as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008 duly stamped and signed by the Authorized Signatories of the applicant.
- e. Latest shareholding pattern of the applicant and list of the shareholders who have controlling interest.

Declaration Cum Undertaking

We, M/s (Name of the intermed	liary), having SEBI registration certificate in the capacity of
bearing registration number	hereby declare and undertake the following w.r.t our application for
setting up WOS/SDS/JV in GIFT IFSC:	

- 1. Name of the intermediary and its principal officer, directors or managing partners, compliance officer, key management persons, promoters or persons holding controlling interest or persons exercising control over the intermediary directly or indirectly and person holding twenty percent or more voting rights of the intermediary (hereinafter referred to as "We" or "Us") are fit and proper person as per requirement laid down in Schedule II of SEBI (Intermediaries) Regulations, 2008.
- 2. We bear integrity, honesty, ethical behaviour, reputation, fairness and character.
- 3. We do not incur following disqualifications mentioned in Clause 3(b) of Schedule II of SEBI (Intermediaries) Regulations, 2008 i.e.
 - i) No criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against us by the Board and which is pending.



- ii) No charge sheet has been filed against us by any enforcement agency in matters concerning economic offences and is pending.
- iii) No order of restraint, prohibition or debarment has been passed against us by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force.
- iv) No recovery proceedings have been initiated by the Board against us and are pending.
- v) No order of conviction has been passed against us by a court for any offence involving moral turpitude.
- vi) No winding up proceedings have been initiated or an order for winding up has been passed against us.
- vii) We have not been declared insolvent.
- viii) We have not been found to be of unsound mind by a court of competent jurisdiction and no such finding is in force.
- ix) We have not been categorized as a wilful defaulter.
- x) We have not been declared a fugitive economic offender.
- 4. We have not been declared as not 'fit and proper person' by an order of the Board.
- 5. No notice to show cause has been issued for proceedings under SEBI (Intermediaries) Regulations, 2008 or under section 11(4) or section 11B of the SEBI Act during last one year against us.
- 6. It is hereby declared that we and each of our Promoters, Directors, Principal Officer, Compliance Officer and Key Managerial Persons are not associated with vanishing companies.
- 7. There is no outstanding SEBI fee payable by the intermediary.

The said information is true to our knowledge. (Stamped and signed by the Authorized Signatories)



Abbreviations - Membership

Term	Description
FIU	Financial Intelligence Unit
ITCM	Institutional Trading Cum Clearing Member
MCSGFC	Member and Core Settlement Guarantee Fund Committee
MLN	Minimum Liquid Net worth
MMPI	MCX Member Profile Interface
NOC	No Objection Certificate
PCM	Professional Clearing Member
РО	Principal Officer
PG	Promotor Group
SBR	SEBI (Stock Brokers) Regulations, 1992
SCRA	Securities Contracts (Regulation) Act 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SI Portal	SEBI Intermediary Portal
TM	Trading Member
TCM	Trading Cum Clearing Member



Chapter 2: Collateral Management

1. Deposit Requirements

1.1. Initial Security Deposit (ISD)

The Clearing Members are required to pay interest free security deposit as prescribed by MCXCCL at the time of admission, which shall be available for exposure to the members. Minimum 50% of Initial Security Deposit shall be in the form of Cash and balance can be in the form of Fixed Deposit Receipts / Bank Guarantees.

1.2. Additional Deposits

To increase the exposure limits for trading, the members may place additional security deposit in the following forms:

- i. Cash
- ii. Cash Equivalent:
 - a. Bank Guarantees (BG) issued by approved banks
 - b. Fixed Deposit Receipts (FDR) issued by approved banks
 - c. Securities
 - i. Mutual Fund Schemes (Liquid Funds)
 - ii. Government Securities (G-Sec), Treasury Bills (T-Bills) and Sovereign Gold Bonds (SGB)
- iii. Non Cash Collaterals (Other Deposits):
 - a. Securities as defined under section 2(h) of SC(R) Act, 1956 in demat form. This shall include:
 - i. Approved list of Securities (Equity Shares)
 - ii. Mutual Fund Units (Other than Liquid Funds)
 - b. Pledge of Electronic Warehouse receipt(s) of approved commodities issued through ComRIS/ CCRL

The ratio of Cash (including Cash Equivalent) and Non Cash Collaterals shall be 1:1

1.3. Minimum Liquid Net-Worth (MLNW)

- i. All Clearing Members are required to maintain Minimum Liquid Net-worth against which exposure is not allowed. The current Minimum Liquid Net-worth requirement is of Rs 50 Lakhs.
- ii. Applicable Minimum Liquid Net-worth (MLNW) of Rs 50 Lakh shall be blocked from the collaterals deposited in the pool account.

2. Forms of Collaterals (Liquid Assets)

- i. Member may deposit liquid assets in the form of cash, bank guarantees, fixed deposit receipts, approved securities, approved commodities and any other form of collateral as prescribed by MCXCCL and/ or SEBI from time to time.
- ii. These liquid assets are segregated as cash, cash equivalent and Non Cash Collaterals (Other Deposits).



- iii. Cash shall mean cash deposits placed with MCXCCL.
- iv. Cash equivalent shall mean bank guarantees, fixed deposit receipts, mutual fund schemes (liquid funds), government Securities (G-Sec), Sovereign Gold Bond (SGB), Treasury Bills (T-Bill) and any form of collateral as may be prescribed from time to time.
- v. Non Cash Collaterals (Other Deposits) shall mean all other form of collateral deposits like approved list of demat securities (equity shares), mutual fund units (other than liquid funds), electronic warehouse receipt(s) of approved commodities issued through ComRIS/ CCRL and any other form of collateral as may be prescribed from time to time.
- vi. The ratio of Cash (including Cash Equivalent) and Non Cash Collaterals shall be 1:1.

2.1. Cash

Procedure for deposit of cash

- i. Clearing Members may submit the request for additional deposit in the form of cash by making the required amount available in their respective clearing bank account and sending an authorization to MCXCCL / Clearing Bank for transferring the said amount from their settlement account to the settlement account of MCXCCL.
- ii. MCXCCL has provided an electronic interface to its Clearing Bank and Clearing Members for enhancement of additional cash margin. Clearing Members mapped with Clearing Banks mentioned in Annexure 1A shall submit online cash margin request through e-Xchange as under:
 - a. Cash Inward option shall be available on e-Xchange under the menu:

Collateral → Inward Collateral → Cash Inward entry

b. Facility to Edit / View the cash inward entry has been provided under the menu:

Collateral → Inward Collateral → Edit/View Request

- iii. Cash Inward request shall be valid for processing by the Clearing Bank on the request date only.
- iv. These instructions shall then be electronically transmitted to their Clearing Banks for processing.
- v. In case the member is not able to submit the request through e-Xchange, Member can also send request as per the format prescribed in the <u>Annexure 1B</u>.
- vi. The benefit of cash margin deposit request shall be subject to receipt of confirmation from the respective Bank.

Procedure for release of cash

i. Members intending to seek release of additional cash deposit shall be required to submit the request through option available on e-Xchange under the menu:

Collateral → Outward Collateral → Cash / Non Cash Outward entry

- ii. In the **Cash Outward entry** screen, Member shall be required to select **Request Type** as **'Immediate'** for intraday cash release.
- iii. Intraday cash release requests shall be processed as per the given timelines:

Sr.	Release Request	type Request received by	Request
No.		MCXCCL	processing time*
1	Immediate	Up to 10:00 AM	11:00 AM
2	Immediate	Between 10:00 AM - 12:00 PM	M 01:00 PM



3	Immediate	Between 12:00 PM - 02:00 PM	03:00 PM
4	Immediate *	Between 02:00 PM - 04:00 PM	05:00 PM
5	Immediate *	Between 04:00 PM - 05:00 PM	06:00 PM
6	Normal (Future date)	Entire Day upto 12:30 AM	Next Settlement day
		(Midnight)	

^{*}On best effort basis.

- iv. On Date of Settlement of Running Account of Client's Funds, clearing members can submit request for Cash release on an immediate basis till 7:00 pm.
 - Immediate cash release request can be submitted online up to 5:00 pm through e–Xchange. Subsequently, members can submit the request as per the format prescribed in <u>Annexure 2</u>
 - MCXCCL shall endeavour to release cash within one hour of the request received from the clearing member on an immediate basis on the date of the one day settlement, subject to availability of unallocated balances in the member pool account
- v. MCXCCL shall levy charges @ 0.01% of the amount released, subject to minimum of Rs. 100/- and maximum of Rs. 10,000/- (plus Taxes as applicable) per request for immediate release. These charges shall form part of obligation report of the release request date.
- vi. For normal cash release requests, Member shall be required to select 'Request Type' as 'Normal' in the Cash Outward entry screen. These requests shall be processed on the next settlement date.
- vii. Member can also give release request in format prescribed in **Annexure 2**
- viii. Any margin release request shall be processed subject to compliance of margin and deposit requirements.

2.2. Bank Guarantee

- i. The acceptance of the Bank Guarantees (BGs), Fixed Deposit Receipts (FDRs) and Securities by the Clearing Corporation shall be subject to the bank-wise and member-wise limits stipulated from time to time.
- ii. The limit available for each approved bank, along-with the member-wise maximum value of BG, FDR and Securities that can be given by the bank is disseminated by MCXCCL on its website on a daily basis at the end of each trading day. The information is available on MCXCCL website under the link https://www.mcxccl.com/risk-management/collaterals where separate files for the bankwise and member-wise limits are placed.
- iii. Maximum allowable limits per member for a Bank shall be higher of Bank's net-worth based limit or 20% / 25% of Bank's Clearing Corporation level exposure limit as applicable.
- iv. Members are advised to check the bank-wise available limits and maximum allowable limits per member from the above files before placing additional collateral deposits in the form of Bank Guarantees, Fixed Deposit Receipts and securities of approved banks.
- v. MCXCCL shall accept bank guarantees from approved banks as listed in <u>Annexure 3</u>. The Bank Guarantee format is specified in <u>Annexure 4A</u>.
- Vi. Bank Guarantee for Initial Security deposit should be for a minimum period of 12 months with a specific claim period of minimum 30 days. If an issuing bank does not provide for a specific claim period beyond the expiry date in the bank guarantee, the maturity period of such Bank Guarantee shall be reduced by 30 days from the expiry date of Bank Guarantee, which shall be deemed as a claim period.
- vii. Bank Guarantee for Additional Deposit should be for a minimum period of 3 months, with an additional specific claim period of minimum 15 days.
- Viii. The bank guarantee must be issued by the bank on behalf of the member himself. A third party bank guarantee instrument issued on behalf of some person other than the member himself shall not be acceptable.
- ix. BGs issued on behalf of clearing Member may be based on arrangement/ collateral made available by



- the Clearing Member.
- X. In case where the Bank has executed a Master Bank Guarantee Agreement with MCXCCL, the format of Fresh Bank Guarantee (BG) under the Master agreement shall be as per Annexure 4C, List of banks that have executed Master Bank Guarantee Agreement is provided in Annexure 4B.
- Xi. A member shall be required to renew the bank guarantee submitted by him prior to its expiry. Members shall furnish the renewal document strictly in the prescribed format at least 7 working days before the date of expiry of the bank guarantee. The format for such renewal is given at Annexure 5A and Annexure 5B.
- Xii. Clearing members may also opt to give a fresh bank guarantee in favour of Multi Commodity Exchange Clearing Corporation Limited instead of renewing the expired bank guarantees.
- Xiii. A bank guarantee deposited by a member, which has expired, shall be excluded for the purpose of computing the benefit provided to such member towards exposure.
- **xiv.** While submitting the Bank Guarantee, members shall ensure that the bank guarantee instrument strictly confirms to the format specified by MCXCCL and that:
 - a. Bank Guarantee has to be on Non-Judicial stamp paper of minimum Rs.100/- or the value prevailing in the State where executed, whichever is higher.
 - b. All the blanks in the format are required to be duly filled/ cancelled, wherever necessary, by the issuing bank along with their stamp and signature against each blank, if filled separately
 - c. All handwritten corrections and blanks are attested by the bank by affixing the bank seal/stamp along with the signature of at least one authorized signatory.
 - d. All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal/ stamp along with the signature of at least one authorised signatory.
 - e. Each page of the bank guarantee should bear the bank guarantee number and date/s as mentioned in the format and should be signed with bank's seal/stamp by at least two authorised signatories of the bank.
 - f. Expiry date and claim period should be mentioned in Bank Guarantee.
 - g. If an issuing bank does not provide claim period beyond the expiry date in the bank guarantee, the maturity period of such Bank Guarantee shall be reduced by 30/15 days (as applicable) from the expiry date of Bank Guarantee, which shall be deemed as a claim period
 - h. The amount of bank guarantee complies with the bank and member level limits prescribed by MCXCCL
 - i. In case the bank guarantee does not strictly confirm to the above-mentioned conditions, the same shall not be accepted by MCXCCL.
- XV. SFMS Message: Members are required to ensure that Banks issuing BG in favour of Multi Commodity Exchange Clearing Corporation Limited shall send e-messages through SFMS for all new issuance/ renewals of the BG. Members shall ensure that SFMS message is sent by the issuing bank before the new/ renewal BG is submitted to Clearing Corporation. The exposure towards new issuance/ renewals of the bank guarantees shall be provided only after receipt of the SFMS message by Clearing Corporation.



Member shall provide following Beneficiary details of MCXCCL to Issuing Bank for sending the e-message through SFMS.

Field No	Description	Value
7035	Beneficiary IFSC	ICIC0000004
7036	Beneficiary Branch Name and Address	ICICI Bank Ltd F.P House Nariman Point, Mumbai branch 215, Free Press House, Free Press Marg, Nariman Point,
		Mumbai- 400021
	Sender to receiver	
7037	Information	MCXCCL519924303

- **xvi.** Members intending to seek additional margin Bank Guarantee released, shall be required to submit the request through option available on e-Xchange.
- **XVII.** Processing of release request shall be subject to unallocated balances in the member pool account and compliance of margin and deposit requirements.
- **xviii.** On date of Settlement of Running Account of Client's Funds, clearing members can submit request for Bank Guarantee release on an immediate basis till 7:00 pm. MCXCCL shall endeavour to release BG within one hour of the request received from the clearing member on an immediate basis on the date of the one day settlement, subject to availability of unallocated balances in the member pool account.
- xix. Member shall submit an authority letter as defined under <u>Annexure 8</u> for seeking release of bank guarantee instrument in person.
- **XX.** Members will have to replace the BGs in case a bank is removed from the list of approved banks.

2.3. Fixed Deposit Receipts

- i. The acceptance of the Fixed Deposit Receipts (FDR), Bank Guarantees (BG), and Securities by the Clearing Corporation shall be subject to the bank-wise and member-wise limits stipulated from time to time.
- ii. The limit available for each approved bank, along-with the member-wise maximum value of FDRs, BGs and Securities that can be given by the bank are disseminated by MCXCCL on its website on a daily basis at the end of each trading day. The information shall be available on MCXCCL website under the link https://www.mcxccl.com/risk-management/collaterals where separate files for the bank-wise and member-wise limits are placed.
- iii. Maximum allowable limits per member for a Bank shall be higher of Bank's net-worth based limit or 20% / 25% of Bank's Clearing Corporation level exposure limit as applicable.
- iv. Members are advised to check the bank-wise available limits and maximum allowable limits per member from the above files before placing additional collateral deposits in the form of Fixed Deposit Receipts, Bank Guarantees and securities of approved banks.
- v. Clearing members may submit deposit in the form of fixed deposit receipt (FDR) issued by the approved bank(s) as per Annexure 3.
- vi. The FDR should be issued in the favour of "Multi Commodity Exchange Clearing Corporation Limited A/c Member Name" or "MCXCCL A/c Member Name" (e.g. Multi Commodity Exchange Clearing Corporation Limited A/c ABC Ltd or MCXCCL A/c ABC Ltd).
- vii. Clearing members are required to submit the fixed deposit certificate and issue a letter to the MCXCCL



agreeing that the MCXCCL has an irrevocable authority to encash the FDR and to withdraw the FDR amount (including accrued interest) at any time, even prior to maturity of FDR without notice to the clearing members, for adjustment of Clearing Corporation / Exchange dues. The formats of the Member lien letter are given in <u>Annexure 6</u>.

- viii. The FDR's placed with MCXCCL and lien marked in favour of MCXCCL shall be from the funds / accounts of the Clearing Members only.
- ix. All such fixed deposits shall be under lien of MCXCCL and the bank must confirm that such lien has been recorded and that MCXCCL has first charge on such fixed deposit receipts by issuing a letter along with the fixed deposit receipt.
- x. MCXCCL prescribed formats and conditions for Submitting FDR are as under:
 - a. For Member Lien Letter Annexure 6
 - b. For Bank Lien Letter
 - i. Fresh FDR Annexure 7A
 - ii. Renewal FDR (with old FDR no.) Annexure 7B
 - iii. Renewal FDR (with new FDR no.) Annexure 7C
 - c. FDR should be in the name of "Multi Commodity Exchange Clearing Corporation Limited A/c Member Name" or "MCXCCL A/c Member Name" (e.g. Multi Commodity Exchange Clearing Corporation Limited A/c ABC Ltd or MCXCCL A/c ABC Ltd.)
 - d. FDR should be accompanied with the Member Lien and Bank Lien Letter which should strictly comply with the Annexure 6 & Annexure 7 (A/B/C) respectively and FDR no. to be mentioned on both these letters.
 - e. Endorsement by the member On the reverse of FDR stamp affixed and signed.
 - f. Endorsement by the Banks For any correction / hand written instructions on the FDR.
 - g. The minimum value of FDR that may be accepted shall be Rs.50,000 and multiples thereof.
 - h. The FDR should be issued for minimum period of 3 months in case of additional deposit and for a minimum period of 12 months in case of Initial Security Deposit
 - i. In case of renewal of FDR, the member shall furnish the renewal letter from the respective issuing bank.
 - j. The margin benefit for the Fixed Deposit Receipts so placed by the Members with MCXCCL shall be granted up to the date of maturity of the FDR. At the end of the business day of maturity day of FDR, the margin benefit shall stand withdrawn and the members limit will be reduced to the extent of matured FDR. Members can either opt for the renewal of the instrument or submit a request to MCXCCL for the release of the matured instrument & cancellation of lien marked in favour of MCXCCL.
- xi. Member can additionally provide FDR in electronic format (e-FDR). List of banks allowed for issuance of e-FDR is provided in <u>Annexure 3</u>. The process for issuance of Fresh / Renewal of e-FDR is as below:
 - a. Members who wish to avail the facility shall approach the bank to create / renew FDR and mark lien in favour of MCXCCL
 - b. Members shall submit the required documents to the bank for creation of FDR and marking the lien. Additional information to be provided by the member to bank is given below:
 - i. Member Code
 - ii. Deposit Type (Initial Security Deposit, Margin Deposit)
 - c. Bank shall issue / renew FDR and mark lien in favour of MCXCCL



- d. Bank shall send FDR information in electronic form to MCXCCL
- e. MCXCCL validates the FDR information and, if found correct, the benefit of the same shall be passed to the member
- f. MCXCCL sends a system generated e-mail to member
- xii. MCXCCL shall not accept Fixed Deposit Receipt (FDRs) from members as collateral, which are issued by the member themselves, or banks who are associate of member.

 Explanation for this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2018.
- xiii. Members intending to seek additional margin FDRs released, shall be required to submit the request through option available on e-Xchange
- xiv. Processing of release request shall be subject to unallocated balances in the member pool account and compliance of margin and deposit requirements.
- xv. On date of Settlement of Running Account of Client's Funds, clearing members can submit request for Bank Guarantee release on an immediate basis till 7:00 pm. MCXCCL shall endeavour to release BG within one hour of the request received from the clearing member on an immediate basis on the date of the one day settlement, subject to availability of unallocated balances in the member pool account
- xvi. Member shall submit an authority letter as defined under **Annexure 9** for seeking release of fixed deposit receipt in person.
- xvii. Members will have to replace the FDRs in case a bank is removed from the list of approved banks

2.4. Securities

2.4.1 Guidelines for acceptance of securities

- i. MCXCCL may issue / revise the list of approved securities, stipulated haircuts and specify caps from time to time.
- ii. Approved securities shall include equity shares, units of mutual funds, government securities, sovereign gold bonds or such other securities included by MCXCCL from time to time.
- iii. The securities shall be subject to a minimum margin / haircut as specified by MCXCCL from time to time.
- iv. In case of discontinuation of a security from the list of approved securities, the members should take due care to replace such securities.
- v. The acceptance of the bank securities, Fixed Deposit Receipts (FDRs) and Bank Guarantees (BGs) by the Clearing Corporation shall be subject to the bank-wise and member-wise limits stipulated from time to time.
- vi. The limit available for each approved bank, along-with the member-wise maximum value of Securities, FDRs and BGs that can be given by the bank are disseminated by MCXCCL on its website on a daily basis at the end of each trading day. The information shall be available on MCXCCL website under the link https://www.mcxccl.com/risk- management/collaterals where separate files for the bankwise and member-wise limits are placed.
- vii. Maximum allowable limits per member for a Bank shall be higher of Bank's net-worth based limit or 20% / 25% of Bank's Clearing Corporation level exposure limit as applicable.
- viii. Members are advised to check the bank-wise available limits and maximum allowable limits per member from the above files before placing additional collateral deposits in the form of Securities, Fixed Deposit



Receipts and Bank Guarantees of approved banks.

- ix. **Securities not acceptable:** The following securities shall not be accepted for the purpose of security deposit:
 - a. Securities not as per the approved list;
 - b. Partly paid up securities;
 - c. Securities subject to any lock in period, buy back scheme, any charge or lien, encumbrance of any kind or whose title is questioned before a Court or any regulatory body or such other limitations.

2.4.2 Acceptance of securities through approved Custodians:

- i. Clearing Members are required to open a separate demat account with MCXCCL approved custodian(s) for depositing securities. For this purpose, Members, who are individuals, may open an account in their name if securities offered are held in their names. Members who are a partnership firm may open an account in their partners' names if shares are held in the names of the partners as the case may be, and Members who are corporate body may open an account in the corporate name or in the name of their designated directors as the case may be depending upon the beneficiary of shares. However, these accounts are required to be separate and used for the purpose of such deposit of securities only.
- ii. Clearing Members can deposit approved securities in electronic form ('Demat Securities') in the designated depository accounts maintained with the Custodian(s) approved/appointed by MCXCCL (List of approved Custodian is given in **Annexure 10**).
- iii. Clearing members shall be permitted to pledge "own" securities only towards the margin deposit requirements through Custodians.
- iv. Demat account with Custodian should be tagged as "Proprietary Account" (demat account for holding own securities)
- v. The "own" securities that may be provided, shall be subject to the legal and beneficial ownership of the clearing member/ spouse, any of the partners/ their spouses or any of the directors, in case of individual, partnership or corporate clearing members respectively, as the sole/ first joint holder, provided no depositor of securities should be a minor as on the date of deposit thereof.
- vi. In case of reconstitution / restructuring or any change in the partners /directors of the clearing member, as applicable, a Clearing Member shall be required to replace the securities belonging to such outgoing partners /directors immediately. The approved custodians shall be required to exercise due care for such replacement of securities and reporting thereof to the Clearing Corporation.
- vii. These securities shall be pledged in favour of Multi Commodity Exchange Clearing Corporation Limited.
- viii. The custodian shall carry out the valuation of the said shares pledged after applying the haircut specified. MCXCCL shall accept the securities valuation file from Custodian at the following times in the day:
 - a. Before Start of Market Hours (9.00 am)
 - b. 1.30 pm
 - c. 5.00 pm

In addition to the above 3 files, MCXCCL may accept additional files from custodian(s) as and when provided by the them.

- ix. Members who are interested in availing this facility may get in touch with the officials of the approved Custodian(s) to ascertain the modalities with regard to deposit of securities.
- x. Members along with joint holders, if any, may deposit dematerialized securities with the custodian by marking a pledge of the securities in favour of MCXCCL.
- xi. In addition to any document as may be required by the approved custodian(s) in this regard, the



following documents are required to be provided to the approved custodian(s):

- a. Deed of pledge to be executed in the format prescribed by MCXCCL (in <u>Annexure 11</u>) and available with the approved custodian(s) on a non-judicial stamp paper of minimum Rs.600/- or as may be applicable, whichever is higher.
- b. Certified true copy of the relevant Board Resolution in case of a corporate body.
- c. Members and the joint holders, if any, shall give the necessary pledge instruction(s) to the approved Custodian for the securities to be pledged in favour of MCXCCL.
- d. Once the securities are accepted and duly pledged by the approved Custodian, the approved Custodian shall inform MCXCCL the value of the securities after adjusting the relevant margin percentages / haircut as stipulated by MCXCCL and the same shall be considered as additional margin deposit.
- e. Custodian charges:
 - i. The approved custodian(s) will specify the charges to be levied for the above services and the manner in which the payments are to be made to them.
 - ii. The Members shall pay the bills raised by the approved Custodian(s) within 7 days of receipt of such bills directly to the custodian. In case the concerned member does not pay such bills within the stipulated period, appropriate action, as may be decided by Relevant Authority of MCXCCL, as it deems fit and proper, shall be initiated against the said Member.

2.4.3 Acceptance of securities through margin pledge mechanism of NSDL / CDSL

SEBI, vide its circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 issued the guidelines on 'Margin obligations to be given by way of Pledge/ Re-pledge of securities in the Depository System'.

For the purpose of providing collaterals in form of approved securities as margin, a client shall pledge approved securities with the Trading Member (TM), the TM shall be permitted to re-pledge the same with the Clearing Member (CM) and the CM in turn shall be permitted to re-pledge the same to Clearing Corporation (CC). Re-pledge would mean endorsement of pledge by TM/ CM in favour of CM/ CC, as per procedure laid down by the Depositories. The securities shall continue to be held in the client demat account till invoked by the pledgee beneficiary. Margin benefit against the pledge/ re-pledged securities shall be available to the client who has pledged the securities

The operational procedure for implementation are as under:

- i. Members shall open a separate demat account with any depository participant of NSDL or CDSL. The account shall have client sub type of CM- Client Securities Margin Pledge Account (CM-CSMPA) or TM/CM Client Securities Margin Pledge Account (TM/CM-CSMPA) in NSDL or CDSL. For the process of opening the 'Client Securities Margin Pledge Account', Members are advised to be guided by the process issued by the depositories from time to time.
- ii. Clearing members can re-pledge Clients/ TMs securities only through Margin Pledge facility provided by the depositories.
- iii. In case of clearing member pledging its' own securities as collaterals with MCXCCL through the pledge/ re-pledge mechanism of the depository, the margin benefit against the pledged securities shall be released to the corresponding clearing member on confirmation of the pledge. Accordingly, the clearing members would be permitted to pledge their securities through the Custodian or pledge/ re-pledge mechanism.



- iv. Member shall ensure that designated demat account is used for the purpose of pledging/re-pledging securities only as specified in SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020
- v. Clearing Member shall submit the following information to MCXCCL
 - a. Pledge deed as per the format specified in **Annexure 11**
 - b. Letter for margin pledge account as per format prescribed in **Annexure 12**
 - c. Client master of the designated account.
 - d. Board Resolution with list of authorized signatories authorized to sign the pledge deed.
- vi. On submission of necessary documents as specified above MCXCCL shall enable the member account for acceptance of margin pledge/re-pledge.
- vii. Clearing Members shall refer to provisions provided by Depositaries with respect to opening the account and creating margin pledge/re-pledge in favour of MCXCCL.
- viii. Details of MCXCCL accounts for pledge and re-pledge are as under

Depository	DP ID	Account number
NSDL	IN001184	10000012
CDSL	11000022	00000211

- ix. Pledge instructions in respect of approved securities only shall be accepted.
- x. UCC Details, TM Code, CP Code and segment as received in the pledge/re-pledge instructions from depositories shall be considered for allocating such securities towards margin requirement.
- xi. The margin limits against client/ trading member's own securities shall be released at an hourly interval during the day.
- xii. Securities accepted through the Custodian and pledge/ re-pledge mechanism shall be subject to the various limits (security level, member level, bank level limit in case of approved bank, and cash to non-cash ratio) prescribed by MCXCCL from time to time.
- xiii. The margin limit of the clearing member's own collaterals shall be segregated from the client and trading member's own collaterals. While assigning the margin limits, priority shall be given to the clearing member's own collaterals. Collateral limits against re-pledged collaterals of clients and trading member's own securities shall be assigned on a pro-rata basis.
- xiv. The collateral limits set at the client level shall be net of applicable haircut value and after blocking the applicable concentration margins and other margins as applicable.
- xv. MCXCCL shall continue to compute the margin requirement at the client level on a real time online basis and block the margin requirements of the clients/ TMs against the collaterals deposited by the clearing member. The clearing member shall continue to be responsible for the margin requirement of the clients and trading members associated with it. Effectively, the day to day real time risk management with respect to client / trading member exposure and the margin requirement shall continue to be the responsibility of the clearing member, and MCXCCL shall not monitor the client level exposure against the available client level collateral in real time.
- xvi. The margin appropriation shall be as under:
 - a. Margin requirement at the client level shall first be appropriated from the client level margin limit.
 - b. The excess of client level margin requirement shall then be adjusted from the margin limit against trading member's own collaterals.
 - c. In absence of trading member's own collateral margin limit or in case of trading member's insufficient margin limit against the margin requirement, the excess margin shall then be blocked from the clearing member's margin limit as per the current mechanism.



- d. Proprietary shares of the trading member that are re-pledged by the clearing member with MCXCCL shall be utilized against the margin requirement of proprietary positions of the trading member and also towards the margin requirement of the clients of such trading member
- xvii. Excess utilisation at Client Level shall be grossed up and displayed under column "Margin" at Trading Member level and Clearing Member level in MAT.
- xviii. Base Capital deposit of the trading member is presently added to the collaterals of the clearing member while determining the collateral limit of the clearing member. With the implementation of this circular, this practice shall be discontinued. The Base Capital of the trading member shall be treated as trading member's own collateral and margin limits against the same shall be assigned to the trading members own account.
- xix. MCXCCL shall provide an additional file to the clearing and trading members for the re-pledge of securities.
- xx. Trading members intending to change their clearing member shall be required to withdrawn the repledge of securities done by the clearing member with MCXCCL before effecting the change.
- xxi. Invocation of securities under the pledge/ re-pledge shall be governed by the extant SEBI directives issued in this matter.

2.4.4 Valuation

Valuation of securities will be carried out as under:

- i. At the rates prevalent at National Stock Exchange of India Limited (NSE),
- ii. In the event of the securities not being traded at NSE, the rates at The Stock Exchange, Mumbai (BSE).
- iii. In case a security is not traded in either of these stock exchanges on the date of valuation, the last traded price at NSE shall be considered and failing the same, the last traded price at BSE would be reckoned for this purpose.
- iv. The Valuation of units of the Mutual fund shall be done on daily basis based on the NAV of the mutual fund scheme.
- v. The valuation as explained above shall be reduced by the relevant margin percentage (haircut) to arrive at the collateral value of the securities. Only the value net of margins so arrived (hereinafter referred to as `net value') shall be considered as the value of such securities.
- vi. The approved custodian(s) shall do valuation of securities at least on the basis of close price of previous trading day or latest close price on stock exchange (NSE/BSE) or at such regular intervals and in such manner as may be specified by MCXCCL.

2.4.5 Release of securities deposited (cancellation of pledge)

- i. Members may withdraw or replace the pledged/re-pledged securities from time to time.
- ii. Trading members shall place release request for securities re-pledged by the clearing member with MCXCCL for their clients. Clearing member shall be required to validate the trading member's request prior to MCXCCL releasing the pledge. Clearing member seeking release of "own" securities shall place release request through e-Xchange. Clearing Member can also submit a letter for withdrawal of the own or client pledged or re-pledged securities as per the format specified in Annexure 13.



- iii. MCXCCL may consider the request for release provided.
 - **a.** such member has no outstanding obligations / positions / dues towards the Exchange/MCXCCL if any, and that there is no other liability under the Rules, Bye-Laws and Regulations of MCXCCL, and
 - b. MCXCCL is of the opinion that such release does not entail any risk.
- iv. MCXCCL shall process the request for release of securities deposited as collaterals 3 times a day. The following time intervals are put in place for release of securities:

S. No.	Request received by MCXCCL	Request processing time
1	Up to 12:00 PM	1:00 PM
2	Between 12:00 PM - 3:00 PM	4:00 PM
3	Between 3:00 PM - 5:30 PM	7:00 PM

v. MCXCCL, may in accordance with the provisions detailed above, inform the approved custodian(s)/ depository to release/ un-pledge such specific securities. The said custodian(s) shall then cancel the pledge marked in favour of MCXCCL and release/ un-pledge such securities to the said Member.

2.4.6 Government Securities (G-Sec), Treasury Bills (T-Bill) and Sovereign Gold bonds (SGB)

MCXCCL has opened Constituent Subsidiary General Ledger Account (CSGL) with RBI for holding G–Secs placed as margin deposits from its members. Clearing members can deposit securities in form of Government of India Securities (G-Sec), Treasury Bills (T-Bill) and Sovereign Gold Bonds (SGB) towards additional margin through creation of pledge in demat account or through E-Kuber.

The procedure for acceptance of G-Sec, T-Bill and SGB in demat shall be as under:

- i. Member can pledge or re-pledge G-Sec, T-Bill and SGB through margin pledge mechanism of NSDL / CDSL. The process for acceptance and release is similar to securities as mentioned in "Acceptance of securities through margin pledge mechanism of NSDL / CDSL" section.
- ii. Member who intends to give approved G-Sec, T-Bill and SGB as collaterals in Depository Pledge Mode may get in touch with the approved custodians of MCXCCL. The approved G- Sec, T-Bill and SGB shall be accepted in electronic form only. The process for acceptance of G-Sec, T-Bill and SGB as collaterals is similar to acceptance of securities as collateral. For addition or release of G-sec, T-Bill and SGB, Members shall be required to send a request to MCXCCL as per the format prescribed in Annexure 14 and Annexure 15.
- iii. Member can also provide G-Sec, T-Bill and SGB through E-Kuber. The procedure for acceptance of G-Sec, T-Bill and SGB through E-Kuber shall be as under:
 - a. Member shall provide an undertaking as prescribed in **Annexure 16**.
 - b. Only approved G-Sec, T-Bill prescribed by MCXCCL from time to time shall be accepted as collateral in electronic form.
 - c. Member shall be required to enter the transaction through its custodian / bank on E–Kuber under 'Margin Transfer Module' before 5:00 PM and provide the details of such G–Sec, T-Bill transaction in the format prescribed in <u>Annexure 17</u>.
 - d. Based on the information received from Member, MCXCCL shall confirm the transaction entered



on E-Kuber and the benefit of G-Sec, T-Bill provided as collateral shall be passed on to the member.

- e. The details of CSGL account of MCXCCL are as under:
 - i. Account Name: Multi Commodity Exchange Clearing Corporation Limited
 - ii. **CSGL** Account No: 52663900001
- f. Periodic coupon / redemption payments received on G–Sec deposited by the members shall be passed on to the concerned members by crediting the same to their settlement accounts with the designated Clearing banks upon receipt of amount from RBI.
- g. Release of G-Sec, T-Bill shall be subject to:
 - i. Submission of the release request in the format prescribed in <u>Annexure 18</u> by 5:00 pm.
 - ii. The G-Sec shall be released by MCXCCL through E-Kuber "Margin Transfer Module".
 - iii. The member shall ensure that such transactions are approved on E-Kuber by their Custodian / Banks on the same day.
- iv. Valuation of G-Sec, T-Bill and SGB shall be done on a daily basis, G-Sec and T-Bill shall be valued daily based on previous day's MTM prices. SGB shall be valued based on the closing price of National Stock Exchange of India Limited (NSE).
- v. A hair cut shall be applied on the value of G-Sec, T-Bill and SGB provided as collateral by the clearing member. The hair cut shall be as under:

Type and Tenor of Securities	Haircut
Liquid Government of India Dated Securities having residual maturity	
of less than 3 years	2%
Liquid Government of India Dated Securities having residual maturity	
of more than 3 years	5%
For all other Semi-liquid and Illiquid Government of India Dated	
Securities	10%

- vi. The list of approved G–Sec, T-Bill, SGB and applicable haircut for the respective G–Sec, T-Bill, SCB shall be as per the Circular issued by MCXCCL for the respective month.
- vii. All SGB/T-Bill issued by RBI during the month shall be accepted by MCXCCL
- viii. Member who are also Banks may note that G–Sec and T-Bill provided as collaterals should not be reckoned for SLR purpose by the Banks and not used for trading.

2.5. Warehouse Receipts

2.5.1 Guidelines for acceptance of Warehouse Receipts

Clearing members can pledge electronic warehouse receipt(s) (WR) of commodities approved by MCXCCL towards additional deposit. The scheme of depositing the warehouse receipt(s) is detailed as under:

- i. Members have to pledge electronic warehouse receipts in favour of Multi Commodity Exchange Clearing Corporation Limited.
- ii. Clearing Members shall pledge/ re-pledge electronic warehouse receipts / eNWRs (Electronic



Negotiable Warehouse Receipts) of approved commodities in ComRIS / CCRL (CDSL Commodity Repository Limited) through their RP (Repository Participant).

- a. **ComRIS:-** Clearing Members (CM) shall initiate Pledge / Re-pledge request in its ComRIS account by capturing details of Recipient (Pledgee) as "MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED".
- b. **CCRL:-** Clearing Members shall create pledge/ re-pledge through their Repository Participant (RP) for approved commodities in favour of Multi Commodity Exchange Clearing Corporation Limited **Client ID 180000110000025.**
- iii. The WR shall be subject to a minimum margin / haircut as specified by MCXCCL from time to time. MCXCCL does the valuation of the said WR(s) thus pledged after applying the haircut specified.
- iv. MCXCCL may issue / revise the list of approved commodities and the margin / haircut requirements from time to time.
- v. The WR(s) will be accepted from a member with upper limits or such amount as may be decided by MCXCCL from time to time.
- vi. The upper cap for WR(s) across all the commodities shall be Rs. 100.00 Crores for TCM & Rs. 300.00 Crores for ITCM/ PCM and these limits shall be subject to individual commodity wise upper caps.
- vii. Additionally, the net haircut value of approved commodities shall not exceed 30% of the total liquid assets of clearing member, out of which non-bullion collateral shall not exceed 15% of the total liquid assets of the clearing member.
- viii. The eligible value of commodities (arrived at as above) and securities pledged shall be restricted to sum total of the cash and eligible cash equivalent (BG+FDR+G-Sec+T-Bill+SGB+Mutual Fund Schemes (Liquid Funds)) deposits.
- ix. In case of discontinuation of a commodity from the list of approved commodities, the members should take due care to replace the WR(s) of such commodities.
- x. The valuation of the WR shall be reduced to zero five days prior to the expiry of validity of the quality certificate.
- xi. As mentioned above, if after reduction of the valuation, the security deposits available with MCXCCL are less than the margins utilized, then the member needs to bring in more security deposit on immediate basis. If the member fails to do so, the open positions of the member on the Exchange will be squared off by MCXCCL in the way and manner it deems fit. Any loss incurred in the process of such square off will be on account of the member and that the member will have to bear the same in totality.
- xii. Following documents are required to be provided to MCXCCL towards WR pledge alongwith initiation of pledge in favour of MCXCCL through ComRIS/ CCRL
 - a. Deed of pledge is to be executed in the format prescribed by MCXCCL in <u>Annexure</u> 19 on a non-judicial stamp paper of Rs.600/- or as may be applicable, whichever is higher.
 - b. Certified true copy of the relevant Board Resolution in case of a corporate body.

xiii. Ownership of Warehouse Receipt (WR):

- a. The WR(s) that may be pledged by the member shall be subject to the beneficial ownership of the Member, any of the partners of the Member or any of the directors of the Member, in case of individual, partnership or corporate Members respectively as the sole/first joint holder provided no depositor of WR(s) shall be a minor as on the date of deposit thereof.
- b. In case of reconstitution/restructuring or any such change in the partners/directors of the Member, as applicable, a Member shall be required to replace the WR(s) belonging to such



outgoing partners or directors held in their name solely or jointly, as the case may be, immediately and no benefit shall be given by MCXCCL for such WR(s) towards Additional Margin Deposits or such similar requirements.

- xiv. Warehouse Receipt (WR) not acceptable: The following warehouse receipts shall not be accepted for the purpose of security deposit:
 - a. WR(s) where the pledge/ lien is not marked in the favour of MCXCCL
 - b. WR(s) of the commodities that are not in the list of approved commodities
 - c. WR(s) of the commodities whose quality certificate is not from MCXCCL approved quality assayer
 - d. WR(s) of the commodities whose quality certificate is not valid or has expired or if the expiry date is within 15 days from the date of deposit
 - e. WR(s) that are not of the designated warehouse/vault
 - f. WR(s) subject to any charge or lien, encumbrance of any kind or whose title is questioned before a Court or any regulatory body or such other limitations.

2.5.2 Procedure for Pledge / Re-pledge of electronic receipts in the ComRIS

- i. For Margin Pledge / Re-Pledge of Bullion and Metal electronic receipts, Clearing Members / Trading Members shall open a separate beneficiary account in ComRIS with account capacity as Clearing Member Margin Pledge Account (CMMPA) and Trading Member Margin Pledge Account (TMMPA) respectively.
- ii. ComRIS participant shall map newly created accounts to the applicable Clearing Member/ Trading Member ID of the member.
- iii. Clearing members can pledge/ re-pledge its own/ Clients/ TMs approved commodities only through Margin Pledge facility provided in ComRIS application.
- iv. Clearing Members intending to pledge/ re-pledge commodities shall be required to submit a fresh pledge deed in the format given in **Annexure 19**.
- v. Clearing member shall initiate margin pledge / re-pledge request in its ComRIS account by capturing details of Recipient (Pledgee) as "Multi Commodity Exchange Clearing Corporation Limited".
- vi. The margin limits against client/ trading member's own / clearing member's own commodities pledge in ComRIS shall be processed at an hourly interval during the day.
- vii. The margin limit of the clearing member's own collaterals shall be segregated from the client and trading member's own collaterals. While assigning the margin limits, priority shall be given to the clearing member's own collaterals. Collateral limits against re-pledged collaterals of clients and trading member's own commodities shall be assigned on a pro-rata basis.
- viii. MCXCCL shall continue to compute the margin requirement at the client level on a real time online basis. The clearing member shall continue to be responsible for the margin requirement of the clients and trading members associated with it. Effectively, the day to day real time risk management with respect to client / trading member exposure and the margin requirement shall continue to be the responsibility of the clearing member, and MCXCCL shall not monitor the client level exposure against the available client level collateral in real time.
- ix. The margin appropriation shall be as under:



- a. Margin requirement at the client level shall first be appropriated from the client level margin limit.
- b. The excess of client level margin requirement shall then be adjusted from the margin limit against trading member's own collaterals.
- c. In absence of trading member's own collateral margin limit or in case of trading member's insufficient margin limit against the margin requirement, the excess margin shall then be blocked from the clearing member's margin limit as per the current mechanism.
- x. Request for release of pledged/ re-pledged commodities shall be submitted through e-Xchange. Trading members shall place release request for commodities re-pledged by the clearing member with MCXCCL for their clients. Clearing member shall be required to validate the trading member's request prior to MCXCCL releasing the pledge. Clearing Member shall also have to create unpledged request in ComRIS.
- xi. Trading members/ Custodial Participants intending to change their clearing member shall be required to withdrawn the re-pledge of commodities done in ComRIS by the clearing member with MCXCCL before effecting the change.
- xii. Invocation of Commodities pledge in ComRIS under the pledge/ re-pledge shall be same as stipulated for pledge/ re-pledge of securities.
- xiii. The salient features and process in respect of Margin Pledge / Re-pledge functionality in ComRIS are given in **Annexure 20**.

2.5.3 Procedure for Pledge / Re-pledge of electronic receipts in CCRL

- i. Clearing Members intending to pledge/ re-pledge commodities shall be required to submit a fresh pledge deed in the format given in <u>Annexure 19</u>
- ii. Clearing Members / Trading Members shall open a separate account in CCRL with account capacity as CM Client Margin Pledge Account / TM Client Margin Pledge Account.
- iii. Clearing Members / Trading Members shall co-ordinate with their Repository participant (RP) for:
 - a. Opening of CM Client Margin Pledge Account / TM Client Margin Pledge Account.
 - b. Initiate Pledge/ Re-pledge/ Un-pledge/ Invocation of approved eNWRs.
- iv. Clearing member shall create margin pledge/ re-pledge through their Repository Participant (RP) for approved eNWRs in favour of Multi Commodity Exchange Clearing Corporation Limited Client ID 180000110000025.
- v. The margin limit of the clearing member's own collaterals shall be segregated from the client and trading member's own collaterals. While assigning the margin limits, priority shall be given to the clearing member's own collaterals. Collateral limits against re-pledged collaterals of clients and trading member's own commodities shall be assigned on a pro-rata basis.
- vi. MCXCCL shall continue to compute the margin requirement at the client level on a real time online basis. The clearing member shall continue to be responsible for the margin requirement of the clients and trading members associated with it. Effectively, the day to day real time risk management with respect to client / trading member exposure and the margin requirement shall continue to be the responsibility of the clearing member, and MCXCCL shall not monitor the client level exposure against the available client level collateral in real time.
- vii. The margin appropriation shall be as under:
 - a. Margin requirement at the client level shall first be appropriated from the client level margin



limit.

- b. The excess of client level margin requirement shall then be adjusted from the margin limit against trading member's own collaterals.
- c. In absence of trading member's own collateral margin limit or in case of trading member's insufficient margin limit against the margin requirement, the excess margin shall then be blocked from the clearing member's margin limit as per the current mechanism.
- viii. Request for release of pledged/ re-pledged commodities shall be submitted through e-Xchange. Trading members shall place release request for commodities re-pledged by the clearing member with MCXCCL for their clients. Clearing member shall be required to validate the trading member's request prior to MCXCCL releasing the pledge. Clearing Member shall also have to create unpledged request in CCRL.
- ix. Trading members/ Custodial Participants intending to change their clearing member shall be required to withdrawn the re-pledge of commodities done in CCRL by the clearing member with MCXCCL before effecting the change
- x. Invocation of Commodities pledge under the pledge/ re-pledge shall be same as stipulated for pledge/ re-pledge of securities.

2.5.4 Valuation

Once duly pledged WR(s) are accepted by MCXCCL for valuation. MCXCCL will do the valuation of the WR(s) after adjusting the relevant margin percentages / haircut as stipulated by MCXCCL and the same shall be considered as additional margin deposit as under:

- i. The value of the Commodities under the WR(s) deposited will be reckoned at the last closing price / settlement price of the previous day as being declared / disseminated by the Exchange/MCXCCL for the near month contract of the said commodity.
- ii. Valuation will be done on the following basis:
 - a. at the rates prevalent at MCX, for the near month futures contract of the said commodity
 - b. if the tender / delivery period has begun for the near month contract of the said commodity, then the rates of the immediate far month futures contract of the said commodity will be considered
 - **c.** In the event of the commodity not being traded at MCX, the rates of the spot market of the said commodity as decided by MCXCCL will be considered.
 - d. The valuation, as explained above, will be reduced by the relevant margin percentage (haircut) to arrive at the collateral value of the WR(s). Only the value net of margins so arrived (hereinafter referred to as `net value') shall be considered as the value of such WR(s).
 - **e.** MCXCCL shall do valuation of WR(s) daily or at such regular intervals and in such manner as may be specified by MCXCCL.

2.5.5 Release of WR(s) deposited (cancellation of pledge)

- i. Clearing Members may withdraw or replace the pledged WR(s) from time to time.
- ii. For withdrawal of the pledged WR(s), member may send a request through MCX eXchange or on the letterhead duly signed by the authorized signatory as per the format specified by MCXCCL in Annexure 21. For commodity pledged/re-pledged in ComRIS/CCRL account, Clearing Members (CM) shall initiate the unpledge request.



- iii. MCXCCL may consider the request for release provided
 - a. such member has no outstanding obligations / positions / dues towards the Exchange/MCXCCL if any, and that there is no other liability under the Rules, Bye-Laws and Regulations of MCXCCL,
 - b. MCXCCL is of the opinion that such release does not entail any risk.
- iv. Upon receipt of a request from a Member for withdrawal of WR(s), MCXCCL may process such request and issue a letter to the warehouse / vault to cancel the pledge marked in favour of the MCXCCL and release such WR(s) to the said Member or release the pledge electronically in ComRIS/ CCRL.

3. Segregation and Monitoring of Collaterals

SEBI vide its circular no. SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021 had put in place a framework for "Segregation and Monitoring of Collateral at Client Level".

SEBI circular inter-alia, stipulates that Clearing Corporation shall provide a facility to its Clearing Members (CMs) for upfront allocation of collateral to a Trading Member (TM)/ Custodian Participant (CP)/ client and CM's/TM's own account. Accordingly, Clearing Members shall be permitted to allocate from the cash, bank guarantees, and fixed deposit receipts deposited with MCXCCL and government securities transferred to MCXCCL CSGL account.

MCX vide circular no MCX/TECH/711/2021 dated November 12, 2021 had issued file format for allocation and deallocation of collateral. Members are requested to refer section 5.82 and 5.83 for the allocation/ deallocation upload and response file formats.

The operational procedure and guidelines for implementation of segregation and monitoring of collaterals at client level shall be as under:

- i. Cash deposits, bank guarantees, fixed deposit receipts and government securities transferred to MCXCCL CSGL account shall be accounted in the collateral pool account of the member.
- ii. Applicable Minimum Liquid Networth (MLNW) requirement of Rs 50 Lakh shall be blocked from the collaterals deposited in the pool account.
- iii. Collateral pool account balance after adjusting MLNW shall be available to the member for allocation.
- iv. Securities and commodities pledged/ re-pledged with MCXCCL shall not form part of collateral pool account of the member.
- v. Member can allocate collaterals from this pool account to the Trading Members (TM)/ Clients of TM, Custodian Participants (CP) associated with it and its proprietary account.
- vi. MCXCCL shall provide facility to its members to upload the allocation/ deallocation request on e-Xchange member portal and SFTP folder. Based on the successful file uploaded by the member, margin benefit shall be granted/ withdrawn (granted in case of allocation, withdrawn in case of deallocation) to the respective entity.
- vii. Allocation/ deallocation of collateral in uploaded file shall be in incremental order. After uploading the first full allocation file on implementation, all subsequent files uploaded by



members would be for allocating/ deallocating the incremental collateral amounts only.

Explanation on the incremental allocation mechanism:

- a. On day 1, CM has allocated Rs. 1 Lakh to a Client "C1"
- b. On day 2, if client has given Rs. 2 lakh and the CM has to enhance the allocation from Rs. 1 Lakh to Rs. 3 lakh, then the CM shall upload a fresh allocation file for the incremental amount of Rs 2 Lakh in allocation file, for the client with 'request type' as "A" (where the allocation shall be increased by the incremental amount requested in the file).
- c. On day 3, if the CM wants to reduce the limit from Rs.3 lakh to Rs. 2 lakh, the CM shall upload a fresh allocation file of Rs.1 lakh with the 'request type' as "D" (where the allocation shall be reduced by the requested amount).

Allocation once uploaded shall be continued until revised by the member. Hence, after initial allocation, members shall upload the files only in case of revision of previous allocation.

- viii. Margin benefit of collaterals not forming part of the collateral pool account shall be provided directly to respective entity i.e. Client/ TM/ CP/ CM as per the current practice.
- ix. The Cash and Cash Equivalent to Non Cash Collaterals ratio of 1:1 shall be applied at the CM/ TM/ CP and UCC level while determining the eligible value of such collaterals as defined in the SEBI circular.
- x. A new section 'Pool account Details' shall be provided on e-Xchange portal. Clearing Member can view Pool Accounts Detail through following path:
 - e-Xchange Member Login -> Commodity Derivatives -> Home -> Pool Account Details.
- xi. Pool account Details would display the following information to member
 - a. **Member Total Pool Account Balance**: It would be aggregate of collateral deposits forming part of the collateral pool account after reducing the Minimum Liquid Networth requirement.
 - b. **Allocated Pool Amount:** It would display the net amount allocated by the member from the collateral pool account (net of successful allocation and deallocation requests uploaded by the member).
 - c. **Unallocated Pool Amount:** It would display the balance in collateral pool account of the member (Total Pool Account Balance Allocated Pool Account). Margin limits shall not be available against unallocated pool amount.
- xii. MCX vide circular no MCX/TECH/711/2021 dated November 12, 2021 had provided file format for Allocation and Deallocation of collateral. Members are requested to refer section 5.82 and 5.83 for the allocation/ deallocation upload and response file formats.
- xiii. Members can upload the allocation/ deallocation request on e-Xchange member portal as under:

Path: e-Xchange Member Login -> Commodity Derivatives -> Collateral -> Allocation/Deallocation File Upload

xiv. Alternatively, CM can upload the file on SFTP as under:

Path: MemberID\Allocation-Deallocation\DNLD folder

xv. CM can view the Response of Allocation/Deallocation File on e-Xchange as under:

Path: e-Xchange Member Login -> Commodity Derivatives -> Collateral -> Response of Allocation/Deallocation File.



Alternatively, CM can view the file on SFTP as under:

Path: *MemberID\Allocation-Deallocation\UPLD folder*

- xvi. The net allocations in a file uploaded by the member shall be validated against the unallocated pool account balance of the member.
- xvii. Deallocation request shall not exceed the net value of allocation done for the client
- xviii. Members shall take into consideration the impact of deallocation on the eligible value of non-cash collaterals pledged/ re-pledged with MCXCCL and the resultant change in margin limits of client on account of the cash and cash equivalent to non-cash ratio.
- xix. Any margin shortfall pursuant to deallocation request shall be blocked from TM Proprietary (OWN) margin limit of the TM of such client. If TM Proprietary (OWN) margin limit is not sufficient, then residual margin utilisation shall be blocked from CM Proprietary (OWN) margin limit of the CM of such TM.
- xx. Similarly, in case of CP/ Proprietary Account (OWN) of a TM, the residual margin utilisation shall be blocked from CM Proprietary (OWN) margin limit of the CM of such CP/ TM.
- xxi. A file shall be successfully uploaded only if all the records in the file are validated. In case of file rejections, member may refer the relevant error codes for rejection at record and file level
- xxii. Allocation files uploaded by the members shall be accepted upto the closure of market for trading.
- xxiii. A new report 'Web Allocation Deallocation Report' is provided on e-Xchange to view allocation/ deallocation details on a real time basis. Member can view or download the report in excel format for the current business date as under:

Path: e-Xchange Member Login -> Commodity Derivatives -> Collateral -> Web Allocation Deallocation Report

Additionally, Web Allocation Deallocation Report shall be downloaded in SFTP folder at the end of each trading day. File format for said report had been provided in section 5.84 of MCX circular no MCX/TECH/711/2021 dated November 12, 2021.

xxiv. Margin limits shall be provided based on allocation file uploaded by the member and the securities-commodities pledged/ re-pledged with MCXCCL as under:

CM Margin Limit	\$collateral allocation + cash equivalent collaterals pledged + eligible non-cash collaterals#
TM Margin Limit	\$collateral allocation + base capital deposit + cash equivalent collaterals re-pledged + eligible non-cash collaterals#
CP/ Client Limit	\$collateral allocation + cash equivalent collaterals repledged + eligible non-cash collaterals#

\$ collateral allocation shall be treated as cash equivalent.

eligible non-cash collateral shall be determined by applying the cash and cash equivalent to non-cash ratio

xxv. Cash and cash equivalent collateral to non-cash collateral ratio shall be applied at the CM/ TM/ CP and UCC level. The excess cash equivalent collateral of a client shall not be considered for any other client or for proprietary account of TM/ CM. However, the excess cash equivalent in the proprietary account of TM/ CM shall be considered to determine eligible



non-cash collaterals for clients trading/ clearing through them on FIFO basis.

- xxvi. Release request against collaterals forming part of collateral pool account shall be validated against balance in unallocated pool account. Release request against collaterals not forming part of collateral pool account shall be validated against margin utilisation of the respective entity.
- xxvii. In case of reduction in the collateral pool accounts pursuant to expiry of a collateral or change in valuation, the amount shall be reduced from the Member Total Pool account Balance resulting in reduction in Unallocated Pool account. The reduction in value shall be appropriated in the following order:
 - a. Balance in unallocated pool account of the member
 - **b.** CM Own allocation
 - c. Client allocations with no margin utilisations
 - d. Client allocations with margin utilisations on a random basis

xxviii. There shall be no change in procedure for acceptance of collaterals.

4. Penal Provisions

4.1 Initial Security Deposit Deficit

If the deposit is reduced below the Initial security deposit to be maintained with MCXCCL, including due to the adjustments of default in completing pay-in obligation on T+1, in full or in part, the penalty/ disciplinary provisions are as under:

- i. The Member shall be put to suspend-square off mode.
- ii. Non-compliance charges of Rs.10,000/- would be levied for failure to comply with the ISD requirement on the day of ISD default.
- iii. The terminals shall be deactivated within 3 working days post suspension of the Member.
- iv. The information regarding deactivation of terminals shall be sent to all clients by SMS. This information shall also be displayed on the website after deactivation of terminals within one working day of the 'deactivation' action.
- V. Initiate default declaration process on continued failure to maintain ISD for 6 months.

MCXCCL further reserves the right to square-off the outstanding position of such member(s) in the event of the member failure to do so before deactivating the trading terminals of the member or in the event of adverse market conditions, whichever is earlier.

4.2 Margin Deficit:

The penalty/ disciplinary provisions for default in the payment of deficit margin, (margins over-utilized on trading day), before close of the trading hours on T+1 working day are as under:

- i. Non-compliance charges @ 0.15% on the deficit margin amount (subject to a minimum of Rs. 10,000/-) would be levied for failure to comply with the margin deficit requirement.
- ii. If the member remains in square off mode for 3 consecutive days on account of margin deficit, MCXCCL reserves the right to square off the open positions of the member with all the consequences of square-off to be borne by the member.



5. Annexures

Annexure 1-A List of Clearing Banks mapped for online margin confirmation

Sr. No.	Bank Name
1	AXIS Bank Limited
2	HDFC Bank Limited
3	ICICI Bank Limited
4	Kotak Mahindra Bank Limited
5	Punjab National Bank Limited
6	Yes Bank Limited



Annexure 1-B For increasing margin deposits by debiting settlement account

	(On i	he letter head of the membe	er	
			Date:	
To, The Collateral Department, Multi Commodity Exchan Exchange Square, CTS No.: Suren Road, Chakala, Andheri (East), Mumbai– 400 093		g Corporation Limite	d.	
Dear Sir,				
Sub.: Increase additional d	leposit / m	nargin by debiting ou	r settlement account	
Bank details				
Member ID	Cle	earing bank	Settlement account no.	
below in (a). Accordingly, in	iy illargili de	posits available with th	e MCXCCL may be increased as u	nuci.
Description (a) Debit my see	ttlement	Amount (Rs. in figures)	Amount (Rs. in words)	
(a) Debit my ser account with:	ttlement			
(a) Debit my set account with: (b) Previous debits				
(a) Debit my ser account with:				



Annexure - 2 - For releasing Margin Deposits by crediting Settlement Account (On the letter head of the Member)

		Date:
To, The Collateral Department, Multi Commodity Exchan Exchange Square, Suren Ro Chakala, Andheri (East), Mumbai-400093 Fax no.: 022 – 67269558	ge Clearing Corporatio	n Ltd.
Dear Sir,		
ub: Release part amount on mediate/value date	of additional deposit /	margin available with the MCXCCL - On
Bank details		
Member ID	Clearing Bank	Settlement Account Number
Immediate* / Value Date (Future date)**	(Rs. In figures)	(Rs. In words)
We have taken into consid	and maximum Rs. 10,000 on Value Date (future date, seration ratio of cash an	
eduction the initial margin	required to be maintain ain the said request. W	ned with the MCXCCL in cash is breached, the agree to pay the charges applicable for the charges appli
ignature of authorised		



Annexure - 3 - List of Approved Banks

Sr. No.	Bank Name
1	AU Small Finance Bank Limited
2	Axis Bank Limited (FDR's in electronic Form)
3	Bank of Baroda
4	Bank of India
5	Bank of Maharashtra
6	Canara Bank
7	Central Bank of India
8	Citibank N.A.
9	DBS Bank Limited
10	DCB Bank Limited
11	Federal Bank Limited
12	HDFC Bank Limited (FDR's in electronic Form)
13	ICICI Bank Limited
14	IDBI Bank Limited
15	IDFC First Bank Limited
16	Indian Bank
17	Indian Overseas Bank
18	IndusInd Bank Limited
19	Karur Vyasa Bank Limited
20	Kotak Mahindra Bank Limited
21	Punjab and Sind Bank
22	Punjab National Bank
23	State Bank of India
24	UCO Bank
25	Union Bank Of India
26	Yes Bank Limited



Annexure - 4A - Format of the Fresh Bank Guarantee for Margin / Additional Deposit

Bank Guarantee should be stamped as under:

Non-Judicial s executed, which	1 1 1		Rs.100/- or the	value preva	ailing in	the S	State when	re
The following	is required to b	e typed on th	ie Stamp Paper as	the First Pa	age and	duly si	gned: Thi	s
Non-Judicial S	tamp paper of	Rs	fc	orms part a	nd parce	el of tl	his Bank	
Guarantee nu	mber		dated		issued	in fa	wour of	Multi
Commodity	Exchange	Clearing	Corporation	Limited	by	us	for	M/s.
FOR				(BANK)	•			
			(BRAN	` ,				

AUTHORISED SIGNATORIES

SEAL OF THE BANK

- 1) The enclosed printed format is required to be used. The format is also available at MCXCCL website (www.mcxccl.com).
- 2) All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank if filled separately.
- 3) Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

Date:
BANK GUARANTEE
This guarantee is issued by
WHEREA S
1. M/s, incorporated under the Companies Act, 1956 and having its registered office as
O R Mr./Ms
OR
M/s
referred to as the "Member", which expression shall include their successors and assigns) /* is/are a Member of MCXCCL.
2. One of the conditions of Membership of MCXCCL is that the Member maintains with MCXCCL a security deposit in the form of cash deposit of Rs

BG NO: _____

	BG NO:
	Date:
3.	At the request of the Member, MCXCCL has agreed to accept a bank guarantee in lieu of security deposit in the form of shares and other securities in favour of MCXCCL from an approved commercial bank for an equivalent amount of
4.	Rs(Rupees

BG	NO:
D	oate:

∕∧ ⊤

NOW IN CONSIDERATION OF THE FOREGOING,

We, the(Name of Bank) having a branch
at
(Complete Address of
Branch) at the request and desire of the Member do hereby irrevocably and unconditionally
guarantee to pay a sum of Rs(Rupeesonly) to MCXCCL
as a security for due performance and fulfillment by the Member of his/her/its engagements,
commitments, operations, obligations or liabilities as a Member of MCXCCL including any
sums due by the Member to MCXCCL or to MCX or to any other party as decided by
MCXCCL arising out of or incidental to any contracts made, executed, undertaken, carried on
or entered into or purported so to be, by the Member. The Bank agrees and confirms that the
said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling all
or any obligation or liability of the Member as directed and decided by MCXCCL, without
any demure, protest and contestation from Bank, with no reference to the Member.

- The Bank hereby agrees that if in the opinion of MCXCCL, the Member has been or may 2. become unable to meet, satisfy, discharge or fulfill any obligations, liability or commitments or any part thereof to MCXCCL, including its Clearing and Settlement mechanism /arrangement or to any other party as decided by MCXCCL, then without prejudice to the rights of MCXCCL under its Rules, Bye-Laws or Regulations or otherwise applicable laws, MCXCCL may at any time thereafter and without giving any notice or intimation to the Member invoke this guarantee to meet the aforesaid obligations, liabilities or commitments of the Member.
- The Bank undertakes that it shall, on first demand of MCXCCL, without any demur, protest or 3. contestation and without any reference to the Member and notwithstanding any contestation by the Member, pay to MCXCCL forthwith such sums not exceeding Rs.....(Rupeesonly) as may be demanded by MCXCCL. The decision of MCXCCL as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Bank, and any demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee.
- 4. The guarantee shall be a continuing guarantee and remain operative in respect of each of the obligations, liabilities or commitments of the Member severally and may be enforced as such in the discretion of MCXCCL, as if each of the obligations, liabilities or commitments had been separately guaranteed by the Bank. The guarantee shall not be considered as cancelled or in any way affected on any demand being raised by MCXCCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member. However the maximum aggregate liability of the Bank during the validity of the guarantee shall be restricted to an aggregate sum of Rs.....(Rupeesonly).
- 4a. Notwithstanding the above, the Bank notes that the nature of operations of the Member is such that the obligations, liabilities or commitments of the Member are of a continuing nature and as such, Bank agrees that this guarantee can be invoked by MCXCCL even in respect of the obligations, liabilities or commitments of the Member towards MCXCCL which might have arisen prior to the execution of this guarantee

BG NO:	
Date:	

- 5. This guarantee shall not be prejudiced by the failure of the Member to comply with the Rules or Bye Laws or Regulations of MCXCCL or any terms and conditions attendant to the Membership of MCXCCL. MCXCCL shall be at liberty to vary, amend, change or alter any terms or conditions or its Rules or Bye Laws or Regulations of Membership to MCXCCL in general or as applicable to the Member in particular from time to time, without thereby affecting its rights against the Member or the Bank or any other security belonging to Member now or hereafter held or taken by MCXCCL at any time. The discretion to make demands under this guarantee shall exclusively be that of MCXCCL and MCXCCL is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Member.
- 6. The validity of this guarantee shall not be affected in any manner whatsoever if MCXCCL takes any action against the Member including DECLARATION OF DEFAULTER, SUSPENSION or EXPULSION of the Member from the membership of MCXCCL.
- 7. This guarantee shall not be affected by any change in the constitution of MCXCCL or the Member or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by MCXCCL to Member.
- 8. The Bank undertakes to pay to MCXCCL, the amount hereby guaranteed within 24 hours of being served with a written notice requiring the payment of the amount either by hand delivery or by Registered Post or by Speed Post.
- 9. This guarantee may be invoked by MCXCCL in part(s) without affecting its rights to invoke this guarantee for any liabilities that may devolve later.
- 11. Notwithstanding anything mentioned herein above,

 - b) This guarantee shall be valid for a period of months i.e. upto _____

	BG NO:	
	Date:	
Executed thisday of		
FOR	(BANK)	
	(BRANCH)	

AUTHORISED SIGNATORIES SEAL OF THE BANK



Annexure – 4B - List of Banks who have executed Master Bank Guarantee Agreement

Sr. No.	Bank Name		
1	AU Small Finance Bank Limited		
2	AXIS Bank Limited		
3	HDFC Bank Limited		
4	ICICI Bank Limited		
5	IDFC Bank Limited		
6	INDUSIND Bank Limited		
7	Kotak Mahindra Bank Limited		
8	Yes Bank Limited		

Annexure – 4C - Format of Fresh Bank Guarantee as per Master Agreement

Bank Guarantee should be stamped as under:

Non-Judicial stamp paper of minimum Rs.100/- or the value prevailing in the State where executed, whichever is higher.

The following	is required to b	e typed on th	e Stamp Paper as	the First P	age and	duly si	gned: This	3
Non-Judicial S	Stamp paper of	Rs	fc	orms part a	nd parc	el of tl	his Bank	
Guarantee nu	ımber		dated		issued	in fa	avour of	Multi
Commodity	Exchange	Clearing	Corporation	Limited	by	us	for	M/s.
					•			
			(BRAN	,				

AUTHORISED SIGNATORIES

SEAL OF THE BANK

- 1) The enclosed printed format is required to be used. The format is also available at MCXCCL website (<u>www.mcxccl.com</u>).
- 2) All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank if filled separately.
- 3) Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

	BG NO:
_	Date:
Date:	
Squa Sure:	ii Commodity Exchange Clearing Corporation Limited Exchange are, n Road, kala, Andheri (East), Mumbai-400093
Dear	r Sirs:
cons (here succe comp Squa	guarantee bearing No
Whe	reas
a.	Mr./Ms s/o / d/o / w/o, residing at
	(Complete Address), (hereinafter referred to as the "Clearing Member", which expression shall include his/her successors and assigns)/ is/ are a Clearing Member of MCXCCL.
OR	
	M/s
OR	
	M/s, incorporated as a company under the Companies Act, 1956 and having its registered office at_Complete Address), (hereinafter referred to as the "Clearing Member", which expression shall include its successors and assigns) is/ are a Clearing Member of MCXCCL.
b.	One of the conditions of Clearing Membership of MCXCCL is that the Clearing Member maintains with MCXCCL margin deposit in the form shares and other securities after applying suitable margins as prescribed by MCXCCL.
C.	At the request of the Clearing Member, MCXCCL has agreed to accept a bank guarantee in lieu of such margin deposit, as the case may be in favor of MCXCCL from an approved commercial bank for an equivalent amount of Rs/ (RupeesOnly).

	BG NO:
	Date:
d.	The Clearing Member has requested the Bank to furnish to MCXCCL a guarantee for Rs/- (RupeesOnly).
There	efore these presents:
1.	This guarantee shall be governed by the terms and conditions of the Master Agreement dated executed between the Bank and MCXCCL and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.
2.	The liability of the Bank under this guarantee shall not exceed Rs(Rupeesonly)_
3.	This guarantee shall be valid for a period of months i.e. up to However, the Bank is liable to pay the guaranteed amount if MCXCCL serves upon Bank a written claim or demand on or before(claim date)
Exec	cuted thisday ofat
FOR	(BANK)
	(BRANCH)

Authorized Signatories Seal of the Bank



Annexure - 5A - Format for Renewal of Bank Guarantee

The following is required to be typed on a non-judicial stamp paper of Rs. 100/-or the value prevailing in the State where executed, whichever is higher and duly signed:

This non-judicial stamp paper of Rs forms part and parcel of this extension letter dated
M/s/Mr./Ms.
FOR
(BANK)
(BRANCH)

AUTHORIZED SIGNATORIES

SEAL OF THE BANK

- The enclosed printed format is required to be used. Formats are also available at MCXCCL web-site www.mcxccl.com.
- All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank.
- Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

BG NO:
Date:
Date:
To, Multi Commodity Exchange Clearing Corporation Ltd. Exchange Square, CTS No.255 Suren Road, Chakala, Andheri (East), Mumbai – 400 093
We,
OR
We,
OR
We,

The Said Guarantee may be invoked by MCXCCL in part(s) without affecting its rights to invoke the Said Guarantee for any liabilities that may devolve later. We hereby affirm and

BG NO:
Date:
confirm that save and except to the extent as provided for herein above, the Said Guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till
Signed for and on behalf ofon thisday ofat
FOR (BANK)
(BRANCH)

AUTHORIZED SIGNATORIES

SEAL OF THE BANK



Annexure - 5B - Format of Renewal of Bank Guarantee as per Master Agreement

The following is required to be typed on a non-judicial stamp paper of Rs. 100/-or the value prevailing in the State where executed, whichever is higher and duly signed:

This non-judicial stamp paper of Rs forms part and parcel of this extension letter dated
M/s/Mr./Ms
(BANK)
(BRANCH)

AUTHORIZED SIGNATORIES

SEAL OF THE BANK

- The enclosed printed format is required to be used. Formats are also available at MCXCCL web-site www.mcxccl.com.
- All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank.
- Each page of the bank guarantee should bear the bank guarantee number and should be signed by two authorised signatories of the bank.

	BG NO:
	Date:
Date:	
To, Multi Commodity Exchange Clearing Corporation L Square, Suren Road, Chakala, Andheri (East), Mumbai-400093	imited Exchange
We,	at
OR	
We,	
OR	
We,	at

BG NO:
Date:
The validity of the Said Guarantee was upto
We now at the request of the Member further extend the period of validity of the Said Guarantee upto
The Said Guarantee may be invoked by MCXCCL in part(s) without affecting its rights to invoke the Said Guarantee for any liabilities that may devolve later. We hereby affirm and confirm that save and except to the extent as provided for herein above, the Said Guarantee together with all other terms and conditions therein shall remain operational and in full force and effect till
Signed for and on behalf of
FOR (BANK)
(BRANCH)
Authorized Signatories Seal of the Bank



Annexure - 6 - Letter from the Member regarding Lien on Fixed Deposit Receipt (On Member letter-Head)

	Date:
To, The Collateral Department, Multi Commodity Exchange Clearing Corpora Exchange Square, CTS No.255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	tion Limited.
Dear Sir,	
FDR No:Issue Date	Expiry Date
of the prescribed norms of Multi Commodity you deposit and accordingly, have furnished. Bank, in	Exchange Clearing Corporation Ltd. and in compliance Exchange Clearing Corporation Ltd., we have to furnish shed you the same in the form of FDR from the name Multi Commodity Exchange Clearing (name of the 'Member') for Rs/- (Rupees
 I/We confirm that the FDR is not funded / accounts only. 	d by Bank in any manner and it is issued from our funds
authorize you to encash the said FDR an	ou shall have an irrevocable authority and do herebyed to withdraw the said FDR amount at any time, even s for recovery/adjustment of MCXCCL/MCX dues and e same.
3. I/We agree that you are hereby authorized the FDR is released by you.	d to renew the FDR for period of one year each time till
	FDR, you will be entitled to the interest accrued on the to receive the accrued interest from the Bank along with able.
Yours faithfully,	
Authorised Signatory Member Code (Name & Stamp of Member)	



Annexure - 7A - Letter from the Bank confirming the Lien on Fresh Fixed Deposit Receipt (On Bank letter-Head)

	Date:		
To,			
The Collateral Department,			
Multi Commodity Exchange Clearing Corporation Limited.			
Exchange Square, CTS No.255,			

- 400 093

Suren Road, Chakala, Andheri (East), Mumbai

Dear Sir,

We refer to the below mentioned Fixed Deposit Receipt (FDR) issued in the name of MCXCCL A/c Member's name

FDR No	Issue Date	Amount	Maturity Date

We hereby confirm that

- 1. There is no lock in period for encashment of the said FDR.
- 2. The amount under the said FDR would be paid to MCXCCL on demand, without demur, on or before the maturity of the said FDR without any reference to the(Name of Member).
- 3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
- 4. We agree that on the encashment of FDR, the interest accrued will also be released to MCXCCL.
- 5. We agree that the FDR will be renewed for such periods as MCXCCL may instruct.
- 6. We confirm that the FDR is not funded by Bank in any manner and the FDR is issued from the funds / accounts of member only.

Yours faithfully

Authorised Signatory (Name of the Bank & Bank Stamp)



Annexure - 7B - Letter from the Bank confirming the Lien on Fresh Fixed Deposit Receipt (In case of Auto renewal where the old FDR no. is same)

					Date:	
Multi Co Exchang Suren Ro	lateral Departm ommodity Exch ge Square, CTS oad, Chakala, (East), Mumba	ange Clearing No.255,	Corporat	ion Limited.		
	r to the fixed 's name. Details			issued, in th	ne name of MCXCCL A/c	
FDR N	No	Issue Dat	te	Amount	Maturity Date	
renewal	facility on the re					to
Renew	al Date		Amoun	t	New Maturity Date	
1. 2. 3. 4. 5. 6. 7.	Encashment vany other auth We agree that MCXCCL. We agree that Old instrumer	ck in period for ander the said to before the real to the control of the control on the encash of the FDR will not will remain to the real to the FDR is the real to the FDR is	I FDR we maturity of fember). ature or on the ment of the ment of the licable.	ould be paid to of the said Frotherwise would be paid Front FDR, the interest of for such penew / no new ded by Bank in	tid FDR. to MCXCCL on demand, with DR without any reference to all not require any clearance rest accrued will also be released as MCXCCL may instrument will be issued. any manner and the FDR is in the state of	from ed to
	thfully, ed Signatory T the Bank & Ba	ınk Stamp)				



Annexure - 7C - Letter from the Bank confirming the Lien on Fresh Fixed Deposit Receipt (In case of Auto Renewal where the old FDR no. is changed)

			Date:
To, The Collateral Departs Multi Commodity Exc Exchange Square, CTS Suren Road, Chakala, Andheri (East), Mumb – 400 093	change Clearing Cor S No.255,	poration Ltd.	
We refer to the fixed Member's name. Deta		FDR) issued, in the name	e of MCXCCL A/c
FDR No	Issue Date	Amount	Maturity Date
The above FDR has be renewal facility on the New FDR No		nber. Details are as follows New Maturity Date	_months under the auto : Amount
 The amount und before the mature of Member). Encashment who other authority / We agree that or MCXCCL. We agree that the Old instrument No. #Strike off whichev We confirm that 	in period for encasher the said FDR we ity of the said FDR ether premature or person. In the encashment of the eris not applicable.	without any reference to to otherwise would not request of FDR, the interest accru- wed for such periods as MC and new [#] / no new [#] is be issued.	nand, without demur, on or he(Name lire any clearance from any lied will also be released to EXCCL may instruct. Instrument with new FDR and the FDR is issued from

Authorised Signatory (Name of the Bank & Bank Stamp)



Annexure - 8 - Format of authorising the person(s) to collect the Bank Guarantee (BG) from MCXCCL

(On the letterhead of the Member)

				Date:	
Multi Co Exchang Chakala,	ateral Department, ommodity Exchange e Square, Suren Roa Andheri (East), Mu 022 – 67269558	ıd,			
Dear Sir,	,				
possession with the No	ir original photo ide	entity proof e person is re	l by us to the MCXCCL and like Driving License /PAN equired to submit a copy o	Card No/ Aadha	ll come ar Card
		Details	of Bank Guarantee (BG's	s)	
Sr N	BG No.	Amount	Name of Issuing Bank	Date of Issue	Date o Expiry
complete We are a	e and effective disch	arge on the p	ank Guarantee to above me part of MCXCCL towards or e above-mentioned authoriz	ar company.	
faithfully	g you, Yours				
	No. :	Tember)			



Annexure - 9 - Format of authorising the person(s) to collect the Fixed Deposit Receipts from MCXCCL

(On the letterhead of the Member) Date: _____ To, The Collateral Department, Multi Commodity Exchange Clearing Corporation Ltd. Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai-400093 Fax no.: 022 - 67269558 Dear Sir, We hereby authorise Shri____ take back the to possession of Fixed Deposit Receipts submitted by us to the MCXCCL and the said person will come with their original photo identity proof like Driving License /PAN Card No/Aadhar Card No -----and the person is required to submit a copy of the same to MCXCCL. The details of Fixed Deposit Receipts are as under: Details of Fixed Deposit Receipts (FDR's) Sr No Name of Issuing Date of Issue | Date of Maturity FDR No Amount Bank We confirm that submission of above Fixed Deposit Receipts to above mentioned person is complete and effective discharge on the part of MCXCCL towards our company. We are also giving our rubber stamp to the above-mentioned authorized person to take delivery from MCXCCL Thanking you, Yours faithfully, For Signature of authorised signatory (Signature & Stamp of the Member)

Email Id

Contact No. : ____ Encl: As Above

:_____



Annexure - 10 - Approved Custodians and its Contact Details

1. HDFC Bank Limited

Custody Services,

4th Floor, Empire Plaza 1, Chandan Nagar, LBS Marg, Vikhroli West,

Mumbai – 400 083

Contact Details: Mr. Jagdish Bhatia E-mail: <u>Custody.Margin@hdfcbank.com</u>

2. Stock Holding Corporation of India Limited (SHCIL)

SHCIL house, Plot No P/51 TTC Industrial Area, MIDC – Mahape, Navi Mumbai – 400 710 Contact

Details: Mr. Ganesh Zodge

E-mail: ganeshz@stockhoding.com; pledgertl@stockholding.com



Annexure - 11 - Deed of Pledge by Members for pledge of securities (To Be Executed on Non-Judicial Stamp Paper of Rs 600/- or in accordance With the Stamp Duty Rates Applicable at The Place of Execution, whichever is Higher).

DEED OF PLEDGE TO BE EXECUTED BY MEMBERS FOR PLEDGE OF SECURITIES

This Deed of Pledge (hereinafter referred to as "this Deed") is executed at this day of 20 by	
, S/o / d/o / w/oresiding at and having his office at	_*
, a partnership firm registered under the Indian Partnership Act, 1932 and having it at*	s office
Limited incorporated as a company under the Corporate, 1956 and having its registered office at*	npanies
(hereinafter referred to as "Member" which expression shall unless repugnant to the thereof include its successors, administrators and assigns) in favour of Multi Com Exchange Clearing Corporation Limited, a company incorporated under the Corporation Act, 1956 and having its registered office at Exchange Square, CTS No. 255, Surer Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as "MCI which expression shall unless repugnant to the context thereof, include its success assigns).	modity npanies n Road, XCCL"

WHEREAS

- a. The Member is admitted as a Member of MCXCCL
- b. One of the requirement of Membership is that the Member if desirous of availing exposure, shall maintain with MCXCCL initial margin deposits/additional margin deposits (hereinafter, for brevity purpose, referred to as "margin deposits") in the form of cash, bank guarantees or securities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as such Member including any sums due by such member to MCXCCL or any other party as decided by MCXCCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by such member.
- c. Securities to be deposited by the Member for the purpose of availing additional exposure shall be in demat form and as approved by MCXCCL from time to time.
- d. The Members shall deposit the securities with such custodian(s) acting as depository participants as may be determined by MCXCCL from time to time or in the alternative the Members may also make available the dematerialised securities by creating a pledge on the said securities with any depository participant in favour of MXCCL



NOW THIS DEED WITNESSETH AS FOLLOWS:

1.	In consideration of MCXCCL having agreed to accept approved dematerialized securities
	as approved by it towards additional margin deposits to an extent of Rs/-
	(Rupeesonly), the Member hereby pledges securities (hereinafter
	referred to as "Said Securities" with MCXCCL as security for due performance and
	fulfillment by the Member of all his/its engagements, commitments, operations,
	obligations or liabilities as a Member of MCXCCL including any sums due by the
	Member to MCXCCL or any other party as decided by MCXCCL, arising out of or
	incidental to any contracts made, executed, undertaken, carried out or entered into by the
	member.

- 2. The Member shall place the Said Securities in the absolute disposition of such Custodian/Depository Participant as may be appointed by MCXCCL for the purpose, in such manner as decided by MCXCCL and such disposition shall be indisputable notwithstanding the fact that the Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by MCXCCL from time to time. The Member confirms, affirms and covenants with MCXCCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Member.
- 3. In case where the member are not using the facility of such custodians acting as depository participants as may be determined by MCXCCL from time to time, the member's shall ensure creation of pledge on said securities as per the depository mechanism by the depository participant where such securities are held.
- 4. For the purpose of the clauses (1), (2) and (3), and for the purpose of this Deed, the term "Said Securities" shall mean all the securities lying in the Depository Account No.

 _________ (hereinafter referred to as "Account") with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with MCXCCL by virtue of this Deed.
- 5. (a) The Member declares and assures that all the Said Securities are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further shall ensure that all the Said Securities over which pledge may be created in future shall be in existence and owned by him/it at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Member.
 - (b) The Member is permitted to pledge the securities owned by clients in accordance with the provisions of the SEBI Circular Ref: SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 and such other circulars issued by SEBI in this regard from time to time. Such pledged securities belonging to clients shall be dealt with by MCXCCL in accordance with the provisions of the SEBI Circulars.
- 6. The Member agrees and undertakes that he/it shall not without the prior written permission of MCXCCL create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged or those which may hereafter be pledged except to MCXCCL, that the Member shall not suffer any such charge, lien or encumbrance that



may affect the Said Securities or any part thereof, and further undertakes that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to MCXCCL in any manner.

- 7. The Member agrees, declares and undertakes that he/it shall be bound and shall abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialized form as formulated and determined by MCXCCL pertaining to margin deposits, or such other requirements either in their existing form or as modified/changed/altered/amended from time to time pursuant to requirement/compliance of Membership.
- 8. The Member agrees and hereby authorizes that if in the opinion of MCXCCL, the Member has failed to perform and/or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Member of MCXCCL including payment of any sums due by him/it to MCXCCL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Member agrees that MCXCCL may invoke the pledge without any notice to the Member on its own as a pledgee, and shall be empowered/entitled to, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/or other transfer shall be utilized towards dues/may be disbursed by MCXCCL in such manner and subject to terms and conditions as it may deem fit and further the Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCXCCL to effect such sale/disposal/or other transfer. The decision of MCXCCL as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Member. The Member agrees that such invocation of pledge shall be deemed to be a reasonable, as this pledge of securities is being accepted as margin deposits by MCXCCL in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon any amount becoming due and appropriated under the Rules, Bye-laws and Regulations of MCXCCL.
- 9. The Said Securities pledged as security shall be available at the disposal of MCXCCL as a continuing security and shall remain available for and in respect of all the obligations, liabilities or commitments of the Member jointly or severally and may be utilized as such at the discretion of MCXCCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCXCCL of the Said Securities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.
- 10. The Member agrees to be bound by the instructions of MCXCCL to its custodian or the Depository Participant as the case may be, in respect of creation of pledge, invocation of pledge, release thereof, transfer of securities or sale of securities arising out of any obligations of the Member as referred hereinabove and the Member further agrees that MCXCCL shall not be bound to notify the Member in case of invocation of pledge created by the Member by these presents.
- 11. The Member shall be released from his/its obligations, liabilities under this Deed only when MCXCCL, in writing, expressly provides for the release of the Said Securities.



- 12. The Member agrees that MCXCCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCXCCL shall be entitled to receive from the Member all expenses incurred by MCXCCL/Custodian for the aforesaid purposes.
- 13. The Member agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the Said Securities to the Custodian and/or the Depository Participant and to execute such further documents whether of a legal nature or otherwise as may be required by MCXCCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Securities in dematerialized form.
- 14. The Member agrees that the deposit of the Said Securities and the pledge thereof shall not be affected in any manner whatsoever if MCXCCL takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.
- 15. The Member agrees that MCXCCL shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs, etc., arising out of the deposit of the Said Securities under these presents, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities are in the possession of MCXCCL at the time of such loss or damage or the happening of the cause thereof. The Member shall at all times indemnify and keep indemnified MCXCCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCXCCL in respect of any acts, matters and things lawfully done or caused to be done by MCXCCL in connection with the Said Securities or in pursuance of the rights and powers of MCXCCL under this Deed.
- 16. The Member undertakes that the deposit of the Said Securities and the pledge thereof and any pledge of securities that may be created shall be binding on the Member as continuing and that the same shall not be prejudiced by any failure on the part of the Member to comply with the Rules, Bye-laws or Regulations of MCXCCL or any other terms and conditions attendant to the Membership of MCXCCL and that MCXCCL shall be at liberty to enforce its rights hereunder, notwithstanding its rights against the Member hereunder or under its Rules, Bye-laws and Regulations including amendments thereof or in relation to the Said Securities or to any other security now or hereafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the Member in particular.
- 17. The executants hereby declare that he/it has been duly authorized to execute this Deed by way of Board Resolution of the Member** (only in case of corporate members) as per the copy of Board Resolution annexed hereto.
- 18. This Deed shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this Deed.

Executed	at	on	the	day,	mont	h and	year a	bove	menti	ioned



Signed, sealed and delivered by the within named Member **

In the presence of witnesses (Name and signature of the witness)

1.

2.

- * Strike out whichever is not applicable
- ** To be signed by
- a. The individual if the membership is in his/her name.
- b. Authorised partners in case of a Partnership firm
- c. By any two of the following persons in the case of a Company:
 - i. Managing Director
 - ii. Whole-time Director
 - iii. Directors/ Authorised Signatories (authorized by Board Resolution for the purpose)



Annexure - 12 - Letter for margin pledge account

(On member letter head)

			Date:			
Mul Exc Sure And	lateral Department, Iti Commodity Exchange Clea Phange Square, CTS No.255, en Road, Chakala, Iheri (East), mbai – 400 093	ring Corporation Limited.				
Dea	ar Sir,					
Sub	e: Registration for placing se	ecurities using margin pledge	facility			
	from our below-mentioned d Details of depository account	t	(Member Code) wish n pledge facility of depositories			
	DP ID	DP Name	Beneficiary account			
	pledging/re-pledging securities in favour of Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).					
	deed of pledge	_	_			
5.	deed of pledge We further hereby undertake	n with List of authorized signators to abide by such other or furth scribed by MCXCCL from time to	ner guidelines / instructions as			
	deed of pledge We further hereby undertake	e to abide by such other or furth	ner guidelines / instructions as			
Yo Au En	deed of pledge We further hereby undertake may be communicated / pres	e to abide by such other or furth scribed by MCXCCL from time t	ner guidelines / instructions as			



Annexure - 13 - Letter to be given by the Member for release of Securities

(On member letter head)

								D	ate:	
Multi Exch Surer	i Comm ange Sq n Road, neri (Eas	-	kchange (ΓS No.25 ,	Clearing Co	orpora	tion Limit	red.			
Dear	Sir,									
		Sub: depo		of securitie	s kept	as additio	nal margin			
		Clean	ring Men	nber Code:						
We v	vish to v	vithdraw	the follo	owing secu	rities k	ept as ado	ditional mar	gin de	posit.	
Sr. No	CM Cod e	TM Cod e	Clien t / CP code	Symbol	ISI N	Series	Security Name	Qt y	BP ID (Pledge sequence number)	Custodia n/ NSDL/C DSL
We request you to consider our request for release of the above-mentioned securities as per applicable norms for release of these securities. Yours faithfully For										
& Sta Emai	amp of I	ignatory Member :)							



Annexure - 14 - Request for Addition of Government Securities as Collaterals - Depository Pledge Mode

(To be typed on Clearing Member Letter Head)

	Date:
То,	
The Collateral Department, Multi Commodity Exchange Clearing Cor Square, CTS No.255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	poration Limited. Exchange
Dear Sir / Madam,	
Re: Request for Additio towards additional marg	n of Government Securities as Collaterals gin
towards additional marg	securities in depository system in favour of Multi
towards additional marg	securities in depository system in favour of Multi
towards additional marg We have created pledge of the following Commodity Exchange Clearing Corporation	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name Source DP Id	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name Source DP Id Source Client Id	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name Source DP Id Source Client Id Custodian Name	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name Source DP Id Source Client Id Custodian Name Instrument details ISIN no.	securities in depository system in favour of Multi
We have created pledge of the following Commodity Exchange Clearing Corporation Member Code Member Name Source DP Id Source Client Id Custodian Name Instrument details	securities in depository system in favour of Multi

You are requested to confirm the same and consider the above Government Securities. Yours

faithfully

For _____



Authorised Sig	gnatory (Name
& Stamp of M	lember)
Email Id	<u>:</u>
Contact No.	:



Annexure - 15 - Request for release of Government Securities as Collaterals - Depository Pledge Mode

(To be typed on Clearing Member Letter Head)

	Date:
To, The Collateral Department, Multi Commodity Exchange Clearing Corporat Exchange Square, CTS No.255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	ion Limited.
Dear Sir / Madam,	
Re: Request for Release of S	ecurities
We would like to withdraw below mentioned C towards additional margin:	Government securities (G-sec) placed by us
Member Code	
Member Name	
Custodian Name	
Instrument details	
ISIN no.	
Maturity Date	
Total units	
Face Value (in digits & words)	
You may instruct the custodian to release the particle. Yours faithfully For	ledge.
Authorised Signatory (Name & Stamp of Member) Email Id : Contact No. :	



Annexure - 16 - Undertaking for depositing Government Securities (G–Sec) as margin deposit (E-Kuber)

(To Be Executed on Non-Judicial Stamp Paper of Rs 600/- or in accordance With the Stamp Duty Rates Applicable at The Place of Execution, whichever is Higher).

TO BE EXECUTED BY MEMBERS FOR DEPOSITING GOVERNMENT SECURITIES (G–Sec) AS MARGIN DEPOSIT

This Undertaking is made and executed at	on this	day of20
by	(name of the m	nember) having its
registered		office
at		

(hereinafter referred to as "Member" which expression shall unless repugnant to the context thereof include its successors, administrators and assigns) in favour of Multi Commodity Exchange Clearing Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400093, (hereinafter referred to as "MCXCCL" which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

- a. The Member is admitted as a Member of MCXCCL
- b. One of the requirement of Membership is that the Member, if desirous of availing exposure, shall maintain with MCXCCL initial margin deposits/ additional margin deposits (hereinafter, for brevity purpose, referred to as "margin deposits") in the form of cash, bank guarantees, securities (including Government Securities G–Sec) for the due performance and fulfillment of its engagements, commitments, operations, obligations or liabilities as such Member including any sums due by such Member to MCXCCL or any other party as decided by MCXCCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by such Member.
- c. G–Sec to be deposited by the Member for the purpose of availing additional exposure shall be in demat / electronic form and as approved by MCXCCL from time to time.
- d. MCXCCL has opened Constituent Subsidiary General Ledger Account (CSGL) with RBI for holding G–Sec deposited as margin deposit from its members.
- e. Members desirous of providing G–Sec as margin deposit shall enter the transaction through its custodian/bank on E–Kuber under 'Margin Transfer Module' and inform the transaction detail to MCXCCL.



NOW THIS UNDERTAKING WITNESSETH AS FOLLOWS:

- 1. In consideration of MCXCCL having agreed to accept approved G–Sec in electronic form towards margin deposits, the Member hereby agrees to transfer the G–Sec to MCXCCL CSGL account for due performance and fulfillment by it of all its engagements, commitments, operations, obligations or liabilities as a Member of MCXCCL including any sums due by the Member to MCXCCL or any other party as decided by MCXCCL, arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by the Member.
- 2. The G–Sec transferred to the MCXCCL CSGL account shall be free from any prior charge, lien or encumbrance in all respects. Member agrees and acknowledge that they are not permitted to use these G–Sec for any purpose other than as margin deposit with MCXCCL, till they are re-transferred to their SGL account by MCXCCL.
- 3. It is expressly agreed that the G-Sec transferred to the said MCXCCL CSGL account shall be dealt by MCXCCL in accordance with the Rules, Bye-Laws, Regulations and the Circulars issued there under from time to time.
- 4. The Member agrees, declares and undertakes that it shall be bound by and shall abide by the terms and conditions for acceptance of G–Sec as formulated and determined by MCXCCL pertaining to margin deposits, or such other requirements either in their existing form or as modified/ changed/ altered/ amended from time to time.
- 5. The Member agrees that MCXCCL shall be bound by any instruction or direction it shall receive with regard to operation of CSGL account from any regulatory, judicial or any other competent authority(ies) and MCXCCL shall have the rights to give any information to any regulatory, judicial and /or any other competent authority whenever so required in respect of the dealing and the deposits/ transactions in their accounts
- 6. The Member agrees and fully authorizes MCXCCL to execute any indemnity, declarations, undertakings and any other deed or documents as desired by RBI or any other competent authority in respect of dematerialization, rematerialisation, settlement, corporate action, or any other action in connection with the CSGL account.
- 7. The Member agrees and hereby authorizes that if in the opinion of MCXCCL, the Member has failed to perform and/or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Member of MCXCCL including payment of any sums due by it to MCXCCL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by it, then the Member agrees that MCXCCL may have an irrevocable authority to dispose the G-Sec, even prior to maturity without notice to the member for recovery/adjustment of MCXCCL/MCX dues and shall be empowered/entitled to, sell, dispose of or otherwise effect any other transfer of the G-Sec in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/ disposal/ or other transfer shall be utilized towards dues/ may be disbursed by MCXCCL in such manner and subject to terms and conditions as it may deem fit and further the Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCXCCL to effect such sale/ disposal/ or other transfer. The decision of MCXCCL as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Member. The Member agrees that such disposal shall be deemed to be a reasonable, as G-



Sec are accepted as margin deposits by MCXCCL which can be disposed of forthwith upon any amount becoming due and appropriated under the Rules, Bye–Laws and Regulations of MCXCCL.

- 8. The G–Sec transferred as margin deposit shall be available at the disposal of MCXCCL as a continuing security and shall remain available for and in respect of all the obligations, liabilities or commitments of the Member jointly or severally and may be utilized as such at the discretion of MCXCCL, as if each of the obligations, liabilities or commitments is secured by the Said G–Sec. This undertaking shall not be considered as cancelled or in any way affected upon the utilization or realization by MCXCCL of the G–Sec for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.
- 9. If the Reserve Bank of India (RBI) deducts any income tax at source (TDS) on the interest payable at the rate applicable to MCXCCL the same shall be passed on to the member, who may have a different tax rate. In case the member desires to avail of any concession from TDS, it will have to submit all requisite forms/ documents to MCXCCL within such time as required by MCXCCL/RBI for this purpose. In such cases, MCXCCL will try on a best effort basis to get the interest payment without the deduction.
- 10. MCXCCL shall issue statements to member from time to time with respect to the G–Sec balances. The Member agrees to point out any discrepancies to MCXCCL within 24 hours of the receipt of the statement, failing which MCXCCL shall assume the balances to be correct.
- 11. The Member shall be released from its obligations, liabilities under this undertaking only when MCXCCL, in writing, expressly provides for the release of the said undertaking.
- 12. The Member agrees to pay promptly all such fees, charges and/or costs pertaining to G-Sec given as margin deposit and to execute such further documents whether of a legal nature or otherwise as may be required by MCXCCL for the purpose of giving effect to the provisions of this undertaking and also the Scheme for the Deposit of G-Sec in electronic form.
- 13. The Member agrees that while handling corporate action in connection with the CSGL account, MCXCCL shall provide credit for G–Sec / fund to the member, as the case may be only after the same has been provided by RBI in the account of MCXCCL.
- 14. The Member agrees that MCXCCL shall have a lien on all its G–Sec transferred in the MCXCCL CSGL account and shall not be affected in any manner whatsoever if MCXCCL takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.
- 15. The Member agrees that MCXCCL shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs, etc., arising out of or pursuant to the deposit of the G-Sec under these presents, in any manner, and the Member shall at all times indemnify and keep indemnified MCXCCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCXCCL in respect of any



acts, matters and things lawfully done or caused to be done by MCXCCL in connection with the G-Sec or in pursuance of the rights and powers of MCXCCL under this undertaking.

- 16. The Member undertakes that the transfer of the G–Sec as margin deposits, pursuant to this undertaking, shall be binding on the Member as continuing and that the same shall not be prejudiced by any failure on the part of the Member to comply with the Rules, Bye–Laws or Regulations of MCXCCL or any other terms and conditions applicable to the Membership of MCXCCL and that MCXCCL shall be at liberty to enforce its rights hereunder, notwithstanding its rights against the Member hereunder or under its Rules, Bye–Laws and Regulations including amendments thereof or in relation to margin deposits hereafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the Member in particular.
- 17. The executants hereby declare that it has been duly authorized to execute this undertaking by way of Board Resolution of the Member* (only in case of corporate members) as per the copy of Board Resolution annexed hereto.
- 18. This undertaking shall be governed by and construed and interpreted in accordance with the Laws of India and the Courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this undertaking.

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Executed at	α	tha	dan	month	and	TTOOM	ODOTE	monte	$\mathbf{n} = \mathbf{n} $	
Exceuted at	OII	unc	uav.	шопш	. anu	vcai.	above	писнис	лиcu	

Signed, sealed and delivered by the within named Member *

In the presence of witnesses

1.

2.

- * To be signed by
 - a. The individual if the membership is in his/her name.
 - b. Authorised Signatory(ies) in other cases



Annexure - 17 - Request for Addition of G-Sec as margin deposit (E-Kuber)

(To be typed on Clearing Member Letter Head)

						Date: _		
mmodity Extended Square, CT oad, Chake - 400 093 Madam, Madam, mest for Add	xchange Cle IS No.255, xala, Andh	eri	: Securities	s (G–Sec) as 1	_	_	·r:	
Membe r ID	Membe r Name	Source SGL A/c no	Source SGL A/c Holder Name	Instrumen t details	ISI N no.	Maturit y Date	Face Value (in digits & words)	Qty
'ransfer' thr	ough E–Kı	ıber.						
You, thfully,	_							
ed Signatory No.	:		_					
	mmodity Example Square, CT oad, Chake 400 093 Madam, sest for Add like to depart of the ransfer three quested to You, chfully, and Signatory and Signatory of Si	Square, CTS No.255, oad, Chakala, Andhologod, Chakala, Andhologod, Madam, sest for Addition of Gold like to deposit below Member ID Member Name Member ID Member Name We have initiated transfer' through E–Kulequested to confirm the You, shfully,	mmodity Exchange Clearing Corport Square, CTS No.255, oad, Chakala, Andheri 400 093 Madam, Mest for Addition of Government like to deposit below mentioned Membe rID rName SGL A/c no We have initiated transfer of securansfer' through E–Kuber. Equested to confirm the same and You, Chfully, Cd Signatory Cd Signatory Cd Signatory Control of Square Corporate Square	mmodity Exchange Clearing Corporation Lime Square, CTS No.255, oad, Chakala, Andheri 400 093 Madam, Mest for Addition of Government Securities of like to deposit below mentioned G—Sec as made and consider the same and consider the same and consider the square of the square of the same and consider the square of the square o	nmodity Exchange Clearing Corporation Limited. Square, CTS No.255, oad, Chakala, Andheri - 400 093 Madam, mest for Addition of Government Securities (G–Sec) as result like to deposit below mentioned G–Sec as margin deposit. Source SGL Source A/c Membe Membe SGL Holder Instrumen t details we have initiated transfer of securities to MCXCCL CSG ransfer' through E–Kuber. equested to confirm the same and consider the above G–Securities and consider the above G–Securities and consider the above G–Securities to MCXCCL CSG ransfer's through E–Kuber.	mmodity Exchange Clearing Corporation Limited. Square, CTS No.255, oad, Chakala, Andheri - 400 093 Madam, mest for Addition of Government Securities (G–Sec) as margin I like to deposit below mentioned G–Sec as margin deposit. Details Source SGL A/c Holder Instrumen N t details The Name A/c no Name t details We have initiated transfer of securities to MCXCCL CSGL accorransfer' through E–Kuber. Sequested to confirm the same and consider the above G–Sec toware through.	Department, nmodity Exchange Clearing Corporation Limited. 9 Square, CTS No.255, oad, Chakala, Andheri - 400 093 / Madam, nest for Addition of Government Securities (G–Sec) as margin deposit I like to deposit below mentioned G–Sec as margin deposit. Details are as under Source SGL Source SGL Holder Instrumen N Maturit rID r Name A/c no Name t details no. y Date we have initiated transfer of securities to MCXCCL CSGL account no 520 fransfer' through E–Kuber. equested to confirm the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the above G–Sec toward our margin should be supported by the same and consider the same and consider the same and	Department, annodity Exchange Clearing Corporation Limited. Square, CTS No.255, oad, Chakala, Andheri 400 093 Madam, Madam, Mest for Addition of Government Securities (G–Sec) as margin deposit Malike to deposit below mentioned G–Sec as margin deposit. Details are as under: Source SGL Source A/c SGL Holder Instrumen N Maturit W Maturit M Maturit W Maturit W Maturit W Maturit W Maturit W Maturit W M



Annexure - 18 - Request for release of Government Securities (G–Sec) as margin deposit (E–Kuber)

(To be typed on Clearing Member Letter Head)

						Da	te:	
To, Collateral D Multi Comm Exchange So Suren Roa (East), Mun	nodity Exch quare, CTS d, Chakala	No.255, , Andheri	Corporation I	imited.				
Dear Sir / M	Iadam,							
	Re: Re	equest for rel	ease of Gove	rnment Secu	ırities (G–Sec)		
We would	like to relea	se below men	tioned G–Sec	as margin de	posit. D	etails are as	under:	
Membe r ID	Membe r Name	ISIN no.	Instrumen t details	Face Value (in digits & words)	Qty	Maturit y Date	Target SGL A/C No.	Target SGL A/C Holde r Name
The G–Sec	may be tra	nsferred to ou	r above menti	oned SGL ac	count.			
Thanking Yours faith	ifully,							
Authorised Email Id Contact No	:							



Annexure - 19 - Deed of Pledge by Member for pledge of electronic warehouse receipts

(To Be Executed on Non-Judicial Stamp Paper Of minimum Rs. 600/- or in accordance with the Stamp Duty Rates applicable at the Place of Execution, whichever is higher).

This De	ed of Pledge (h	ereinafter i	referr	ed to as "	this Deed") is exe	cuted at		
	day of _					,			
Partners	ship Act, 1932	and having		-	-	m reg	istered under	r the In	ıdian _*
		Li	mited	incorpor	ated as a co	ompan	y under the Co	ompanies	Act,
1956/	Companies	Act,	2013	and *	having	its	registered	office	at

(hereinafter referred to as "Member" which expression shall unless repugnant to the context thereof include its successors, administrators and assigns) in favour of Multi Commodity Exchange Clearing Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Square, CTS 255, Suren Road, Chakala, Andheri (East), Mumbai-400093, (hereinafter referred to as "MCXCCL" which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

- a) The Member is admitted as a Member of MCXCCL
- b) One of the requirement of Membership is that the Member, if desirous of availing exposure, shall maintain with MCXCCL initial margin deposits/additional margin deposits (hereinafter, for brevity purpose, referred to as "margin deposits") in the form of cash, bank guarantees, fixed deposit receipts, securities and/or warehouse receipts for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as such Member including any sums due by such member to MCXCCL/ MCX or any other party as decided by MCXCCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by such member.
- c) Electronic warehouse receipts of approved commodities to be deposited by the Member for the purpose of availing additional exposure shall be from MCXCCL designated warehouse and as approved by MCXCCL from time to time.
- d) The Members shall pledge/ re-pledge the electronic warehouse receipts in the favour of MCXCCL.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of MCXCCL having agreed to accept electronic warehouse receipts of approved commodities towards additional margin deposits to an extent of



Rs. /- Consolidated Master Circular	only),	the
Member hereby pledges/ re-pledges the electronic warehouse receipts (hereis	nafter refe	rred
to as "Said WR(s)" and shall include all the warehouse receipts deposited from	n time to t	ime
in addition to, substitution of or replacement thereof) with MCXCCL as se	curity for	due
performance and fulfillment by the Member of all his/its engagements, of	commitme	ents,
operations, obligations or liabilities as a Member of MCXCCL including any	y sums due	e by
the Member to MCXCCL/ MCX or any other party as decided by MCXCC	L, arising	out
of or incidental to any contracts made, executed, undertaken, carried out or e	ntered into	o by
the member.		

- 2. The Member shall pledge/ re-pledge the Said WR(s) in the absolute disposition of MCXCCL for the purpose, in such manner as decided by MCXCCL and such disposition shall be indisputable notwithstanding the fact that the Member may be permitted to have access to the Said WR(s) in the manner and subject to such terms and conditions as determined by MCXCCL from time to time. The Member confirms, affirms and covenants with MCXCCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Member.
- 3. (a) The Member declares and assures that the pledged WR(s) are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further shall ensure that all the Said WR(s) over which pledge may be created in future shall be in existence and owned by him/it at the time of creation of such pledge and shall be unencumbered, absolute and exclusive property of the Member.
 - (b) The Member is permitted to pledge the WR(s) owned by clients/ TMs and pledged in their favour in accordance with the provisions of MCXCCL Circular Ref: MCXCCL/C&S/234/2021 dated September 08, 2021 and such other circulars issued by MCXCCL in this regard from time to time. Such pledged WR(s) belonging to clients shall be dealt with by MCXCCL in accordance with the provisions applicable for pledge/ repledge of approved securities.
- 4. The Member agrees and undertakes that he/it shall not without the prior written permission of MCXCCL create any charge, lien or encumbrance of any kind upon or over the Said WR(s) hereby pledged or those which may hereafter be pledged except to MCXCCL, that the Member shall not suffer any such charge, lien or encumbrance that may affect the Said WR(s) or any part thereof, and further undertakes that he/it shall not do or allow anything to be done that may prejudice the Said WR(s) while he/it remains liable to MCXCCL in any manner.
- 5. The Member agrees, declares and undertakes that he/it shall be bound and shall abide by the terms and conditions of the Scheme for the Deposit of WR(s) of approved commodities as formulated and determined by MCXCCL pertaining to margin deposits, or such other requirements either in their existing form or as modified/changed/altered/amended from time to time pursuant to requirement/compliance of Membership.
- 6. The Member agrees and hereby authorizes that if in the opinion of MCXCCL, the Member has failed to perform and/or fails to fulfill his/its engagements, commitments, operations, obligations or liabilities as a Member of MCXCCL including payment of any sums due by him/it to MCXCCL/ MCX or to any other party arising out of or incidental to any contracts



made, executed, undertake constituted Master icirculaim/it, then the Member agrees that MCXCCL is entitled to invoke the pledge without giving any prior notice to the Member and that the MCXCCL / MCX shall be empowered/entitled to, sell, dispose of, including online auction, or otherwise effect any other transfer of the Said WR(s) and/or underlying commodities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realized from such sale/disposal/online auction or other transfer shall be utilized towards dues/may be disbursed by MCXCCL in such manner and subject to terms and conditions as it may deem fit and further the Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable MCXCCL to effect such sale/disposal/online auction or other transfer and cost / damage / expenditure if any paid / incurred / borne by MCXCCL shall have to be reimbursed by the Member to MCXCCL. The decision of MCXCCL as to the obligations or liabilities or commitments of the Member and the amount claimed shall be final and binding on the Member. The Member agrees that such disposal of Said WR(s) without any notice/ intimate in advance shall be deemed to be reasonable, as this pledge of Said WR(s) is being accepted as margin deposits by MCXCCL in lieu of cash deposits or bank guarantees, which can be invoked forthwith upon any amount becoming due and appropriated under the Rules, Bye-laws and Regulations of MCXCCL.

- 7. The Said WR(s) of approved commodities pledged as security shall be available at the disposal of MCXCCL as a continuing security and shall remain available for and in respect of all the obligations, liabilities or commitments of the Member jointly or severally and may be utilized as such at the discretion of MCXCCL, as if each of the obligations, liabilities or commitments is secured by the Said WR(s). This Deed shall not be considered as cancelled or in any way affected upon the utilization or realization by MCXCCL of the Said WR(s) and/or underlying commodities for meeting any specific obligation, liability or commitment of the Member and shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Member.
- 8. The Member agrees to be bound by the instructions of MCXCCL, in respect of creation of pledge, invocation of pledge, release thereof, transfer of warehouse receipts or sale of warehouse receipts and/or underlying commodities arising out of any obligations of the Member as referred hereinabove and the Member further agrees that MCXCCL shall not be bound to notify the Member in case of invocation of pledge created by the Member by these presents.
- 9. The Member shall be released from his/its obligations, liabilities under this Deed only when MCXCCL, in writing/ electronically, expressly provides for the release of the pledge on Said WR(s).
- 10. The Member agrees that MCXCL shall be entitled to sell, or negotiate or otherwise transfer the Said WR(s) and for the purpose to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements and that MCXCCL shall be entitled to receive from the Member all expenses incurred by MCXCCL for the aforesaid purposes.
- 11. The Member agrees to pay promptly all such fees, charges and/or costs pertaining to pledge of the Said WR(s) to MCXCCL and to execute such further documents whether of a legal nature or otherwise as may be required by MCXCCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Warehouse Receipts.



- 12. The Member agrees that the please thereof shall not be affected in any manner whatsoever if MCXCCL takes any action against the Member including suspension or expulsion or declaration of the Member as a defaulter.
- 13. The Member agrees that MCXCCL shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs, etc., arising out of the deposit of the Said WR(s) under these presents, in any manner, due to any cause, whatsoever, irrespective of whether the Said WR(s) are pledged in favour of MCXCCL at the time of such loss or damage or the happening of the cause thereof. The Member shall at all times indemnify and keep indemnified MCXCCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against MCXCCL in respect of any acts, matters and things lawfully done or caused to be done by MCXCCL in connection with the Said WR(s) and/or underlying commodities or in pursuance of the rights and powers of MCXCCL under this Deed.
- 14. The Member undertakes that the deposit of the Said WR(s) and the pledge thereof that shall be created shall be binding on the Member as continuing and that the same shall not be prejudiced by any failure on the part of the Member to comply with the Rules, Bye-laws and Regulations of MCXCCL or any other terms and conditions attendant to the Membership of MCXCCL and that MCXCCL shall be at liberty to enforce its rights hereunder, notwithstanding its rights against the Member hereunder or under its Rules, Bye-laws and Regulations including amendments thereof or in relation to the Said WR(s) or to any other security now or hereafter held or taken at any time irrespective of any variation, amendment, change or alteration of any terms or conditions in general or as applicable to the Member in particular.
- 15. The executants hereby declare that he/they has/have been duly authorized to execute this Deed by way of Board Resolution of the Member (only in case of corporate members) as per the copy of Board Resolution annexed hereto.
- 16. This Deed shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this Deed.

Executed at on the day, month and year above mentioned	•
	А

Signed, sealed and delivered by the within named Member **

In the presence	of witnesses
-----------------	--------------

1.

2.

- c. The individual if the membership is in his/her name.
- d. Authorised Signatory(ies) in other cases

^{*} Strike out whichever is not applicable

^{**} To be signed by



Annexure - 20 - Salient features and process of Margin Pledge / Re-pledge functionality in ComRIS (Commodity Receipts Information System)

MCXCCL has enhanced ComRIS to introduce Pledge / Re-pledge of electronic warehouse receipts of Commodities eligible for deposit and record keeping in ComRIS towards Margin obligations. The access of Margin Pledge / Re-Pledge feature is available through ComRIS system using Dashboard option.

Margin Pledge instructions will be initiated based on the UCC mapped in ComRIS account and TM-CM mapping available in ComRIS. Clients can use existing beneficiary account or open new beneficiary account with beneficiary account type as "Non-Custodial Participant account". For Custodial participants, the account type shall be "Custodial Participant account" and mapping of the Clearing member shall be required in the respective Member Field. Custodial Participants, with existing beneficiary account, can request their ComRIS participant for modifying the account type. Other processes stipulated for account opening / modification will continue to remain same.

Members of MCX/ MCXCCL intending to avail the pledge/ re-pledge mechanism in ComRIS shall open a new beneficiary account as Trading Member margin pledge account (TMMPA)/ Clearing Member Margin Pledge Account (CMMPA) respectively. ComRIS Participant has to map the applicable Trading member / Clearing Member while opening the TMMPA/ CMMPA account with the CM-TM defined in ComRIS. ComRIS Participant has to select the Pledge / Re-pledge confirmation as "Auto" / "Manual" based on the request received from the member. In case of selection of 'Auto', the Pledge / Re-pledge shall be auto confirmed at pledgee end. In case of selection of 'manual', the maker and checker process shall be applicable at pledgee end.

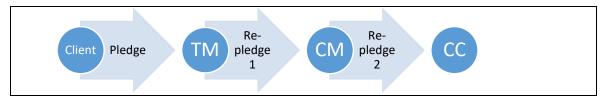
For pledge/ re-pledging or electronic receipts, Mobile number and e-mail ID field is mandatory for Original pledger for receiving the OTP.

The detailed process of Margin Pledge / Re-pledge functionality is given below:

- 1. Electronic receipts with 'free' status shall only be permitted to be pledged. When a WR is pledged by an account holder (pledger) in favour of another entity (pledgee), the status of the receipt shall change from 'free' to 'Pledged, Pledged to Repledge1, and 'Repledged 1 to Repledge2' in the account of the receipt holder (depending upon the pledge stage as given in point no. 3 below). The receipt holder cannot further transact on it except raising a un-pledge request.
- 2. On pledge confirmation, the pledgee gets the right to invoke the pledge. In case of invocation of pledge, the receipt would move from the pledger account to the pledgee account and the status would be updated to free on such transfer. In case of pledge closure (that can be initiated by either of pledger/pledgee), on approval by the pledgee, the status of the pledged receipts is restored to free state.



3. Client Pledge/re-pledge Cycle



- i. **Stage 1** Client pledges in favour of its TM (TM Margin Pledge Account). At this stage, the pledger is client and the pledgee is TM.
- ii. **Stage 2** The TM may pledge in favour of the CM (CM Margin Pledge Account) mapped to it. It is called as Repledge 1. At this stage, the pledger is the TM and the pledgee is CM.
- iii. **Stage 3** The CM may pledge in favour of the CC (Clearing Corporation Account). It is called as Repledge 2. At this stage, the pledger is the CM and the pledgee is CC.

4. Pledge Process:

- i. Currently the client is required to map the UCC in its ComRIS Account. The mapping is in the CM_TM_UCC combination. The same combination shall be used for initiating and directing the flow of pledge/ re-pledge process.
- ii. The client intending to create pledge in the favour of its TM shall initiate a pledge by selecting the respective UCC mapping.
- iii. The system will identify the TM Margin Pledge Account of the TM in the UCC mapping and permit pledge creation in favour of the said account only. This is stage 1 of the pledge process.
- iv. The pledge shall be recorded in the system after taking a separate OTP based confirmation of the client. TM shall be allowed to confirm the pledge after the client confirmation. Once the TM confirms the pledger, system shall change the free status of the electronic receipts and the process is complete.
- v. The TM margin pledge account shall have a provision to manually confirm the pledge or set the account in an auto mode for accepting pledge.

5. Re-pledge 1 process:

- i. The pledges confirmed by TM in point no. 4 above are eligible for re-pledge (re-pledge1) by the TM in favour of the CM identified in the UCC mapping.
- ii. The TM shall select the electronic receipts that it intends to Pledge in favour of the CM Margin Pledge Account and generate a re-pledge request.
- iii. The system will identify the CM Margin Pledge Account of the CM in the UCC mapping and permit pledge creation in favour of the said account only. The CM in the UCC mapping shall also be validated with the CM_TM mapping uploaded by MCXCCL before the request is accepted. In case of mismatch, the record will not be accepted. This is stage 2 of the pledge process.
- iv. The re-pledge shall be recorded in the system after taking a separate OTP based confirmation of the client. CM shall be allowed to confirm the pledge after the client confirmation. Once the CM confirms the pledge, system shall update the pledger and



- pledgee records for the re-pledge 1 process is complete.
- v. The CM margin pledge account have a provision to manually confirm the pledge or set the account in an auto mode for accepting pledge.

6. Re-pledge 2 process:

- i. The pledges confirmed by CM in point no. 5 above are eligible for re-pledge (re-pledge 2) by the CM in favour of the CC.
- ii. The CM shall select the electronic receipts that it intends to Pledge in favour of the CC. This is stage 3 of the pledge process.
- iii. The re-pledge shall be recorded in the system after taking a separate OTP based confirmation of the client. Once the CC confirms the pledge, system shall update the pledger and pledgee records for the said electronic receipts and then the re-pledge 2 process is complete.

7. Trading Member / Custodial Participant / Clearing Member pledge of own WR(s):

- i. A TM/ CP/ CM can pledge its own receipts also under the pledge/ re-pledge mechanism.
- ii. In such cases, the process of pledge shall as defined in point no. 4 above treating the respective TM/ CP/ CM as an end client.

8. Un-pledge process:

- i. The un-pledge process shall be initiated by the pledger, the pledge initiator can request for unpledge for Pledge, Repledge 1 and Repledge 2 with maker checker at Pledgee end.
- ii. In case of un-pledge raised by the Pledger it shall be treated as confirmed only when the checker of the pledgee confirms.
- iii. Once the un-pledge is confirmed by the pledgee, the system will change the pledger and pledgee depending the stage of pledge.

Stage of Pledge	Action	New Pledger	New Pledgee
Re-pledge 2	CC un-pledge	TM	CM
Re-pledge 1	CM un-pledge	Client	TM
Pledge	TM un-pledge	NA	NA

- iv. Once the TM-un-pledges, the status of the receipts will be changed from frozen to free and the account holder would be permitted to transact further in the said receipts
- 9. Bulk upload for the receipts has been provided for pledged/ re-pledged/ un-pledged. The file format shall have following fields "ID, Lot/bar Number, Delivery units"
- 10. System shall permit the pledgee to invoke the pledge in the event of default by the pledger. Once the pledgee invoked the pledge, the receipts shall move from the account



of the client to the plecensories to free in the account of the pledgee.

Pledge invoked by	Receipts shall move from
CC	Client to CC
CM	Client to CM
TM	Client to TM

11. Once a pledger creates a pledge in favour of the pledgee, the pledgee will get an email alert for the pledge created. Similarly, in case of un-pledge request email alert shall be provided to the pledger and pledgee.



Consolidated Master Circular

Annexure - 21 - Letter to be given by the Member for Release of Warehouse Receipt(s)

Multi Come Exchange S Suren Road	Square, CTS N	nge Clear Io.255,		D poration Limited	ate:		
Sub: Relea	ase of wareho	ouse rece	eipt(s) ke	ept as addition	al margin d	eposit	
Clearing Me	ember Code: _	_					
	withdraw the al margin depo		g wareho	ouse receipts of a	approved co	mmodities kept	
Commodit y	WR No./ ComRIS Receipt ID.	Qty	Bar No / Lot No	Issuing Warehous e / Vault with address	Quality Assayer	QC Reference , validity date	WR Value
-	s per applicable fully		-	release of the a se of these secur		oned warehouse	
Authorised	Signatory						
(Name & S Email Id Contact No							



Constituated Wastenegrement

MCXCCL shall deploy below mentioned risk management measures:

References to current provisions are provided in the respective sections. Further, in case of any revisions/updation, MCXCCL shall issue circulars from time to time.

3.1.1 Initial Margin

MCXCCL determine the applicable minimum Initial Margin (IM), Short Option Minimum Margin (SOMM), minimum Margin Period of Risk (MPOR) and minimum Volatility Scan Rage (VSR) for options as per the norms provided by SEBI vide circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020 and SEBI circular no SEBI/HO/CDMRD/DRMP/CIR/P/2021/08 dated January 11, 2021. The initial margin shall be imposed at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity. Margins shall be adequate to cover 99% VaR (Value at Risk) and Margin Period of Risk (MPOR) shall be determined on the basis of volatility category of the commodity.

MCXCCL shall categorize their commodities into three categories of volatility based upon the realized volatility for last three years as given below:

Volatility Category of Commodity	Realized Annualized Volatility Criteria
Low	0 to 15%
Medium	Above 15% to 20%
High	Above 20%

Based on volatility category, applicable minimum Initial Margin (IM), minimum Margin Period of Risk (MPOR), Short Option Minimum Margin (SOMM) and minimum Volatility Scan Range (VSR) shall be as under:

Volatility	Minimum IM/ SOMM		Minimum MPOR		Minimum VSR	
Category of Commodity	Non- Agri	Agri	Non- Agri	Agri	Non- Agri	Agri
Low	6%	8%	2	3	4	5
Medium	8%	10%	2	3	5	6
High	10%	12%	3	4	6	7

MCXCCL shall review the categories of all the commodities once in every six months i.e. 1st March and 1st September of each year on rolling basis and changes if any shall be made applicable from 1st April and 1st October respectively of each year. Commodity may be moved from higher volatility category to lower category only if it satisfies criteria of the revised category of volatility for two consecutive reviews.

However movement from lower to higher volatility category shall be done based upon a single review.



In case of launch of **consolidates Masselic ficular** ch no reference future prices are available, it shall be initially categorized based on the spot market subject to minimum of Medium category of Volatility. Re-categorisation of such commodity from higher to lower category of volatility can only be done after two consecutive reviews.

For applicable minimum Initial Margin (IM), Short Option Minimum Margin (SOMM), minimum Margin Period of Risk (MPOR) and minimum Volatility Scan Rage (VSR) for options refer the latest circulars issued by the MCXCCL.

For buyer of the option, buy premium shall be charged as margins and blocked from the collaterals. On completion of settlement, the premium blocked shall be released. MCXCCL shall compute initial margins using Standard Portfolio Analysis of Risk (SPAN®) software. The details of margin computation methodology through SPAN is provided in <u>Annexure-1</u>.

SPAN® is registered trade mark of Chicago mercantile Exchange (CME), and used herein under appropriate licencing arrangement. CME assumes no liability in connection with the use of SPAN® by any person or entity.

3.1.1.1 Updation of risk parameters:

The parameters for computation of SPAN® margin shall be updated as decided by MCXCCL from time to time. Risk Parameter File (RPF) shall be updated based on the prices calculated at before start of market hours, 9:30 am., 11:00 am., 1:00 pm., 3:00 pm., 5:00 pm., 7:00 pm., 8:30 pm., 10:30 pm. and after end of market hours. The risk parameters files shall be made available to the members on MCXCCL website.

In addition to the above timings, MCXCCL may generate additional Risk Parameter File(s) in case of volatile market scenario.

3.1.1.2 Net Option Value

Net Option Value is computed as the difference between the long option positions and the short option positions, valued at the last available closing price and shall be updated intraday at the current market value of the relevant option contracts at the time of generation of risk parameters. Thus, mark to market gains and losses shall not be settled in cash for options positions.

3.1.2 Extreme Loss Margin

Extreme Loss Margin' means margin to cover the loss in situations that lie outside the coverage of Initial Margin. Extreme Loss margins shall be such percentage of the gross open positions as may be prescribed by MCXCCL and/ or SEBI from time to time and shall be deducted from the liquid assets of the clearing member on an online, real time basis. For seller of the option contract, Extreme Loss Margin shall be levied based on the margins percentage specified by MCXCCL from time to time. For buyer of the option contract, Extreme Loss Margin shall not be levied.



3.1.3 Additional Margin Consolidated Master Circular

'Additional Margin' means margins specified by MCXCCL or SEBI over and above any other margins. MCXCCL shall have the right to impose additional risk containment measures over and above the risk containment system mandated by SEBI / MCXCCL / Exchange.

3.1.4 Additional Lean Period Margin

Additional Lean period margin is applicable only in case of Agri Commodities as during the lean period, there may be higher volatility in prices. Hence MCXCCL shall levy additional lean period margin of 2% on contracts expiring during the lean period. Additional Lean Period Margin is determined as per the SEBI circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020.

3.1.5 Tender period Margin/Pre-expiry Margin

'Tender period Margin/Pre-expiry Margin' means the margin which may be increased gradually every day beginning from the predetermined number of days before the expiry of the contract as applicable. The quantum of tender period margin as appropriate based on the risk characteristics of the particular commodity shall be decided by the MCXCCL from time to time.

3.1.6 Special Margin

Special Margins are levied by MCXCCL in case of unidirectional price movement or based on Exchange's evaluation in specific situations. MCXCCL may levy special margins over and above the initial margin and the extreme loss margins. Special margins may be levied generally on either long open positions or on short open positions and shall be collected in any form of collateral or in Cash only as may be directed by the SEBI / MCXCCL / Exchange.

3.1.7 Calendar Spread Benefit and Calendar Spread Charge

A calendar spread is an open position of one expiration that is hedged by an offsetting position of a different expiration. The benefit in initial margin shall be permitted only when each individual contract in the spread is from amongst the first six expiring contracts.

A charge of minimum 25% of the initial margin (i.e. a calendar spread benefit of approximately 75% of margins) on each of the individual legs of the spread shall be levied as calendar spread charge. In case of such spread positions additional margins shall not be levied. No benefit in ELM would be provided for spread positions i.e. ELM shall be charged on both individual legs. Calendar spread benefit shall not be considered for the open position in a contract in tender/delivery period [and Spread margin benefit on spread positions shall be entirely withdrawn] latest by the start of tender period or the start of the expiry day, whichever is earlier. The margin on calendar spread shall be calculated on the basis of delta of the portfolio consisting of futures and options contracts in each month. The Calendar Spread charge shall be 25% on both the legs of the position.



3.1.8 Cross Margin Benefit

Cross margin benefit shall be provided for the positions held in the Index futures and the respective mapped commodities. MCXCCL shall define the Index composition on which Cross margin benefit shall be eligible. The benefit in initial margin shall be permitted only when each individual contract in the spread is from amongst the first three expiring contracts.

Cross margin benefit of 75 % on Initial Margin shall be allowed for eligible offsetting positions of index futures and futures of its underlying constituents or its variants. The Extreme Loss Margin shall continue to be levied. Cross Margin benefit on the eligible positions shall be entirely withdrawn latest by the start of the tender period for the constituent futures of the index or its variants or start of the expiry day, whichever is earlier.

3.1.9 Concentration Margin⁹

MCXCCL shall impose adequate concentration margins (only on concentrated positions) to cover the risk of longer period required for liquidation of concentrated positions in any commodity. The threshold value for imposing concentration margin may be determined taking into account factors including open interest, concentration and estimated time to liquidation based on prevailing liquidity and possible reduction in liquidity in times of market stress etc. The quantum of concentration margins imposed may vary based on the level of concentration.

For applicable concentration margins on commodities refer latest circulars issued by MCXCCL on monthly basis.

3.1.10 Sensitivity Report and Devolvement Margins for Option contracts

Sensitivity report shall be provided to members for sensitizing the impending increase in margins at least 2 days prior to the Options Expiry. Further, MCXCCL shall levy devolvement margin beginning from at least one day prior to options expiry date. MCXCCL shall review the mechanism and if deemed necessary shall increase/decrease the number of days for which sensitivity report is being provided and the number of days for which devolvement margin is being levied. MCXCCL reserves the right to increase/ decrease the quantum of devolvement margin.

3.1.10.1 Sensitivity Report

Sensitivity Report to be provided to the members would be an End of Day report. The report would be made available to members four days prior to the devolvement date of the options contract.

The Report would be based on "What if Scenario", wherein all In the Money (ITM)¹⁰ in the near month option contract, would be identified based on the respective day's settlement price, and converted into futures positions.

⁸ a. Circular no. MCXCCL/RISK/186/2021 dated July 24, 2021 - Cross Margin in Commodity Index Futures and its underlying constituent futures or its variants

b. Circular no. MCXCCL/RISK/020/2023 dated January 25, 2023 - Revision in Index Composition of Index units and its constituents units for cross margin benefit

⁹ For current threshold limits, refer Circular no. MCXCCL/RISK/148/2023 dated June 13, 2023.

¹⁰ For Modifications in Exercise Mechanism, refer Circular no. MCX/TRD/053/2022 dated January 31, 2022.



The "what-if scenario" margins shall be calculated at client portfolio level, and grossed up at member level.

The "what-if scenario" margins shall be computed using SPAN software.

Spread charge, as currently applicable would be considered for expected margin computation i.e. benefit on spread positions shall be considered.

If the member has given "Contrary Instruction" the same will not be considered for computation of expected margin in Sensitivity Report.

A file shall be provided to members giving the information on existing margins, 'what if' scenario margins and incremental margins requirement.

Profit element on expected Devolved Call and Put option positions shall be considered and will be reduced in the calculation of margin requirement. If the profit element exceeds the additional margin requirement due to devolvement of positions into futures, then the margin requirement shall be considered as zero for the purposes of Sensitivity Report.

3.1.10.2 Devolvement Margin

Based on the outcome of the Sensitivity Report, MCXCCL shall levy Devolvement margin.

As stated, Devolvement Margin shall be computed at the end of the day, starting from the end of the second day prior to option devolvement date. Of the total Devolvement Margins arrived at based on the methodology specified for computation of margins in Sensitivity Report, MCXCCL shall levy one-fourth of the total Devolvement Margin computed on the day prior to the Option Devolvement Date. The said margin shall be made applicable for the entire next day (i.e. from the beginning of the day till the end of the day).

At the end of the day on the day prior to Option Devolvement Date, Devolvement Margin shall be re-computed considering the revised and updated Sensitivity Report and the Settlement price. On this day, one-half of the computed Devolvement Margin shall be made applicable on the next day.

Devolvement Margin shall be in addition to all other applicable margins. In case of a situation where there is a margin reduction due to devolved position, no benefit would be passed on.

In case of multiple contracts having different expiry dates but a common devolvement margin period, an average rate of the applicable margins numbers shall be applied, subject to a maximum margin rate of 50%.

MCXCCL shall not consider devolvement margins for the purpose of client margin reporting.



3.1.11 Delivery Period Margin

Delivery period margin' means margin levied by MCXCCL on the long and short positions marked for delivery till the payin is completed by the member. Once delivery period margin is levied, all other applicable margins may be released. The delivery margin is levied during the period specified in the contract specification and the circulars issued by MCXCCL from time to time. The delivery period margin is calculated at the rate specified for respective commodity multiplied by the net open position held by a member in the expiring contract. When a seller submits delivery documents along with surveyor's certificate, his position is treated as settled and his delivery period margin to such extent is reduced. When a buyer pays money for the delivery allocated to him, his delivery period margin is reduced on such quantity for which he has paid the amount. If delivery does not happen with respect to certain open position and is finally settled by way of difference as per the Due Date Rate, the delivery period margin is released only after final settlement of difference arising out of such closing out as per the Due Date Rate.

- 3.2 Clearing Members are required to maintain Minimum Liquid Net-worth (MLNW) requirement of Rs 50 Lakhs. The Minimum Liquid Net-worth Requirement amount shall be blocked from the collaterals placed by the Clearing Member with MCXCCL. The members of MCXCCL are required to pay interest free security deposit as prescribed by MCXCCL at the time of admission, which will be used as margin deposit against exposure of the members. The same shall be given minimum 50% in the form of Cash and balance in the form of Fixed Deposit Receipts / Bank Guarantees. Similarly, if a member has paid additional deposit or margin, the system allows him exposure up to such level, up to which the margin requirement on such exposure is equal to or less than total deposit (initial minimum security deposit + additional deposit / margin.) As soon as a member crosses such allowed exposure limit, he is put in square off mode for the purpose of trading on MCX. In case a member is put in square off mode immediately, due to crossing such limit, he can still log in to the system, he can view the market, place square off orders and reduce the open positions. In case the deposits of the member falls below the ISD requirements, the member is placed in suspend square off mode on Exchange from the start of the subsequent trading day. In case a member is put in suspend square off mode/ square off mode, he can still log in to the system, he can view the market, place square off orders and reduce the open positions.
- 3.3 The calculation of margin at trade level is on a real time basis, which implies that with every trade executed by the member, his allowable exposure limit is correspondingly reduced to the extent of limit exhausted towards execution of such trade. However, if the new trade results into reduction in his outstanding position, his available exposure limit increases correspondingly because of overall reduction in his outstanding position by virtue of such offsetting trades.
- 3.4 Margins shall be computed at the level of portfolio of each individual client comprising his positions in futures and options contracts across different maturities. For Trading/Clearing Member level margins computation, margins would be grossed across various clients. The proprietary positions of the Trading Member would also be treated as that of a client for margin computation.



- 3.5 At the end of the day consolidated Waster Circuian requirement in respect of outstanding position of a member (outstanding quantity multiplied by closing price). Besides, the system will also calculate the settlement dues which would be the Mark-To-Market profits or losses actually sustained and the margin requirements. All these figures are communicated to the members through trade file downloads through SFTP (Secure File transfer protocol). Thereafter, as soon as the pay-in of that member is complete and a confirmation to such effect is received from the bank, the uncollected pay-in amount is blocked out of deposit.
- 3.6 In order to inform the member sufficiently in advance, the system tracks the exposure limits of the members on real time basis and alerts him at 60%, 75% and 90% level of their exposure. However, if a member's exposure crosses 100% level, he is put in square off mode by the system and in such a case, he is debarred from submitting any order that would result in creation of new open positions and the existing pending orders are deleted from the system.
- 3.7 During the trading session, the system shall keep track of loss, both notional and booked, incurred by every member upto the last executed trade. This is calculated by the system on real time basis by way of computing the difference between the actual trade price of a member and the last trade price of the market. Such calculation happens for every member after execution of each and every trade. Every time when such loss amount goes beyond the levels of 60 %, 75 % and 90 % of the total MTM limits of a member, the member gets a warning signal. Thereafter, when it crosses the 75 % of the deposit, the member is put in square off mode for the purpose of trading on MCX. MCXCCL shall have the right to call for early payin of funds or a give a margin call in the event of Mark to Market Losses of the member exceeds 50% of the margin limits



- 3.8 In case a member is receired master transpunct towards pay in or margin obligation or any early payin or margin call made by MCXCCL and he fails to pay the same, MCXCCL will be at liberty to square off his position through MCX either on the same day or on subsequent days. However, a member cannot take shelter under this clause for any subsequent liability resulting from an existing open position, which was to be squared off by MCX/MCXCCL but was not squared off by MCX/MCXCCL for any reason. In order to carry out such squaring off of positions of a defaulting member, MCX/MCXCCL may feed such offsetting transactions on account of and on behalf of such defaulting members market orders, for the existing open position, either in full or in part and all differences and loss arising out of such squaring off shall be settled by such defaulting member.
- **3.9** In case MCX/MCXCCL submits the offsetting orders for square off trades of a member, but due to lack of liquidity or otherwise, if the position could not be squared off, the defaulting member would be responsible for final settlement of those contracts to MCXCCL.
- 3.10 In the event of a member/ client failing to honour pay-in/margin obligations, MCXCCL may employ the below given alternative tools to liquidate the positions and regain a matched book based on the conditions of the market liquidity, volatility, size of the positions to be liquidated etc. Any tool lower in the list prescribed hereunder may be resorted to only in extremely rare occasions when MCXCCL reasonably expects that it may not be able to restore a matched book by choosing the alternatives above it and also records the reasons for the same in writing:

Alternative 1: Liquidation in normal market in orderly manner (with relaxed price limits, if required);

Alternative 2: Auction of the positions within a specified price band;

Alternative 3: Voluntary tear-up at last mark-to-market price along with compensation equal to 10% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF);

Alternative 4: Partial tear-up (pro-rata against members/clients having opposite positions) at last mark-to-market price along with compensation equal to 8% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF).

- **3.11** Further, in such a scenario, MCXCCL may direct other members of the MCXCCL having outstanding position in such contract to compulsorily reduce their position on that day at least by such percentage, which is sufficient to square off the position of such defaulting members.
- 3.12 In case a member fails to pay margin obligation payable at beginning of the trading session and such payment is not received even till end of day, such unpaid margin amount will not be carried forward to the subsequent day's obligation, because the margin obligation at end of day will be calculated afresh depending upon the closing price at end of that date. But, in case of pay in obligation, the unpaid amount will be carried forward to the subsequent days, and the system would automatically



track all unpaid amounts is repaid or the member is declared a defaulter. Such unpaid amount will also be blocked out of his available deposits for the purpose of calculation of allowable MTM limits.

3.13 Margin Shortfall Block Amount (MSBA)

In the event of Clearing Member's margin utilization breaching 100% of the margin limits on more than 2 occasions in past 30 days, the following action shall be initiated by the MCXCCL:

- i. An amount equivalent to highest amount of margin shortage of the past 30 days shall be blocked as Margin Shortfall Block Amount (MSBA) from the deposits of the clearing member. The margin shortage at the time of violating the trigger point of 100% on each occasion shall be considered.
- ii. The amount blocked shall not be available towards any margin benefit.
- iii. In case there are more than one instance of margin shortage in a day, the highest amount of margin shortage at the time of violating the trigger point of 100% shall be considered.
- iv. The members shall be given 2 clear working days from the date of intimation to provide the Margin shortfall block amount (MSBA).
- v. MCXCCL shall block the MSBA from the available collaterals of the member on T+3 day.
- Vi. In case, the margin utilisation of the member after blocking MSBA reaches 85%, then member will be placed in suspend-square off mode till the time member complies with the MSBA or up to the retention period. For this purpose, member may provide additional collateral or reduce the outstanding positions to enable blocking of MSBA.
- vii. MSBA shall be retained as exposure free deposit for a period of 30 calendar days. It shall be released after 30 calendar days after retaining applicable MSBA requirement, if any.

3.14 Intraday Crystallised Loss

Intraday Crystallised loss (i.e. loss made on square-off positions) incurred by the members would be added to the Margin Utilization of the member along with SPAN and other margins which would be compared against the Margin Limit (eligible Collaterals). Crystallised losses would be computed for futures products only and shall be calculated based on weighted average prices of trades executed.

The intra-day Crystallised losses shall be monitored and computed on a real-time basis at client level and shall be grossed up to arrive at the crystallized loss of the member. Crystallized losses shall be offset against crystallized profits at a client level.

If crystallized losses exceed the free collateral available with the Clearing Corporation,



then the member she case may be.

3.15 Risk Reduction Mode (RRM)

The trading members/clearing members shall be mandatorily put in risk-reduction mode when 90% of the member's Liquid Assets (Total Collateral Less Minimum Liquid Networth) available for adjustment against margins/deposits get utilized for margins/deposits. MCXCCL at its discretion, reserves the rights to put a member into RRM below 90%. When a member moves in to risk reduction mode:

- 1. All unexecuted orders shall be cancelled
- 2. Fresh orders placed by members shall be checked for sufficiency of margins and orders that do not satisfy sufficiency of margins will be rejected.
- **3.** Fresh orders can be placed only in Regular Lot (RL) with Immediate or Cancel (IOC) time validation only.
- 4. Members will be able to trade in normal mode as and when the utilization goes below 85 %.
- 5. Multi-leg orders (Spread IOC/2L/3L) and stop loss orders would not be allowed.
- 6. Members would not be allowed to place fresh orders with custodian participant code.
- 7. Clearing members would not be allowed to approve/reject INST trades.
- **8.** New order in Spread Product would not be allowed, when Member is in Risk Reduction mode.
- **9.** Members (CM/TM) would be allowed to place Trade Modification request, when in Risk Reduction mode.
- **10.** When a member is placed in Risk Reduction Mode, the following message shall be displayed in MAT / TWS "Member xxxxx is in Voluntary Square off".
- 11. When a member is removed from Risk Reduction Mode following message shall be displayed in MAT /TWS "Member xxxxx is out of Voluntary Square off".
- **3.16** The various scenarios with respect to pay in / pay out and margin payable as reflected in the End of day report and its impact on the system are as follows:
 - i. If a member has payable obligation both towards pay in as well as margin, he will not be able to put his orders next day morning (though he would be able to log in), unless he pays the margin payable amount and the payin amount.
 - ii. If a member has only pay in obligation but no payment required towards margin, he will be allowed to trade at commencement of trading session next day morning, provided that his available deposit would be reduced by the amount of pay in. Thereafter, as soon as the pay-in is complete and confirmation file is received from the bank, his blocked limit is released immediately.

If a member has obligation to pay margin, while in respect of pay in he has got a receivable amount, he will be allowed to log in to the system (for a maximum period of three days) and to have view facility also, but he will not be allowed to submit orders, unless he pays fresh margin equivalent to his obligation plus additional margin



in order to create frechesticated Waster Creumber pays margin only to the extent of his actual margin obligation, he will be allowed by the system only to square off his position, but as soon as he increases his position, he will again be put in square off mode. Notwithstanding anything stated herein, MCXCCL reserves the right to square off the positions of the member, in the event, the member has either margin shortfall or payin shortfall.

3.17 In case of any failure in fulfilment of obligations on the part of a member, MCXCCL is entitled to forfeit or utilize the margin deposits lying with MCXCCL for meeting such obligations and in such a case, the total margin deposit of that member shall stand reduced to such extent.

3.18 Alternate Risk Management Framework¹¹

Alternate Risk Management Framework is applicable in case of Near Zero and Negative Prices in Commodity Derivatives Segment. Risk parameters under ARMF shall be applicable as prescribed by SEBI in the SEBI circular reference no. SEBI/HO/CDMRD/CIR/P/2020/176 dated September 21, 2020.

For applicable Alternate Risk Management Framework refer latest circulars issued by MCXCCL on captioned subject on monthly basis.

Further in addition to above framework, MCXCCL reserves right to levy any other additional margins based on the price movement in markets. MCXCCL may also define the Additional margin criteria for commodities / indices in which ARMF is triggered.

¹¹ For current Alternate Risk Management Framework, refer Circular no. MCXCCL/RISK/147/2023 dated June 13, 2023.



Annexure 1 CSP SNIB A Learning Stem Circular Methodology

Initial Margin computation using SPAN® (Standard Portfolio Analysis of Risk)

The initial margin will be computed using SPAN® which is portfolio based margining system. The SPAN® identifies overall risk in a portfolio of contracts for each client of a member.

SPAN® calculates margin requirements of a portfolio of contracts; the prime objective of SPAN® is to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day.

SPAN® constructs scenarios of probable changes in prices and volatilities in order to identify the largest loss a portfolio might suffer from one day to the next. It then sets the margin requirement at a level sufficient to cover loss based on the look ahead period defined by MCXCCL.

Details of SPAN

The calculations in SPAN® are executed by the Exchange/ Clearing House and results of these calculations are called Risk arrays. Risk arrays, and other necessary data inputs for margin calculation are then provided to members in a file called the SPAN® Risk Parameter file (RPF).

Members can apply the data contained in the Risk parameter files, to their specific portfolio of contracts, to determine their SPAN® margin requirements.

SPAN® will estimate risk of portfolios, and re-value the same under various scenarios of changing market conditions.

Risk Arrays

The SPAN® risk array represents how a specific derivative instrument will gain or lose value, from the current point in time to a specific point in time in the near future (typically it calculates risk over a one day period called the 'look ahead time'), for a specific set of market conditions which may occur over this time duration.

The specific set of market conditions evaluated, are called the risk scenarios, and these are defined in terms of:

- a. How much the price of the instrument is expected to change over look ahead period and
- b. How much the volatility of that price is expected to change over look ahead period

The results of the calculation for each risk scenario – i.e. the amount by which the contracts will gain or lose value over the look-ahead time under that risk scenario

- is called the risk array value for that scenario. The set of risk array values for each contract under the full set of risk scenarios constitutes the Risk Array for that contract. In the Risk Array, losses are represented as positive values, and gains as negative values. Risk array values are typically represented in the currency (INR) in which the contract is denominated.



SPAN® further uses a **consolidated waster Circular** scenarios, defined in terms of:

- (i) the 'price scan range' or probable price change over the look ahead period,
- (ii) And the price 'volatility scan range' or probable volatility change of the instrument over a look ahead period.

These two values are often simply referred to as the 'price scan range' and the 'volatility scan range'. There are sixteen risk scenarios in the standard definition. These scenarios are listed as under:

- 1. Price unchanged; volatility up
- 2. Price unchanged; volatility down
- 3. Price up by 1/3 of price scanning range; volatility up
- 4. Price up by 1/3 of price scanning range; volatility down
- 5. Price down by 1/3 of price scanning range; volatility up
- 6. Price down by 1/3 of price scanning range; volatility down
- 7. Price up by 2/3 of price scanning range; volatility up
- 8. Price up by 2/3 of price scanning range; volatility down
- 9. Price down by 2/3 of price scanning range; volatility up
- 10. Price down by 2/3 of price scanning range; volatility down
- 11. Price up by 3/3 of price scanning range; volatility up
- 12. Price up by 3/3 of price scanning range; volatility down
- 13. Price down by 3/3 of price scanning range; volatility up
- 14. Price down by 3/3 of price scanning range; volatility down
- 15. Price up extreme move, triple the price scanning range (cover 30% of loss)
- **16.** Price down extreme move, triple the price scanning range (cover 30% of loss)

SPAN® uses the risk arrays to scan probable Price market price changes and probable volatility changes for all contracts in a portfolio, in order to determine value gains and losses at the portfolio level.

As stated above, SPAN® starts at the last Price settlement/ market price and scans up and down three even intervals of price changes ('price scan range').

After scanning of 16 different scenarios of Price settlement/ market price and volatility changes, SPAN® selects the largest loss from among these 16 observations. This "largest reasonable loss" is the 'Scanning Risk Charge' for the portfolio.

Computation SPAN Portfolio Margin Requirement

The total margin requirements for a member for a portfolio of futures and options contract would be computed as follows:

i. SPAN will add up the Scanning Risk Charges and the Intra commodity Spread Charges.

- ii. SPAN will compare this figure (as per i above) to the Short Option Minimum charge
- iii. It will select the larger of the two values between (i) and (ii)
- iv. Total SPAN Margin requirement is equal to SPAN Risk Requirement (as per iii above), less the 'net option value', which is mark to market value of difference in long option positions and short option positions.
- V. Initial Margin requirement = Total SPAN Margin Requirement + Net Buy Premium



ABBREVIATIONS - Risk Management

2L - 2 leg order					
3L – 3 leg order					
ARMF – Alternate Risk Management Framework					
BOD – Beginning of Day					
CM – Clearing Member					
CME - Chicago Mercantile Exchange					
ELM – Extreme Loss Margin					
EOD – End of Day					
IM – Initial Margin					
INST – Institutional Participant/Custodial Participant					
IOC – Immediate or Cancel					
ITM – In the Money					
MAT – Member Admin Terminal					
MCXCCL – Multi Commodity Exchange Clearing Corporation Limited					
MLNW - Minimum Liquid Net-worth					
MPOR – Margin Period of Risk					
MSBA - Margin Shortfall Block Amount					
MTM – Mark-to-Market					
PSR – Price Scan Range					
RL – Regular Lot					
RPF – Risk Parameter File					
RRM – Risk Reduction Mode					
SEBI – Securities Exchange Board of India					
SFTP – Secure File Transfer Protocol					
SGF - Settlement Guarantee Fund					
SOMM – Short Option Minimum Margin					
SPAN – Standard Portfolio Analysis of Risk					
Spread IOC – Spread Immediate or Cancel Order					
TM – Trading Member					
TWS – Trader Work Station					
VaR – Value at Risk					
VSR – Volatility Scan Range					



Chapter 4: Clearing and Settlement

1. Settlement of Deals

Funds settlement for Deals executed on MCX on a trading day and admitted for clearing shall be cleared and settled on a netted basis for daily settlement and gross basis for delivery settlement by MCXCCL to determine the settlement obligations for all Clearing Members.

Clearing Members shall be responsible for settlement of the obligations arising out of deals including the payment of margins, penalties, any other levies and settlement of obligations on account of the deals entered by them as Trading Members and also of those Affiliated Trading Members and Custodial Participants, if any, for whom they have undertaken to settle as a Clearing Member. Where the Clearing Member is not a Trading Member of MCX, then the deals of those Affiliated Trading Members of MCX and Custodial Participants for whom the Clearing Member has undertaken to settle shall be considered for determining the obligations as a Clearing Member.

2. Clearing Banks

MCXCCL has appointed Clearing Banks (as per <u>Annexure 1</u>) for electronic transfer of funds with its Clearing Members. The processes, procedures, and operations that every Clearing Member shall be required to follow for participation in the clearing and settlement activities and operating their bank accounts with the Clearing Banks appointed by MCXCCL are specified herein below.

Every Clearing Member of MCXCCL shall have designated bank accounts with the designated branch of the Clearing Bank. Clearing Members shall operate the Settlement account only for the purpose of settlement of deals entered through MCX, for the payment of margin money and for any other purpose as may be specified by MCXCCL. Every Clearing Member of MCXCCL is required to open the following accounts with any of the clearing banks.

- Bank, in which the Clearing Member will not have cheque book facility for issuing cheques to any outsider. Clearing Members can only issue instructions from this account for transfer of money from this account to their Client Account. Apart from such transfer, only MCXCCL will have power to withdraw money from this account by way of direct debit instruction. In respect of all pay in, margins, charges and other dues payable to MCXCCL, MCXCCL will send direct debit instructions to the bank advising them to debit settlement account of the respective Clearing Member by such payable amount.
- **2.2 Client Account,** in which the Clearing Members can deposit all monies received from the Clients and can issue cheques to their Clients towards their receivable amount. The Members will have cheque book facility in this account and will be entitled to issue transfer instructions to the bank for transferring money from this account to the Settlement account to meet their pay in or margin obligations. Transfer of funds



from Client Account to Member - Proprietary Account is permitted only for legitimate purposes such as recovery of brokerage, statutory dues, funds shortfall of debit balance of clients, which has been met by the Clearing Member etc.

3. **Funds Settlement Timelines**

MCXCCL shall effect settlement of admitted deals in accordance with the settlement timelines defined or as modified from time to time.

The settlement timelines for pay-in and pay-out are defined as under:

Type of Settlement	Frequency	Settlement due on	Timelines
Mark to Market	Daily	T+1	Pay-in 8.30 am
Premium	Daily	T+1	Pay-out 10.30 am
Exercise Assignment	On Expiry (in case of European Option)	E+1	
Delivery (staggered/ at expiry)	As defined in delivery settlement procedure of the respective commodity	As defined in delivery settlement procedure of the respective commodity (T/E+1, T/E+2)	T/E+1 day Pay-in - 2:00 pm Pay-out - 4:00 pm T/E+2 day Pay-in - 12:00 pm Pay-out - 2:00 pm

Where T = Staggered Trade day, E = Expiry day

4. **Settlement Prices**

4.1 Daily Settlement/ Closing Prices

At the end of each trading day, system shall calculate the Closing Price of each contract available for trading on the Exchange.

In compliance to SEBI Circular No. SEBI/HO/CDMRD/DNPMP/CIR/P/2021/9 dated January 11, 2021, the methodology for calculation of Closing Price/ Daily Settlement Price is defined as under:

- i. Closing Price is equal to weighted average price of all trades done during the last 30 minutes of a trading day.
- ii. If the number of trades during last 30 minutes are less than 10, then it is based on the weighted average price of the last 10 trades executed during the day.



- Consolidated Master Circular

 If the number of trades done during the day are less than 10, then it is taken as the weighted average of all the trades executed during the day.
- iv. If no trades have been executed in a contract on a day, then the official closing price of the last day is taken as the official Closing Price. However, in such cases, MCXCCL shall have the right to modify the Closing Price for the purpose of marking to market and making the open positions closer to the market.

4.2 Method for change in Close Price in case of illiquid contracts

If no trades are executed in a contract on a day, then, MCXCCL reserves the right to modify the Closing Price for the purpose of marking to market and making the open positions closer to the market in one of the following methods, as deemed appropriate for the futures contracts:

i. Method 1:

The spread prevailing between the active contracts*, shall be used to determine the theoretical futures price for other contracts that do not meet the criteria for liquid contract as stated above in the same commodity.

*contract is considered as active if the close price of such contract is determined by (i),(ii) or (iii) of 4.1 above

ii. Method 2:

Prices available for comparable commodity/ contracts in domestic/ internationally reference markets (converted to INR at the prevailing RBI reference rate).

iii. Method 3:

In case of agricultural commodities, due to seasonal nature of the commodities, in order to make the contract available in tradable range, MCXCCL may also set the close price considering the prices prevailing in spot market (and duly adjusting the same for contagion / backwardation market conditions), domestically / internationally or by using the prices prevailing in other Clearing Corporations/ Exchanges where the commodity contracts are liquid.

Note: In case of contracts, where the base asset is the same, MCXCCL may consider the price of nearest expiry of the liquid variant of the base asset in order to deduce the price of the illiquid contract, after carrying out such adjustments as may be deemed necessary.

- iv. Further, MCXCCL may arrive at the close price through any other method, which MCXCCL in its absolute discretion considers appropriate, in order to reflect a fair close price of the illiquid contract.
- v. If there are no trades for a trading day in options contracts, the close price shall be changed based on the Black 76 options pricing model.



vi. In case of index futures contracts, in the scenario of no trades in the contract, settlement prices shall be computed theoretically as under:

 $F = S * e^{rt}$

Where,

F = futures price,

S = underlying index,

r = 30 day MIBOR rate and

T = time remaining till maturity,

e = the exponential factor

The methodology on computation of Daily Settlement/ Closing Prices is available on MCXCCL website under the link https://www.mcxccl.com/clearing-and-settlement/calculation-of-closing-price-daily-settlement-price.

4.3 Delivery Settlement Prices

i. During Staggered Delivery Period (at daily settlement/ closing price)

The delivery settlement price for a Delivery Intention shall be the daily settlement/closing price of the concerned contract as specified in the Contract Specification for the Staggered Delivery Period.

ii. At Expiry of Contract (at Due Date Rate/Final Settlement Price)

All open position at close of market on the expiry date of the relevant contract shall be settled/ marked for delivery at the Due Date Rate/ Final settlement Price determined in terms of the relevant contract specification / alternate framework to determine the Due Date Rate/ Final settlement Price in the event of unavailability of the spot prices.

Note: The delivery settlement price arrived at as above shall be adjusted by applying freight adjustment factor / Discount/Premium on up country delivery and the discount / premium in respect of quality, quantity etc. in accordance with the adjustments specified in the Contract Specifications. The location premium/discount shall be determined and disclosed by MCX prior to launch of the contract in various commodities.

iii. The alternate framework to determine the Due Date Rate/ Final settlement Price in the event of unavailability of the spot prices shall be as under:

a. In case of Commodities that are illiquid on MCX platform but liquid on other Exchanges:

In case of Commodities that are illiquid on MCX platform but liquid on other Exchanges and the contract specification are exactly similar, then FSP of the similar contract on the other Exchange shall be considered as FSP for final settlement.

b. In case a commodity has contracts with different variants and the contracts expire on the same date:

If one variant of the commodity / underlying asset (e.g. Gold and Gold Mini) is liquid and other variant is illiquid, FSP of liquid contract of commodity/ underlying asset shall be considered as FSP for final settlement of illiquid contract.



c. Mechanism to determine FSP based on traded price of expiring contract:

In case, a contract has recorded at least 100 trades cumulatively during the last three days of the contract expiry, then for each of such trade dates, the trades in such contract shall follow the given statistical process to determine the FSP.

Further, in case a contract has not recorded minimum 100 trades cumulatively during the last three days of the contract expiry; but it has traded during the last five days of the contract expiry (irrespective of number of trades), then for each of such trade dates, the trades in such contract shall follow the given statistical process to determine the FSP.

d. Statistical process to determine FSP:

- i. All the trades in the contract on the given date shall be considered.
- ii. The distinct prices at which the trades have been executed during the day shall be noted down.
- iii. Arithmetic Mean (Simple Average) of these prices shall be calculated.
- iv. The Standard Deviation of each Trade Price from the Arithmetic Mean shall be computed.
- v. All the Trade Prices having Sigma more than 2 Sigma (two-tailed Normal Distribution) shall be discarded.
- vi. The remaining Trade Prices (with less than or equal to 2 Sigma from the Mean) shall be arranged in the ascending order, along with the corresponding total quantities.
- vii. The Weighted Average of the above Price Quantity to be taken as the Average Price for that respective Day.
- viii. A simple average of the applicable number of days of such prices arrived at shall be considered as the average price of the Contract for the purpose of computing FSP.

e. In case a commodity is not liquid/ available at other Exchange with a different contract specifications:

If the commodity is not liquid /available at other Exchange with a different contract specification, then the spot prices shall be determined by extrapolating the trend from the available spot prices for past 7 days from the date when spot price was last available.

f. In case of unavailability of polled spot prices since start of the staggered period of the contract:

In case the polled prices are not available since the start of the staggered period of the contract and there are no trades in the expiring contract, then the close price of the immediate next contract on the day of contract expiry shall be used as FSP.

iv. Final Settlement price for Index Contract

All open position at close of market on the expiry date of the relevant contract shall be cash settled at the Due Date Rate/ Final settlement Price determined in terms of the relevant contract specification.



5. Settlement procedures and operational timelines

5.1 Daily Settlement (Mark to Market and Premium Settlement)

The operational procedure for Settlement of Deals executed on MCX, for the time being, shall be as follows:

- 5.1.1 After end of the trading session every day, a file will be downloaded to the Clearing Members and Trading Members of MCX through SFTP (secured file transfer protocol) giving details of the transactions done by the Member on that day (including the transactions of the various entities where the Member has undertaken to clear and settle), position carried forward from previous day, closing position of the day including net obligation of the Member.
- **5.1.2**The net obligation report will further provide the amount of available margin deposit for exposure, margin utilized, margin required to be paid, mark to market receivable/payable, premium receivable/ premium payable, exercise/ assignment value pay-in/ pay-out amount, transaction fee payable, other dues receivable/payable, etc. The net obligation report shall be consolidated at the Clearing Member level in terms of net obligation payable / receivable.
- **5.1.3** MCXCCL will generate an automated statement for debit and credit of Settlement accounts of the respective Clearing Members by the amount payable / receivable by them. This file will be sent electronically to the concerned Clearing bank at the end of the "T" trade day for execution on "T+1" Settlement date.
- 5.1.4 The Clearing Members must have sufficient clear balance in the settlement account so as to enable MCXCCL to effect such debits. By 8.30 am on "T+1" Settlement date, the Clearing bank will run the debit files in respect of net obligation pay-in. By 8.45 am, MCXCCL will get confirmation about the successful or partially executed and failed debit instructions. In respect of partially executed/ failed/ non-confirmed instructions by the cut-off time, the pending pay- in obligation shall be blocked from the own account margin limits of the Clearing Member with MCXCCL before the start of the market. Such reduced margin limits would then be available to the Clearing Member at the start of market for exposure requirements. The blocked amount shall be released progressively on confirmation of successful execution of the pending shortages by Clearing Bank.
- **5.1.5** In case any additional margin is payable, the Clients or Constituents of the

Clearing Members shall not be allowed to create any fresh positions on MCX until the Clearing Member deposits and/ or allocates the required margin along with additional deposit or arranges with its Constituents/ Clients to realign their exposure on MCX to reduce the margin requirements below deposit levels. For collection of such required margin amount, the Clearing bank will run the "margin file" by 9.00 am on every Settlement day and report to MCXCCL electronically the successful debits. However, for paying additional amounts towards margin,



the Clearing Member shall communicate with the Clearing Bank/ MCXCCL specifying the amount intended to be paid towards additional deposit/ margins. The Clearing Banks shall, on the basis of this communication from the Clearing Member/ MCXCCL, debit the respective Clearing Member's Settlement account and credit the amount to MCXCCL's Settlement account. As soon as MCXCCL receives confirmation of the receipt of the funds, the Clearing Member's margin limits shall be increased.

- 5.1.6 MCXCCL shall run the pay-out files by 10.30 am to credit the Clearing Members' Settlement accounts for the net obligation receivable by the Clearing Members.
- 5.1.7 Notwithstanding anything contained in the operational procedure mentioned above, in case a Clearing Member fails to meet the pay-in obligation, MCXCCL may commence the process of squaring off Clearing Member's open positions, including their Clients/ Constituents open position, at the start of the market or during the day, depending upon the cumulative dues including pending pay-in obligation and online losses vis- a-vis the margin deposits placed with MCXCCL.

Exercise / Assignment and Settlement in case of European Options on Futures contracts

5.2.1 Option Exercise Mechanism for Option on Futures contracts

On expiry, following mechanism shall be adopted for exercise of the options contracts:

- a. All In the money (ITM) option contracts shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so. The ITM option series, that are exercised automatically, shall be settled as difference between the Settlement Price and Strike Price in Cash as per the settlement schedule. ITM option series holders shall receive the difference. In case of 'contrary instruction', the ITM positions shall expire worthless.
- b. All Out of the money (OTM) option contracts shall expire worthless.
- C. All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.
 - Mechanism for Submission of Contrary Exercise/ Do Not Exercise request is provided under Annexure 2. The file shall consist details of all ITM contracts only.
- d. Procedure for Download/Upload of Exercise / Don't Exercise Intimation Files through SFTP is provided as **Annexure 3**.



Option Settlement Mechanism

Option on Futures contracts a.

On exercise, option position shall devolve into underlying futures position as follows:-

- i. Long call position shall devolve into long position in the underlying futures contract
- ii. Long put position shall devolve into short position in the underlying futures contract
- iii. Short call position shall devolve into short position in the underlying futures contract
- iv. Short put position shall devolve into long position in the underlying futures contract

All such devolved futures positions shall be opened at the strike price of the exercised options.

The difference between the Strike Price and Close Price of the underlying contract on the day of exercise will be settled on option devolvement day (options contract expiry) + 1 day basis, which would be termed as Exercise / Assignment Obligation.

5.2.3 Exercise / Assignment Obligation

The difference between the Strike Price and Close Price of the underlying contract on the day of exercise will be settled on option devolvement day (options contract expiry) + 1 day basis, which would be termed as Exercise / Assignment Obligation.

Note: Pursuant to discontinuation of Options on Goods contract on MCX, the exerciseassignment and settlement mechanism for Options on Goods contracts is not reproduced in the Master Circular.

5.3 Settlement on Expiry

5.3.1 Cash Settled Contracts:

Contracts specified as Cash settled at expiry shall be settled by way of funds settlement and no delivery settlement shall take place for such contracts.

5.3.2 Pre Expiry Margin on Cash Settled Contracts:

- Commodities that are identified as susceptible to the possibility of near zero and negative prices shall attract levy of pre-expiry margin in terms of the SEBI circular SEBI/HO/CDMRD/DRMP/CIR/P/2021/20 dated February 23, 2021.
- b. The pre–expiry margin shall be levied @ 5% on an incremental basis during last five trading days to expiry of the respective futures contracts of the said commodities.
- Currently, Crude Oil, Natural Gas and MCXENRGDEX(*) have been identified as susceptible commodities futures contracts attracting the levy of tender period margin as defined above.
- The pre-expiry margins shall be reflected under the column 'Tender Margin or Additional Margin*' in all the reports exported to the members and included in other margins for the



- purpose of client margin collection reporting.
- The Delivery Mode value shall be populated as '0' in the product master file exported to the members for the respective futures contract during the last five days to expiry.
- Further, the last five days to expiry shall be defined as the tender period in the product master for the respective futures contract.
- The information on applicable pre-expiry margins shall form part of the monthly circular on tender margins.
- (*) Pre-expiry margin MCXENRGDEX contracts shall be reflected under 'Additional Margin' in reports exported to members and included in other margins for client margin collection reporting.

5.3.3 Compulsory Delivery Contracts:

All open positions marked for delivery during the staggered delivery period and all open positions at the expiry of the compulsory delivery contracts shall be settled through delivery. Delivery marking and settlement shall be conducted in terms of the delivery settlement procedure issued by MCXCCL from time to time.

5.3.4 Both Options/ Sellers Option Contracts:

All open positions in Both Option/ Sellers Option Contract that are marked for delivery shall be settled in terms of the delivery settlement procedure issued by MCXCCL from time to time. Open positions that are not marked for delivery shall be cash settled at the Due Date Rate/ Final Settlement Price determined in terms of the contract specification for the respective contract.

Fund Settlement for delivery marking:

Fund settlement on account of delivery marking shall be done on a gross basis and shall be executed as specified by MCXCCL in the relevant delivery settlement procedure for the respective contract.

6. Consequences on failure to honour settlement obligation/timelines

6.1 Daily Settlement default

In respect of partially executed/failed/non-confirmed instructions, the pending pay-in obligation shall be blocked from the own account margin limits of the Clearing Member with MCXCCL before the start of the markets. Such reduced margin limits would then be available to the Clearing Member at the start of market for exposure requirements. The amount so blocked shall be released progressively on the confirmation of successful execution of the pending shortages by Clearing Bank.

6.1.1. In respect of partially executed/ failed/ non-confirmed instructions by 9.00 am, Clearing Member shall be put in suspend square-off mode on MCX for all pay- in shortages exceeding Rs. 2 lakhs in more than 2 occasions (including current occasion) in past 30 days, till the settlement of pending pay-in obligation.



6.1.2. In the event a Clearing Member commits pay-in shortage exceeding Rs. 2 lakhs, the trading terminals of the Clearing Member will be put in suspend square off mode on MCX for a period of five trading days on every such default, if pay-in shortage occurs for more than 5 occasions in thirty days (including the current occasions). The Clearing Member will be asked to reduce his position to zero, for which he will be given time till end of the day on which

his terminal was put on suspend square off mode, failing which MCXCCL/ MCX will square off the positions of the Clearing Member and its Clients/ Constituents on the following trading day latest by 12:00 noon at the cost and consequence of the Clearing Member.

6.1.3. In the event a Clearing Member commits pay-in shortage of upto Rs. 2 lakhs, the trading terminals of the Clearing Member will be put in suspend square off mode on MCX for one trading day on every such default if shortage occurs for more than 5 occasions in 30 days (including the current occasion).

6.2 Exposure free deposit for MTM shortage (EFDMS) requirement

As a risk management measure, Clearing Members who fail to meet their pay-in obligations (towards MTM, net premium payable and the exercise/ assignment value) by the scheduled date and time shall be required to provide applicable Exposure free deposit for MTM shortage (EFDMS). The EFDMS shall be determined and retained in the following manner:

- a. Clearing Members whose pay-in obligation on the scheduled date and time is in excess of Rs.2.00 lakhs on four and more occasions in past 90 calendar days shall be liable to pay EFDMS.
- b. The EFDMS shall be the highest cumulative funds shortage on account of pay-in obligation during the past 30 calendar days. The EFDMS requirement shall be computed on a daily basis and informed to the concerned Clearing Members. The Clearing Members shall be given 2 clear working days from the date of intimation to provide the EFDMS.
- c. MCXCCL shall block the EFDMS from the available collaterals of the Member on T+3 day.
- d. In case, the margin utilisation of the Clearing Member on account of EFDMS requirement breaches 85% on the due date, then Clearing Member will be placed in suspend (square off mode) till the time the Clearing Member complies with the exposure free deposit requirement or up to the retention period. For this purpose, the Clearing Member may provide additional collateral or reduce the outstanding positions to enable blocking of EFDMS.
- **e.** EFDMS shall be retained as exposure free deposit for a period of 30 calendar days. It shall be released after 30 calendar days after retaining applicable EFDMS requirement, if any.



6.3 Cash EFDMS requirement

If a Clearing Member for whom EFDMS is due, further fails to meet pay-in obligations (towards MTM, net premium payable and the exercise/ assignment value) by the scheduled date and time during the EFDMS block period, the Clearing Member shall be required to bring additional EFDMS amount in Cash (over and above the existing EFDMS requirement assessed as per clause (6.2) above) as under:

Particulars Additional Cash EFDMS Requirement	
	100% of the assessed EEDMS requirement subject to a
First Instance	10% of the assessed EFDMS requirement subject to a minimum of Rs. 1 lakh
Second Instance	15% of the assessed EFDMS requirement subject to a minimum of Rs. 2 lakhs
Third Instance	25% of the assessed EFDMS requirement subject to a minimum of Rs. 4lakhs

The minimum Cash EFDMS amount shall be doubled for every further instance of failure to meet the pay-in obligations by the scheduled date and time, subject to a maximum of 100% of EFDMS amount requirement

MCXCCL shall:

- a. Provide 2 clear working days' notice for payment of Cash EFDMS amount. Clearing Members shall be required to deposit the same by increasing the Cash Collaterals.
- b. Block the Cash EFDMS amount from the Cash Collaterals based on the assessment methodology stated above for a period of 30 calendar days.
- c. In case, the margin utilisation of the Clearing Member on account of Cash EFDMS requirement breaches 85% on the due date, MCXCCL shall not block such amount from the available cash collaterals and it would be considered as default in payment of Cash EFDMS requirement.
- d. In the event of non-payment/ remittance of Cash EFDMS, the Clearing Member and accordingly all its Constituents /Clients shall be caused to be put into suspend-square off mode till the time the Cash EFDMS amount is deposited.
- e. Further, if the Member remains in suspend-square off mode for 3 consecutive days either due to EFDMS requirement or additional Cash EFDMS requirement, Clearing Corporation reserves the right to square off the open positions of the of the Clearing Member and its Clients/
 - Constituents with all the consequences of square-off to be borne by the Clearing Member or its Clients/ Constituents as the case may be.



6.4 Levy of non-compliance charges

MCXCCL shall levy penal non-compliance charges for default in honoring funds pay-in timelines and obligation on the T+1 settlement due date as under:

Sr. No.	Instance of default	Non-Compliance Charge			
Intraday	Intraday – Failure to honour settlement timelines				
i. Failure to honour pay-in obligation within 3 hours of the defined settlement timeline (i.e. within 3 hours from start of market on settlement due date) (@0.10% of pay-in shortfall (subject to minimum Rs.10,000/-)					
End of d	ay – Pay-in obligation default				
ii	First instance in last 30 days	@0.10% of pay-in shortfall (subject to minimum Rs.10,000/-)			
iii	Second and third instance in the last 30 days	@0.15% of pay-in shortfall (subject to minimum Rs.15,000/-)			
iv	More than three instances in the last 30 days	Penalty specified in (iii) above AND Suspension (Suspend Square off) from trading for 1 day			

MCXCCL further reserves the right to:

- **a.** Square-off the outstanding position of such defaulting Clearing Members, including their Clients/ Constituents' open position, in case of adverse market movements
- b. Suspension of the said Clearing Member(s) and/or
- **c.** Consider other disciplinary action against the defaulting Clearing Member(s), as it may deem fit, in terms of the provisions of the Bye-laws and the Rules of MCXCCL.

7. Custodial Participants

Institutions/Domestic Corporate Bodies and such other entities/firms etc., that are permitted to trade in Commodities Derivatives Segment, may apply for allotment of a Custodial Participant Code (CP Code) to MCXCCL, whereby such entities can have a facility to execute trades through one or more than one Trading Member of MCX and settle through a single Professional Clearing Member (PCM) or an Institutional Clearing Member (ITCM) of MCXCCL. Such entities with Custodial Participant code shall be termed as Custodial Participants (CP).

Custodial Participants intending to avail cross margin benefit may be allowed to maintain two Custodial Participant Codes (CP Codes) with the same clearing member, viz arbitrage code



(new CP Code) and a non arbitrage code (existing CP Code). In this regard,

- Clearing Members can apply for an arbitrage code for an existing CP
- In case of ITCM/ PCM Members applying for allotment of CP afresh, they can request for additional CP Code at the time of application as per revised format for allotment.
- c. Custodian Participants intending to change their clearing members shall be required to move the arbitrage and non-arbitrage CP Codes simultaneously to continue availing cross margin benefit.

Procedures related to custodial participants are provided under **Annexure 4**.

8. Client Margin Reporting

Members of MCX/ MCXCCL shall have to mandatorily report details of margins collected from the clients to MCXCCL. Members should monitor their clients' trades and put up a suitable mechanism to update their clients on their margin utilization levels and define margin call triggers.

The client margin reporting framework and penalty structure for short-collection/noncollection of margins by Members of MCX/ MCXCCL from their clients/ constituents shall be as under:

- 8.1 The 'margins' for this purpose shall mean initial margin, extreme loss margin (ELM), premium payable, mark to market margin, assignment value, special / additional margin, client-level concentration margin, tender period margin, delivery margin, or any other margin as prescribed to be collected by Member from their clients.
- 8.2 The Members are required to collect upfront initial and ELM margins, premium and peak margin payable from their clients and allocate the same to their clients. The Members will have time till "T+2" working days to collect all other margins (except initial and ELM margins, peak margin, premium payable) from their clients. The clients must ensure that the initial and ELM margins, premium and peak margin payable are paid in advance of trade and other margins are paid as soon as margin calls are made by MCXCCL/Members. The period of T+2 days has been allowed to Members to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.
- **8.3** The changes in the client margin reporting mechanism pursuant to the introduction of peak client margin are as under:
 - MCXCCL shall generate margin snapshots of client wise margin requirement for the clearing members and trading members to determine the intra-day upfront margin requirement. MCXCCL shall generate minimum five snapshots upto 5:00 pm. MCXCCL shall further generate and send additional minimum two snapshots for commodity derivative contracts which are traded till 9:00 PM and additional minimum three snapshots for the commodity derivatives contracts which are traded till 11:30/11:55 PM. The snapshots shall be taken randomly during the pre-defined time slots.



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 Initial margin, extreme loss margin and net buy premium shall be considered for determining the intra-day upfront margin requirement.
- The snapshot files shall be exported to the members in their SFTP folder. c.
- Maximum of client intra-day upfront margin requirement across the snapshots, @ peak margin % to be considered for reporting, shall be considered as peak margin requirement for the client, custodial participant and the trading member. Currently, 100% of the peak margin requirement is considered for reporting.
- This peak margin shall form part of the client margin reporting file exported to the trading and clearing members.
- Members shall be required to report margin collection against the peak margin requirement in addition to the existing reporting requirements.
- End of day (EOD) margin obligation of the client shall be compared with the respective client margin available with the TM/CM at EOD and Peak margin reporting requirement of the client, across the snapshots, shall be compared with respective client peak margin available with the TM/CM during the day. Higher of the shortfall in collection of the peak and EOD margin shall be considered for levying of penalty as per the extant framework.
- **8.4** The process for the clearing members to confirm the availability of peak margins for Custodial Participants (CP) trades is as under:
 - Upfront margin requirement for INST trades pending confirmation is included in the peak margin reporting of respective CP
 - MCXCCL shall aggregate the margins on confirmed trades as well as unconfirmed trades for a given CP and include the same in the snapshot provided to a clearing member.
 - The end of day (EOD) file downloaded to a clearing member shall have EOD margins for all confirmed trades and peak across all snapshot as computed in point (a) above.
 - Clearing member shall be required to report the end of day and the peak margins as per the file downloaded by MCXCCL.
 - In case of any shortages in the reporting as per point (c) above, the same shall be considered as shortfall of margin collection and penalty for the same shall be applicable. The penalty shall be levied and collected from the clearing member of the CP. The clearing member can collect such penalty from the respective CP.
 - Reporting of peak margins by clearing member shall be a confirmation of availability of upfront margins at time of trade.
 - Even cases where trades are rejected by clearing member due to mismatch or error, the clearing member shall be responsible to report peak margins/penalty for short reporting. Such penalty can be collected from the respective Trading Members by the clients/clearing member.
 - The existing process of trade confirmation and settlement will continue between clearing member and Clearing Corporations. Accordingly, till the trade is confirmed by clearing member, the collateral of the clearing member and executing trading member would be blocked by the Clearing Corporation.



- **8.5** The provisions on cut-off time for determining minimum threshold of margins to be collected from clients and implemented by MCXCCL are as under:
 - a. The cut-off time for determining minimum threshold of margins to be collected from clients will be at EOD Risk Parameter File (RPF).
 - b. EOD Upfront initial margin to be collected from clients shall be computed on the basis of EOD RPF.
 - c. RPF generated at EOD BOD shall be applied on clients' EOD portfolio for determining minimum threshold of margin to be collected from clients by members.
 - d. Extreme Loss Margin (ELM) to be collected from clients shall be computed on end of the day (EOD) client portfolio valued at half an hour weighted average trade price arrived at EOD stipulated above.
 - e. Peak margin requirement shall be computed on the basis of the positions at the snapshot time based on BOD RPF.

Note: With effect from May 01, 2023, BOD RPF is used to compute the EOD margin and EOD short allocation values.

- **8.6** Members are requested to refer the latest MCX file format Circulars for client margin collection reporting files:
 - **a.** For Initial Margin and Peak Margin Reporting MCX File Formats Version 17.4.13 (MCX/RECH/325/2022 dated June 2, 2022)
 - **b.** For EOD Short Allocation Reporting MCXCCL/C&S/265/2022 dated December 19, 2022
- **8.7** Devolvement margins shall not be considered for the purpose of client margin reporting.
- **8.8** The penalty for short collection / non collection due to increase in initial margins resulting from devolvement of options into futures shall not be levied for the first day after the expiry of the options contract. Effectively, the incremental initial margin on account of devolvement would not be considered for client margin reporting on the option expiry + 1 day.
- **8.9** The Members shall report the actual short-collection/ non-collection of all margins from clients by T + 5 day.
- **8.10** Penalty shall be levied as per the details given below on the Members for short / non-collection of margins from their clients beyond T + 2 working days:

For each Member	
'a'	Per day penalty as % of
(<inr (<10%="" 1="" and="" applicable="" lakh)="" margin)<="" of="" td=""><td>0</td></inr>	0
(>=INR 1 lakh) or (>=10% of applicable margin)	1

Where a=short collection/ non-collection of margins per client per day. In case of short-collection



| Consolidated Master Circular | non collection of initial margins, ELM , premium payable and peak margin, the above penalty structure would be applicable from T day.

- **8.11** MCXCCL has put in place a suitable mechanism to enable the Members to report the collection of all margins from their clients at the end of each trading day and to report short collection/non-collection of all margins on the T+5 day.
- **8.12** All instances of non-reporting shall amount to 100% non-collection of margin and the penalty as prescribed above shall be charged on these instances in respect of noncollection.
- **8.13** The penalty shall be collected by MCXCCL not later than five days of the last working day of the trading month.
- **8.14** With respect to repeated defaulters, who default 3 times or more during a month, the penalty would be 5% of the shortfall in such instances. Every short/non collection of margin is to be considered as one instance of default. In case margin shortage is reported for a client 3 times or more during amount, i.e., either in consecutive instances or in 3 different instances, the penalty would be 5% of the shortfall from 4th instance of shortfall.

E.g. shortage is reported for a client on 1st and 2nd day of month consecutively; thereafter again on 10th day shortage is reported. So the number of instances are 3 and in case shortage is reported on any day later in the month, the penalty shall be 5% of the shortfall amount for all such instances beyond 3rd instance.

- **8.15** All the penalties collected as prescribed above shall be credited to the Settlement Guarantee Fund of MCXCCL.
- **8.16** Report on the penalties as collected by MCXCCL shall be submitted to SEBI by the 10th day of the following month.
 - MCXCCL/ MCX shall examine implementation of these instructions during the inspection of its Members. If during inspection or otherwise, incorrect reporting on collection of margin from client by Member is found, the Member shall be penalized up to 100% of such amount short collected.
- 8.17 MCXCCL/ MCX directs their Members to monitor trades of every client. Suitable mechanism may be put in place to intimate the clients as and when the margins are used upto an appropriate level as considered fit.
- **8.18** In exceptional situations wherein Members and/or clients were not in position to square off the open positions to avoid levy of penalty for margin shortfall due to lack of adequate liquidity and/or high market volatility, MCXCCL/ MCX may take a suitable decision depending upon the merit of the circumstances and keep SEBI informed of the same. Further, MCXCCL/ MCX are directed to take such exceptional matters to their Board of Directors for decision.
- **8.19** Members may refer to the relevant sections of MCXCCL/ MCX File Formats issued from time to time that deal with margin reporting for file structure and the details on



error codes in case of erroneous upload of files to MCXCCL.

- 8.20 Margins exempted against early pay-in would not be considered for the margin reporting. Mark to market margin on the early pay-in positions shall continue to be considered for margin reporting.
- **8.21** Settlement holidays would not be considered for determining the T+5 reporting due date.
- 8.22 MCXCCL shall levy penalty on the reported instances of short collection/ noncollection of client margin on the T+5 reporting due date. The penalties shall be included in the obligation statement of the reporting due date.
- **8.23** In case of any short reporting/ non-reporting of client margin due to any technical reason, members may place their request for revision in the reported margin collections and the consequent reversal/refund/levy of such penalty in writing to MCXCCL strictly within 10 calendar days from the date of levy of penalty.
 - MCXCCL has introduced a facility in e-Xchange to verify the status of client margin collection reporting and the consequent shortages on real time. Members can further monitor the provisional penalties on the reported client margin collection shortages on real time basis. The salient features pertaining to enhancement of client margin reporting process are as follows:
 - i. Members can monitor the provisional penalties along with the reported client margin collection shortages on real time basis from following path: <u>eXchange > Member Login > Commodity Derivatives reports > Margin Reporting.</u>
 - ii. Members can view margin file upload details up to T+5 day (where cutoff date has not passed) from the following path: eXchange > Member Login > Commodity Derivatives Margin > Upload Details
 - iii. Members can access Client margin reporting schedule from the following
 - eXchange > Member Login > Commodity Derivatives Margin > Client Margin Reporting Schedule for previous and current month
 - iv. The schedule shall be auto updated in case of any update in the trading or clearing holiday list.
 - v. Reminder letter for client margin reporting would be exported on SFTP where shortages are observed. Naming convention of the letter will be "Provisional CMR Penalty Letter for DDMMYYYY". Letter would be exported one day prior to cutoff date (T+5 due date) for margin reporting in specific date folder.
 - vi. Provisional penalty shall be visible for T+1, T+2 and T+3 days only if margin collection is reported by the Member. In case of non-reporting up to T+3 days, the values in "Provisional Penalty %" & "Provisional Penalty Amount" shall be displayed as 0.00 up to T+3 day EOD. Post completion of EOD of T+3 day, provisional penalty details shall be displayed based on the reporting received till T+3 for all Members.
 - vii. Provisional penalties would be displayed up to T+5 days.



- viii. Provisional penalties will not appear post reporting due date (i.e. after final computation of Penalty). The final penalty details will be available in the daily reports provided to the Members.
 - ix. Provisional Penalties may differ with final penalties, if margin collection files are not reported in order of trade date.

Members are requested to refer the FAQ on Client Margin Reporting updated under the Clearing & Settlement section of MCXCCL website.

9. Monitoring and Penalty mechanism for Short Allocation

Framework for 'Segregation and Monitoring of Collateral at Client Level' put in place by SEBI stipulates that allocated collateral plus value of securities collateral re-pledged to the Clearing Corporation for a client is at all times greater than or equal to the minimum margin collection requirement for the respective client in the respective segment.

MCXCCL has adopted the following monitoring and penalty mechanism for short allocation

9.1 **Short Allocation:**

Excess of minimum margin collection requirement for the respective client over the allocated collateral plus value of securities and commodity collaterals re-pledged to the Clearing Corporation (CC) shall be considered as the short allocation for the respective client.

Explanation:

Short allocation = Total upfront margin - Client Margin Allocation - Client Other Collaterals

where,

Total Upfront Margin = Initial margin, extreme loss margin and net buy premium

Client Margin Allocation = Net Allocation as uploaded by the Clearing member

Client Other Collaterals = Net of hair-cut value of all securities and commodity collaterals re-pledged with CC before applying the cash and cash equivalent to non-cash ratio of 1:1

Accordingly, if Total upfront margin - Client Margin Allocation - Client Other Collaterals is > than zero, then the same shall be treated as 'Short Allocation'

Short allocation shall be computed, as defined above, at the below mentioned frequencies:

- a. At the time of taking the peak margin snapshot (Intra-day Short Allocation) and
- b. At the end of each trade day (EOD Short Allocation).



9.2 Intra-day Short Allocation:

Intra-day short allocations shall be computed on the basis of allocations and securities/commodities pledged/re-pledged with CC and Total upfront Margin requirement at the time of taking the snapshot. Maximum of intra-day short allocation across all snapshots shall be shall be considered for intra-day short allocation reporting.

Intra-day short allocation details shall be informed to members via 'INTRASAR' file exported to them on T+1 day.

Members shall have an opportunity to report available client collateral against the intraday short allocation with permitted reasons through response file to INTRASAR till T+5 days. In case of such reporting, the intra-day short allocation for the purpose of penalty shall be re-computed after adjusting the reported values.

9.3 EOD Short Allocation:

EOD short allocation shall be computed on the basis of allocations and securities/commodities pledged/re-pledged with CC and Total Upfront Margin requirement at the EOD.

Members shall be permitted to upload allocation/ deallocation files up to following timelines:

Market time	Allocation/ deallocation file upload timelines	
Up to 11:30 pm	Up to 01:45 am	
Up to 11:55 pm	Up to 02:15 am	

EOD allocation, based on allocation/ deallocation file uploaded up to the cut-off time, shall be considered for EOD short allocation computation.

EOD short allocation details shall be informed to members via 'EODSAR' file exported to them on T+1 day.

Members shall have an opportunity to report excess collaterals lying with other CCs against the EOD short allocation through response file to EODSAR till T+5 days. In case of such reporting, the EOD short allocation for the purpose of penalty shall be re-computed after adjusting the reported values.

9.4 Email intimation for files processed:

Members shall receive an email intimation for the response file submitted by them on their registered email ID. Additionally, an email alert shall also be sent to members by T+4 day if response file to INTRASAR/ EODSAR is not submitted for a trade date.



9.5 Penal provisions:

In order to avoid duplicity of penalty levied for the same violation (i.e., non-collection and consequent non-allocation of client collateral), the penalty for short allocation and short margin reporting shall be combined. A single penalty as per the existing penalty structure shall be applicable. The amount to be considered for levy of penalty shall be the highest of:

- a. Highest intraday peak margin short-reported amount
- b. End-of-day margin short-reported amount
- c. Highest intraday short allocation amount (after considering the reporting for valid reason codes, if any)
- d. End-of-day short allocation amount (after considering the reporting for valid reason codes, if any)

Short allocation shall be considered for determining margin shortfall for levy of penalty as under:

Margin Shortfall = sum of {maximum of (Intraday allocation shortfall, EOD short allocation, Peak Margin Shortfall, Initial Margin Shortfall)} + Other margin shortfall + MTM shortfall

9.6 Incremental NCMR file:

An incremental NCMR file containing updated details, post incorporation of reporting against EOD short allocation and Intraday short allocation, shall be available to members on T+6 basis.

The incremental NCMR file shall act as a top-up report to existing NCMR file which shall contain existing details (as captured in NCMR file) in addition to details pertaining to EOD short allocation and Intraday short allocation.

9.7 Members may refer to the relevant sections of MCXCCL/ MCX File Formats issued from time to time that deal with Intra-day and EOD Short Allocation reporting file structure and the details on error codes in case of erroneous upload of files to MCXCCL.

10. Recovery of various levies and charges from the Clearing Members on behalf of MCX

10.1 Exchange Transaction Fees

MCXCCL shall recover the transaction fee payable by the Members of MCX from its Clearing Members. The fees would be computed on the transactions registered with MCX in such manner as may be decided by MCX from time to time. The transaction fee shall be debited on a monthly basis to the settlement account of the Members by MCXCCL in the first seven days of the succeeding month. The transaction fee shall form part of the obligation report of the due date and collected accordingly. Taxinvoice for the transaction fees computed shall be provided by MCX on the last working day of the calendar month.



10.2 Commodities Transaction Tax

Commodities Transaction Tax (CTT) was introduced in the Finance Act 2013 and applicable with effect from 1st July, 2013, as per notification uploaded on www.incometaxindia.gov.in.

CTT on the transactions executed on MCX shall be charged by MCX and recovered through MCXCCL at the prevalent rates. The current applicable rates are as mentioned below:

Sr. No.	Taxable Commodities Transaction	Valuation	Rate	Payable by
1	Sale of a commodity derivative (except exempted agricultural commodities as mentioned in Annexure "5")	Price at which the commodity derivative is traded	0.01 per cent	Seller
2	Sale of commodity derivatives based on prices or indices of prices of commodity derivatives	Price at which the commodity derivative is traded	0.01 per cent	Seller
3	Sale of an option on commodity derivative	Option premium	0.05 per cent	Seller
4	Sale of option in goods	Option premium	0.05 per cent	Seller
5	Sale of an option on commodity derivative, where option is exercised	Settlement Price	0.0001 per cent	Purchaser
6	Sale of option in goods, where option is exercised resulting in actual delivery of goods	Settlement Price	0.0001 per cent	Purchaser
7	Sale of option in goods, where option is exercised resulting in a settlement otherwise than by the actual delivery of goods	Difference between settlement price and strike price	0.125 per cent	Purchaser

Clearing Members may note that the following procedure will be adopted by MCXCCL in respect of the calculation and collection of CTT on behalf of MCX:

- a. CTT is applicable on transactions for Futures, Index and Options contracts as stated above and shall be determined at the end of each trading day.
- b. All the transactions shall be identified based on the client code placed by the Members at the time of order entered/ modified on the trading system of MCX and as may be modified by the Member using the client code modification



facility within the prescribed time. In respect of proprietary transactions the Member code shall be deemed to be the client code.

- Members are advised to note that under the CTT Rules, the value of taxable commodities transaction shall be determined with respect to the trade executed under a particular client code. Therefore, MCXCCL shall only reckon the client code entered by the Member while placing the order or as may be modified within the prescribed time. It is therefore imperative that Members exercise extreme caution and diligence while entering the client code at the time of entering an order.
- For each client code, all the sell transactions for a trading day shall be aggregated at contract level.
- For the purpose of determining CTT liability, taxable commodities transaction shall be valued as per the prescribed valuation matrix as described above. On this value, the CTT rate as prescribed shall be applied.
- The Member's CTT liability shall be the aggregate CTT liability of clients trading through it and CTT liability of all Trading Members of MCX clearing under it.
- A report shall be provided to the Members at the end of each trading day. This report shall contain information on the total CTT liability, Trading Member wise CTT liability, client wise CTT liability and also the detailed Computations for determining the client wise CTT liability.
- The CTT amount shall be collected from the Member on T+1 basis as per the timelines stipulated for the funds pay-in on a daily basis from the settlement account of Members through their clearing banks as per the process currently followed in respect of settlement obligations.
- Non-payment of CTT will be treated as non-fulfilment of settlement obligations for the purpose of all consequential actions against the Member.
- The contract note to be issued to clients as Trading Member of MCX on a daily basis should specify the total CTT for the transactions mentioned therein. Members may issue the CTT details on annual basis (within one month from the close of the financial year) to their respective clients, unless required by the clients otherwise.
- Members are also advised to peruse the Chapter VII of Finance Act, 2013 & CTT Rules, 2013 and the provisions of the Finance Act 2020 for effective compliance of CTT and keep themselves updated on any amendments thereto.

10.3 SEBI Turnover Fees

SEBI turnover fees would be levied by MCXCCL to the Members of MCX on a monthly basis. Brief process for collection of the SEBI turnover fees would be as under:

- a. MCXCCL would raise the invoice/debit note for the previous calendar month on the 1st working day of the subsequent month.
- b. SEBI turnover fees of the Trading Members of MCX shall be collected from the Clearing Members who have opted to clear their trades.
- c. MCXCCL would debit the settlement account of the Clearing Members towards their SEBI fees dues by 4th of the month (date of collection would be intimated in the invoice/debit note separately).



d. Any unpaid SEBI turnover fees on the collection due date would be adjusted from the cash collateral deposits of the Clearing Member with MCXCCL.

GST Council has withdrawn exemption granted to the services by SEBI and issued notification no.04/2022 dated July 13, 2022, which interalia, includes the withdrawal of exemption. Accordingly, trading and clearing members are advised to levy GST @18% on fees payable to SEBI from their clients from July 18, 2022 onwards.

The present slabs of SEBI turnover fees are as under (exclusive of applicable GST):

Sr. No	Taxable Commodities Transaction	Basis of Turnover	Rate
1	Futures Contracts	Turnover is defined to include the value of 1. the trades executed by Member on the Exchange and 2. the trades settled on the expiration of the Contracts	Non-Agri 0.00010 % of the total turnover (i.e. Rs.10 per crore) Agri Commodities 0.00001 % of the total turnover (i.e. Rs.1 per crore)
2	Options Contracts	Turnover is defined to include the value of 1. premium traded for the option contracts 2. where the option is exercised or assigned, it shall be additionally computed on the basis of notional value of option contracts exercised or assigned	Non-Agri 0.00010 % of the total turnover (i.e. Rs.10 per crore) Agri Commodities 0.00001 % of the total turnover (i.e. Rs.1 per crore)

10.4 Stamp Duty

In exercise of the powers conferred by section 73A of the Indian Stamp Act, 1899 (2) of 1899), the Central Government has made the rules to regulate the liability of instruments in transactions in stock exchanges and depositories. The Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 (hereinafter referred to as 'Stamp Duty Rules 2019') have been notified on December 10, 2019 and implemented with effect from July 01, 2020.

MCXCCL shall act as a 'Collecting Agent' under the Stamp Duty Rules 2019 for the purpose of collection and remittance of stamp duty on trades executed on Multi Commodity Exchange of India Limited (MCX).



Stamp duty on the trades executed on MCX shall be charged at the rates mentioned below:

Sr. No.	Transaction type	Valuation	Stamp Duty Rate	Payable by
1	Sale of commodity Derivative	Price at which commodity derivative is traded	0.002% (Rs.2.00 per lakh of futures turnover)	Buyer
2	Sale of an option on commodity derivative	The option premium	0.003% (Rs.3.00 per lakh of premium turnover)	Buyer

Members may note that the following procedure will be adopted by MCXCCL in respect of the calculation and collection of Stamp Duty on behalf of MCX:

- **a.** Stamp Duty is payable on all derivatives contracts traded on MCX and shall be determined at the end of each trading day.
- b. All the transactions shall be identified based on the client code entered by the Members at the time of order entry/ modification on the trading system of MCX and as may be modified by the Member using the client code modification facility within the prescribed time. In respect of proprietary transactions the Member code shall be deemed to be the client code.
- **c.** For each client code, all the buy transactions for a trading day shall be aggregated at contract level. For the purpose of determining stamp duty liability, transactions shall be valued as per the prescribed valuation matrix defined above. On this value, the stamp duty rate as prescribed shall be applied.
- d. The trading member's stamp duty liability shall be the aggregate stamp duty liability of clients trading through it. The clearing member's stamp duty liability shall be the aggregate stamp duty liability of all trading members clearing through it.
- **e.** The stamp duty amount shall form part of the daily obligation report exported to the member and the net amount receivable/ payable by the member shall be determined after considering the stamp duty dues.
- f. The stamp duty amount for a trade date shall be collected from the clearing members on T+1 basis as per the stipulated timelines and process currently followed for the daily funds settlement.
- **g.** Non-payment of stamp duty shall be treated as non-fulfillment of settlement obligation for the purpose of all consequential actions against the member.
- h. At the end of each trade day, permanent address details of the clients updated by the Members in the Unique Client Code (UCC) uploaded with MCX shall be considered by MCXCCL for determining the domicile State of the buyer for that trade day for payment of stamp duty to the respective States. Accordingly, Members are required to verify, update and ensure correct permanent address details of the clients are uploaded in UCC.
- i. A report shall be provided to all the members at the end of each trading day. This report shall contain information on the total, trading member wise and client wise Stamp Duty liability along with the detailed computations for determining the State wise stamp duty liability for each client. Members may refer MCX Circular no. MCX/TECH/325/2022 dated June 2, 2022 relevant to stamp duty report related



formats under serial number 5.68 & 5.69 (Version 17.4.12).

In terms of the communication received from the Government of Sikkim, the amendments to the Indian Stamp Act, 1899 are not applicable to clients residing in Sikkim. Accordingly, no collection of stamp duty will be done until further instruction form state of Sikkim & Government of India in case of clients residing in Sikkim.

10.5 Recovery of various MCX levies

MCXCCL shall recover various charges and levies due to MCX from its' Members through the settlement account of the respective Clearing Members. Clearing Members' liability towards the charges and levies would be aggregated to include the liability of all Trading Members of MCX clearing under it. Tax- invoice/debit-credit notes for such levies shall be provided to its' Members by MCX. Non-payment of any charges and levies due to MCXCCL/ MCX will be treated as non-fulfilment of settlement obligations for the purpose of all consequential actions.

11. Reports

A Member can take back up of his trades any time during the trading session or after its closure while he is connected to the trading system. This provides all trades done during such trading session. After end of trading session, MCXCCL will download the reports to the Members of MCXCCL/ MCX through SFTP (Secured File transfer protocol), which consists of

- **a.** day's trades
- b. net outstanding position
- c. Obligation Report, which provides details of total eligible deposit of that Member, deposit utilized, deposit available for trading, mark to market receivable/payable, premium receivable/ premium payable, and exercise / assignment value, pay in / pay out amount, charges, etc.
- d. Market Statistics to provide details about open, high, low, close, volume, value and other statistical details.
- e. Various margins, positions, collaterals and settlement related reports as intimated from time to time.

MCX circulars on file formats of the various reports shall continue to apply mutatis*mutandis* to the reports provided by MCXCCL.

12. Change of Clearing Banks

In case a Clearing Member desires to shift his settlement and client accounts from one clearing bank to other clearing bank, he shall inform MCXCCL in writing in the specified format enclosed as Format 1. On receipt of the same, MCXCCL will process the application and convey its consent to the Clearing Member provided no dues are pending.



On receipt of the consent from MCXCCL, the Clearing Member shall submit the following documents:

- **a.** No Objection Certificate (NOC) from the existing Clearing Bank (format enclosed as <u>Format 2</u>).
- b. Letter from the Clearing Member on his letter head specifying the shift of accounts to another clearing bank, the settlement account number and client account number (in the format enclosed as <u>Format 3</u>).
- **c.** Letter from the new clearing bank confirming the settlement account number and the client account number of the Clearing Member (in the format enclosed as **Format 4**).
- **d.** Copy of Authorisation Letter addressed to new clearing bank (in the format enclosed as **Format 5**).
- **e.** Intimation Letter for effective date on the Letter head of member.
- f. The proposed settlement account shall be part of undertaking submitted to mcx/mcxcl pursuant to SOP issued by MCX.in case of member leading to default.

On receipt of the above said documents, MCXCCL will update its records and any subsequent funds pay-in / pay-out will take place through the new settlement account of the Clearing Member.

13. Data Request Charges

Members are required to have a backup of all the records downloaded by MCXCCL. Data for the current month and the immediate previous month shall be provided to the Members without any charges. With respect to any data sought for the prior period on the date of the respective request, Members are notified that the following charges shall be levied for specific requests:

Sr.No.	Data Requisition	No. of Days	Charges
1	Obligation Report, debit/credit notes, trade File, Margin File Position File, Details related to Trade	Current and Previous calendar month Beyond previous month	No Charges Rs.250/- per report per month (Subject to maximum Rs.10000/- per request)
		Beyond last 3	
2	Message Broadcast	days	Rs.250/- per day

The above charges shall be applicable for each request from the Members and would be inclusive of applicable taxes. MCXCCL reserves the right to decline any request for the above data and also to modify charges, without any prior notice.

Format for seeking data request is provided under <u>Format 6</u>. These charges would be recovered from the Member in advance.



14. FPO Trades

In order to encourage active participation of the Farmer Producer Organisations (FPO) in the commodity derivatives market and pursuant to discussions between SEBI and MCX in the surveillance meetings, it is decided to exempt Mark to Market Settlement for such short positions against which early pay-in has been made.

The procedure for claiming Mark to Market settlement exemption in case of commodity derivatives contracts of agricultural commodities is laid down as under:

- **a.** Members servicing the FPO clients shall apply for exemption from Mark to Market settlement for such clients, for positions where early pay-in of commodities has been made. The request for exemption shall be submitted as per **Format 12**.
- b. Approval/ rejection of the application shall be communicated to the Member.
- **c.** Post approval, such position where early pay-in is made shall be exempt from Mark to Market settlement.
- d. The process of implementing the exemption shall be as under:
 - i. The daily obligation report shall reflect the mark-to-market profit/ loss amount for FPO positions as per the existing process.
 - ii. Daily mark-to-market profit/ loss for the exempted FPO positions shall be accumulated by MCXCCL for a deferred settlement till the expiry of the contract.
 - iii. Daily settlement on account of losses arising on account of FPO shall be made good from MCXCCL's own resources. The Clearing Member would be required to settle the entire obligation amount. MTM loss on account of the FPO shall be credited back by MCXCCL to the Clearing Member's Settlement account.
 - iv. Deferred mark-to-market settlement shall be capped at Rs.25.00 lakhs for a single FPO and Rs 500.00 lakhs across all FPOs, until further review. Mark to Market settlement in excess of the defined exemption limits shall be collected from the Clearing Member, who in turn would be required to collect the same from the end client (FPO).
 - v. In the event FPO makes MTM profit (Gains), the funds shall not be credited to the Clearing Member but shall be retained by MCXCCL.
 - vi. FPO positions shall be marked for delivery at the expiry of the contract at the Due Date Rate (DDR).
 - Vii. The accumulated Mark to Market profit/ loss of the FPO would be adjusted from the funds pay-out due at the time of delivery settlement.
 - viii. Post-delivery settlement compliances like raising of tax-invoices, computation of premium/ discount, as defined in the delivery settlement procedures of the respective commodities shall be done on the basis of the DDR.
- **e.** The deferment of mark-to-market settlement for FPO trades, to the extent of defined exemption limits, shall not affect the daily settlement procedure for counterparty Members and market participants as the same would be made good from MCXCCL's own resources.
- f. Members applying for exemption shall ensure that the short open position of such FPOs are not square off either partially or fully after claiming such exemption. In the event of



- **Consolidated Master Circular** square off, the deferred Mark to Market settlement would be done with the Member on the date of square off.
- Mark to Market losses on the FPO positions exempted from Mark to Market settlement shall continue to form part of the reports downloaded to Members for reporting client margin collection. The deferred Mark to Market settlement of the FPO shall be reported as collected by the Members for the purpose of client margin reporting.
- Farmer Producer Organisation (FPO) for the purpose of seeking Mark to Market settlement exemption in case of commodity derivatives contracts of agricultural commodities shall be construed as under:

Farmers Producer Organisation means any legal entity formed by farmers and registered as a producer organisation under the below Acts:

- Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the Respective State;
- Multi-State Cooperative Society Act, 2002;
- Companies Act, 1956/Companies Act, 2013;
- iv. Society Registration Act, 1860;
- v. Indian Trusts Act, 1882.

15. <u>Implementation of Segregation and Monitoring of Collaterals</u>

Implementation of Phase 2 of SEBI circular on Segregation and Monitoring of collaterals shall be as under:

- 1. Concentration margin shall be added in margin utilisation of client/ CP and CM margin utilisation.
 - CM level concentration margin: CM concentration margin shall be added in CM margin
 - ii. Client level concentration margin: Client concentration margin shall be added in Margin utilisation of respective clients, if client margin limit is insufficient to cover the client concentration margin then the shortfall amount shall be added in CM margin utilisation.
- 2. Any shortfall in pay-in obligation shall be blocked and adjusted form the collateral amount allocated to CM account.
- 3. In case of margin deficit (where CM Margin Limit is insufficient to cover the CM OWN margin utilisation plus excess margin utilisation of TM/CP/End Client), CM shall be required to submit allocation request to cover the margin deficit. Member shall submit the allocation towards deficit margin before the start of market on the subsequent trading day failing which debit request for deficit margin shall be raised on the member's settlement account.
- 4. Member's exposure free deposits requirement against repeated margin/ pay-in shortfalls shall be appropriated against deposits in the collateral pool account and CM OWN allocations.



- 5. In case of member request for change of TM/ CM or downgrade of a CM, following process shall be applicable.
 - i. Position transfer of client:
 - a) Limit allocated by old CM shall not be transferred to new member
 - b) New CM shall upload the allocation file
 - c) Old CM shall only upload the deallocation request for the clients
 - ii. Position transfer of TM/CP or downgrade of a CM:
 - a) Limit allocated by old CM shall not be transferred to new member
 - b) New CM shall upload the allocation file
 - c) Old CM shall only upload the deallocation request TM/CP/Clients of TM
 - iii. Downgrade of a CM:
 - a) Limit allocated for CM/ Client shall not be transferred to new member
 - b) New CM shall upload the allocation file
 - c) CM shall upload the deallocation request through SFTP route only



Annexure 1 - List of Clearing Banks

Sr. No.	Clearing Bank	Address	
1	AXIS Bank Limited	Capital Market Division, Jeevan Prakash Building, Sir P.M. Road, Fort, Mumbai – 400001	
2	Bank of India	Stock Exchange Branch Ground Floor, P.J. Tower, Dalal Street, Fort, Mumbai – 400 001	
3	Canara Bank	11th Floor, Atlanta Building, Nariman Point, Mumbai – 400021	
4	ICICI Bank Limited	Capital Markets Group, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400020	
5	HDFC Bank Limited	I Think Techno Campus, 5th Office Floor, Opp. to Crompton Greaves, Kanjur Marg (East), Mumbai – 400042	
6	Kotak Mahindra Bank Limited	Kotak Infiniti, 6 th Floor Building No.21, Infinity Park, Off Western Express Highway, General A.K. Vaidya Marg, Malad (East), Mumbai – 400097	
7	Punjab National Bank	Branch Office: Bandra West, Plot No.237, Baba House, 27th Road, Bandra (West), Mumbai – 400050	
8	State Bank of India	Capital Market Branch, 3rd Floor, Mumbai Main Branch Building, Samachar Marg, Fort, Mumbai - 400023	
9	Union Bank of India	1st Floor, 86, Venkatesh Bhavan, Mirza Street, Zaveri Bazar, Mumbai – 400003	
10	Yes Bank Ltd	18 th Floor, Empire Tower, Reliable Tech Park, Cloude City Campus, Plot No.31, Thane-Belapur Road, Airoli, Navi Mumbai – 400708	



Annexure 2 - Mechanism for Submission of Contrary Do Not Exercise request in case of Option on Futures Contracts

a. Exercise/Don't Exercise Intimation file upload

On Options Expiry day, MCXCCL shall provide the Ex-DEx Intimation File to Members on their SFTP/Date folder. The file will provide the details of the long open position at end-client strike level for all ITM option contracts. Members are required to update the file for submission of contrary instructions only.

Members would be given time to upload the Ex-DEx Intimation file till 12:20 a.m. of the options expiry business date or within 30 minutes from the time of export of "Ex-DEx Intimation File to Member" file on their SFTP\Date Folder, whichever is later.

To the extent contrary instructions are not received, default Exercise Mechanism at expiry shall be as defined in the contract specification of the option contracts.

The below mentioned table lists the action to be initiated by the Member:

Strike Type	Default Exercise Mechanism	Impact of Contrary Instruction
ATM	Expire worthless	Not Applicable
OTM	Expire worthless	Not Applicable
ITM	Devolved into Futures contract	Expire worthless

b. Alternate mode of submission of Do Not Exercise request Members shall alternatively submit Do Not Exercise request through manual entry or Bulk File Upload feature on the trading terminals of MCX. Members can place multiple Do Not Exercise request. Members can submit request during the normal market hours through TWS / MAT terminals on last 3 trading days of the option contract expiry day. On last trading day of Option contract, Members can submit their request upto 15 minutes after close of normal market hours.

The below mentioned table lists the action to be initiated by the Member:

Strike Category	Member-Client	Member - Client Not
	intending to Exercise	Intending to Exercise
ATM	Not Applicable	Not Applicable
OTM	Not Applicable	Not Applicable
ITM	Do not submit request	Submit 'Do Not Exercise'
		request

Members shall have to check the settlement price of the underlying futures contract flashed on the terminals and accordingly determine the strike category in order to ascertain if request is required to be placed.



c. Prioritization of the Exercise/Don't Exercise request

MCXCCL shall consider only the latest request placed by the Member for the given end client-strike combination. It is further clarified that if a Member submits multiple request for a particular client through the trading terminal of MCX or through Exercise/Don't Exercise Intimation file, then the latest request received by MCXCCL would be considered.

d. Procedure for Download/Upload of Exercise/ Don't Exercise Intimation Files through SFTP

Procedure on download/ upload is attached as Annexure 3 to this chapter



Annexure 3 - Procedure for Download/Upload of Exercise / Don't Exercise Intimation Files through SFTP

a. Members can download the Exercise/Don't' Exercise Intimation files from MCXCCL and upload the response file against the same as under:

```
Download SFTP Path: <CM/TM code>\DD-MM-YYYY\

Download File Name: MCX_Ex-DExIntimation_<CM/TM code>_<YYYYMMDD>.csv

Upload SFTP Path: <CM/TM Code>\ Ex-DExIntimation \DNLD\

Upload File Name: MCX _ Ex-DExIntimation
_<CM/TM code>_<YYYYMMDD>.Mnn
```

M is the File Indicator; nn will be batch number same as in Member's file. <YYYYMMDD> in each of the above format refers to the trade date.

b. Response file for the Exercise / Don't Exercise Intimation files uploaded by the Members

MCXCCL shall provide two auto response files for the Exercise/Don't Exercise Intimation files uploaded by the Members as under:

i. Members shall receive an auto response file for each uploaded file as under:

```
SFTP Path: <CM/TM Code>\ Ex-DExIntimation \ UPLD\
File Name: MCX_ Ex-DExIntimation
_<CM/TM code>_<YYYYMMDD>.Enn
(Enn: 'E' for MCXCCL file & nn for batch number of member file)

ii. For successful file import, Member will receive a blank file as under: File
Name: MCX_ Ex-DExIntimation
_<CM/TM code>_<YYYYMMDD>S.Enn
```

- **c.** General instructions for upload of Exercise/Don't Exercise Intimation files:
 - i. While giving intimation for Don't Exercise, Members are required to append each record with intimation for Don't Exercise in the respective column defined in the file format for Member "Ex-DEx Intimation File from member" (section 5.62 of the file format circular). Any modification of fields under Sr. No. 1 to 11 (section 5.62 of the file format) would result in the record being rejected.
 - ii. With respect to field having Sr. No. 12 (section 5.62 of the file format), default value provided by MCXCCL would be 0. In case, Member wishes to give Don't Exercise against DEx Flag identifier, specific intimation value should be provided in this field. In case no specific values are being updated and the record is being uploaded as "0", the contrary instruction would be considered as "0" and the default Exercise Mechanism would apply.



- iii. Partial records may be uploaded without modifying values in the field under Sr. No. 1 to 11 and with intimation value being updated in the field under Sr. No. 12 (section 5.62 of the file format).
- iv. Members should adhere to file naming conventions strictly for uploading files to MCXCCL.
- V. Members are required to provide batch number in every file which is a running sequence with the valid values from 01 to 99 for each trade date. This would enable Members to send multiple files for the same trade date with incremental batch numbers within the defined timelines.
- vi. In case where multiple Ex/Don't Exercise Intimation files are sent by the Member for all client, then the file with latest batch number shall be considered as final.
- Vii. Error codes have been defined along with the file formats for the rejection of the margin file uploaded by the Member at individual record / Member level.



Annexure 4 - Procedures related to custodial participants

a. Procedure for appointment of Clearing Member (PCM/ITCM) by Custodial Participant:

- i. CP shall enter into an agreement (Format 7) with a Clearing Member.
- ii. The Clearing Member shall apply to MCXCCL in the format prescribed in (Format 8/Format 9, as applicable), along with a copy of the agreement, for allotment of CP code.
- iii. Upon receipt of CP code from MCXCCL, the CP shall intimate the CP code allotted to it to the Member of MCX through whom it desires to trade on MCX.

b. Procedure for settlement of obligations on account of Custodial Participant:

- i. Trading Members of MCX who place orders on behalf of a CP in the trading system of MCX shall enter the CP code under 'INST' facility, along with the order details including the client code allotted to the CP.
- ii. Trades resulting out of the orders sent to the trading system of MCX with CP codes shall be made available to the relevant Clearing Member of MCXCCL (PCM/ITCM), for approval or rejection.
- iii. Clearing Member of CP shall approve or reject such trades within the stipulated time, i.e upto 11.45pm / 12.10 am on the same day/T+1 day in such manner and through such facility as may be provided to the Clearing Member from time to time.
- iv. All such trades which have been approved by Clearing Member shall form part of the obligation of the Clearing Member concerned and such Clearing Member shall be fully and completely responsible for all obligations arising out of such trades including the payment of margins, penalties, any other levies and settlement of such obligations.
- v. Trades of CP which have not been approved by Clearing Member shall be considered as trades pertaining to the respective Trading Members under such client codes as keyed in by the trading member who executed such trades and shall form part of the obligation of those Clearing Member who clear and settle for such Trading Members.

c. Procedure for change of Clearing Member

If a Custodial Participant desires to change his Clearing Member, the relevant documents as described herein below need to be executed in advance and submitted to MCXCCL:

- i. Agreement (Format 7) with the incoming (new) Clearing Member
- ii. Application to the Clearing Corporation for change of Clearing Member affiliation (Format 10)
- iii. Letter from the outgoing Clearing Member agreeing to the arrangement (Format 11)
- iv. Letter from the incoming Clearing Member undertaking to act as clearing member (Format 12).



d. Effect of failure on the part of Clearing Member

For any failure on the part of the Clearing Member to meet the requirements specified as per the Rules and Bye-Laws of MCXCCL and as intimated and / or amended through Circulars from time to time, including maintenance of minimum deposits, payment of margin obligations, fulfilment of settlement obligations and adherence to exposure limits, or for any other reason that the Relevant Authority of MCXCCL may deem fit, including, action initiated by any statutory / regulatory agency, pursuant to any acts of violation / contravention of any Statutes, Rules or Regulations, committed by the Clearing Member and / or Trading Members and / or Custodial Participants, clearing and settling through such Clearing Member, MCXCCL may withdraw any or all of the membership rights of such Clearing Member including withdrawal of trading facilities of all Trading Members and / or clearing facility of CPs clearing and settling through such Clearing Member, without any notice, including but not limited to any other actions as stipulated in the Rules and Bye laws of MCXCCL.

e. Procedure to avail cross margin benefit in Commodity Index Futures

Custodial Participant intending to avail cross margin benefit in Commodity Index Futures is allowed to maintain two Custodial Participant Codes (CP Codes) with the same clearing member, viz arbitrage code (new CP Code) and a non arbitrage code (existing CP Code). In this regard,

- i. Clearing Member needs to apply for an arbitrage code for an existing CP Code as per format attached in (Format 8/ Format 9, as applicable).
- ii. In case of ITCM/ PCM Members applying for allotment of CP afresh, they can request for additional arbitrage CP Code at the time of application itself.
- iii. Custodian Participants intending to change their clearing members shall be required to move the arbitrage and non-arbitrage CP Codes simultaneously to continue availing cross margin benefit.



Annexure 5 - List of Agricultural Commodities exempted from Commodities Transaction Tax (CTT)

Sr. No.	Commodity	Sr. No.	Commodity
1	Almond	32	Cotton seed
2	Barley	33	Ginger
3	Cardamom	34	Gram Dal
4	Castor Seed	35	Gram Husk (Gram Chilka)
5	Chana/ Gram	36	Groundnut
6	Copra	37	Jowar
7	Coriander/ Dhaniya	38	Kulthi
8	Cotton	39	Lakh (Khesari)
9	Guar Seed	40	Linseed
10	Isabgul Seed	41	Masur
11	Jeera (Cumin Seed)	42	Methi
12	Kapas	43	Moth
13	Maize Feed	44	Mung
14	Pepper	45	Mung Chuni
15	Potato	46	Mung Dal
16	Rape/ Mustard Seed	47	Nutmeg
17	Raw Jute	48	Onion
18	Red Chilli	49	Peas
19	Soya Bean/ Seed	50	Ragi
20	Soy Meal	51	Rice Bran
21	Turmeric	52	Rice or Paddy
22	Wheat	53	Safflower
23	Ani Seed	54	Seedlac
24	Arhar Chuni	55	Sesamum (Til or Jiljilli)
25	Bajra	56	Small Millets
26	Betel Nuts	57	Sunflower seed
27	Celeryseed	58	Tur (Arhar)
28	Chara or Berseem (including	59	Tur Dal (Arhar Dal)
	Chara Seed or Berseem		
	seed)		
29	Cinnamon	60	Urad (Mash)
30	Cloves	61	Urad Dal
31	Cotton pods		



16 Formats:

Format 1 – Request for Change of Clearing Bank (To be issued by the Member on the letterhead)

Date:
The Clearing & Settlement Department Multi Commodity Exchange Clearing Corporation Limited Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
Ref: Clearing Member ID
Dear Sir,
Shifting of Settlement account and Client account
This is to inform you that we wish to shift our Settlement account and client account from (name of existing Clearing Bank) to
(name of new Clearing Bank).
We hereby confirm that there are no dues pending towards MCXCCL and request you to consider shifting of accounts and give us your consent for the intended shift.
Thanking you
Yours faithfully For
Authorised signatory
Name of the Authorised Signatory (Affix rubber stamp of the Member)
Contact No: Email Id:



Format 2 - No Objection Certificate from existing Clearing Bank

(To be issued by the existing Clearing Bank on its letterhead)

Date:
NO OBJECTION CERTIFICATE
We,, as a Clearing Bank to Multi Commodity Exchange Clearing Corporation Limited, have been providing the clearing services to (name of the Member), a member of MCXCCL.
The said Member desires to appoint other Bank as their Clearing Bank and has requested us to close his settlement account and client account with us.
We hereby inform that we do not have any objection in the said member appointing other Clearing Bank for the purpose.
The settlement account number of the said member is
For and on behalf of the (name of the Bank)
Authorised Signatory (Affix bank seal/stamp)



Format 3 – Letter intimating new Settlement account details (To be issued by the Member on the letterhead)

Date:	inder on the letternead)
The Clearing & Settlement Department Multi Commodity Exchange Clearing Co Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	rporation Limited
Ref: Clearing Member ID -	
Dear Sir,	
Shifting of Settlement	account and Client account
account, we hereby inform you that we h	r Shifting of Settlement account and Client have opened following accounts with new clearing bank), as detailed below:
SETTLEMENT ACCOUNT	(ACCOUNT NO.)
CLIENT ACCOUNT	(ACCOUNT NO.)
Thanking you.	
Yours faithfully For	
Authorised signatory	
Name of the Authorised Signatory (Affix rubber stamp of the Member)	
Contact No: Email Id:	



Format 4 – Letter from the new Clearing Bank

(To be issued by the new Clearing Bank on its letterhead)

Date: The Clearing & Settlement Department Multi Commodity Exchange Clearing Corporation I Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400 093	Limited	
Chakara, Midnen (East), Mumbai – 400 093		
Dear Sir,		
Settlement and Client accounts ofwith Clearing Member ID	(name of the member)	
This is to inform you that we are one of the Clear of the members of MCXCCL, MCXCCL) has appointed us as their Clearing Ba	0	
We hereby confirm having opened the following	accounts of the said member:	
SETTLEMENT ACCOUNT	(ACCOUNT NO.)	
CLIENT ACCOUNT	(ACCOUNT NO.)	
We further confirm that the above-mentioned accounts are active for MCXCCL operations on the date of issue of this letter. For and on behalf of the (name of the Bank)		
Authorised Signatory (Affix bank seal/stamp)		



Format 5- Authorisation Letter

(On the letterhead of the Member)

(In case of Trading-Cum-Clearing Member / Institutional Trading-Cum-Clearing Member / Professional Clearing Member)

Letter from Clearing Member to the Clearing Bank for operations of Clearing Account Date:
To: (Name of Clearing Bank)
Sub: Authorisation for Operation of Settlement Account at the instruction of Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
Ref: Our Settlement Account no with (Name of Clearing Bank)
1. MCXCCL has entered into an agreement with MCX to provide clearing and settlement services to MCX, whereby all trades executed on MCX will be cleared and settled by MCXCCL.
2. We understand that your Bank has been nominated/ appointed as a Clearing Bank for purpose of Clearing and Settlement by MCXCCL. As per Bye-Laws, Rules and the Regulations framed thereunder, Members of MCXCCL are required to authorize their Clearing Bank to access their Settlement Account for debiting and crediting their accounts as per instruction received from MCXCCL from time to time.
3. Having due regard to the above, on operationalization of Clearing and Settlement of trades done on MCX by MCXCCL, we hereby irrevocably and unconditionally authorize you (as a Clearing Bank) to debit/ credit our above mentioned Settlement Account number from time to time as per instructions received from MCXCCL. Further we authorize the Clearing Bank to report balances and other information relating to this Settlement Account to MCXCCL from time to time.
4. We further hereby authorize MCXCCL to debit and credit my above mentioned Settlement Account and seek balance information from the bank in respect of above mentioned account as per its discretion and in accordance with the Rules, Bye-laws and Regulations of MCXCCL.
5. We further undertake to abide by such other further guidelines/ instructions in this regard, as may be communicated/ decided by MCXCCL.
Yours Faithfully, (Name of the Clearing Member) SD/- Authorised Signatory (with name of the Authorised Signatory)



Format 6- Data Request

Contact no: Email Id:

(On Letter Head of the Member)

	(= = = = = = = = = = = = = = = = = = =	
Date:		
Clearing & Settler Multi Commodity Exchange Square Suren Road, Chak Andheri (East), M	Exchange Clearing Corporation Limit 3rd Floor, ala	red
Ref: Clearing Men	nber ID	
Dear Sir,		
S	ub: Requisition for data	
You are requested	I to provide us the data as under:	
Sr. No.	Type of Report	Period of Report
1		
2		
3		
4		
We hereby agree to Settlement account. Thanking you.	to pay the applicable charges and authorn the same.	orise MCXCCL to debit our
Yours faithfully For		
Authorised signat	ory	
Name of the Auth	•	
(Affix rubber stan	np of the Member)	



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Format 7 – Clearing Member – Custodial Participant Agreement

(To be executed on non-judicial stamp paper of appropriate value)

this

made

on

This

agreement

0	
between	, a company/ partnership firm/
individual hav	ring registered office / office / residence at
(hereinafter ca	alled "Clearing Member") which expression shall unless repugnant to the
context or m	eaning thereof include its successors, legal representatives and permitted assigns
and	, a company / partnership firm/ individual having
	office/ office/ residence at_(hereinafter
called "Custoo	dial Participant" or "CP") which expression shall unless repugnant to the context
or meaning th	nereof include its successors, legal representatives and permitted assigns).
WHEREAS	
(a)	is a registered Institutional Clearing Member (ITCM)/ Professional
	Clearing Member (PCM) (hereinafter referred to as the Clearing Member)
	of MCXCCL (Member CodeNo) and is inter alia authorized
	to clear and settle trades executed by the Trading Member (TM)/ Custodial
-	Participants who have_appointed the Clearing Member to clear and settle his
	trades on its behalf
(b) '	The CP desires to effect purchase and / or sale in contracts approved for trading
	on MCX through a single or multiple trading members of MCX and clear
:	and settle such trades through the Clearing Member of MCXCCL
(c)	The CP has approached the Clearing Member to undertake clearing & settlement
	of trades and to discharge duties and obligations towards MCXCCL on its behalf

the Rules and Bye Laws of MCXCCL and/ or its Circulars amended from time to time and the terms and conditions contained herein.

(d) The parties to this agreement are desirous of reducing the terms and conditions agreed, in writing, as contained herein:

and the Clearing Member, in turn, agreed to clear and settle the trades done by the CP through trading member(s) of MCX subject to the provisions contained in

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. At the request of the CP and in consideration of the CP agreeing to pay certain fees and charges as mutually agreed between the parties and abide by the terms and conditions contained in this agreement, Rules and Bye-Laws of MCXCCL/MCX, the Clearing Member hereby undertakes upon himself the obligations of clearing and settlement of the trades of the CP executed / done, through a single or multiple trading members of MCX and to do all the acts, deeds and activities arising from and / or incidental to the clearing and settlement of such deals.



2. Rights of the Clearing Member

- 2.1. The Clearing Member shall be entitled to demand/ receive from the CP such deposits in such form as the Clearing Member may specify from time to time.
- 2.2. Without prejudice to the generality of the above, the CP shall place with the Clearing Member an amount, as decided by the Clearing Member, as deposit which shall be continuously maintained during the subsistence of this agreement. Subject to the provisions of Rules and Bye Laws of MCXCCL/MCX in case of any shortfall in such deposit, the Clearing Member shall be entitled to initiate any action necessary to protect his interests in this regard against the CP.
- 2.3. The Clearing Member shall be entitled to receive such fees, charges, or commission, in respect of various services which he renders or agrees to render to the CP, from the CP at such intervals as may be mutually agreed upon.
- 2.4. The Clearing Member shall specify, subject to the requirements prescribed by MCXCCL/MCX from time to time, open position/ margin limit up to which open positions can be taken by the CP. Such limits may be increased or reduced by the Clearing Member from time to time. The Clearing Member shall have the authority to initiate any action necessary to protect his interests in this regard, which may, inter alia, include restriction on further trading and close-out of open positions of the CP.
 - 2.5. The Clearing Member shall be entitled to collect from the CP additional capital/ margin(s) of such amounts of such kinds, as he may require, which at any point of time shall not be less than the amount stipulated by MCXCCL from time to time. The Clearing Member shall have authority to collect such additional margin(s) as required by him or as per requirement of MCXCCL.
- 2.6. The Clearing Member shall be entitled to receive from the CP such amounts as may be required to be paid towards daily and final settlement of contracts, as per the requirement of MCXCCL.
- 2.7. The Clearing Member shall have authority to close out / liquidate the open positions of the CP in accordance with the Rules and Bye-Laws of MCXCCL, in the case of non- payment of dues by the CP towards margins, additional margins, daily as well as final settlement of contract, fees, commission and / or charges, by making necessary requests to MCXCCL/ MCX for initiating such action. In such case, any loss arising due to the closing out of open positions shall be payable by the CP and will be recovered from the CP by the Clearing Member.
- 2.8. The Clearing Member shall collect, preserve and maintain all the important documents, agreements, books of accounts, records, and computerized data of the CP for which the Clearing Member shall have free access to the premises occupied by the CP or by any other person on his behalf.
- 2.9. The Clearing Member shall have right to inspect the books of accounts, records, documents and computerised data of the CP for which the Clearing Member shall have free access to the premises occupied by the CP or by any other person on his behalf.

3. Obligations of the Clearing Member

3.1. The money deposited by each CP shall be kept in separate account by the Clearing Member, distinct from his own account and shall provide the details of margins collected for the trades executed by the CP, to MCXCCL/ MCX as per the requirements of MCXCCL/ MCX.



- 3.2. The Clearing Member shall inform the CP about the margin limit (including any increase or reduction in such limits) up to which open positions can be taken by the CP.
- 3.3. The Clearing Member shall be liable to pay to the CP any amount becoming due and receivable by the CP towards daily and final settlement of contracts, as per the requirements of MCXCCL.
- 3.4. The Clearing Member shall be required to refund any excess margin money to the CP unless otherwise agreed in writing.
- 3.5. The Clearing Member may settle the accounts on a periodical basis, if mutually agreed between Clearing Member and CP, which should be in accordance with the Byelaws, Rules & Regulations of MCXCCL/ MCX.
- 3.6. In the event of default by the Clearing Member or his being declared defaulter by MCXCCL/MCX, the Clearing Member shall render all assistance to the CP for transfer of the CP's positions to some other Clearing Member.
- 3.7. In the event of failure by the Clearing Member in the payment of any dues to CP, the CP shall, with the prior approval of MCXCCL have the right to transfer his own open positions immediately to another Clearing Member. The Clearing Member shall be obliged to pay to the CP for any costs incurred for transfer of the open positions, if such event occurs.
- 3.8. If due to the default of the Clearing Member, the open positions of the CP are closedout and any loss is incurred due to such close-out, the Clearing Member shall reimburse such loss to the CP, unless the default of the Clearing Member was on account of the CP.
- 3.9. The Clearing Member shall treat the information pertaining to the CP as confidential. The Clearing Member shall not disclose the same to any other person except to governmental, statutory, regulatory or legal authorities on a request made by any of these authorities in writing.
- 3.10. The Clearing Member shall be required to provide reports / statements of daily and final settlement of trades, margin amounts and open positions to the CP, periodically as may be mutually agreed.

4. Rights of the Custodial Participant

- 4.1 The CP shall be entitled to have all the trades, executed through any trading member(s) of MCX & cleared and settled through the Clearing Member.
- 4.2 The CP shall be entitled to receive intimation from the Clearing Member about the margin / capital limits (including any increase or reduction in such limits) upto which open positions can be taken by the CP.
- 4.3 The CP shall be entitled to receive reports/ statements of daily settlement, obligation reports, delivery reports/ final settlement reports, from the Clearing Member, periodically as may be mutually agreed.
- 4.4 The CP shall be obliged to pay to/ entitled to receive from, the Clearing Member such amounts towards daily and final settlement of contracts, as per the requirement of MCXCCL.
- 4.5 In the event of the Clearing Member being declared a defaulter by MCXCCL/ MCX, the CP, unless the CP himself has defaulted to the Clearing Member, shall be entitled to transfer his open positions to some other Clearing Member and recover any costs incurred for such transfers from the Clearing Member.
- 4.6 In the event of failure by the Clearing Member in the payment of any dues to CP, the CP shall, with the prior approval of MCXCCL have the right to transfer his own open



- positions immediately to another Clearing Member. The CP shall also have the right to recover from Clearing Member any costs incurred for transfer of the open positions.
- 4.7 In case the open positions of the CP are closed-out due to the default of the Clearing Member, the CP, unless the CP himself has defaulted to the Clearing Member, shall be entitled to recover such loss from the Clearing Member.

5. Obligations of the Custodial Participant

- 5.1. The CP shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time.
- 5.2. Without prejudice to the generality of the above, the CP shall place with the Clearing Member such amount as may be decided by the Clearing Member as deposit which shall be continuously maintained during the subsistence of this agreement. Subject to the provisions of Rules and Bye Laws of MCXCCL/MCX, the Clearing Member shall be entitled to initiate any action necessary to protect his interest in this regard against the CP.
- 5.3. The CP shall pay to the Clearing Member such fees, charges or commission in respect of various services which he renders or agrees to render to the CP at such intervals as may be mutually agreed upon by them.
- 5.4. The CP shall pay to the Clearing Member margins of such amounts as may be prescribed by MCXCCL from time to time including additional margins, if any or such higher amount of margins as may be mutually agreed with the Clearing Member. The margins shall be deposited by the CP within such time and in such form as may be specified by the Clearing Member.
- 5.5. The CP shall be obliged to pay to/ entitled to receive from, the Clearing Member such amounts towards daily and final settlement of contracts, as per the requirement of MCXCCL.
- 5.6. The accounts shall be settled on a periodical basis as may be mutually agreed between the Clearing Member and the CP.
- 5.7. The CP shall be obliged to reimburse to the Clearing Member any loss caused due to the closing out / liquidation of his open positions initiated by the Clearing Member, on account of non-payment of dues by the CP towards margins, additional margins, daily settlement of contracts, final settlement of contracts, fees, charges, commission, penalties, expenses and any other sum, as per the requirement of MCXCCL.
- 5.8. The CP shall do all such acts, deeds and activities that are necessary for the purpose of strict compliance with the Rules and Bye Laws of MCXCCL/ MCX by the Clearing Member.
- 5.9. If due to the default of the CP, the open position of the CP is closed-out and any loss is incurred due to such close-out, the CP shall be liable to reimburse such loss to the Clearing Member.

6. Termination of the Agreement

This agreement entered into between the Clearing Member and the CP may be terminated by either of the parties by giving at least one month written notice to the other party or as may be mutually consented. A copy of such notice shall be given to all the trading members through whom the CP trades at such time and also to MCXCCL. The Clearing Member shall further request MCXCCL for cancellation of the CP code allotted to the Custodial Participant, with effect from the date and time at which this agreement is terminated. Such cancellation or termination shall not have any effect on transactions executed before the



time and date of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such executed transactions.

7. Mode of Communication

Any communication between the Clearing Member and the CP shall be made in any one or more of the following ways:

- a)) sending through electronic mail
- b) delivering by post
- c)) sending by registered post
- d) sending under certificate of posting
- e) sending by express delivery post / courier services
- f)) sending by fax
- g) affixing on the door at the last known business or residential address
- h) advertising at least once in any prominent daily newspaper

8. Force Majeure

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused and / or contributed to by any event of force majeure. For purposes of this clause, "force majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of governmental / statutory / regulatory / legal authority and such other acts or events beyond the control of the non-performing party.

9. No assignment

Neither party shall be entitled to assign or otherwise transfer this agreement or any benefits, rights, obligations or interests herein whether in whole or in part to any other agency without the prior written consent of the other.

10. Non-waiver

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

11. Arbitration

- 11.1. All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and / or of any matter whatsoever arising out of the agreement, shall in the first instance be resolved mutually by the parties
- 11.2. If the parties fail to resolve the same mutually, then the same shall be referred to the arbitration in accordance with the Rules and Byelaws of MCXCCL.



12. Jurisdiction

This agreement shall be subject to the exclusive jurisdiction of the courts in
IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.
Signed for and on behalf of
CLEARING MEMBER:
By:
Signature: Title: Witness:
Signed for and on behalf of CUSTODIAL PARTICIPANT:
By:
Signature: Title:
Witness:



Format 8 - Application from Clearing Member for allotment of CP (Arbitrage) code

(On the letter head of the Clearing Member) Date: The Clearing & Settlement Department Multi Commodity Exchange Clearing Corporation Limited Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400 093 Sub: Allotment of Custodial Participant (Arbitrage) Code Member Code: _____ Registration Code: We wish to inform that M/s. _____ (Name of Custodial Participant) intends to avail the cross margin benefit in index contracts and has requested to apply for a Custodial Participant (Arbitrage) Code. Details of the Custodial Participant are as follows: Name of the Custodial Participant CP code allotted Registered Office / Address Name of contact person & designation Telephone No. & Fax No. Email id of contact person SEBI Registration No. (if available) PAN details Custodian (In case of SEBI Registered entities) We undertake to do clearing and settlement of trades done on MCX on behalf of the Custodial Participant in MCXCCL for the Custodial Participant (Arbitrage) Code also in terms of the agreement dated __/__ executed with M/s. _ _____ (Custodial Participant) for this purpose. Yours faithfully For ____ Authorised signatory

Name of the Authorised Signatory (Affix rubber stamp of the Member)



Format 9 – Application from Clearing Member for allotment of Custodial Participant (CP) code

(On the letter head of	the Clearing Member)
Date:	
The Clearing & Settlement Department Multi Commodity Exchange Clearing Corporat Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400 093	ion Limited
Sub: Allotment of Custodial Pa	articipant (CP) Code
Member Code: Registration Co	ode:
` '	no desires to trade through a single or multiple s. The letter of Custodial Participant confirming the
Name of the Custodial Participant	
Registered Office / Address	
Name of contact person &	
designation	
Telephone No. & Fax No.	
Email id of contact person	
SEBI Registration No. (if available)	
PAN details	
Custodian (In case of SEBI Registered entities)	
Arbitrage Code Required	Yes/ No
Monage Code Required	105/110
Custodial Participant in MCXCCL. We have e	(Custodial Participant) for the purpose, as
required and a copy of the same is attached.	
We therefore request you to allot CP code(s)	
Yours faithfully	
For	
Authorised signatory	
Name of the Authorised Signatory (Affix rubb	per stamp of the Member)
	1 /



Format 10 – Application for change of Clearing Member from the Custodial Participant

Date:		
Multi Commodity Exchange Clear Square 3rd Floor, Suren Road, Chakala Andheri (East), Mumbai 400 093	ing Corporation Limited Exchar	nge
Dear Sir,		
Sub: Change of Clearing Member) to(Member Code_)	affiliation from	(Member Code
Ref: CP Code:		
We wish to terminate the arranged one on MCX with from	the clearing member I	M/s, with effec
M/sover all our open positions fro	another Clearing Memb m M/s	er of MCXCCL will take (outgoing
Clearing Member), for the purpose on our behalf with effect from		
We attach the following document 1. Letter dated of M/s 2. Letter dated of M/s 3. Agreement dated betw	of (Outgoing Clearing Me	mber)
We, therefore, request that all our or	oen positions be transferred from oing Clearing Member) to	
(incoming Clearing Member) after the(date).	e close of market hours of	
We forward this letter to you through Clearing Member).	M/s	(incoming
Yours sincerely		
For(name of th	ne CP code entity)	
Authorised Signatory Cc to: Trading Member(s) through wh	nom the CP shall trade	



Format 11 - No Objection letter from Outgoing Clearing Member

(On the letterhead of the Outgoing Clearing Member)

Date:
Multi Commodity Exchange Clearing Corporation Limited Exchange Square 3rd Floor, Suren Road, Chakala Andheri (East), Mumbai 400 093
Dear Sir,
Sub: NOC for Change of Clearing Member affiliation
Member Code:
SEBI Registration No.: CP Code:
It is agreed between M/s (CP Name), with CP Code
, and ourselves to terminate the agreement datedfor clearing and settlement of the trades done on behalf the said Custodial Participant on MCX with effect fromat close of market hours
We shall clear and settle the trades of the above said CP till (at close of market hours). Accordingly, the obligation in respect of the trades done on behalf of the said CP at MCX will be met by us till the said date or when the CP's open positions are transferred to another Clearing Member, whichever is later.
Yours faithfully For
Authorised signatory Name of the Authorised
Signatory
(Affix rubber stamp of the Member)



Format 12 – Consent letter from the incoming Clearing Member

(On the letterhead of the Incoming Clearing Member)

Date:	
Multi Commodity Exchange Clearing Corpor Square 3rd Floor, Suren Road, Chakala Andheri (East), Mumbai 400 093	ration Limited Exchange
Dear Sir,	
Sub: Consent to act as Clearing Member for (custodial Participant)) with CP Code	M/s
Member Code: SEBI Registration No.:	·
` 1 1 /	in respect of the trades through a single or
multiple trading members of MCX. Details of follows:	of the Custodial Participant are as
Name of the Custodial Participant	
Registered Office / Address	
Name of contact person &	
Telephone No. & Fax No.	
Email id of contact person	
SEBI Registration No. (if available)	
PAN details	
Custodian (In case of SEBI Registered	
W. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
We hereby agree and undertake to act as Cleatrades on behalf of M/s.	
trades on Denair of M/S.	(Custodial Participant).



We have entered into an agreement dated with M/s. (Custodial Participant) for the purpose, as required, and a copy of the same is attached.
You are requested to transfer the open positions, if any, of M/s
Yours faithfully For
Authorised signatory
Name of the Authorised Signatory
(Affix rubber stamp of the Member)



Format 13 Application seeking exemption from mark-to-market settlement for FPO (To be submitted by the Member)

To, Clearing and Settlement Department Multi Commodity Exchange Clearing Corporation Ltd. CTS No. 255, Suren Road, Chakala, Andheri (E), Mumbai – 400 093

Sub: Seeking exemption from mark-to-market settlement for FPO

We wish to seek exemption from Mark to Market settlement in case of the following FPO

Name of the FPO	
Registered under	(name of the respective Statute)
Registration No.	
	(along with expiry date, if applicable)
Status of Registration	Active/ Inactive
Permitted Commodities	
UCC allotted to FPO	

The FPO has sought exemption from Mark to Market settlement pursuant, to the above mentioned circular.

We undertake to abide by the process and procedures laid down by MCXCCL in this matter from time to time.

For (Member Id) (Member Name)

Authorised Signatory



Chapter 5: Delivery Settlement

1. Funds Settlement Timelines for Delivery

MCXCCL shall effect settlement of admitted deals in accordance with the settlement timelines defined or as modified from time to time.

The delivery settlement timelines for funds pay-in and pay-out are defined as under:

Type of	Frequency	Settlement due	Timelines
Settlement	-	on	
Delivery	As defined in delivery	As defined in	In case of T/E+1
(staggered/ at	settlement procedure	delivery	day
expiry)	of the respective	settlement	
1 ,,	commodity	procedure of the	Pay-in - 02:00 pm
	_	respective	Pay-out - 4:00 pm
		commodity	In case of
		(T/E+1,	T/E+2 day
		T/E+2)	•
		,	Pay-in - 12:00 pm
			Pay-out - 2:00 pm
			7

Where $T = Trade\ day$, $E = Expiry\ day$

2. Settlement Prices

2.1.1 During Staggered Delivery Period (at daily settlement/ closing price)

The delivery settlement price for a Delivery Intention shall be the daily settlement/closing price of the concerned contract as specified in the Contract Specification for the Staggered Delivery Period.

The price arrived at as above shall be adjusted by applying freight adjustment factor /Discount/Premium on up country delivery and the discount / premium in respect of quality, quantity etc. in accordance with the adjustments specified in the Contract Specifications.

The location premium/discount shall be determined and disclosed by MCX prior to launch of the contract in various commodities.



2.1.2 At Expiry of Contract (at Due Date Rate/ Final Settlement Price)

All open position at close of market on the expiry date of the relevant contract shall be settled/ marked for delivery at the Due Date Rate/ Final settlement Price determined in terms of the relevant contract specification / alternate framework to determine the Due Date Rate/ Final settlement Price in the event of unavailability of the spot prices .

The price arrived at as above shall be adjusted by applying freight adjustment factor /Discount/Premium on up country delivery and the discount / premium in respect of quality, quantity etc. in accordance with the adjustments specified in the Contract Specifications.

The location premium/discount shall be determined and disclosed by MCX prior to launch of the contract in various commodities.

3. Delivery Settlement procedures and operational timelines

3.1 <u>Settlement on Expiry</u>

3.1.1 Cash Settled Contracts:

Contracts specified as Cash settled shall be settled by way of Funds settlement and no delivery settlement shall take place for such contracts.

3.1.2 Delivery Settlement of contracts:

- a. Each Futures Contract shall be deemed to have entered the tender and/ or delivery period from such date of its expiry month, as specified by MCXCCL in the relevant delivery settlement procedure. The settlement of the futures contract can be performed by delivery of the underlying commodity within this period on designated tender days. Tender and Delivery Period Margin shall be levied to Member as specified by MCXCCL.
- **b.** The tendering of deliveries shall be permitted only on specific tender days during the tender and delivery period. Such tender days will be notified by MCXCCL in advance. MCXCCL will have the right to fix, alter, extend or postpone such tender and delivery period, if it is expedient to do so.
- **c. In Compulsory Delivery Contracts**, Member with an open position, as at the close of business on the contract expiry date, shall be obliged to compulsorily tender delivery for the entire short position or accept delivery for the entire long position, as the case may be.
- **d. In Both Option Contracts**, Members desiring to tender/ receive delivery will have to submit Delivery Intentions on expiry or prior to the pre-defined number of days before the expiry of the contract. Delivery marking will take place only to the extent of matched delivery intentions at the expiry of the contract.



- e. In Contracts having Staggered Delivery in Compulsory Delivery Contracts, Member desiring to tender delivery will have to submit Delivery Intention and delivery marking will take place only to the extent of Delivery Intention of the sellers. Intentions submitted within the defined timelines shall be marked for delivery on the date of receipt of intention. Buyers marked for delivery against the sell intention will have no right of refusal.
- f. In Seller Option Contracts, Member desiring to tender delivery will have to submit Delivery Intention on expiry or prior to the pre-defined number of days before the expiry of the contract and delivery marking would be done at the expiry of the contract to the extent of the seller intention. Intentions submitted within the defined timelines shall be marked for delivery at the expiry of the contract. Buyers marked for delivery against the sell intention will have no right of refusal.
- g. Delivery marking at client level across all contracts at the expiry of contract is summarised as under:

Compulsory Delivery – All open positions Sellers Option – To the extent of seller intention Both Option – To the extent of matching of buyer and seller intentions

All open positions in Both Option/ Sellers Option Contract that is not marked for delivery, shall be settled by way of Funds settlement at the Due Date Rate.

h. Delivery in all commodities shall be settled on a gross basis by following modes:

- i. In case of commodities notified for settlement through ComRIS, pay-in through ComRIS Account whereby the account holder can earmark his existing free commodity balance in the ComRIS Account towards the pay- in obligation. The list of commodities notified for delivery through ComRIS Account and the process of effecting delivery through ComRIS is provided under Annexure 1.
- ii. In case of commodities notified for settlement through the Repository System, pay-in through the Repository Account whereby the account holder can earmark his existing free eNWR balance in the Repository Account towards pay-in obligation. The list of commodities notified for delivery through Repository System and the process of effecting delivery through the Repository Account is provided under Annexure 1.

i. Delivery settlement for Clients having additional arbitrage account

MCXCCL has issued a detailed guidelines for 'Separate Custodian Participant Code for CP arbitrage account' to avail the Cross-margin benefit in Commodity Index Futures and its underlying constituent futures or its variants. Clients / CP may be allowed to maintain two accounts with trading member/clearing member, viz arbitrage account (new UCC / CP Code) and a non-arbitrage account (the existing UCC / CP Code).

MCXCCL has put in place below mentioned methodology for delivery marking in case of clients having open positions in arbitrage and non-arbitrage accounts.



- i. Netting-off the open positions of clients/ CP Codes having open positions in arbitrage and non-arbitrage accounts within the same trading/ clearing member respectively based on unique PAN.
- ii. The netted off open positions shall be considered for delivery marking during staggered delivery period and at expiry of the contract.
- iii. Members shall ensure that the delivery intentions are submitted for the UCC/ CP Code after taking into consideration the impact of netting to avoid any instances of intention default. Detailed examples are provided in Annexure 3.
- iv. In case of commodities where delivery marking at additional delivery centres is subject to matched seller and buyer intentions (Gold, Gold Mini & Silver), netting shall not be performed for the purpose of matching intentions at additional delivery centres. Members and their constituents may refer the illustrations provided in Annexure 3.
- v. Delivery settlement procedure on delivery marking shall remain unchanged.

3.1.3 Fund Settlement

Fund settlement on account of delivery marked will be on a gross basis and shall be executed as specified by MCXCCL in the relevant delivery settlement procedure.

3.1.4 Delivery Framework under Staggered Delivery

All compulsory delivery commodity futures contracts (agriculture commodities as well as non-agriculture commodities) shall have a staggered delivery period beginning few working days prior to expiry of any contract and ending with expiry, during which sellers/buyers having open position may submit an intention to give/take delivery. The minimum duration of staggered delivery period shall be at least five working days or as defined in the contract specification of the respective commodity.

The process of intention submission, delivery marking and allocation during the staggered delivery period is summarised as under:

- **a.** Buyers and sellers can give delivery intention through e-Xchange on each tender day specifying the delivery centre location preference through their Clearing Member.
- **b.** During the staggered period, delivery marking shall be done to the extent of seller intentions received for all the delivery centres.
- **c.** Preference for delivery marking and allocation is given to the buyers who have given intention to take delivery at each delivery centre.
- **d.** If the buyer preference exceeds seller intention for a particular location, buyers would be assigned delivery for the said location on a random basis.
- **e.** If the seller preference exceeds buyer intention for a particular location, buyers who have submitted intentions for the said location would be marked in full and the balance seller intentions would be assigned on random basis to the remaining buy positions. In such cases, buyers will be assigned delivery at the seller location of delivery and buyers would have to lift the delivery from the respective seller's delivery centre location.



- f. If the tender date is T, then commodity—funds pay-in and pay-out shall happen on days as specified in respective contract specifications and delivery settlement procedure of the respective commodity but not later than T+2 working date.
- g. The delivery marking will be done at client level as under:

During tender period (against seller intention) - Intention quantity (to
the extent of client open position)
At contract expiry – All open positions shall be marked for delivery.

3.1.5 Mechanism for submission of delivery intention

MCXCCL will accept delivery intention through web-based electronic application "MCX eXchange" only on tender days as specified in the delivery settlement procedure of the respective commodity. The intentions shall be considered as valid only if the intentions are submitted along with the tender of delivery through ComRIS/Repository account.

The norms for submitting Delivery Intention through "MCX eXchange" are as under:

- **a.** Delivery intention can be submitted during the pre-defined tender days and within specified time as defined in the delivery settlement procedure.
- b. Delivery intentions should be given in multiples of Deliverable Lots only.
- **c.** Delivery intention under staggered delivery shall be valid only for the tender day.
- **d.** Delivery intention should specify the delivery centre opted by the client.
- **e.** Member should submit intention(s) at Client Level during tender days and make arrangements for funds and commodities pay-in at client level towards delivery settlement.
- f. Delivery intention cannot be modified/withdrawn after specified timelines.
- g. Delivery intention would be marked for delivery only to the extent of open position at the close of market on the tender day during staggered delivery and at expiry in case of other contracts.
- h. Failure to hold the open positions against the delivery intentions shall attract penalty on intention default, if any, as defined in the delivery settlement procedure of the respective commodity.

3.1.6 Timings for submission of Delivery Intentions

The timings for submission of delivery intentions to MCXCCL (during specified working days) shall be as defined in the delivery settlement procedure of the respective commodity or as modified from time to time.

MCXCCL shall disclose on its website the delivery intent of the hedgers and non-hedgers on a daily basis in an anonymous manner.



3.1.7 Facility of giving Delivery Intention at Additional Delivery Centers

The facility of giving delivery at Additional Delivery Centres shall be as specified in the delivery settlement procedure of the respective commodity.

3.1.8 Submission of Delivery related documentation

MCXCCL has prescribed the process of submission of delivery related documentation. Failure to adhere to the defined process and timelines would attract non-compliance charges mentioned herein and the same will be deposited in the Settlement Guarantee Fund (SGF) of MCXCCL.

The payment of non-compliance charges, levied by MCXCCL, will in no case act as a substitute for non-fulfilment of statutory compliances by the Clearing Members. The penalties, fines and/or interest or any other charges, levied by any authority shall be payable by the Clearing Members in addition to the said non-compliance charges.

A time schedule of activities is given hereunder for the compliance for all contracts (except for Gold, Gold Mini and Silver contracts) by Clearing Members:

Sr. No.	Activities	No. of working Days from Payout of Commodities	Non- Compliance charges for non-adherence of timelines
1	Seller Member to submit settlement dues amount.	2	-
2	Buyer Member to submit details of registered buyer/client in favour of whom the Invoice needs to be issued.	2	-
3	Seller Member to arrange for Invoice in favour of the Buyer Member/client and to send soft copy of invoice/ delivery related documents(#) / rectified invoice/ delivery related documents(#) (in case of any discrepancy informed by buyer Member) to the Buyer Member under intimation to MCXCCL.	4	Rs.1000/- (plus applicable taxes) per day per invoice/ delivery related documents, beyond permitted timelines



4	Buyer Member to confirm soft copy of invoice/ delivery related documents(#)/ rectified invoice/ delivery related documents(#) to Seller Member under intimation to MCXCCL.	5	-
5	Seller Member to make arrangements for receipt by the Buyer Member of the Original invoice/ delivery related documents(#) as per soft copies confirmed by the Buyer Member (including intimation of details of proof of dispatch to Buyer Member) under intimation to MCXCCL.	9*	Rs.1000/- (plus applicable taxes) per day per invoice/ delivery related documents, beyond permitted timelines
6	Confirmation of receipt of Original invoice/ delivery related documents(#) by Buyer Member to Seller Member under intimation to MCXCCL.	10	
7	Submission of Invoice Details by Seller Member to MCXCCL.	10 *	-

[#] For Commodities requiring additional delivery related documents (in addition to Invoice), the timelines for serial nos. 3 -to -7 shall be extended further by 3 working days.



The time schedule of activities is given hereunder for the compliance for Gold, Gold Mini and Silver by Clearing Members:

Sr. No.	Activities	No. of working Days from Settlement of Commodities	charges for non-
1	Seller Member to submit settlement dues amount.	On the date of Payout (till mid night)	-
2	Buyer Member to submit details of registered buyer/client in favour of whom the Invoice needs to be issued.	On the date of Payout (till mid night)	-
3	Seller Member to arrange for Invoice in favour of the Buyer member/client and to send soft copy of invoice/ delivery related documents(#) / rectified invoice/ delivery related documents(#) (in case of any discrepancy informed by buyer member) to the Buyer member under intimation to the MCXCCL.	1	Rs.1000/- (plus applicable taxes) per day per invoice/ delivery related documents, beyond permitted timelines
4	Buyer Member to confirm soft copy of invoice/ delivery related documents(#)/ rectified invoice/ delivery related documents(#) to Seller Member under intimation to MCXCCL.	1	-
5	Seller Member to make arrangements for receipt by the Buyer Member of the Original invoice/ delivery related documents(#) as per soft copies confirmed by the Buyer Member (including intimation of details of proof of dispatch to Buyer Member) under intimation to MCXCCL.	9	Rs.1000/- (plus applicable taxes) per day per invoice/ delivery related documents, beyond permitted timelines
6	Confirmation of receipt of Original invoice/delivery related documents(#) by Buyer Member to Seller Member under intimation to MCXCCL.	10	-
7	Submission of Invoice Details by Seller Member to MCXCCL.		

Note: MCXCCL to submit details received from Buyer to Seller on SFTP on best effort basis by Settlement + 1st working date (by 2:00 p.m.)



- a. Taxes, Duties, Cess and other Levies shall be as specified by MCX/MCXCCL in the relevant contract launch circular. The Member giving delivery and the Member taking delivery will exchange appropriate tax forms as provided in Tax Laws and neither of the parties will unreasonably refuse to do so.
- b. All the Sellers giving delivery of goods and all the buyers taking delivery of goods shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any. The Clearing Members should ensure that the seller who raised the invoice on the buyer with GST registration number, HSN Code and other particulars, as required under GST, shall file all the statutory GST Returns within the stipulated date so that the buyer with GST registration gets the benefit of input tax credit.
- c. The Seller/ Buyer Clearing Members would be wholly responsible for all statutory compliances applicable to their transactions. It shall be the responsibility of the respective Clearing Members to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments and MCX/MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.
- d. After the Commodity Payout, MCXCCL shall keep invoice related information in the respective Clearing Members SFTP for download. Buyer and Seller Clearing Members are required to submit the invoice details in the said files to MCXCCL for communication to counter party.
- e. The Buyer Member is required to inform discrepancy/non receipt of invoice/ delivery related documents etc. or other required information to MCXCCL within the above prescribed period. In the event of non-receipt of any such reference of discrepancies/ non receipt of invoice/ delivery related documents etc. in respect of the invoice and applicable delivery related documents within the above prescribed period, Seller Member/ Buyer Member and their clients shall be deemed to have exchanged all requisite documents and information and MCXCCL shall not entertain any communication in this regard after the above prescribed period.
- f. The Seller/Buyer Members are requested to correspond delivery invoicing related matters under intimation to MCXCCL on email id deliveryinvoices@mcxccl.com. It is further advised to preferably standardize the subject of the mail by specifying settlement no. and commodity. For e.g. 11012022001_GoldM



4. Consequences on failure to honour delivery settlement obligation/timelines

4.1 Delivery Settlement default

4.1.1Compulsory Delivery Contracts

Penalty on seller in case of delivery default (default in delivery against open position at expiry in case of compulsory delivery contracts and default in delivery after giving intention for delivery during the staggered delivery period) shall be as follows:

- a. Futures contracts on agri-commodities: 4% of Settlement Price plus replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity payout date, if the average price so determined is higher than Settlement Price, else this component will be zero.)
- b. Futures contracts on non-agri commodities: 3% of Settlement Price plus replacement cost (difference between settlement price and higher of the last spot prices on the commodity pay-out date and the following day, if the spot price so arrived is higher than Settlement Price, else this component will be zero.)

MCXCCL shall have the flexibility to increase/decrease penalty for specific commodities depending on situation, in consultation with SEBI.

Norms for apportionment of penalty in agri:

- **a.** At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund of MCXCCL
- b. Up to 0.25% of Settlement Price may be retained by MCXCCL towards administration expenses.
- **C.** 2% of Settlement Price plus replacement cost shall go to buyer who was entitled to receive delivery

Norms for apportionment of penalty in non- agri:

- a. At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund of MCXCCL
- b. Up to 0.25% of Settlement Price may be retained by MCXCCL towards administration expenses
- **c.** 1% of Settlement Price plus replacement cost shall go to buyer who was entitled to receive delivery

Buyer default shall not be permitted. However, in case of a clearing member fails to make pay in of funds in the delivery settlement following penalties shall be levied.



The Clearing Corporation shall review the loss incurred by the non- defaulting Party, i.e. Seller, at its sole discretion, and accordingly, levy penalty on the defaulting buyer. However, such penalty shall be within the overall cap of delivery margins collected by the CCs, from such defaulting buyer.

Intentional/wilful delivery default:

MCXCCL shall have following deterrent mechanism (including penal/disciplinary action) in place against intentional/wilful delivery default.

- **a.** In the event of the seller end client holding stock but failing to deliver against the commodity pay-in obligation :
 - i. Additional penalty of 3% of settlement price will be levied on the wilful default
- b. In the event of the defaulting seller end client selling the stock in off-market during tender period inspite of having a sell open position and failed to square off the sell position by expiry:
 - i. Warning letter on 1st instance during the previous six months
 - ii. Additional penalty of 3% of settlement price will be levied on such wilful default from 2nd instance during the previous six months

Repeated default on delivery obligations:

- a. In case of repeated default by a seller or buyer across all commodity contracts at end client level (identified based on PAN no.) for an event, wherein a default on delivery obligations takes place 3 times or more during a six months period on a rolling basis,
- **b.** An additional penalty of 3% of the value of delivery default shall be imposed on each of the repeated delivery default on delivery obligation.
- **c.** in case of multiple delivery obligations default on the same day, each settlement day shall be considered as an event for repeated default.

Norms for Apportioning of the penalty: The penalty shall be transferred to Settlement Guarantee Fund (SGF) of the Clearing Corporation.

4.1.2 Both Option Contracts

After getting matching intentions from the buyer and seller to take and give delivery, if any of the party fails to honour its obligations, a penalty of 2.5% of the DDR will be imposed on him. Additionally, a replacement cost of 4% of DDR will be recovered from the defaulting buyer / seller.



Norms for Apportioning of the penalty:

- a. 2% (i.e. 80% of penalty amount) will be credited to SGF of MCXCCL
- b. 0.5% (i.e. 20% of penalty amount) will be credited to the counter party

While out of the replacement cost recovered 90% will be passed on to the counter party and 10% will be retained by MCXCCL towards administrative expenses.

4.1.3 Seller's Option Contract

If the Seller fails to deliver after giving delivery intention, the penalty and replacement cost provisions, as applicable to seller default in Compulsory Delivery contract shall apply to such defaulting seller. Buyer default shall not be permitted.

4.1.4 Treatment of odd lot position at expiry of contract

Odd Lot treatment, if any, shall be as specified in delivery settlement procedure of the respective commodity.

4.1.5 Computation of Replacement Cost in absence of spot prices:

In the event of spot prices not being available on any day during the post settlement period for computation of replacement cost on account of delivery default in the expiring contract, then close price of the next available futures contract of that commodity shall be used for computation of replacement cost in the event of delivery default.

Explanation: In case of computation of replacement cost against delivery marking in the May expiry contract, close price of the relevant day of June expiry (next available) shall be used.

5. Early Pay-in

MCXCCL shall facilitate early pay-in of commodities whereby market participants with free electronic commodity balances in their ComRIS Account/ Repository Account can earmark the free balances towards early pay-in of commodities against their existing/ planned short open position to avail the benefits of margin exemption.

For such short positions against which early pay-in has been made, MCXCCL shall exempt imposition of all types of margins. However, MCXCCL shall continue to collect mark to market margins (Profit / Losses) from such market participants against such short positions.

In case of compulsory delivery and seller's option contracts, delivery to the extent of open position at the expiry of the contract shall be mandatory after claiming early pay-in



facility on the short position. Failure on the Member's part would attract extremely strict penalties including disciplinary actions.

Clearing Members are requested to refer the FAQ on Early Pay-in updated under the Clearing & Settlement section of MCXCCL website.

6. Latest Delivery & Settlement Procedures for All Delivery based Futures Contracts

Sr. No.	Futures Contracts	Latest Referential Circular No.	
1	Aluminium	MCXCCL/C&S/329/2021 dated December 23, 2021	
2	Aluminium Mini	MCXCCL/C&S/046/2023 dated February 16, 2023	
3	Copper	MCXCCL/C&S/329/2021 dated December 23, 2021	
4	Cotton Candy	MCXCCL/C&S/070/2023 dated March 22, 2023	
5	Crude Palm Oil	MCXCCL/C&S/239/2021 dated September 13, 2021	
6	Gold	MCXCCL/C&S/239/2021 dated September 13, 2021	
7	Gold Guinea	MCXCCL/C&S/239/2021 dated September 13, 2021	
8	Gold Mini	MCXCCL/C&S/239/2021 dated September 13, 2021	
9	Gold Petal	MCXCCL/C&S/239/2021 dated September 13, 2021	
10	Kapas	MCXCCL/C&S/239/2021 dated September 13, 2021	
11	Lead	MCXCCL/C&S/329/2021 dated December 23, 2021	
12	Lead Mini	MCXCCL/C&S/046/2023 dated February 16, 2023	
13	Mentha Oil	MCXCCL/C&S/042/2023 dated February 16, 2023	
14	Nickel	MCXCCL/C&S/329/2021 dated December 23, 2021	
15	Rubber	MCXCCL/C&S/239/2021 dated September 13, 2021	
16	Silver	MCXCCL/C&S/239/2021 dated September 13, 2021	
17	Silver Mini	MCXCCL/C&S/239/2021 dated September 13, 2021	
18	Silver Micro	MCXCCL/C&S/239/2021 dated September 13, 2021	
19	Zinc	MCXCCL/C&S/002/2023 dated January 02, 2023	
20	Zinc Mini	MCXCCL/C&S/046/2023 dated February 16, 2023	



7. Annexures

Annexure 1 - Delivery Settlement through ComRIS & Repository Account

A. Delivery Settlement through ComRIS Account

Delivery Obligations in contracts of non- agricultural commodities shall be settled through the ComRIS.

"ComRIS" (Commodity Receipts Information System), a web based application, is an Electronic Delivery Clearing System designed to maintain electronic record of commodities deposited at MCXCCL accredited warehouses / Vaults and ensure flow of real time information from the warehouse / Vault. ComRIS can be accessed through the link https://comris.mcxindia.com. Members of MCXCCL and Members/ Clients of MCX and other market intermediaries of the commodity deposit ecosystem can avail the services of ComRIS application.

- 1. To facilitate onboarding of the clients on ComRIS, Members of MCXCCL & MCX would have to register themselves as "ComRIS Participants" under the ComRIS application. List of Members of MCXCCL & MCX registered as ComRIS Participants is available on the website. Any Member of MCXCCL/ MCX intending to register as ComRIS Participants is required to submit their request in the format attached as <u>Format 1</u>
- 2. MCXCCL has implemented mandatory undertaking to be provided by ComRIS Participant in the prescribed format (Format 2) to MCXCCL. The mandate is applicable for existing as well as aspirant ComRIS Participants. All the existing ComRIS participants are requested to complete the undertaking by August 31, 2021.
- **3.** On successful registration, ComRIS Participants would be permitted to open ComRIS Accounts for Clients registered with them. ComRIS Participants can also open ComRIS Accounts for clients of other Members of MCXCCL/ MCX.
- 4. In order to facilitate the deposit and delivery of the defined commodities in the accredited warehouses and delivery of the same on MCXCCL, Members and their clients are mandatorily required to open the ComRIS Accounts.
- 5. All deposits in the accredited warehouses for the commodities notified for settlement through ComRIS would be accounted in ComRIS Accounts of the depositing clients.
- **6.** Types of ComRIS Accounts and rules governing the same as under

a. Opening of ComRIS Account

Members of MCXCCL, MCX and their clients are required to open ComRIS Account for depositing the defined commodities into the accredited warehouses and effecting delivery on MCXCCL through ComRIS. It is mandatory for all members and their clients who intend to participate in delivery settlement to open ComRIS Account since the buyer of



the commodity will have to accept delivery on ComRIS, if the delivery is tendered by the seller through ComRIS Account.

b. Type of ComRIS Accounts

The type of ComRIS Accounts permitted to be opened by the ComRIS Participants for MCXCCL/ MCX Members and their clients are as under:

1. ComRIS Beneficiary Account

- **i.For Client:** This account can be opened by ComRIS Participants for the clients of the Members who are required to hold their commodity deposits in the accredited warehouses in ComRIS.
- ii. For Member Proprietary Account: A Member trading in the proprietary account should open a separate ComRIS Beneficiary Account for depositing and holding the commodity on proprietary account in ComRIS.
- iii.For Client Margin: A Member accepting commodities as collaterals from clients towards their margin requirements should maintain a separate ComRIS Beneficiary Account for accepting such collaterals to ensure the segregation of client holdings from the proprietary accounts.

2. ComRIS Clearing / Trading Member Account

This account can also be used by the Clearing Members of MCXCCL/ Trading Members of MCX for

- I.Receiving commodity payout from MCXCCL on account of Trading Members/ clients who have not settled their pay-in obligations with the Clearing/ Trading Member.
- II.Receiving commodity payout on account of Trading Members/ clients who have not opened their ComRIS Account with the ComRIS Participant. ComRIS Participants must ensure that this category of account is opened in case of Clearing Members of MCXCCL/ Trading Members of MCX only. Clearing Members of MCXCCL/ Trading Members of MCX should maintain a complete record of the beneficial ownership of all the holdings in the ComRIS Clearing / Trading Member Account and ensure that the holdings under these accounts are transferred to the respective Trading Members/clients within 1 working day on the necessary compliance by the respective Trading Members/ clients.

3. ComRIS Clearing Corporation Account

Clearing Members of MCXCCL can open this account for the purpose of pledging their holding in the ComRIS Account with MCXCCL as collaterals against their margin obligations. Clearing Members would have to transfer their holdings in the proprietary account to this purpose for pledging.

ComRIS Participants must ensure that this category of account is opened in case of MCXCCL Clearing Members only.



c. Process of opening ComRIS Account

Members and their clients who wish to open the ComRIS Account should approach with a request to the ComRIS Participants of their choice. The request should clearly specify the type of ComRIS Account required by the applicant.

ComRIS Participants should ensure compliance to the conditions applicable to various types of accounts as stated in point "Type of ComRIS Accounts" above before opening the ComRIS Account of the applicant. KYC norms to be followed by the ComRIS Participants at the time of opening a ComRIS Account are as under:

MCXCCL has also specified KYC and Nomination forms for opening and maintaining of Beneficiary account (Client and Pro account) with ComRIS for existing as well as new account holders. KYC formats for Individual applicant and Non Individual applicant is appended herewith as <u>Format 4</u> and <u>Format 5</u> respectively.

- 1. For new as well as existing Beneficiary account holders, in case the applicant is registered as a client with the ComRIS Participant in its capacity as a Member of MCX, fresh KYC would be required as specified above. For the existing Beneficiary account holders, the KYC done at the time of registering the applicant as a Client of the Member would not be considered as sufficient compliance w.e.f. August 31, 2021.
- 2. For new as well as existing Beneficiary account holders, in case the applicant is not registered as a client with the ComRIS Participant in its capacity as a Member of MCX, fresh KYC would be required as specified above. In such cases, the application should mention the UCC details of the Trading Member of MCX where it is registered as a client for the purpose of mapping the ComRIS Account. For the existing Beneciary account holders, the KYC done at the time of registering the applicant as a Beneficiary account holders would not be considered as sufficient compliance w.e.f. August 31, 2021
- 3. In case the applicant is a Member of MCXCCL/ MCX, ComRIS Participant should obtain the relevant membership details like Member ID and membership category for necessary updation in ComRIS Account.
- **4.** ComRIS Participant should execute the ComRIS Participant- ComRIS Account agreement (Format 3) with the applicant.
- **5.** ComRIS Participant should map the ComRIS Account of the applicant to the Clearing/ Trading Member where it is registered as a client with the relevant UCC code provided by Clearing/ Trading Member.
- **6.** Multiple UCC mapping is permitted in the ComRIS Account to address the client requirements who trade through multiple Members.
- 7. On successful creation of the ComRIS Account, ComRIS Account holder will receive an email confirmation giving the details of the ComRIS Account with the default login credentials.



7. Early pay-in through ComRIS

Early pay-in allows the Members and their clients to seek exemption from all margins (except MTM obligation) that would otherwise be levied by MCXCCL. Members and clients with the commodity balances in their ComRIS Account can execute early pay-in of commodities against their existing/ planned short open position to avail the benefits of margin exemption.

Currently Clients can make their early pay-in / pay-in by logging in ComRIS application with their access rights or ComRIS Participants can execute pay-in on behalf of their clients in ComRIS application. It is reiterated that ComRIS Participant shall affect Early Pay-in / Delivery Pay-in from the Client Beneficiary accounts of the Clients only on the receipt of a delivery instruction slip duly authorized by the client. Delivery Instruction slip format is enclosed herewith as Format 7.

The instruction slip shall be accepted by the ComRIS Participants in physical form / electronic form (scan copy) duly received through registered email id of the Beneficiary Account Holder. The ComRIS Participant shall maintain the delivery instruction slip and the audit trail of such authorizations.

8. Delivery settlement through ComRIS

Members and their clients can earmark their ComRIS Account balances as "payed- in" to comply with the pay-in obligation of the respective contract expiry. The entire process of effecting delivery settlement through ComRIS is defined as under:

- a. MCXCCL shall provide ComRIS access to all the Members (including Trading Members of MCX) to monitor the delivery settlement activities of the Clients and Members mapped under them for clearing.
- b. While opening ComRIS Account, the applicant shall submit the details of the Members where it is registered as a client for the purpose of trading to the ComRIS Participant. The ComRIS Participant shall map the account to MCX Trading Member along with the UCC code allocated by MCX Trading Member to the applicant to enable the applicant to participate in ComRIS delivery settlement. Without this mapping, the ComRIS Account holder will not be able to participate in the ComRIS delivery settlement in spite of having sufficient ComRIS balances to honour his commodities pay-in obligation. The client shall be permitted to map the account to multiple Trading Members of MCX.
- c. MCXCCL shall issue a settlement calendar for effecting the commodity delivery settlement through ComRIS. All the entities participating in ComRIS delivery settlement should select the correct settlement number while submitting the requests under ComRIS within the defined timelines.
- d. To honour his commodity delivery pay-in obligation, the ComRIS Account holder shall select the respective electronic credits in his account and earmark the same as "payed-in" against the respective settlement number he intends to deliver. On earmarking, the electronic records would move in a 'deemed freeze' state and the ComRIS Account holder would not be able to further transact for the selected records. The right to release the



'deemed freeze' state in full/ part would vest with MCXCCL.

- e. Once the electronic record(s) is/are earmarked for pay-in, the Clearing Members/ Trading Members of MCX can view the report for the "payed-in" records for their respective Trading Members of MCX and clients.
- f. All "payed-in" request submitted by the ComRIS Account holders up to predefined time for a particular settlement number shall be considered by MCXCCL as a valid discharge of the commodity pay-in obligation by the respective Members.
- g. After delivery marking, MCXCCL shall provide a delivery marking details file to Buyer Clearing Members. Clearing Member can either request for a direct pay-out to clients ComRIS/ Repository Account or may designate a Clearing/ Trading Member Account and seek pay-out in that account. Clearing Members shall be required to upload the payout distribution file with the relevant information for all the buyers marked for delivery. The file can be uploaded at settlement number/ product level within the timelines defined in the settlement calendar circulars. In case of non-receipt of any specific instruction from the Clearing Member, the payout would be credited to the Clearing Member Account.

Based on the pay-out distribution submitted by the Clearing Member, MCXCCL shall process debit/ credit instructions to effect pay-out on the specified payout date. The pay-out instructions would be in the form of

- Debit the ComRIS/Repository Account of the seller
- Credit to the ComRIS/Repository Account of the buyer/ Clearing Member

In case of excess pay-in, MCXCCL would release the excess pay-in against the given settlement number and the ComRIS/ Repository Account holder would then be able to freely transact against the same.

The detailed procedure for download/ upload of the pay-out distribution file is attached as **Annexure 2** to this circular.

- h. It is mandatory for all members and their clients who intend to participate in delivery settlement to open ComRIS Account for effecting deliveries in Bullions and Metals. It is clarified that:
 - 1. All the clients/members doing off market transaction (buy/sell) effecting the transfer of title to another party and recording it in the ComRIS application are required to comply with the GST regulation.
 - 2. In respect of all off market transactions where the transfer of title is recorded in the ComRIS application by the Members/clients of MCX/MCXCCL, it shall be the responsibility of the respective members/clients to pay all applicable statutory fee, stamp duty, taxes and levies directly to the concerned Central/State/Local Government Departments and the MCX / MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.



3. The MCXCCL is not responsible and shall not be held liable or accountable for value of the goods/stock of the commodities pertaining to the off market transaction stored/lying in MCXCCL designated warehouse/s, vault/s; and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the validity/final expiry date and continue to remain in the MCXCCL accredited warehouses/vaults

B. Delivery Settlement through Repository Account

2. Type of Repository Accounts for settlement of delivery obligations

Delivery obligations in agricultural commodities shall be settled through the Repository Accounts.

Members and their clients who wish to open the Repository Account for settlement of delivery obligations should approach CCRL Repository Participants of their choice and make an application in the prescribed form. The request should clearly specify the type of Repository Account required by the applicant. Members and their clients shall ensure compliance of documentation prescribed by CCRL for opening of various types of Repository Accounts for settlement of delivery obligations.

For settlement of delivery obligations, Repository system permits opening of following Repository Accounts by the Repository Participants for the Members and their clients:

a. Beneficiary Account

This Repository Account can be opened by Repository Participants for the clients who intend to hold their commodity deposits in the accredited warehouses in the form of eNWR and for settlement of delivery obligations.

A Member trading in the proprietary account should open a separate Repository Account for depositing and holding the commodity on proprietary account. While opening Repository Account, the applicant shall submit the details of the Members, where it is registered as a client for the purpose of trading, to the Repository Participant. The Repository Participant shall map the Repository Account to Exchange Trading Member along with the Unique Client Code (UCC) allocated by the Exchange Trading Member to the applicant, to enable the applicant to participate in delivery settlement. Without this mapping, the Repository Account holder will not be able to participate in the delivery settlement in spite of having sufficient eNWR balances to honour commodities pay-in obligation. Multiple UCC mapping is permitted in the Repository Account to address the requirement of clients who trade through multiple Members.



b. Clearing / Trading Member Account

This Repository Account can be used by the Clearing Member / Trading Members MCX for

- i. Receiving commodity payout from MCXCCL on account of Trading Members/ clients who have not settled their pay-in obligations with the Clearing/ Trading Member.
- ii. Receiving commodity payout on account of Trading Members/ clients who have not opened their Repository Account.

This category of account is opened in case of Members only.

Clearing/ Trading Members should maintain a complete record of the beneficial ownership of all the holdings in the Clearing / Trading Member Account and ensure that the holdings under these accounts are transferred to the respective Trading Members/ clients within 1 working day of the necessary compliance by the respective Trading Members/ clients.

In above cases, relevant membership details like Member ID and membership category shall be mentioned for necessary updation in Repository Account.

2. Early Pay-in of Commodities

Early pay-in allows the Members and their clients to seek exemption from all margins (except MTM obligation) that would otherwise be levied by MCXCCL.

Members and clients with the eNWR commodity balances in their Repository Account can execute early pay-in of commodities against their existing/ planned short open position to avail the benefits of margin exemption.

3. Delivery Pay-in of Commodities

The process of effecting delivery settlement through Repository Account is defined as under:

- a. MCXCCL shall issue a settlement calendar for effecting the commodity delivery settlement. All the entities participating in delivery settlement should select the correct settlement number and the mapped UCC while submitting the requests within the defined timelines.
- b. To honor commodity delivery pay-in obligation, the Repository Account holder shall select the respective free eNWR in his Repository Account and earmark the same towards pay-in against the respective settlement number intended to deliver. On earmarking, the Repository Account holder would not be able to further transact for the selected eNWR. The right to release such eNWR's in full/ part would vest with MCXCCL on pay-in.



- c. All "pay-in" requests submitted by the Repository Account holders up to predefined time for a particular settlement number shall be considered by MCXCCL as a valid discharge of the commodity pay-in obligation by the respective Clients and their Members.
- After delivery marking, MCXCCL shall provide a delivery marking details file to Buyer Clearing Members. Clearing Member can either request for a direct pay-out to clients ComRIS/ Repository Account or may designate a Clearing/ Trading Member Account and seek pay-out in that account. Clearing Members shall be required to upload the payout distribution file with the relevant information for all the buyers marked for delivery. The file can be uploaded at settlement number/ product level within the timelines defined in the settlement calendar circulars. In case of non-receipt of any specific instruction from the Clearing Member, the payout would be credited to the Clearing Member Account.

Based on the pay-out distribution submitted by the Clearing Member, MCXCCL shall process debit/ credit instructions to effect pay-out on the specified payout date. The pay-out instructions would be in the form of

- Debit the ComRIS/Repository Account of the seller
- Credit to the ComRIS/Repository Account of the buyer/ Clearing Member

In case of excess pay-in, MCXCCL would release the excess pay-in against the given settlement number and the ComRIS/ Repository Account holder would then be able to freely transact against the same.

The detailed procedure for download/ upload of the pay-out distribution file is attached as **Annexure 2** to this circular.



Annexure 2 - Procedure for Download/Upload of payout distribution File through SFTP

After delivery marking, MCXCCL shall provide a delivery marking details file to Buyer Clearing Members in the name and style as "MCX_DeliveryMarkingDetails_CM ID_<YYYYMMDD>.csv".

a. Clearing Members can download the delivery marking details file as under:

Download SFTP Path: <CM code>\DD-MM-YYYY\ Download File Name: MCX_DeliveryMarkingDetails_CM ID <YYYYMMDD>.csv

Where <YYYYMMDD> - Delivery Marking Date

b. Clearing Members shall upload a payout distribution file in the name and style as "MCX_DematDetails_CM_ID_<YYYYMMDD>.Mnn" with the details of the ComRIS/Repository Account of the buyers marked for delivery for each settlement in folder "<CM_Code>\DematDetails\DNLD" folder within the defined timelines.

Upload SFTP Path: <CM Code>\DematDetails\DNLD
Upload File Name: MCX_DematDetails_CM ID>_<YYYYMMDD>.Mnn

Where <YYYYMMDD> - Delivery Marking Date
'M' indicates that the file is sent by the clearing member
nn - Batch number (is a running sequence) — valid values 01 to99

1. Response file from MCXCCL for the pay-out distribution file submitted by the Clearing Member

MCXCCL shall provide a response file for the payout distribution file uploaded by the Clearing Members as under:

a. Clearing Members shall receive an auto response file for each uploaded file as under:

SFTP Path: <CM Code>\ DematDetails \UPLD\
File Name: MCX_DematDetails_CM ID_<YYYYMMDD>.Enn
(Enn: E' for MCXCCL file & nn for batch number of clearing member file)

b. For successful file import, Clearing Member will receive a blank file as under:

SFTP Path: <CM Code>\ DematDetails \UPLD\
File Name: MCX_DematDetails_CM ID_<YYYYMMDD>S.Enn



2. General instructions for downloading and uploading of pay-out distribution file

- a. MCXCCL shall provide a delivery marking details file to Buyer Clearing Members in the name and style as "MCX_DeliveryMarkingDetails_CM ID_<YYYYMMDD>.csv" under the respective date folder on SFTP.
- b. The Clearing Member can download the delivery marking details file and fill the fields under Sr. No. 11 and 12 with correct EDP ID & Beneficiary ID of CM-TM-End Client where commodity pay-out is to be received and save as
- c. "MCX_DematDetails_CM ID_<YYYYMMDD>.Mnn". This file has to be uploaded under "<CM Code>\ DematDetails\DNLD" folder on SFTP.
- d. Clearing Members should adhere to file naming conventions strictly for uploading file to MCXCCL.
- e. Any modification of fields under Sr. No. 1 to 10 would result in the record being rejected.
- f. The first file has to be imported for all the records of a marking date or Product & Settlement Number combination. If details are not available for any records the file can be imported with fields under Sr. No. 11 and 12 as blank for those records. The subsequent file can be imported with full records of complete details or for records which were blank/ rejected in earlier file.
- g. Clearing Members are required to provide batch number in every file which is a running sequence with the valid values from 01 to 99. This would enable Clearing Members to upload multiple files with incremental batch numbers within the defined timelines.
- h. Clearing Members shall have the option to upload multiple files. In the event of multiple file uploads, MCXCCL shall consider only the latest request placed for the given CM-TM-End client-product combination. MCXCCL would import the file on real-time basis from "<CM Code>\ DematDetails\DNLD" folder and response file would be exported in "<CM Code>\ DematDetails\UPLD" folder. Batch number would be incremental for respective clearing member.
 - MCXCCL would perform file level validations on importing the file and send the error code in response file in case of rejection at file level. MCXCCL would also perform record level validations on importing the file and send response file containing all the columns provided in the imported file along with a new column as "Error Code" which would display the relevant error code in case of rejection at record level.
- i. If file is successfully imported then blank response file with naming convention "MCX_DematDetails_CM ID_<YYYYMMDD>S.Enn" would be exported.
- j. If records/ file is rejected then response file with naming convention "MCX_DematDetails_CM ID_<YYYYMMDD>.Enn" would be exported with error codes.
- k. Error codes have been defined along with the file formats for the rejection of the file uploaded by the Clearing Member at individual record / File level. Clearing Member may refer MCX Circular no. MCX/TECH/728/2019 dated October 01, 2020 for the file formats (Version 17.4.9) relevant to delivery marking details file, payout distribution file and error codes under formats 5.65, 5.66 & 5.67 of the said circular. Instructions for upload of file and error codes in case of erroneous upload form part of the formats. The list of error codes are as follows:-.



List of file level error codes:

Error Code	Description
01	Incorrect file naming convention.
02	File with the same batch no. already imported
03	File with greater batch no. already imported.
04	Blank file cannot be imported.
05	Invalid date in file name.
06	Invalid CM/TM in the file name.

List of record level error codes:

Error Code	Description
01	Incorrect Settlement Number
02	Incorrect TM/CP-End Client Code
03	Incorrect Product or U/L Asset Code
04	Incorrect marked qty.
05	Incorrect Repository Name – EDP ID – Beneficiary ID
	combination
06	Incorrect Settlement Date
07	Incorrect Delivery Marking Date
08	Incorrect Data Type and/or length of column
09	Delivery Marking Date in record does not match with file date
10	Payout Record exported for Settlement No. – Product-
	Delivery Marking date-CM-TM-End Client
11	Incorrect Repository Name – Product combination / Incorrect
	Repository Name sequence
12	Incorrect Repository Name 1 – EDP ID – Beneficiary ID
	combination
13	Incorrect Repository Name 2 – EDP ID – Beneficiary ID combination
14	Incorrect Repository Name 3 – EDP ID – Beneficiary ID combination



Annexure 3 Illustrations for Delivery settlement for Clients having additional arbitrage account

❖ Illustration 1 - Delivery Marking on expiry of the contract:

Trading	End	Client Name / CP	PAN No.	B/	Open	Net Position	Position
Member	Client	Name		S	Position	at PAN level	considered
/ Clearing	Code /						for marking
Member	CP						
	Code						
AB111	ABC1	ABC Ltd	PANXX1	S	-9	-2.	-2
AB111	ABC2	ABC Ltd Arbitrage	PANXX1	В	7	-2	-2

Note: -ve positions indicate short positions and +ve positions indicate long positions.

PAN Level Net Position would be considered for delivery marking on expiry of the contract. In the above illustration, delivery would be marked for 2 lots of sell positions under client code ABC1. Remaining 7 lots of Buy positions under client code ABC2 and 7 lots of Sell positions under client code ABC1 would be cash settled.

❖ Illustration 2 - Delivery marking during the staggered delivery period for Compulsory Staggered delivery contracts (excluding additional delivery centre based marking as defined in clause (iv.) above).

Applicable for: Base Delivery Centre and Additional Delivery Centre

Example 1:

Lampie I.								
Trading	End Client	Client Name / CP Name	PAN No.	В/	Open	Net	Intention	Position
Member /	Code / CP			S	Position	Position at		considered
Clearing	Code					PAN level		for marking
Member								
AB111	ABC1	ABC Ltd	PANXX	S	-9	2	-2	-2
			1			-2		



AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7		
			1				

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for sell delivery intention received under the same client code. Hence, in the above example, delivery would be marked under Client Code ABC1 for 2 lots against its sell intention of 2 lots received under same client code. It is presumed that appropriate Early Pay In is received from seller.

Example 2:

Trading	End Client	Client Name / CP Name	PAN No.	В/	Open	Net	Intention	Position
Member	Code / CP			S	Position	Position at		considered
/Clearing	Code					PAN level		for marking
Member								_
AB111	ABC1	ABC Ltd	PANXX	S	-9		-4	-2
			1			-2		
AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7	-2		
			1					

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for sell delivery intention received under the same client code. Hence, in the above example, delivery would be marked under Client Code ABC1 for 2 lots against its sell intention of 4 lots received under same client code. Remaining sell intention of 2 lots would remain unmarked. It is presumed that appropriate Early Pay In is received from seller.

Example 3:

Trading	End Client	Client Name / CP Name	PAN No.	B/	Open	Net	Intention	Position
Member /	Code / CP			S	Position	Position at		considered
Clearing	Code					PAN level		for marking
Member								
AB111	ABC1	ABC Ltd	PANXX	S	-9	-2		



			1				
AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7	-2	0
			1				

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for sell delivery intention received under the same client code. Hence, in the above example, delivery would not be marked for sell intention given under Client Code ABC2 as end client code ABC2 has buy open positions at day end. In the example, MCXCCL would not consider the PAN Level Net Position for sell delivery intention which is received **under the different client code**.



Illustration 3 - Delivery marking during the staggered delivery period for Compulsory Staggered delivery contracts for Gold, Gold Mini and Silver contracts

Applicable for: Additional Delivery Centre

Example 1:

Trading Member /	End Client Code / CP	Client Name / CP Name	PAN No.	B/	Open Position	Net Position at	Intention	Matched Quantity	Movement Order Qty.	Position considered
Clearing	Code	rvanic		3	1 Oshion	PAN level		Quartity	Order Qty.	for marking
Member										
AB111	ABC1	ABC Ltd	PANXX1	S	-9	2	-2	-2	-2	-2
AB111	ABC2	ABC Ltd Arbitrage	PANXX1	В	7	-2				

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider client level open positons for delivery intention received for additional delivery centre for Gold, Gold Mini and Silver contacts. Hence, in the above example, delivery would be marked for Client Code ABC1 for 2 lots against its sell intention of 2 lots received under same client code. It is presumed that client had given movement order confirmation to the extent of matched intentions.



Example 2:.

Trading	End Client	Client Name / CP	PAN No.	В/	Open	Net	Intention	Matched	Movement	Position
Member /	Code / CP	Name		S	Position	Position at		Quantity	Order Qty.	considered
Clearing	Code					PAN level		-		for marking
Member										_
AB111	ABC1	ABC Ltd	PANXX1	S	-9	2	-9	-9	-9	-9
AB111	ABC2	ABC Ltd Arbitrage	PANXX1	В	7	-2				

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider client level open positons for delivery intention received for additional delivery centre for Gold, Gold Mini and Silver contacts. Hence, in the above example, delivery would be marked for Client Code ABC1 for 9 lots against its sell intention of 9 lots received under same client code. It is presumed that client had given movement order confirmation to the extent of matched intentions.

Example 3:

Trading	End Client	Client Name / CP	PAN No.	В/	Open	Net	Intention	Matched	Movement	Position
Member /	Code / CP	Name		S	Positio	Position at		Quantity	Order Qty.	considered
Clearing	Code				n	PAN level				for marking
Member										
AB111	ABC1	ABC Ltd	PANXX1	S	-9	-2				
AB111	ABC2	ABC Ltd Arbitrage	PANXX1	В	7	-2	-2	-2	-2	0

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider client level open positons for delivery intention received for additional delivery centre for Gold, Gold Mini and Silver contacts. Hence, in the above example, delivery would not be marked under client code ABC1 against sell intention received under Client Code ABC2. It is presumed that the intentions are matched during intention matching period and sell intention given under client code ABC2 is failed to maintain the open sell positions.



Illustration 4: Delivery marking during the staggered delivery period for Compulsory Staggered delivery contracts for Gold, Gold Mini and Silver contracts

Applicable for: Base Delivery Centre

Example 1:

Trading	End Client	Client Name / CP Name	PAN No.	В/	Open	Net	Intention	Position
Member /	Code / CP			S	Position	Position at		considered
Clearing	Code					PAN level		for marking
Member								
AB111	ABC1	ABC Ltd	PANXX	S	-9		-2	-2
			1			2		
AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7	-2		
		_	1					

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for delivery intention received for Base delivery centre for Gold, Gold Mini and Silver contacts subject to intentions are received under the same side as to open positions. Hence, in the above example, delivery would be marked for 2 lots under client code ABC1 as against sell intention of 2 lots under the same client code. It is presumed that the necessary early pay in is completed along with sell intention by seller client.

Example 2:

Trading	End Client	Client Name / CP Name	PAN No.	В/	Open	Net	Intention	Position
Member /	Code / CP			S	Position	Position at		considered
Clearing	Code					PAN level		for marking
Member								_
AB111	ABC1	ABC Ltd	PANXX	S	-9		-4	-2
			1			2		
AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7	-2		
			1					



Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for delivery intention received for Base delivery centre for Gold, Gold Mini and Silver contacts subject to intentions are received under the same side as to open positions. Hence, in the above example, delivery would be marked under client code ABC1 for 2 lots as against sell intentions received for 4 lots under the said client code. It is presumed that the necessary early pay in is completed along with sell intention by seller client.



Example 3:

Trading	End Client	Client Name / CP Name	PAN No.	В/	Open	Net	Intention	Position
Member /	Code / CP			S	Position	Position at		considered
Clearing	Code					PAN level		for marking
Member								_
AB111	ABC1	ABC Ltd	PANXX	S	-9			
			1			-2		
AB111	ABC2	ABC Ltd Arbitrage	PANXX	В	7	-2	-2	0
			1					

Note: -ve positions indicate short positions and +ve positions indicate long positions.

MCXCCL would consider the PAN Level Net Position for delivery intention received for Base delivery centre for Gold, Gold Mini and Silver contacts subject to intentions are received under the same side as to open positions. Hence, delivery would not be marked under client code ABC2 against sell intention received under Client Code ABC2 as ABC2 has buy open positions against his sell intention at day end.



8 Formats

Format 1 - ComRIS Participant Application Form

REQUEST FOR REGISTRATION AS COMRIS PARTICIPANT

(to be submitted on the letter head of the applicant)

1	Name	
	- Address of the registered office,	
	- Address for correspondence, Telephone number(s)	
	Fax numbers(s),	
	Name of the contact person. Designation Email ID:	
2	MCXCCL/ MCX Membership details	
	- Membership ID	
	- Type of Membership	
3	Details of registration with the Securities and Exchange Board of India (SEBI) Registration No:	
	- Date of Registration:	
	(Enclosed certified copy of registration certificate)	
4	Company's PAN (attach copy)	

Declaration Statement to be given by the applicant "We hereby agree and declare that -

- 1. The information supplied in the application, including the attachment sheets, is complete and true.
- **2.** We will notify MCXCCL immediately of any change in the information provided in the application.



- **3.** We shall comply with, and be bound by the relevant acts, provisions, Rules and Regulations and such other guidelines/ instructions, which may be announced by MCXCCL/ MCX from time to time.
- **4.** As a pre-condition, we shall abide by such operational instructions/ directives/ procedures in relation to ComRIS as may be issued by MCXCCL/ MCX from time to time".

For and on behalf ot
(Name of the applicant)
Signature of Authorised signatory
Date:Place:



Format 2 - Undertaking for ComRIS Participant Application

(On Rs. 500/- Stamp Paper. Duly Notarized)

I,, (name of proprietor/Managing Partner) or We,a
company incorporated under the Companies Act, 1956/2013 and having its office/registered office
at (hereinafter referred to as the 'Undersigned' which
expression shall unless repugnant to the context include its successors, assigns and legal
representatives) give this Undertaking IN FAVOUR of MULTI COMMODITY EXCHANGE
CLEARING CORPORATION LIMITED, a company incorporated under the Companies Act,
1956 and having its registered office at Exchange Square, 3rd Floor, Suren Road, Chakala, Andheri
(East), Mumbai 400093 (hereinafter referred to as the 'MCXCCL' which expression shall unless
repugnant to the context include its successors, assigns and legal representatives).

WHEREAS the Undersigned are existing / desirous to become ComRIS Participants of MCXCCL.

AND WHEREAS MCXCCL has agreed to admit the ComRIS Participant to MCXCCL as a ComRIS Participant, on the terms and conditions recorded herein below.

NOW THEREFORE IN CONSIDERATION OF MCXCCL HAVING AGREED TO ADMIT THE COMRIS PARTICIPANTS IN MCXCCL, THE UNDERSIGNED UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE AND AGREE AS FOLLOWS;

- 1. That the Undersigned shall abide by, comply with and be bound by the Rules, Bye Laws and Regulations of MCXCCL as in existence or in force from time to time and also with any circular, order, direction, notice, instruction issued and in force from time to time;
- 2. That the Undersigned agrees that MCXCCL shall be entitled to amend its Bye-laws, Rules and Regulations unilaterally and the Undersigned shall be deemed to have consented to them, and accordingly be bound by the Bye-laws, Rules and Regulations prevailing from time to time and the MCXCCL shall be entitled to all powers vested in them under the Rules, Regulations and Bye-laws, by which the Undersigned unconditionally agreed to be bound;
- 3. That the Undersigned shall continue to be bound by the Rules, Bye Laws and Regulations, even after ceasing to be a ComRIS Participants in so far as may be necessary for completion of or compliance with his/its obligations in respect of all matters, entries or transactions which the ComRIS Participants may have carried out, executed, entered into, undertaken or may have been required to do, before ceasing to be a ComRIS Participants and which may have remained outstanding, incomplete or pending at the time of his/its ceasing to be a ComRIS Participants;
- 4. That the Undersigned shall be obligations on the part of the ComRIS Participants herein contained are a reiteration of and/or are in addition to the obligations contained in the Rules, Bye Laws and the Regulations, and the omission of one or more of such obligations from this Undertaking shall not in any manner be construed as a waiver of such obligations as are not herein contained;



- 5. That the Undersigned shall pay the fees, charges and deposits as specified by MCXCCL from time to time. In the event of the Undersigned failing to make payment of the fees, charges or deposits, as the case may be, by the respective due dates specified by MCXCCL in its Regulations, then, in addition to any other rights or remedies that may be available to MCXCCL against the Undersigned, the Undersigned shall be liable to pay interest to MCXCCL on such delayed payment or part thereof on the quantum of such delayed payment at the rate as may be prescribed by MCXCCL from time to time. Such fees, charges and deposits shall be subject to any change or revision from time to time by MCXCCL provided however that MCXCCL shall, before effecting any increase in the fees, charges or deposits payable by the Undersigned as aforesaid, give the Undersigned at least one month's notice in that behalf;
- 6. That the Undersigned agrees to install at his/its premises allocated for MCXCCL related activities such computers, printers, communication equipment and uninterruptible power supply units, systems software and any other equipment, hardware and software as may be specified by MCXCCL from time to time;
- 7. That the Undersigned shall comply with all systems and procedures recommended by MCXCCL and shall allow access to his/its systems to one or more teams of professionals with expertise or specialized skill in auditing the performance of computerized systems (called "Systems Audit Teams") designated by MCXCCL for periodic assessment of compliance with systems and procedures;
- 8. That the Undersigned shall submit Audited Financial Statement (AFS) and Net worth Certificate to MCXCCL within such period as prescribed in MCXCCL Bye Laws and/ or Regulations;
- 9. Where the Undersigned is a member of any recognized stock exchange and/or any clearing corporation or is a Depository Participant with any of the recognized Depository or Repository Participants in any commodity repository and commits any breach or violation of or defaults in compliance with the bye laws of such stock exchange, clearing corporation or depository or commodity repository as the case may be or of any rules or regulations made by the Central or State Government or SEBI in that behalf or his/its operations, activities or membership is/are suspended or terminated by such stock exchange, clearing corporation or depository or commodity repository as the case may be, the nature of the default and the reason for such default, suspension or termination to be communicated forthwith upon such occurrence to MCXCCL;
- 10. That the Undersigned shall, before entering into any agreement with or opening any account of any User/depositor exercise due care and caution in ascertaining the bonafides and track record of the intending User/Depositor inter alia, by carrying out appropriate due diligence;
- 11. That the Undersigned shall maintain and preserve such information, records, books and documents pertaining to the working of the Undersigned as a ComRIS Participants for such period as may be specified by MCXCCL from time to time;



- 12. That the Undersigned shall carry out instructions received from any User/Depositor on the same day on which the instructions are received and failing that, shall carry out the instructions before the close of working hours of the immediately succeeding working day;
- 13. That the Undersigned shall exercise lien on commodities held in any account only by following instructions laid out in MCXCCL Bye-Laws and Regulations, on any commodities belonging to the Users/Depositors held in any account with the Undersigned, as security for recovery of dues owed by User/Depositor to the Undersigned in his capacity as such including any compensation for any loss caused to the Undersigned and/or MCXCCL by reason of fraud, negligence or mistake on the part of the User/Depositor. That the Undersigned shall, upon receipt of such approval from MCXCCL, give notice in writing to the concerned User/Depositor of the exercise of such lien by the Undersigned in respect of such of the securities held in the User/Depositor's account as MCXCCL may be specify;
- 14. That the Undersigned shall, forthwith upon discovering any loss, destruction or theft of any commodity, instruments or documents belonging or owed to any User/Depositor that may have been entrusted to or may otherwise have come into the hands of the Undersigned in the course of his/its business, notify MCXCCL, the concerned User/Depositor in that behalf;
- 15. That the Undersigned shall be responsible to ensure that all duties, taxes or levies, if any, of whatsoever nature that may be payable under any Central or State enactment in respect of entries, transactions or transfers effected by or through the Undersigned are duly paid as required in law;
- 16. That the Undersigned shall process requests received from Users/Depositors for deposit or withdrawal within such time and in such manner as may be specified in the Bye Laws and Regulations and shall be required to keep records of the same as laid down by-MCXCCL from time to time;
- 17. That the Undersigned shall not be bound to give effect to any entries or transactions and MCXCCL shall not be bound to permit any entries or transactions to be effected, which would violate any law or any decree or order of any court or tribunal or any order or direction of the Central or State Government or that of any other statutory or revenue authority that may have been served upon or intimated to the Undersigned or MCXCCL or which to their knowledge, would constitute a breach of any covenant or undertaking given to any court, tribunal or statutory or revenue authority or which MCXCCL otherwise deems not to be in its interest or that of its ComRIS Participants or Users/Depositors;
- 18. That the Undersigned shall be responsible for taking necessary action on the instructions and/or mandate given by the User/Depositor and the Undersigned alone shall be liable to the User/Depositor for default or failure in carrying out the instructions and/or mandate of the User/Depositor;
- 19. That the Undersigned shall strictly comply with the time schedule specified from time to time by MCXCCL for data entry and transfer;



- 20. That the Undersigned shall furnish to the User/Depositor a statement in such form as may be specified of his/its account at the end of every month if there has been even a single entry or transaction during that month, and in any event once at the end of each financial year. That the Undersigned shall furnish such statements at such shorter periods as may be required by the User/Depositor on payment of such charges by the User/Depositor as may be specified from time to time;
- 21. That the Undersigned are aware that it would assumes full responsibility for verifying the authenticity of instructions issued by or on behalf of Users/Depositors including signature/s of the User/Depositor/s on the instruction slips and undertake to process the instructions after satisfying itself about the accuracy and genuineness of the signatures on the instructions slips. That the Undersigned shall ensure that it has in place appropriate systems and/or processes as MCXCCL may specify from time to time in this regard;
- 22. That the Undersigned shall ensure that no account of any User/Depositor is opened unless it complies with the provisions of these Rules, Bye Laws and Regulations, Communiqués, letters or communication in any form issued by MCXCCL from time to time;
- 23. That the Undersigned shall not commingle the commodities held by it in his/its own right in MCXCCL with those held by it on behalf of Users/Depositors;
- 24. That the Undersigned shall comply with such procedures for deposit and withdrawal of commodities to and from any of his/its own accounts (as distinguished from the accounts of Users/Depositors with it) as may be laid down under the Rules, Bye Laws and Regulations of MCXCCL;
- 25. That the Undersigned shall reconcile its records with MCXCCL on a daily basis. That the Undersigned shall, as a continuous process and on an ongoing basis, check and reconcile with his/its own records and those of his/its Users/Depositors, all records, balances, advices, statements and reports received by it from MCXCCL and promptly notify MCXCCL of any error or omission in such records, balances, advices, statements and reports;
- 26. That the Undersigned shall be liable for any loss caused to MCXCCL or to any other ComRIS Participants or User/Depositor due to late request to rectify an error or omission, if any. However, MCXCCL shall reserves the right to rectify any erroneous entry or transaction made to the account of any User/Depositor. In the event of MCXCCL carrying out any such rectification, MCXCCL shall inform the Undersigned and the concerned User/Depositor of such rectification;
- 27. That the Undersigned is a Stock Broker, it shall ensure that the aggregate market value of the commodities of all Users/Depositors in their accounts with it does not exceed the limits as specified by MCXCCL from time to time on any given day and if it so exceeds the said limits on any given day, the Undersigned shall forthwith inform MCXCCL about it and MCXCCL shall be entitled to issue such Regulations as it may deem fit in order to rectify the position in that behalf;



- 28. That the Undersigned shall strictly adhere to MCXCCL Rules, Bye Laws and Regulations in respect of every agreement that may be entered into by the Undersigned with every User/Depositor and Clearing Member respectively and no variation, modification, addition, alteration or deletion thereto shall be effected except with prior written consent of MCXCCL in that behalf. That the Undersigned shall be solely responsible for any statement or representation made or any obligation or liability undertaken by him/it in so far as the same is contrary to or inconsistent with or is in excess of the Bye Laws, Rules and Regulations or which is otherwise not authorized by MCXCCL;
- 29. That the Undersigned shall install and maintain suitable systems, audit and control measures including setting up of separate internal controls and an audit department inter alia for regularly reviewing his/its internal operations ensuring due compliance and maintaining the integrity and confidentiality of data transmitted to MCXCCL as may be laid down under the Rules, Bye Laws and Regulations. That the Undersigned shall from time to time submit such operational, financial, technical or other data, information, reports and returns, in relation to his/its activities and operations as a ComRIS Participants, duly audited and certified by a Chartered Accountant, a Company Secretary in practice or by a Systems Auditor, as the case may be, in such form and manner and within such period, as may be specified in the Bye Laws and Regulations of MCXCCL;
- 30. That the Undersigned shall permit the persons so authorized by MCXCCL to carry out inspection of the facilities, systems, records and books relating to all dealings of the ComRIS Participants;
- 31. That the Undersigned shall follow and comply with such orders or instructions including any such order or instruction, whether being in the nature of a penalty or otherwise, as may be issued by MCXCCL from time to time, in the event of the Undersigned committing any violation of any Rules, Bye laws, Regulations in respect of the conduct of the business in MCXCCL;
- 32. That the Undersigned shall forthwith inform MCXCCL in writing, in the event of dissolution of the firm (in case of partnership firm)/ upon a petition for winding up being presented in any court or a resolution being passed for winding up (in case of company or a body corporate)/ any scheme being framed for merger, amalgamation or reconstruction/ declared a defaulter or being suspended or his/its membership being terminated by the stock exchange or clearing corporation (In case of Trading or Clearing Member). That the Undersigned shall fully aware that any event or occurrence which is reasonably likely to materially affect his/its commercial viability or existence or his/its ability to perform his/its obligations or which constitutes a material adverse change in the eligibility criteria laid down by MCXCCL or any other regulatory authority under any law in force for the time being;
- 33. That the Undersigned undertakes to subscribe to the mandatory insurance cover as required by MCXCCL from time to time;
- 34. That the Undersigned are aware that it would be/are admitted as a ComRIS Participants, require to provide, on demand, such security or additional or collateral security in such form, to such extent and in such manner as may be determined by MCXCCL. For determining the



amount of security or additional or collateral security, MCXCCL shall take into account inter alia, the level of unreconciled balances and excess or deficit balance of commodities in the accounts of Users/Depositors due to any fraud, negligence, error or omission on the part of the ComRIS Participants, his/its employees or agents. Such security shall be in addition to and independent of any security earlier furnished by the Undersigned to MCXCCL. That the Undersigned shall not sell, transfer or otherwise alienate or create or permit the creation of any mortgage, charge or other encumbrance or permit or suffer to be attached or otherwise jeopardize the title to any of the assets provided as security or additional or collateral security to MCXCCL. MCXCCL shall apply all or any of the security deposit/s or other security (including additional or collateral security) furnished by the Undersigned to MCXCCL at any time without prior notice to the Undersigned in or towards satisfaction of any of the obligations and/or liabilities of the Undersigned to MCXCCL or to any User/Depositor/s, other ComRIS Participants, Depositors, or clearing corporations as the case may be;

- 35. That the Undersigned shall inform MCXCCL of any proposed change in address of his/its office/ registered office as also of any change in location of the premises where the equipment for maintenance of computerized records, backup facilities and communication with MCXCCL are situated, at least thirty days before the date of such change;
- 36. That the Undersigned shall strictly follow the back-up procedure recommended by MCXCCL. A copy of the latest back-up of the database shall at all times be maintained at a remote site. MCXCCL shall not be liable to the Undersigned for any loss or damage arising out of failure on the part of the Undersigned to maintain up to date back-up of the computer programme and the relevant data. That the Undersigned shall permit access to any person/s designated by MCXCCL to inspect his/its back-up and shall make available such extracts or reports of the records maintained at the said back-up facilities as may be required by MCXCCL;
- 37. That the Undersigned shall forthwith inform MCXCCL of any loss or failure of connectivity between the Undersigned and MCXCCL. That the Undersigned shall strictly adhere to such plan, scheme or procedure (to be known as "Disaster Recovery Plan") as MCXCCL may specify in that behalf for meeting any situation or eventuality resulting in loss of connectivity or failure of communication, loss or corruption of data or damage to equipment, hardware or software whether by reason of any technical failure, unauthorized access, calamity, accident, sabotage or disaster or otherwise;
- 38. That the Undersigned shall not assign or delegated to any party, the functions, rights or obligations of ComRIS Participants, without the express prior written consent of MCXCCL. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void. For the purpose of this clause, any substantial change in the share holding pattern or the constitution of the Board of Directors or in the composition of the partnership or death of the individual shall constitute an assignment of the business and/or functions;
- 39. That the Undersigned shall undertake to carry out his/its activities in a manner which is not detrimental to the interest of MCXCCL and/or Users/Depositors or that the termination of the relationship with the ComRIS Participants is necessary for the protection of



Users/Depositors or other ComRIS Participants or to facilitate the orderly performance of services rendered by MCXCCL;

- 40. That the Undersigned shall be entitled to withdraw as a ComRIS Participants from MCXCCL by issuing to MCXCCL a communication in writing giving notice of not less than thirty days of his/its intention to terminate this Agreement with MCXCCL with effect from the expiry of the said period of thirty days or such further period as may be specified in the notice. MCXCCL may, however, require the ComRIS Participants to continue his/its business as a ComRIS Participants in MCXCCL for such further period not exceeding three months from the receipt of such notice if MCXCCL shall deem it necessary to do so in the interest of the Users/Depositors or in the orderly functioning of MCXCCL;
- 41. That the Undersigned shall undertake that upon withdrawal by the ComRIS Participants from MCXCCL, every User/Depositor holding an account with the Undersigned shall have the option to either get his commodities held with it transferred to another ComRIS Participants or get the same withdrawn. Notwithstanding anything stated above even after such termination or withdrawal, the Undersigned shall continue to act as a ComRIS Participants for the limited purpose of either getting the commodities held with the ComRIS Participants transferred to another ComRIS Participants or get the commodities withdrawn;
- 42. That if any difference/dispute shall arise as to the interpretation, meanings or effect of this undertaking or as to the rights and liabilities of the parties to this undertaking or as to any other matter relating to MCXCCL's operations, the same shall be settled in accordance with the provisions contained in the Bye-laws, Rules and Regulations of MCXCCL and that the decision of the relevant authority shall be final, conclusive and binding on the undersigned;
- 43. That without prejudice to the rights, remedies whether legal or otherwise available to MCXCCL upon the Undersigned's non-compliance with this Undertaking, the Undersigned shall indemnify and keep indemnified MCXCCL against any loss/damage suffered by it whether legal or otherwise arising due to its non-compliance with the provisions of this Undertaking;
- 44. That this Undertaking shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned;

Signed sealed and delivered on this the day of at on behalf of the within named) in the presence of
WITNESSES
(1)
(2)



Format 3 – ComRIS Participant- ComRIS Account Agreement

This ag	greem	ent made and	entered	d and execu	ted at	Oi	n this d	ay of	
betwee	n		, a		/firm/	com	pany re	gistered u	ınder the
		:	and hav	ing its office	ce/registered of	fice at			
(hereir	nafter	called `the C	lient') an	ıd			_, a	company	registered
under	the	Companies	Act,	1956and	having	its		gistered	
at				(nereinafter calle	ed as	"ComI	RIS Partici	pant'). The
Client a	and C	omRIS Partici	pant (Co	omRIS) here	inafter individua	lly teri	med as	party and	jointly as
parties.	The	expressions th	e Client	and the Cor	nRIS Participan	t includ	le their r	espective	successors.

Witnesseth

WHEREAS "ComRIS" shall mean the web based application owned and maintained by Multi Commodity Exchange of India Ltd. (MCX) or any entity appointed by MCX, on which the ComRIS Accounts of Clients are opened and maintained through ComRIS Participants;

WHEREAS Multi Commodity Exchange Clearing Corporation Ltd. (MCXCCL), a duly registered Clearing Corporation, has been appointed by MCX to clear and settle all the trades executed on MCX;

WHEREAS the ComRIS Participant is authorized by MCXCCL/ MCX to open ComRIS Account to open and maintain ComRIS Accounts of participants /Clients, for the purpose of holding electronic credits of underlying commodities and dealing therein including transfers thereof in the manner prescribed;

WHEREAS the Client is desirous of opening an account on ComRIS and has furnished to the ComRIS Participant the duly filled in application form requesting therein to open an account (hereinafter referred to as `the ComRIS Account') with the ComRIS Participant to maintain its commodity holdings corresponding to the quantity of commodity stored/accumulated by the Client in the accredited warehouses, in electronic form.

NOW THEREFORE in consideration of the ComRIS Participant having agreed to open a ComRIS account for the Client, both the parties to the agreement hereby covenant and agree as follows:

- 1. For the purposes of this agreement and the performance thereof, the following terms shall have the meaning as detailed there against:
 - "Accredited/Approved Warehouse" shall mean the warehouse/vault or a place accredited by MCXCCL where the Clients who intend to give delivery of goods pursuant to any transaction on MCX, may deposit or keep goods in the manner and as per process prescribed by MCXCCL from time to time;
 - ComRIS Account" shall mean the electronic account of a Client opened and maintained in ComRIS reflecting the record of ownership and transactions of transfers in respect of commodity deposited in the accredited/ approved Warehouse and also showing the details of commodity, quantity, place of storage and validity certification and other details and



parameters as may be prescribed or modified from time to time";

"ComRIS Service Provider" shall mean MCXCCL or such other entity authorized or appointed by MCX for operating and maintaining the ComRIS;

"Exchange" shall mean Multi Commodity Exchange of Limited (MCX);

"Clearing Corporation" shall mean Multi Commodity Exchange Clearing Corporation Limited (MCXCCL);

"Final Expiry Date" shall mean the final date up to which the validity date of commodity can be extended.

"Validity Date" shall mean the date assigned to the commodity by the approved assayer of the Accredited Warehouse at the time of acceptance of commodity for credit to the ComRIS Account up to which a commodity is valid for delivery settlement of deal admitted on MCXCCL for settlement.

- 2. The Client agrees to pay such charges as may be prescribed by the ComRIS Participant in respect of his/its ComRIS Account for the purpose of opening and maintaining his account, for carrying out the instructions of the Client and for rendering such other services as may be agreed to from time to time between the ComRIS Participant and the Client in respect of his/its ComRIS Account. The ComRIS Participant reserves the right to revise the charges at any time by giving not less than thirty days' notice in writing to the Client. In case the Client fails to make the payment of any of the amounts as aforesaid, within a period of thirty days from the date of demand or the immediate succeeding billing date whichever is earlier, the ComRIS Participant shall have the right to discontinue the services after giving five working days' notice to the Client, till such time the Client makes the payment along with interest, if any. The Client further agrees that in the event of the Client committing such default in payment, the ComRIS Participant will charge interest at a rate not exceeding 18% p.a. for the period of such default without prejudice to its right to suspend operations in the ComRIS Account or close the ComRIS Account of the Client.
- 3. Upon opening of the ComRIS Account as requested, the Client shall have the right to get the quantity of those of its commodities physically deposited by it with and received by the Accredited Warehouse, duly recorded and credited in electronic form (hereinafter referred to as `electronic holding') in its ComRIS Account. Provided however that such credit in the electronic account shall be subject to acceptance of the commodities by the Accredited Warehouse for credit to the ComRIS Account in the manner and as may be specified by MCXCCL, as valid deposit for storage and delivery. The Client further understands and agrees that the record of electronic holding of commodities held by him is for the purpose of transaction on MCX to be

settled through MCXCCL and that it shall be entitled to hold its commodities in electronic form only till the Final Expiry date as assigned by the assayer approved for the purpose or such other date as may be specified by MCXCCL or ComRIS Service Provider and that the Client shall not be entitled to issue of any warehouse receipt by the accredited warehouse except under circumstances and in the manner prescribed by MCXCCL.



- 4. The Client understands and agrees that the electronic credit of commodity holdings in the ComRIS Account pursuant to deposit of the underlying physical commodity at the Warehouse concerned or as a consequence of transfer, is only a record of deposit and entitlement thereof and that the ComRIS Participant and MCXCCL or ComRIS Service Provider are mere facilitators of such account keeping while the liability in respect of the actual commodity/ies stored in the Accredited Warehouse is that of the Warehouse Service Provider. The Client further understands and agrees that once electronic credit of commodities is transferred from its ComRIS Account, the Client is not entitled to receive or deal with the corresponding commodities and that the right to receive the commodities and deal therein shall then rest with the respective transferee/s of the electronic credit except in cases of frauds/erroneous transfers subject to being reported and rectified immediately after detection.
- 5. The Client is aware and agrees that the existence of electronic credit of the commodity holdings in its ComRIS Account does not imply that the actual commodity deposited by it in the Accredited Warehouse shall be available at all times as long as the commodity holdings in ComRIS account subsist. The Client understands that the electronic credit of its commodity holdings is subject to the validity period or extended validity period if any, as may be prescribed for the relevant commodity by MCXCCL and understands that commodity cannot be delivered on MCXCCL after expiry of validity date unless revalidated on or before such validity date, or the Final Expiry Date, as the case may be and that holding of commodity in the Accredited Warehouse after expiry of such date/s shall be entirely and absolutely at the risks and consequences of the Client.
- 6. The Client undertakes that upon expiry of validity date unless the commodity/ies are revalidated on or before such validity date, or the Final Expiry Date, as the case may be, the Client shall take out the commodity from the Accredited Warehouse by complying with the process as prescribed by MCXCCL or the ComRIS Service Provider. The Client understands that the Accredited Warehouse shall be entitled to issue physical warehouse receipt in respect of electronic holding of commodities after the expiry of validity date unless revalidated as aforesaid or the Final Expiry Date, as the case may be, by reducing or debiting the credit balance in the electronic holdings equivalent to such quantity of commodity and it shall be the responsibility of the Client to collect such physical warehouse receipt from the Accredited Warehouse.
- 7. The Client agrees that any transaction in respect of its electronic commodity holding shall subsist only till the period or date if any, stipulated by MCXCCL up to which such commodity is deliverable on MCXCCL. The Client further agrees that the ComRIS Service Provider or MCXCCL or the ComRIS Participant shall be free to freeze or stop transactions pertaining to commodity holding belonging to the Client or in respect of its holdings in the ComRIS Account completely or partly as may be deemed appropriate by MCXCCL or ComRIS Service Provider upon the coming to end of validity period unless revalidated on or before such validity period or upon the Final Expiry Date of a commodity or if for any reason or circumstances which in the opinion of MCXCCL or ComRIS Service Provider, the freezing of ComRIS Account is warranted. Such opinion of MCXCCL or ComRIS Service Provider shall be final, conclusive and binding on the Client.



- 8. The Client also agrees and undertakes that it shall not hold the ComRIS Participant or MCXCCL or the ComRIS Service Provider responsible and/or liable for any deterioration or deviation in quality or in quantity of the actual commodity deposited in the Accredited Warehouse and will not have any claim for the same from against the ComRIS Participant or the ComRIS Service Provider or MCXCCL.
- 9. The ComRIS Participant further undertakes that it shall not create or permit to subsist any mortgage, charge or other encumbrance over the commodity holdings of the Client except on the instructions of the Client.
- 10. The ComRIS Participant shall maintain a separate ComRIS Account for holding its own commodities in electronic form.
- 11. The ComRIS Participant undertakes to provide a transaction statement including statement of accounts, if any, to the Client at such intervals as may be agreed between the Client and the ComRIS Participant.
- 12. The ComRIS Participant shall have the right to terminate this agreement, for any reasons whatsoever, provided the ComRIS Participant has given a notice in writing of not less than thirty days to the Client. Similarly, the Client shall have the right to terminate this agreement and close his account held with the ComRIS Participant, provided no charges or dues are payable/ remaining to be paid by him to the ComRIS Participant and no instructions of MCXCCL/ MCX if any, concerning its holding/s are pending for compliance and provided that any encumbrance if subsisting, has been fully satisfied and discharged. In the event of closure of its account, the Client shall transfer the balances in its account to any other account of the Client held with another ComRIS Participant or to withdraw the commodity holding balances held. Based on the instructions of the Client, the ComRIS Participant shall initiate the procedure for transferring such commodity holding balances or process for withdrawal of such balances as per the procedure laid down by MCXCCL or by the ComRIS Service



Provider. Provided further, the termination of this agreement shall not affect the accrued rights, liabilities and obligations of either party and shall continue to bind the parties till their satisfactory completion.

- 13. The charges related to the warehousing service such as warehouse charges, assaying charges etc. shall be settled in accordance with the arrangement agreed to by the client and Warehouse Service Provider / Warehouse without any recourse to ComRIS Participant or MCXCCL or ComRIS Service Provider.
- 14. On the failure of the Client to pay any of the accrued charges as agreed herein within the stipulated period, the ComRIS Participant shall without prejudice to its right to legal remedies, be entitled to terminate this agreement and close the ComRIS Account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another ComRIS Participant or be processed for withdrawal in the manner prescribed.

15. The Client further agrees that

- i) in the event of closure of the account at its request or in circumstances as provided herein, it shall withdraw its commodity holdings for physical delivery or request transfer thereof from its ComRIS Account to any other ComRIS Account;
- ii) in the event of expiry of the validity period of the commodity if any, as per the assayers' certificate issued therefor, the Client shall withdraw the relevant commodity holdings for physical delivery unless a revalidation certification, if permitted, as per process prescribed by MCXCCL or ComRIS Service Provider has been obtained on or before the validity date in respect of such quantity of commodity which has reached the validity date; and
- iii) at the expiry of validity date unless revalidated as provided herein or Final Expiry Date as the case may be, the ComRIS Participant shall be entitled to remove the Commodity holdings from the electronic form for physical delivery. Any continuation or otherwise of the deposit of commodities in the accredited warehouse after the expiry of Validity Date or the Final Expiry Date as the case may be, shall entirely be deemed to be a bilateral arrangement between the Client and the concerned Accredited Warehouse.

iv) In the event of:

- **a.** expiry of validity date without any revalidation of the commodity on or before such date, or
- b. the Final Expiry Date; or
- c. upon closure of ComRIS Account for any reason whatsoever,

it shall be the responsibility of the Client to collect the Physical Warehouse Receipt for such quantity of commodity or entire quantity of commodity as the case may be, from the concerned Accredited Warehouse by paying dues if any, to the ComRIS Participant, Warehouse Service Provider as applicable.



- 16. The ComRIS Participant shall have a right to provide any such information related to the Client's account/s as may be requested by MCXCCL, ComRIS Service Provider or any other authority having jurisdiction, from time to time.
- 17. The Client may create a pledge of the commodity holdings held in the electronic form only in accordance with the procedure and conditions and/or restrictions laid down by the ComRIS Service Provider or MCXCCL subject, however, to the provisions of/ under the Bye Laws and Business Rules of MCXCCL or ComRIS Service Provider in this regard. Such noting of pledge shall be removed only after a receipt of 'No lien' or 'Release of pledge' letter or other form of instruction from the Pledgee, as recognized or prescribed by the ComRIS Service Provider or MCXCCL.
- 18. The Client agrees that the ComRIS Participant may refuse to carry out any transaction in the event of any directive from MCXCCL/ MCX restricting such transaction including seeking freezing of the Client's account, or in accordance with any procedure laid down by MCXCCL or ComRIS Service Provider warranting such freezing at a given time or on any event.
- 19. MCXCCL/ ComRIS Service Provider or the ComRIS Participant shall not be liable to the Client in any manner towards losses, liabilities and expenses arising from the claims of third parties or on account of taxes and other governmental charges in respect of the commodity holdings of the Client.
- 20. The Client shall notify the ComRIS Participant within seven days from the date of any change in the details set out in the application form submitted to the ComRIS Participant at the time of opening the account or furnished to the ComRIS Participant from time to time.
- 21. The Client shall immediately within three days, inform the ComRIS Participant about any change in its constitution involving change in control of management, and shall execute all such necessary documents as may be required by the ComRIS Participant or MCXCCL or the ComRIS Service Provider in that regard.
- 22. The ComRIS Participant undertakes to resolve all legitimate grievances of the Client against the ComRIS Participant within a period of thirty days. In the event of non-resolution of the grievance within the time specified as aforesaid, the parties agree to submit the same for resolution by arbitration as per the terms agreed herein.
- 23. The parties agree that any dispute, claim or difference between the ComRIS Participant and the Client if not resolved as aforesaid, arising out of or in relation to dealings, contracts and transactions in ComRIS Account or with reference to or



anything incidental thereto or in pursuance thereof or relating to the interpretation, fulfilment or the rights, obligations and liabilities of the parties hereto or thereto shall be submitted for resolution by the process of arbitration in accordance with Byelaws and Business Rules governing the arbitration process of MCXCCL/ MCX including amendments thereof from time to time and the parties agree to be bound by the arbitration awards so obtained.

24. All matters arising out of this agreement shall be governed by and construed in accordance with the Laws of India and all matters where MCX/ MCXCCL/ ComRIS Service Provider is a party, shall be subject to the exclusive jurisdiction of Mumbai Courts.

IN WITNESS WHEREOF the Client and the ComRIS Participant have caused these presents to be executed as of the day and year first above written.

Signed and delivered by
(For and on behalf of the Client)
Witness
Signed and delivered by
(For and on behalf of ComRIS Participant)
Witness



Format 4 - KNOW YOUR CLIENT (KYC) APPLICATION FORM (For Individual)

Photograph

Please affix your recent passport size photograph and sign across it

Please fill this form in **ENGLISH** and in **BLOCK** LETTERS.

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c. OTHER DETAILS (Gross Annual 2 per annum)	Income Details (Please Specify) (Income Range
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(Net worth should not be older than 1 year))
D. OCCUPATION (Please ticks ar	ny one and give brief details)
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of the applicant, MICR Code or/and IFSC Code of the bank.

F. DEPOSITORY ACCOUNT(S) DETAILS, if available

Depository Participant Name	Depository Name (NSDL/CDSL)	Beneficiary name	DP ID	Beneficiary ID (BO ID)

Note: Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the applicant.



REPOSITORY ACCOUNT(S) DETAILS, if available G. Beneficiary Repository Repository Name Beneficiary name RP ID IDParticipant Name (CCRL/NERL) (BO ID) Note: Provide a copy of either Remat Master or a recent holding statement issued by RP bearing name of the applicant. TRADING PREFERENCES H. (Note: Please sign in the relevant boxes against the Exchange with which you wish to trade. The Exchange not chosen should be struck off by the applicant.) **Date of Consent for** Sr. Name of the Stock Exchange# Signature of the trading applicant 1 2 3 4 # At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership. In case of allowing a client for trading on any other Exchange at a later date, which is not selected now, a separate consent letter is required to be obtained by the Member from client and to be kept as enclosure with this document INVESTMENT/TRADING EXPERIENCE Other Investment Related Fields **Commodities** No Prior Experience Years Years GOODS AND SERVICES TAX (GST) REGISTRATION DETAILS Validity GST No. Date Name of the State

In case Client wishes to provide multiple GST No., provide details of all in a separate sheet containing all the information as mentioned above



K. PAST REGULATORY ACTIONS														
Details of any action/proceedings initiated/pending/ taken by Regulatory / Stock Exchange / any other authority against the applicant during the last 3 years														
L. DEALINGS THROUGH OTHER MEMBERS (If applicant is dealing through any other Member, provide the following details)														
(If applicant is dealing through any other Member, provide the following details) (In case dealing with multiple Members, provide details of all in a separate sheet containing all the information as mentioned below)														
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DECLARATION

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



Details	
Place	
Date	Signature of Applicant
PLE	EASE TEAR HERE
FOR	OFFICE USE ONLY
UCC Code allotted to the Applicant	
Documents verified with Originals	
Name of the Employee	
Emp. Code	Designation
Date	
Signature	
Date	Signature

ComRIS Participants Seal



Format 5 - KNOW YOUR CLIENT (KYC) APPLICATION FORM (For Non Individuals)

Please fill this form in ENGLISH and in BLOCK LETTERS.

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		G. TRA	DIN	G PREFERENCES	8	

Note: Please sign in the relevant boxes against the Exchange with which you wish to trade. The Exchange not chosen should be struck off by the applicant.

Sr.	Name of the Stock	Date of Consent for trading on	Signature of the
No.	Exchanges #	the Exchange	Applicant
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2			
3			
4			



At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership.

[In case of allowing a client for trading on any other Exchange at a later date, which is not selected now, a separate consent letter is required to be obtained by the Member from client and to be kept as enclosure with this document]

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I. Goods and Services Tax Registration Details												
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J. PAST REGULATORY ACTIONS												
Details of any action/proceedings initiated/pending/ taken by Regulatory /Stock exchange / any other authority against the applicant during the last 3 years												
K. DEALINGS THROUGH OTHER MEMBERS												
If applicant is dealing through any other Member, provide the following details												
(In case dealing with multiple Members, provide details of all in a separate sheet containing												
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Name of the Employee	Documents verified with Originals
Employee Code	
Designation of the employee	
Date	Signature
Date	Signature

ComRIS Participant Seal

^{*}Form need to be signed by all the authorized signatories.



Format 6 - Nomination Form ONLY FOR Existing Individual ComRIS Account Holders

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Format 7 - Delivery instruction slip for pay-in on behalf of its clients by ComRIS Participants CP Name & Address ComRIS Participants Delivery Instructions Slip for On Market Transfe

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Chapter 6: Warehousing Operations

6.1 Procedure for deposit of Cotton Bales at MCXCCL accredited warehouses

(MCXCCL Circular No. MCXCCL/WHL/031/2023 dated February 06, 2023 and MCXCCL Circular No. MCXCCL/WHL/073/2023 dated March 23, 2023)

Members / Participants who desire to deposit Cotton Bales at the MCXCCL Accredited Warehouses ("MAW") for delivery on Exchange platform are advised to adhere to the below mentioned procedure / conditions / norms / charges.

A. Procedure for Deposit at the warehouse

a) Deposit Request Process:

Minimum 1 working day prior intimation by way of entry into CDSL Commodity Repository Ltd. ("CCRL") system is mandatory for warehousing arrangements such as storage and sampling arrangements. Loading and Unloading of goods will be undertaken on first come first serve basis. Deposit/Withdrawal shall be accepted preferably in working hours at MAW.

Members and their Constituents are requested to confirm the availability of space at the respective warehouse before initiating any steps for effecting deposit of goods.

The beneficiary depositor shall submit the details of press running numbers, lot nos. and ginner name at the time of deposit before bringing goods at the warehouse.

The beneficiary depositor shall submit duly filled Know Your Depositor ("KYD") form & Depositor Transaction Declaration ("DTD") form before depositing goods in MAW and shall also ensure appropriate due diligence and comply with all the relevant laws/ regulations of statutory authorities and best practices for depositing Cotton Bales in the MAW and also while giving delivery through settlement mechanism of MCXCCL. Please note that the goods shall be accepted at the warehouse only if the KYD and DTD copy is submitted at the time of/before the deposit in hard copy or scan. However, the electronic credit shall be provided only upon submission of completed Original KYD and DTD documents

b) Weighment Process of goods at MAW at time of deposit:

The weight of the bales received and/ or delivered would be determined at the calibrated weighbridge/ weigh scale of the designated warehouse. The client shall have option to use any one of the empaneled weighbridges during deposit to MAW. The outward shall be done from the same weighbridge from which inward was done. In case alternate weighbridge from the approved weighbridge list has to be used for outward weighment owing to genuine reasons like primary weighbridge is closed, non-functioning, calibration expired etc, it should be with mutual agreement of WSP and the client.

B. Manual grading of Cotton bales

At the outset, on deposit of goods, manual grading of bales, in the first instance, shall be undertaken by the warehouse service provider ("WSP") based on physical appearance, look and feel, mainly through the sense of sight, smell and touch. Manual grading shall include determination of factors



such as inferior quality cotton, packaging, lot marking and labelling homogeneity of the bales for colour, staple length, trash, presence of foreign / extraneous matter based upon visual comparisons with physical and descriptive standards etc. Inconsistencies observed during manual grading shall warrant the WSP to call upon any such information from the beneficiary depositor for acceptance of bales. WSP is empowered to reject /insist on replacement of such deliverable lot, if the goods are found faulty. Any spot rejection during manual grading should be recorded by the WSP and duly acknowledged by the beneficiary depositor authorized person.

C. Packaging and Labelling

Cotton bales delivered should be well compressed and packed (non-exposed) preferably with 100 to 150 grams/yarn white twill cotton cloth (woven cloth) and adequate spiral bands, as per standard industry practice. Hessian packaging, in good condition, would also be accepted however, the bales cover shall not be too thick and cotton should be visible from the outside. The bales must be securely strapped with minimum of 09 wraps of iron bailing hoops (1.80Kg per bale) or minimum of 10 wraps of plastic straps (350 gms per bale). Use of best quality plastic straps, which can endure loading and unloading, is recommended. Bales should be fully covered and all bale covering material should be clean and in sound condition and of sufficient strength to adequately protect the cotton. The packaging material must not have salt or other corrosive material or any other material that will contaminate or adversely affect the cotton.

The bales delivered should not bear any stains of oil, ink etc. and should not penetrate through the protective wrapping or should not be found contaminated with any other foreign matter. It should have all the proper markings in the form of unique press running number (PRN) along with details of variety, ginning and pressing unit and location, crop year and any other details as may be required from time to time. For identification purposes, each bale of cotton shall have a mark/ sticker that identifies the lot. Each bale shall have a label / sticker giving the bale number in figures along with Ginner/Trader details and the ginner's sticker label should be inside the cover straps of cotton bales. All bales deposited in a lot should be from a single ginning unit and should be continuous running bales from the same ginner. Bales meant for storage and delivery, if observed to be inconsistent with packaging and labeling conditions or with any misleading information, entire lot shall be liable for rejection. The warehouse will put a mark/sticker on to the Cotton bale which may include date of deposit and lot no. on each bale deposited.

At the time of deposit of Cotton bales at MAWs following documents shall be collected from the base depositor/ beneficiary in addition to currently prescribed documents;

- 1. Base depositor is taking credit in self account e-way bill with mention of PR nos. along with corresponding packing list with weight for each of 100 bales.
- 2. Base depositor is different from account where credit is given invoice/ bill with mention of PR nos. along with corresponding packing list with weight for each of 100 bales.

D. Delivery Size

Delivery Unit	48 Candy in 100 bales of 170 kg
Quantity Variation* (Tolerance Limit)	+/- 7% of total weight of each deliverable lot

^{*} Tolerance limit i.e. quantity variation shall be considered on quantity delivered in the respective contract month.



For Cotton bales kept in MAW by the beneficiary depositor, the deductions for arriving at the net weight for issue of warehouse receipts shall be as follows:

- Towards packing material, the deduction in case of iron bailing hoops shall be 2.00 kg per bale or in case of plastic straps shall be 500 gms per bale.
- Towards handling & sampling loss: The deduction shall be approx. 1.20 kg per sampled bale (i.e. approx. 6 kg per deliverable unit/lot).

E. Validity Period

The delivery of Cotton bales on Exchange platform may take place according to the validity period matrix as mentioned in the table given below:

Date of Deposit /Date of entry by warehouse in system (February -August)	the date of deposit)	No.of Revalidation	Final Expiry Date (From the date of deposit)
13 th February, 2023 – 31 st August 2023	15 th September 2023	0	15 th September 2023

Minimum validity period of the quality certificate post expiry date of the contract in which the goods have been tendered delivery will be 15 days.

F. Standard Deduction

Standard deduction shall be computed on per contract month basis. The standard deduction of the respective contract month shall be computed and deducted from the weight mentioned on the electronic Negotiable warehouse receipts at the time of delivery on MCXCCL and/ or lifting Cotton bales from MAW which shall be as follows:

Delivery/ Contract	For Deposit / Contract Months		
Expiry Months	Feb-March-Apr-23	May-June-23	July-Aug-23
April-23	0.60	-	-
June-23	1.10	0.75	-
August-23	0.95	0.75	0.50

The Weight of Cotton Bales delivered shall be determined/ calculated by the warehouse-designated weighbridge/ weigh scale and the same shall be considered for issuance of electronic Negotiable warehouse receipts, net of packing material, handling and sample weight. It may be noted that discount on account of moisture variation over base moisture (i.e.9.00 %) shall be considered proportionately for weight deduction and issue of electronic Negotiable warehouse receipt. For example, Moisture at the time of inward / deposit in warehouse is 9.50%. While issuing electronic Negotiable warehouse receipt, 0.50% deduction for moisture variation shall be applicable for recording weight on the electronic Negotiable warehouse receipt. Thereafter, Standard deduction shall be applicable on the weight recorded on the electronic Negotiable warehouse receipt.

If client physically withdraws allocated lot on/before the 15th day of the subsequent contract



month then standard deduction for that month shall not be applicable to the buyer.

Standard deduction shall be applicable only to those goods which shall be delivered through exchange mechanism and till the FED. It shall also be applicable on Goods which is received through Exchange settlement and subsequently sold to third party through off-market transfer.

At the time of lifting the goods from the MAW, in case any quantity variation is observed between entitled weight and actual weight noted at the weigh bridge / weigh scale, the difference will be settled in cheque/ demand draft/ pay order with the WSP at the Due date rate (DDR) of the previous contract declared by MCXCCL, Any weight shortage /Excess settlements should be done within 15 working days from the date of the withdrawal of the cotton bales from MAWs.

G. Quality grade deductions (Age Penalty)

As Cotton is a natural fiber, quality grade of the cotton is bound to be affected over the long storage and therefore, some discount on quality shall be passed on to the buyer. Accordingly, quality grade deduction will be applicable as under:

Delivery/ Contract	For Deposit / Contract Months		
Expiry Months	Apr-23	June-23	Aug-23
April-23	0.00	0.00	0.00
June-23	0.10	0.00	0.00
August-23	0.30	0.10	0.00

H. Outbound quality tolerance

The outbound quality tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit will be treated as good delivery during the lifting of goods from MCXCCL accredited warehouses. Following quality tolerance shall be treated as good delivery:

Outbound quality	Tolerance / variation permitted
Length	-0.5
MIC	+/- 0.1
Trash	+ 0.5
Tensile Strength (GPT)	+/-1.5
RD	-1.0
+b	+ 0.6

I. Sampling and Analysis process at the time of deposit

Labour/forklift arrangement shall be made by the warehouse for bale cutting and loading/unloading for which charges shall be payable directly to the labour/forklift (as per prevailing market rates), i.e. beneficiary depositor will have to pay for unloading and buyer/ lifter will have to pay for loading.

The WSP shall get associated with an assayer (from the panel of Assayers empaneled by MCXCCL) based on which the quality testing and certification will be undertaken for which Assayer shall issue



quality report. The Assayer appointed by the WSP for all purposes shall be the agent of WSP and WSP shall be solely liable for results of the Assayer Report.

Spot Analysis by WSP: On successful manual grading and satisfactory assessment of cotton bales by the WSP, moisture testing by the WSP of the deliverable lot will be undertaken by calibrated portable Moisture Meter (probe method) to ascertain moisture content in the bale at the time of deposit. For an individual bale, the Moisture reading shall be recorded from maximum four sides/points for fresh deposits from October to July and from eight points for the fresh deposit for the month of August.

The individual side reading should not exceed 10.50% and the average reading of each bale should not exceed 10.00%. Further, overall lot average shall not exceed 10.00%. A lot may be disqualified/rejected if wide variation / non-uniformity is noticed in moisture readings, even if it is qualified on Exchange quality specifications. A minimum of 20% of the bales from each deliverable lot shall be randomly selected for moisture testing at the sole discretion of the WSP.

Sampling: Five cotton bales out of the selected bales shall be cut open from any side for drawing samples, out of which one can be completely cut-open for quality verification purpose. If needed, additional bales beyond five bales may also be selected for sampling, quality analysis/ verification as deemed fit. All cut open bales shall be considered for issuance of electronic Negotiable warehouse receipt and shall form part and parcel of the deliverable lot. The size of the sample drawn out of the selected bales shall be approx. 1.20 kg per sampled bale. Four samples shall be made from each sampled bale. One part as beneficiary depositor sample; second part will be kept at warehouse, third will be with Assayer/ testing Lab and fourth shall be retained with WSP for future reference and record. Sealed samples of each of the said selected bales shall be tested separately.

Lab Analysis by the empaneled Assayer: The said samples as drawn by the WSP will be tested by the Assayer. Based on the test result of the said selected bales, average test result shall be arrived for Exchange quality parameters.

The quality Grade credit by the WSP shall be as per the grade matrix published/ announced by MCX/MCXCCL on its website from time to time and the same shall be final and binding on the depositor beneficiary and WSP. The quality certificate issued by the Assayer shall be deemed to have been issued by the WSP. The WSP shall issue the Assayer test report & subsequently credit to repository account within 10 working days from the date of deposit of goods.

A lot shall be considered good delivery only if all said individual bale test results of a lot shall qualify individually on all exchange specified quality parameters. A lot may be disqualified/rejected if wide variation/non-uniformity in test results is noticed in one or more quality parameters, even if it is qualified on all Exchange quality specifications. In case goods deposited for quality assaying do not conform to the quality specifications as per the contract specifications, the beneficiary depositor shall not have a choice to get the bales retested and the test report based on the samples drawn shall be acceptable and binding on all parties. In such case, the beneficiary depositor has to take out the goods immediately.

Explanation: it is clarified that quality certification of the lot is based on the sample/s selected and the beneficiary depositor shall be liable for ensuring that the entire lot of Cotton Bales is of homogenous quality as that of the sampled bales. In this regard, the WSP may at its discretion, to protect its own interest, obtain an undertaking / indemnity on stamp paper to this effect from the beneficiary depositor



J. Physical inspection of stock in possession

Members/ Participants holding goods in the warehouse are entitled to undertake physical inspection of said goods. Request for such physical inspection would have to be submitted to MCXCCL and MCXCCL shall forward the same to the concerned WSP for allowing such inspection. During physical inspection, the Member/ Participants or his authorized representative/ies (Maximum 2 personnel) is/are only permitted for inspection and they are not allowed to take photographs/videos or carry any such hazardous material, which may cause damage to the goods inside the warehouse. Member/ Participants or his authorized representative shall be allowed to do manual grading from assigned lots from the pre-cut bales only. In this case, they shall not be allowed to take any sample out of the warehouse

K. Resampling Method, Quality Analysis, Retesting & Certification

In case, the Member/ Participants who purchased Cotton bales on the Exchange platform and seek to retest and/or lift the Cotton bales from the warehouse but do not agree to the quality report as to the quality of the goods, Member/ Participants shall request MCXCCL within 15 working days from the date of commodity pay out, for resampling and retesting, without lifting the Cotton bales from the warehouse. Such Cotton bales should be valid on date of request for retesting and have not crossed the final expiry date (FED).

Member/ Participants in such case shall make a request for retesting to MCXCCL along with the prescribed form which in-turn shall be forwarded to the concerned WSP. The Assayer shall be selected wherein primary testing was perform at the time of deposit. MCXCCL shall indicate the preferable date and time of visit to the warehouse for retesting of the stock to Member/ Participants, Beneficiary Depositor (preferably) & WSP.

Retesting of bales in case Member/ Participants desire to deliver subsequently on the Exchange platform:

Member/ Participants shall have right to deliver that lot on Exchange platform which will be re-sampled and retested from the same bales cut originally at the time of deposit for sampling. The process for sampling shall be same as followed at the time of deposit of the goods. Member/ Participants shall be allowed to take counter sample during sampling process for retesting.

The Assayer shall complete the process of retesting and submit a report within 7 working days. Such reports shall be shared with all the concerned parties. The process of retesting includes drawing & collection of samples by the Assayer from warehouse, retesting and submission of report. In order to ensure that tests are exactly comparable and that the results are consistent, the Assayer shall determine the particular analytical test by applying the test methods as agreed or prescribed / communicated by WSP/MCXCCL from time to time.

The quality assigned to the lot at the time of deposit shall be considered for further delivery of the said lot on Exchange platform.



b) Retesting of bales in case Member/ Participants desire to withdraw goods from warehouse:

For resampling and retesting, not more than Five (5) new bales randomly selected by the buyer/ its representatives in presence of WSP and MCXCCL representatives for each deliverable lot. After the samples are drawn by the Assayer from 5 new bales, the samples, duly signed by the representatives and sealed shall be tagged for further identification of the lot. The process for sampling shall be same as followed at the time of deposit of the goods, Member/ Participants shall be allowed to take counter sample made from the sampling process

The said Assayer shall submit its quality report within 7 working days from the date of resampling, which shall be final and binding on all the parties concerned, including the WSP.

After considering outbound tolerance limit and age penalty of the re-tested bales, if the said quality report results/Grade are not found in accordance to the quality specifications/Grade as prescribed by the Exchange from time to time, the Member/ Participants, within 5 working days, shall submit their claim, in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed.

The basis of claim, if any shall be the value arrived on the basis of nearest closing spot price on the claim submission business day. MCXCCL shall give its decision on the claim filed by the buyer / stock holder which shall be binding on the parties including WSP. In case MCXCCL determines that a delivery does not constitute a good delivery owing to variation in underlying goods, quality, quantity, etc. beyond the prescribed standards mentioned in the cotton delivery procedure/contract specification the WSP shall be liable to resolve / compensate the buyer / stock holder for the quality difference or substitute good delivery within 15 working days from the date of the decision of MCXCCL.

The WSP/client shall settle the claim by considering net off for all the retested lots (After considering outbound tolerance limits and age penalty) for such lots results came within specification after considering the outbound tolerance.

In case the lots are rejected in retesting after considering the outbound tolerance those lots settlement to be done as follow.

• 4% of Settlement Price + replacement cost (Higher of Settlement price or average of three highest of the last spot prices of all days from the commodity pay-out date till claim submission date by buyer)

Or

substitute good delivery as per good delivery norms

The WSP shall be liable for giving good delivery (quality and quantity) / compensation in accordance with the contract specifications as prescribed by the Exchange issued from time to time.

The parties whoever requests for the resampling, retesting and certification shall bear all professional fees of Assayer, including incidental costs, weight shortage and expenses related to sampling, testing certification, etc. In case, the retesting results indicate negative variance from the original certificate, then the aforesaid retesting cost shall be borne by the WSP.

The Member / Participants, whoever wishes to seek private sampling and testing arrangements may request the WSP under their mutual private arrangement and their mutual terms and conditions. In such a case, the said goods shall be treated as outside the scope of MCXCCL. Meaning thereby, said goods can neither be tendered for delivery on Exchange platform nor



any further complaints and claims shall be entertained by the MCX/MCXCCL. (Also for such activity the beneficiary holder needs to complete the withdrawal formality from repository and after such activity is completed, they need to withdraw of the commodity out of the warehouse.)

The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit.

- Original Retesting Request Form
- Original withdraw request form duly approved by the Repository Participants or withdrawal request reference number generated through CCRL system, if applicable.

Note: A deduction of approx. 6.00 kg per deliverable unit/lot towards handling & sampling loss shall be compensated to the WSP by the client requesting for resampling and retesting. The sample weight difference will be settled in cheque/demand draft/ pay order with the WSP at the Due date rate (DDR) of the previous contract declared by the MCXCCL. The WSP will pass on the deduction to the end buyer/client at time of withdrawal.

L. Withdrawal of Commodity from Warehouse

The holder of goods shall request for withdrawal of goods from warehouse to the WSP through CDSL Commodity Repository Ltd. ("CCRL") system. Once it is approved by the Repository Participants, the goods will not be eligible for the delivery on the Exchange platform and Client has to withdraw the goods from the warehouse within the timeline given in the request after submission of the authority letter and identity proof. The holder of goods shall confirm date and time with warehouse service provider before placing vehicle at warehouses for withdrawal of commodity.

M. Storage after Validity Period

The Client / Stockholder can take out the Cotton bales from the warehouse on or before Final Expiry Date (FED). After the FED, the goods in the MAW shall necessarily be removed. Storage of goods in MCXCCL accredited warehouse(s) after the specified FED is not permitted and therefore the Members/Participants shall ensure that the goods whose final expiry date is over, are removed within 15 days from FED from the concerned warehouse date of the specified FED. In case, the client does not withdraw his stock within 15 days of FED, the WSP shall apply penalty in accordance with MCXCCL Circular regarding the Treatment of Rejected goods and Expired goods In MAWs. Accordingly, Members/Participants involved in such deposits shall solely remain liable/responsible for such deposits. MCXCCL shall not be responsible in any manner whatsoever for those goods which have crossed the FED. Such goods shall be treated as per the regulation/policy of WDRA /relevant central/state authority for warehouse. Members/ Participants are advised to become familiar with relevant circular/ provisions/ guidelines of MCXCCL which are in force from time to time and undertake suitable due diligence.

N. General Conditions

The general provisions of Bye - Laws, Rules and Business Rules/Regulations of MCX/MCXCCL and decision taken by the Relevant Authority of MCX/MCXCCL in respect of matter specified above will form an integral part of the contract. MCX/MCXCCL may further prescribe additional measures relating to delivery procedures and requirements for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.



Members and Market Participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCX/MCXCCL Bye Laws, Rules, Business Rules/Regulations, circulars, directives, and notifications of MCX/MCXCCL as well as of the Regulators, Government and other authorities.

It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the MCX, the goods deposited / traded / delivered through the Approved warehouses of MCXCCL is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India , BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time including but not limited to compliance of provisions and rates relating to GST, Tax, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and MCX /MCXCCL shall not be responsible or liable on account of any non-compliance thereof.

All the sellers giving delivery of goods/ commodities and all the buyers taking delivery of goods/ commodities shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members of MCX, it shall be the responsibility of the Trading Member/Clearing Member to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments. The MCX /MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

WSP can hold the Physical withdrawal of the goods in case of non-payment of storage charges/any outstanding by client.

MCXCCL shall entertain complaint on quality or quantity of the goods received only through settlement of trades through Exchange mechanism and only if the quality claim is made within 5 working days from the date of issuance of report of retesting by the Assayers, failing which, no claim shall be entertained by MCXCCL. However, WSP shall remain responsible for the stocks received through settlement of trade through Exchange Mechanism until FED of the goods. Any dispute/claim of WSP against its client/depositor with regards to storage charge, default, quality and weight/quantity shall refer to MCXCCL grievance redressal mechanism.

For the goods that have been deposited at MAW, but not delivered through settlement Mechanism of MCXCCL, MCXCCL shall not be responsible for quality and quantity of the goods. However, WSP shall continue to be liable for such goods, that have not been delivered through settlement mechanism of MCXCCL, in accordance with various State and Central Laws/WDRA governing the operation of Warehouses and shall be solely responsible to the owners of stocks as reflected in the storage receipt issued by the Warehouse/WSP or the Statement issued by the Repository or the Electronic Warehouses Receipts issued by the Repository.

MCXCCL shall not be responsible and shall not be held liable or accountable or responsible for value of the goods /stock of the commodities stored/lying in MCXCCL designated warehouse/s, and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry Date and continue to remain in MCXCCL accredited warehouse.



6.2 Procedure for dealing with Aluminium Ingot bundles for Alumini contract at MCXCCL Accredited Warehouses

(Circular No. MCXCCL/WHL/045/2023 dated February 16, 2023)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL"), Clearing Members of MCXCCL are notified as under:

Members and their Constituents, who desire to deposit Aluminium Ingots at the MCXCCL Accredited Warehouses (MAW), for delivery on MCXCCL platform are advised to adhere to the below mentioned procedure / conditions / norms / charges.

A. Procedure for Deposit at the warehouse

- a) Only London Metal Exchange (LME) approved brands (including Indian producer's brands approved by LME) of Aluminium Ingots as per the list specified by LME at the time of deposit will be accepted for deposit by the depositor/seller at the MAW. It should be Primary Aluminium with impurities no greater than the chemical composition of one of the registered designations:
 - P1020A in the North American and International Registration Record entitled "International Designations and Chemical Composition Limits for Unalloyed Aluminum"
 - Al 99.70 in the GB/T 1196-2008 Standard entitled "Unalloyed aluminium ingots for remelting"

For primary aluminium produced up to and including 31 December 2009 must be of minimum 99.70% purity with maximum permissible iron content 0.20% and maximum permissible silicon content 0.10%.

In case LME/MCXCCL delists a particular brand of Aluminium Ingots the same shall not be acceptable by the MAW.

- b) The Aluminium should be accompanied by the following documents
 - I. Copy of Certificate of Analysis (CoA) of the producer containing details like Brand name of the associated lots, Producer's name, Batch No & certificate date.
 - II. Copy of Invoice with all deposits/eWay bill
 - III. Certificate of Origin and any of Custom clearance documents in case of Imported Goods.
 - IV. Packing list
- c) Ingot bundles should carry the producer's sticker reflecting manufacturing details. Alternatively, material having batch detail of the lot printed with laser / stencil shall also be accepted. The batch number on the labels/sticker is the minimum requirement and it should match with the batch number on the CoA.

Each deliverable lot of 1 MT Aluminium should consist of same Brand.

d) Depositors/participants who are desirous of depositing Aluminium into MAW shall request for deposit of the commodity to the Warehouse Service Provider (WSP) through the Commodity Receipts Information System (ComRIS) Accounts by access to the link



https://comris.mcxindia.com or any other electronic receipts management system as communicated by MCXCCL from time to time. The depositors/participants shall take the goods to the warehouse as per the schedule after confirmation with the respective WSP, to ensure availability of storage space and unloading arrangements at the warehouse. Loading and Unloading of Aluminium will be undertaken on first come first serve basis.

- e) Depositor shall complete the formality in respect to necessary documentation at the warehouse. Depositor shall submit duly filled in Know Your Depositor (KYD) form & Depositor Transaction Declaration (DTD) form available on the MCXCCL website at the warehouse before depositing the goods and shall also ensure compliance with all the statutory laws/ regulations and best practices for depositing Aluminium in the MAW. Depositor shall submit the packing list which contains net weight, & batch no. Please note that the goods shall be accepted at the warehouse only if the KYD and DTD copy is submitted at the time of/before the deposit of Aluminium in hard copy or scan. However, the electronic credit shall be provided only upon submission of completed KYD and DTD.
- f) The stock which is intended for Pay-In should preferably be deposited at least 2 working days prior to the expiry (or Tender day) of the contract.

B. Size and Weight of Aluminium ingot bundle

Aluminium deposited at MAW in the shape of ingots, should comprise of each ingot weighing between 9 Kgs to 26 Kgs.

The weight of the Aluminium received and/or delivered would be considered as per the weight mentioned in packing list. WSP shall have the right to check all the bundles/pieces on warehouse weigh scale. In case the weight of bundle/piece as per the weighment by weighing scale is found lesser than the weight declared in the packing list after factoring in the allowable weight tolerance, the lesser of both the weights shall be considered as final weight. Allowable weigh scale tolerance is 400 gm/MT.

Once weighed at the warehouse, if the Ingot bundle weight variation compared to the packing list/label is more than $\pm 1.0\%$, the same shall not be accepted.

C. Physical Inspection at the time of deposit by WSP

- a) Aluminium ingot bundle should come with an intact original packing along with the certificate of analysis.
- b) Warehouse/WSP will not undertake assaying of the metal and will undertake only visual inspection of the metal along with the supporting documentation.

Further, if:

- I. the metal or the supporting documentation is in any way not provided by depositor or found inconsistent, or,
- II. Metal is not found physically sound and free of harmful defects such as segregation, piping, cracks, inclusions or visible contamination of metal, or
- III. there is any sign of broken or visibly corroded strapping on the Ingots in any bundle, or
- IV. there is inconsistency in branding of metal (for instance, Non-LME brands or different LME brands have been visibly mixed within a bundle/lot);



then, the WSP shall call upon any such information from the depositor for acceptance of Aluminium and the Warehouse/WSP may not issue a Receipt until any such shortcoming has been addressed by the depositor.

c) WSP at its sole discretion may reject /insist on replacement of such deliverable lot, if the goods are found inconsistent/faulty.

D. Delivery Size

Delivery Lot	1 MT (Net Weight of Metal)
Quantity Variation (Tolerance Limit)	+/- 10.00 % weight per lot of 1 MT

E. Outbound quality & quantity tolerance

The outbound quality & quantity tolerance limit is applicable only for outbound deliveries. Variation in quality and weight parameters within the prescribed tolerance limit will be treated as good delivery during the lifting of goods from accredited warehouses.

Following tolerances shall be treated as good delivery:

Outbound Parameters	Allowable Tolerance / Variation permitted
Quality	10 ppm
Weight	+/- 400 gm/MT

F. Physical inspection of stock in possession

Members/ Participants holding goods in the warehouse are entitled to undertake physical inspection of said goods. Request for such physical inspection would have to be submitted to MCXCCL after verification of such requests shall forward the same to the concerned WSP for allowing such inspection. During physical inspection, the Member/ Participants or his authorized representative/s (Maximum 2 personnel) is/are not permitted to draw samples, take photographs/ videos or carry any such hazardous material which may cause damage to the goods inside the warehouse.

G. Retesting Method - Sampling, Quality Analysis & Certification

In case, the Member/ Participants who purchased Aluminium on the Exchange platform seek to lift the Metal from the warehouse, do not agree to the quality as specified in the Original Certificate of Analysis (CoA) of the Goods, then they shall request MCXCCL within 7 working days from the date of commodity pay out, for resampling and retesting without lifting the Metal from the warehouse. MCXCCL shall entertain complaints on quality or quantity of the commodity received only through settlement of trades through Exchange mechanism and only if the complaint is made within the prescribed timelines as specified above.

Member/ Participants have a choice to select Assayer from the empanelled Assayers as specified by MCXCCL from time to time. Member/ Participants in such case shall make a request for retesting to MCXCCL which in-turn shall be forwarded to the concerned WSP. The Member / Participants shall indicate the preferable date and time of visit to the warehouse for retesting of the stock along with the prescribed form. Once a request for retesting is carried out, then the same goods will necessarily have to be lifted and cannot be retendered in subsequent settlements.



The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit:

- I. Original Retesting Request Form
- II. Proof of holding the commodity balance in the ComRIS Account
- III. Original Authorization letter in favour of representative along with copy of ID proof.
- IV. Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ Participants

At least 2 random samples shall be drawn from each of the Ingot bundle from a deliverable lot, weighing around 100 Gms each (or as per requirement of Assayer for testing by Instrumental/Chemical method). First Sample shall be Assayer's sample and the second sample shall be Reference sample.

The assayer shall complete the process of retesting and submit a retesting report basis the composite observation of the 2 samples analyzed within 5 working days from the date of sampling. Such reports shall be shared with all the concerned parties and shall be binding on both buyer & Seller Clearing Member of the said lot.

If the said quality report results are not found in accordance with the quality specifications (after considering outbound tolerance limits) as prescribed by the Exchange/ MCXCCL from time to time, the Member/ Participants within 3 working days; shall submit their claim in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The basis of claim, if any, shall be the value arrived on the basis of nearest closing spot price on the claim submission business day. MCXCCL shall give its decision on the claim filed by the buyer / stock holder and this shall be binding on the parties. In case MCXCCL determines that a delivery does not constitute a good delivery, the Seller Clearing Member shall be liable to resolve / compensate the buyer / stock holder for the quality difference or substitute the good delivery within 7 working days from the date of the decision of MCXCCL. The Seller Clearing Member shall be liable for giving good delivery (quality and quantity) / compensation in accordance with the contract specifications as prescribed by the Exchange from time to time.

Buyer requesting for retesting and certification shall bear all professional fees of assayer, including incidental costs, weight shortage and expenses related to retesting, certification, etc. in case the retesting assaying report is in line with the Certificate of Analysis deposited with the material. In case, the retesting results indicate negative variance from the original certificate (after considering outbound tolerance limits), then the aforesaid retesting cost shall be borne by the Seller Clearing Member.

H. Withdrawal of the Aluminium from Warehouse

The holder of goods shall request for withdrawal of goods from warehouse to the WSP in ComRIS. Once it is approved by the WSP, the goods will not be eligible for the delivery on the Exchange platform and Client has to withdraw the goods from the warehouse within the timeline given in the request after submission of the authority letter and identity proof.

The Member / Participants, whoever wishes to seek private testing & certification arrangements may request the WSP under their mutual private arrangement under their mutual terms and conditions. In such a case, the said goods shall be treated as outside the scope of MCX/MCXCCL. These goods can then neither be tendered for delivery on Exchange platform nor shall any further complaints and claims be entertained by the Exchange/ MCXCCL.



I. General Conditions

The general provisions of Bye - Laws, Rules and Business Rules/Regulations of MCX/MCXCCL and decision taken by the Relevant Authority of MCX/MCXCCL in respect of matter specified above will form an integral part of the contract. MCX/MCXCCL may further prescribe additional measures relating to delivery procedures and requirements for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.

Members and Market Participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCX/MCXCCL Bye Laws, Rules, Business Rules/Regulations, circulars, directives, and notifications of MCX/MCXCCL as well as of the Regulators, Government and other authorities.

It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the MCX, the goods deposited / traded / delivered through the Approved warehouses of MCXCCL is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India , BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time including but not limited to compliance of provisions and rates relating to GST, Tax, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and MCX /MCXCCL shall not be responsible or liable on account of any non-compliance thereof.

All the sellers giving delivery of goods/ commodities and all the buyers taking delivery of goods/ commodities shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members of MCX, it shall be the responsibility of the Trading Member/Clearing Member to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments. The MCX /MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

MCXCCL shall entertain complaint on quality or quantity of the goods received only through settlement of trades through Exchange mechanism and only if the claim is made within 3 working days from the date of issuance of report of retesting by the Assayers, failing which, no claim shall be entertained by MCXCCL. However, WSP shall remain responsible for the stocks received through settlement of trade through Exchange Mechanism until FED of the goods.

For the goods that have been deposited at MAW, but not delivered through settlement Mechanism of MCXCCL, MCXCCL shall not be responsible for quality and quantity of the goods. However, WSP shall continue to be liable for such goods that have not been delivered through settlement mechanism of MCXCCL. WSP shall remain responsible for all its obligations under various State and Central Laws governing the operation of Warehouses and shall be solely responsible to the owners of stocks as reflected in the storage receipt issued by the Warehouse/WSP or the Statement issued by the Repository or the Electronic Warehouses Receipts issued by the Repository.

MCXCCL shall not be responsible and shall not be held liable or accountable or responsible for value of the goods /stock of the commodities stored/lying in MCXCCL designated warehouse/s, and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason



whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry Date and continue to remain in MCXCCL accredited warehouse.

6.3 Procedure for dealing with Zinc Ingots Zinc Mini contract at MCXCCL Accredited Warehouses

(Circular No. MCXCCL/WHL/044/2023 of dated February 16, 2023)

Members and their Constituents, who desire to deposit Zinc Ingots at the MCXCCL Accredited Warehouses ("MAW"), for delivery on MCXCCL platform are advised to adhere to the below mentioned procedure.

A. Procedure for Deposit at the warehouse

- a) Only London Metal Exchange (LME) approved brands (including Indian producer's brands approved by LME) of Zinc Ingots as per the list specified by LME at the time of deposit will be accepted for deposit by the depositor/seller at the MAW. It should be special high-grade zinc of 99.995% purity (minimum) must conform to the chemical composition of one of the following standards:
- BS EN 1179:2003 99.995% grade
- ISO 752:2004 ZN-1 grade
- ASTM B6-12 LME grade
- GB/T 470-2008 Zn99.995 grade.
- b) The Zinc Ingot bundles should be accompanied by the following documents
 - I. Copy of Certificate of Analysis (CoA) of the producer containing details like Brand name of the associated lots, Producer's name, Batch No & certificate date.
 - II. Copy of Invoice with all deposits/eWay bill.
 - III. Certificate of Origin and any of Custom clearance documents in case of Imported Goods.
 - IV. Packing list
- c) Ingot bundles should carry the producer's sticker reflecting manufacturing details. Alternatively, material having batch detail of the lot printed with laser / Stencil shall also be accepted. The batch Number on labels/sticker is minimum requirement and it should match with the batch number on the CoA.
- d) Each bundle of the deliverable lot of 1 MT Zinc should be of same Brand.
- e) Depositors/participants who are desirous of depositing Zinc Ingots into MAW shall request for deposit of the commodity to the Warehouse Service Provider (WSP) through the Commodity Receipts Information System (ComRIS) Accounts by access to the link https://comris.mcxindia.com or any other electronic receipts management system as communicated by MCXCCL from time to time. The depositors/participants shall take the goods to the warehouse as per the schedule after confirmation with the respective WSP, to ensure availability of storage space and unloading arrangements at the warehouse. Loading and unloading will be undertaken on first come first serve basis.



- f) Depositor shall complete the formality in respect of necessary documentation at the warehouse. Depositor shall submit duly filled in Know Your Depositor (KYD) form & Depositor Transaction Declaration (DTD) form available on the MCXCCL website at the warehouse before depositing the goods and shall also ensure compliance with all the statutory laws/ regulations and best practices for depositing Zinc Ingots in the MAW. Depositor shall submit the packing list which contains net weight & batch no. Please note that the goods shall be accepted at the warehouse only if the KYD and DTD copy is submitted at the time of/before the deposit in hard copy or scan. However, the electronic credit shall be provided only upon submission of completed KYD and DTD.
- g) The stock which is intended for Pay-In should preferably be deposited at least 2 working days prior to the expiry (or Tender day) of the contract.

B. Size and Weight of Zinc Ingots

Zinc Ingots deposited at MAW shall not weigh more than 30 Kgs.

The weight of the Zinc Ingots received and/ or delivered would be considered as per the weight mentioned in packing list. WSP shall have the right to check all the bundles on warehouse weigh scale. In case the weight of Ingots bundle as per the weighment by weighing scale is found lesser than the weight declared in the packing list after factoring in the allowable weight tolerance, the lesser of both the weights shall be considered as final weight. Allowable weigh scale tolerance is 400 gm/MT.

Once weighed at the warehouse, if the bundle weight variation compared to the packing list/label is more than $\pm 1.0\%$ of the bundle size/1000 Kgs the same shall not be accepted.

C. Physical Inspection at the time of deposit by WSP

- a. Zinc Ingot bundles should come with an intact original packing with certificate of analysis.
- b. Warehouse/WSP will not undertake assaying of the metal and will undertake only visual inspection of the metal along with the supporting documentation.

Further, if:

- I. the metal or the supporting documentation is in any way not provided by depositor or found inconsistent, or,
- II. Ingots are not found physically sound and free of harmful defects such as segregation, piping, cracks, inclusions or visible contamination of metal, or
- III. there is any sign of broken or visibly corroded strapping on the Ingots in any bundle, or
- IV. there is inconsistency in branding of metal (for instance, Non-LME brands or different LME Brands have been visibly mixed within a bundle/lot);

then the WSP shall call upon any such information from the depositor for acceptance of Zinc Ingot bundles and the Warehouse/WSP may not issue a Receipt until any such shortcoming has been addressed by the depositor.



c. WSP at its sole discretion may reject /insist on replacement of such deliverable lot, if the goods are found inconsistent/faulty.

D. Delivery Size

Delivery Lot	1 MT (Net Weight of Metal)
Quantity Variation (Tolerance Limit)	+/- 10.00 % weight per lot of 1 MT

E. Outbound quality & quantity tolerance

The outbound quality & quantity tolerance limit is applicable only for outbound deliveries. Variation in quality and weight parameters within the prescribed tolerance limit will be treated as good delivery during the lifting of goods from accredited warehouses. Following quality tolerance shall be treated as good delivery:

Outbound Parameters	Allowable Tolerance / Variation permitted
Quality	10 ppm
Weight	+/- 400 gm/MT

F. Physical inspection of stock in possession

Members/ Participants holding goods in the warehouse are entitled to undertake physical inspection of said goods. Request for such physical inspection would have to be submitted to MCXCCL and MCXCCL after verification of such requests shall forward the same to the concerned WSP for allowing such inspection. During physical inspection, the Member/ Participants or his authorized representative/ies (Maximum 2 personnel) is/are not permitted to draw samples, take photographs/videos or carry any such hazardous material which may cause damage to the goods inside the warehouse.

G. Retesting Method - Sampling, Quality Analysis & Certification

In case, the Member/ Participants who purchased Ingots on the Exchange platform and seek to lift the Ingots from the warehouse do not agree to the quality as specified in the Original Certificate of Analysis (CoA) of the Goods, shall request MCXCCL within 7 working days from the date of commodity pay out, for resampling and retesting without lifting the Ingots from the warehouse. Such Ingots should not have crossed the final expiry date (FED) as mentioned on the quality certificate. MCXCCL shall entertain complaint on quality or quantity of the commodity received only through settlement of trades through Exchange mechanism and only if the complaint is made within the prescribed timelines as specified above.

Member/ Participants have a choice to select Assayer from the empanelled Assayers as specified by MCXCCL from time to time. Member/ Participants in such case shall make a request for retesting to MCXCCL which in-turn shall be forwarded to the concerned WSP. The Member / Participants shall indicate the preferable date and time of visit to the warehouse for retesting of the stock along with the prescribed form. Once a request for retesting is carried out, then the same goods will necessarily have to be lifted and cannot be retendered in subsequent settlements.



The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit.

- Original Retesting Request Form
- Proof of holding the commodity balance in the ComRIS Account
- Original Authorization letter in favour of representative along with copy of ID proof.
- Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ Participants

At least 2 random samples shall be drawn from each of the 5 bundles of the deliverable lot weighing around 100 Gms each (or as per requirement of Assayer for testing by Instrumental/Chemical method). First Sample shall be Assayer's sample and the second sample shall be Reference sample.

The assayer shall complete the process of retesting and submit a retesting report basis the composite observation of the 5 samples analyzed within 5 working days from the date of sampling. Such reports shall be shared with all the concerned parties and shall be binding on both buyer & Seller Clearing Member of the said lot.

If the said quality report results are not found in accordance to the quality specifications (after considering outbound tolerance limits) as prescribed by the Exchange/ MCXCCL from time to time, the Member/ Participants within 3 working days; shall submit their claim in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The basis of claim, if any shall be the value arrived on the basis of nearest closing spot price on the claim submission business day. MCXCCL shall give its decision on the claim filed by the buyer / stock holder which shall be binding on the parties. In case MCXCCL determines that a delivery does not constitute a good delivery, the Seller Clearing Member shall be liable to resolve / compensate the buyer / stock holder for the quality difference or substitute good delivery within 7 working days from the date of the decision of MCXCCL. The Seller Clearing Member shall be liable for giving good delivery (quality and quantity) / compensation in accordance with the contract specifications as prescribed by the Exchange from time to time.

Buyer requesting for retesting and certification shall bear all professional fees of assayer, including incidental costs, weight shortage and expenses related to retesting certification, etc. in case the retesting assaying report is in line with the Certificate of Analysis deposited with the material. In case, the retesting results indicate negative variance from the original certificate (after considering outbound tolerance limits), then the aforesaid retesting cost shall be borne by the Seller Clearing Member.

H. Withdrawal of the Zinc ingot bundles from Warehouse

The holder of goods shall request for withdrawal of goods from warehouse to the WSP in ComRIS. Once it is approved by the WSP, the goods will not be eligible for the delivery on the Exchange platform and Client has to withdraw the goods from the warehouse within the timeline given in the request after submission of the authority letter and identity proof.

The Member / Participants, whoever wishes to seek private testing & certification arrangements may request the WSP under their mutual private arrangement under their mutual terms and conditions. In such a case, the said goods shall be treated as outside the scope of MCX/MCXCCL. These goods can then neither be tendered for delivery on Exchange platform nor shall any further complaints and claims be entertained by the Exchange/ MCXCCL.



I. General Conditions

The general provisions of Bye - Laws, Rules and Business Rules/Regulations of MCX/MCXCCL and decision taken by the Relevant Authority of MCX/MCXCCL in respect of matter specified above will form an integral part of the contract. MCX/MCXCCL may further prescribe additional measures relating to delivery procedures and requirements for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.

Members and Market Participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCX/MCXCCL Bye Laws, Rules, Business Rules/Regulations, circulars, directives, and notifications of MCX/MCXCCL as well as of the Regulators, Government and other authorities.

It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the MCX, the goods deposited / traded / delivered through the Approved warehouses of MCXCCL is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India , BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time including but not limited to compliance of provisions and rates relating to GST, Tax, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and MCX /MCXCCL shall not be responsible or liable on account of any non-compliance thereof.

All the sellers giving delivery of goods/ commodities and all the buyers taking delivery of goods/ commodities shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members of MCX, it shall be the responsibility of the Trading Member/Clearing Member to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments. The MCX /MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

MCXCCL shall entertain complaint on quality or quantity of the goods received only through settlement of trades through Exchange mechanism and only if the claim is made within 3 working days from the date of issuance of report of retesting by the Assayers, failing which, no claim shall be entertained by MCXCCL. However, WSP shall remain responsible for the stocks received through settlement of trade through Exchange Mechanism until FED of the goods.

For the goods that have been deposited at MAW, but not delivered through settlement Mechanism of MCXCCL, MCXCCL shall not be responsible for quality and quantity of the goods. However, WSP shall continue to be liable for such goods that have not been delivered through settlement mechanism of MCXCCL. WSP shall remain responsible for all its obligations under various State and Central Laws governing the operation of Warehouses and shall be solely responsible to the owners of stocks as reflected in the storage receipt issued by the Warehouse/WSP or the Statement issued by the Repository or the Electronic Warehouses Receipts issued by the Repository.

MCXCCL shall not be responsible and shall not be held liable or accountable or responsible for value of the goods /stock of the commodities stored/lying in MCXCCL designated warehouse/s, and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason



whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry Date and continue to remain in MCXCCL accredited warehouse.

6.4 Procedure for dealing with Lead Ingots for Lead Mini contract at MCXCCL Accredited Warehouses

(Circular No. MCXCCL/WHL/043/2023 dated February 16, 2023. The circular supersedes Circular No. MCXCCL/WHL/004/2023 dated January 04, 2023.)

Members and their Constituents, who desire to deposit Lead Ingots at the MCXCCL Accredited Warehouses ("MAW"), for delivery on MCXCCL platform are advised to adhere to the below mentioned procedure / conditions / norms / charges.

A. Procedure for Deposit at the warehouse

- a. London Metal Exchange (LME) approved brands (including Indian producer's brands approved by LME) and any other Lead producer brands as approved by MCX of Lead Ingots as per the list specified by LME and MCX/MCXCCL at the time of deposit will be accepted for deposit by the depositor/seller at the MAW.
- b. For MCX Brands it should be Lead of 99.98% purity (minimum) as per the 'Principal Document for MCX Registered India Refined Lead Brands' placed on our website.
- c. For LME Brands It should be Lead of 99.97% purity (minimum) must conform to the chemical composition one of the following standards:
 - BS EN 12659:1999 Permitted grades: material numbers PB970R, PB985R and PB990R
 - GB/T 469/2005 Permitted grades: 99.970%, 99.985%, 99.990% and 99.994%
 - ASTM B29-03 (2009) Permitted grades: 99.97% and 99.995

In case LME/MCX delists a particular brand of Lead Ingot, the same shall not be acceptable by the MAW.

- d. The Lead Ingot bundles should be accompanied by the following documents
 - I. Copy of Certificate of Analysis (CoA) of the producer containing details like Brand name of the associated lots, Producer's name, Batch No & certificate date.
 - II. Copy of Invoice with all deposits/eWay bill.
 - III. Copy of Certificate of Origin and Custom clearance documents in case of Imported Goods
 - IV. Packing list containing net weight, batch no, No.of units in bundles/lot.
- e. The listed brand/Manufacture's name must be embossed on each ingot within a bundle. Each bundle of the deliverable lot of 1 MT Lead should be of same Brand.
- f. Ingots bundles should carry the producer's sticker reflecting Producer name, Net Weight, Batch No, Purity, Number of Pieces of Ingots in bundle & date of Manufacturing. Labels/sticker is minimum requirement and it should match with the batch number on the CoA.



- g. Depositors/participants who are desirous of depositing Lead Ingots into MAW shall request for deposit of the commodity to the Warehouse Service Provider (WSP) through the Commodity Receipts Information System (ComRIS) Accounts by access to the link https://comris.mcxindia.com or any other electronic receipts management system as communicated by MCXCCL from time to time. The depositors/participants shall take the goods to the warehouse as per the schedule after confirmation with the respective WSP, to ensure availability of storage space and unloading arrangements at the warehouse. Loading and Unloading of Lead Ingots will be undertaken on first come first serve basis.
- h. Depositor shall complete the formality in respect of necessary documentation at the warehouse. Depositor shall submit duly filled in Know Your Depositor (KYD) form & Depositor Transaction Declaration (DTD) form available on the MCXCCL website at the warehouse before depositing the goods and shall also ensure compliance with all the statutory laws/ regulations and best practices for depositing Lead Ingots in the MAW. Please note that the goods shall be accepted at the warehouse only if the KYD and DTD copy is submitted at the time of/before the deposit in hard copy or scan. However, the electronic credit shall be provided only upon submission of completed KYD and DTD.
- i. The stock which is intended for Pay-In should preferably be deposited at least 2 working days prior to the expiry (or Tender day) of the contract.

B. Size and Weight of Lead Ingots

- a. Lead Ingots deposited at MAW shall not weigh more than 55 Kgs each.
- b. The weight of the Lead Ingots received and/ or delivered would be considered as per the weight mentioned in packing list. WSP shall have the right to check all the bundles on warehouse weigh scale. In case the weight of Ingots bundle as per the weighment by weighing scale is found lesser or more than the weight declared in the packing list after factoring in the allowable weight tolerance, the lesser of both the weights shall be considered as final weight.
 - Allowable weighscale tolerance is 400 gm/MT.
- c. Once weighed at the warehouse, if the bundle weight variation compared to the packing list/label is more than +/- 1.0% of the bundle size/1000 Kgs, the same shall not be accepted.

C. Physical Inspection at the time of deposit by WSP

- a. Lead Ingot bundle should come with the intact original packing with certificate of analysis.
- b. Warehouse/WSP will not undertake assaying of the metal and will undertake only visual inspection of the metal along with the supporting documentation.

Further, if:

- I. the metal or the supporting documentation is in any way not provided by depositor or found inconsistent, or,
- II. Ingots are not found physically sound and free of harmful defects such as segregation, piping, inclusions or visible contamination of metal, or
- III. there is any sign of broken or visibly corroded strapping on the Ingots in any bundle, or
- IV. Each Lot shall be comprised of the same LME/MCX approved brand i.e. a mix of multiple LME-brands/MCX approved brands shall not be allowed in the same bundle;



then the WSP shall call upon any such information from the depositor for acceptance of Lead Ingot bundles and the Warehouse/WSP may not issue a Receipt until any such shortcoming has been addressed by the depositor.

c. WSP at its sole discretion may reject /insist on replacement of such deliverable lot, if the goods are found inconsistent/faulty.

D. Delivery Size

Delivery Unit	1 MT (Net Weight of Metal)
Quantity Variation (Tolerance Limit)	+/- 10.00 % weight per lot of 1 MT

E. Outbound quality & quantity tolerance

The outbound quality & quantity tolerance limit is applicable only for outbound deliveries. Variation in quality and weight parameters within the prescribed tolerance limit will be treated as good delivery during the lifting of goods from accredited warehouses. Following tolerances shall be treated as good delivery:

Outbound Parameters	Allowable Tolerance / Variation permitted
Quality	10 ppm
Weight	+/- 400 gm/MT

F. Physical inspection of stock in possession

Members/ Participants holding goods in the warehouse are entitled to undertake physical inspection of said goods. Request for such physical inspection would have to be submitted to MCXCCL and MCXCCL after verification of such requests shall forward the same to the concerned WSP for allowing such inspection. During physical inspection, the Member/ Participants or his authorized representative/ies (Maximum 2 personnel) is/are not permitted to draw samples, take photographs/ videos or carry any such hazardous material which may cause damage to the goods inside the warehouse.

G. Retesting Method - Sampling, Quality Analysis & Certification

In case, the Member/ Participants who purchased Ingots on the Exchange platform and seek to lift the Ingots from the warehouse do not agree to the quality as specified in the Original Certificate of Analysis (CoA) of the Goods, shall request MCXCCL within 7 working days from the date of commodity pay out, for resampling and retesting without lifting the Ingots from the warehouse. Such Ingots should not have crossed the final expiry date (FED) as mentioned on the electronic receipt, if applicable. MCXCCL shall entertain complaint on quality or quantity of the commodity received only through settlement of trades through Exchange mechanism and only if the complaint is made within the prescribed timelines as specified above.

Member/ Participants have a choice to select Assayer from the empanelled Assayers as specified by MCXCCL from time to time. Member/ Participants in such case shall make a request for retesting to MCXCCL which in-turn shall be forwarded to the concerned WSP. The Member / Participants shall indicate the preferable date and time of visit to the warehouse for retesting of the stock along with the prescribed form. Once a request for retesting is carried out, then the same goods will necessarily have



to be lifted and cannot be retendered in subsequent settlements.

The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit.

- Original Retesting Request Form
- Proof of holding the commodity balance in the ComRIS Account
- Original Authorization letter in favour of representative along with copy of ID proof.
- Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ Participants

At least 2 random samples shall be drawn from each of the 5 bundles of the deliverable lot weighing around 100 Gms each (or as per requirement of Assayer for testing by Instrumental/Chemical method). First Sample shall be Assayer's sample and the second sample shall be Reference sample.

The assayer shall complete the process of retesting and submit a retesting report basis the composite observation of the 5 samples analyzed within 5 working days from the date of sampling. Such reports shall be shared with all the concerned parties and shall be binding on both buyer & Seller Clearing Member of the said lot.

If the said quality report results are not found in accordance to the quality specifications (after considering outbound tolerance limits) as prescribed by the Exchange/ MCXCCL from time to time, the Member/ Participants within 3 working days; shall submit their claim in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The basis of claim, if any shall be the value arrived on the basis of nearest closing spot price on the claim submission business day. MCXCCL shall give its decision on the claim filed by the buyer / stock holder which shall be binding on the parties. In case MCXCCL determines that a delivery does not constitute a good delivery, the Seller Clearing Member shall be liable to resolve / compensate the buyer / stock holder for the quality difference or substitute good delivery within 7 working days from the date of the decision of MCXCCL. The Seller Clearing Member shall be liable for giving good delivery (quality and quantity) / compensation in accordance with the contract specifications as prescribed by the Exchange from time to time.

Buyer requesting for retesting and certification shall bear all professional fees of assayer, including incidental costs, weight shortage and expenses related to retesting certification, etc. in case the retesting assaying report is in line with the Certificate of Analysis deposited with the material. In case, the retesting results indicate negative variance from the original certificate (after considering outbound tolerance limits), then the aforesaid retesting cost shall be borne by the Seller Clearing Member.

H. Withdrawal of the Lead ingot bundles from Warehouse

The holder of goods shall request for withdrawal of goods from warehouse to the WSP in ComRIS. Once it is approved by the WSP, the goods will not be eligible for the delivery on the Exchange platform and Client has to withdraw the goods from the warehouse within the timeline given in the request after submission of the authority letter and identity proof.

The Member / Participants, whoever wishes to seek private testing & certification arrangements may request the WSP under their mutual private arrangement under their mutual terms and conditions. In such a case, the said goods shall be treated as outside the scope of MCX/MCXCCL. These goods can then neither be tendered for delivery on Exchange platform nor shall any further complaints and claims be entertained by the Exchange/ MCXCCL.



I. General Conditions

The general provisions of Bye - Laws, Rules and Business Rules/Regulations of MCX/MCXCCL and decision taken by the Relevant Authority of MCX/MCXCCL in respect of matter specified above will form an integral part of the contract. MCX/MCXCCL may further prescribe additional measures relating to delivery procedures and requirements for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.

Members and Market Participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCX/MCXCCL Bye Laws, Rules, Business Rules/Regulations, circulars, directives, and notifications of MCX/MCXCCL as well as of the Regulators, Government and other authorities.

It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the MCX, the goods deposited / traded / delivered through the Approved warehouses of MCXCCL is in due compliance with the applicable regulations laid down by authorities like , BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time including but not limited to compliance of provisions and rates relating to GST, Tax, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and MCX /MCXCCL shall not be responsible or liable on account of any non-compliance thereof.

All the sellers giving delivery of goods/ commodities and all the buyers taking delivery of goods/ commodities shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members of MCX, it shall be the responsibility of the Trading Member/Clearing Member to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments. The MCX /MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

MCXCCL shall entertain complaint on quality or quantity of the goods received only through settlement of trades through Exchange mechanism and only if the claim is made within 3 working days from the date of issuance of report of retesting by the Assayers, failing which, no claim shall be entertained by MCXCCL. However, WSP shall remain responsible for the stocks received through settlement of trade through Exchange Mechanism until FED of the goods, if applicable.

For the goods that have been deposited at MAW, but not delivered through settlement Mechanism of MCXCCL, MCXCCL shall not be responsible for quality and quantity of the goods. However, WSP shall continue to be liable for such goods that have not been delivered through settlement mechanism of MCXCCL. WSP shall remain responsible for all its obligations under various State and Central Laws governing the operation of Warehouses and shall be solely responsible to the owners of stocks as reflected in the storage receipt issued by the Warehouse/WSP or the Statement issued by the Repository or the Electronic Warehouses Receipts issued by the Repository.

MCXCCL shall not be responsible and shall not be held liable or accountable or responsible for value of the goods /stock of the commodities stored/lying in MCXCCL designated warehouse/s, and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason



whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry Date and continue to remain in MCXCCL accredited warehouse.

6.5 Revision of Drum Charges for Mentha Oil & Inclusion of new drum supplier in the approved suppliers list

(MCXCCL Circular No.: MCXCCL/WHL/095/2022 dated April 22, 2022)

In terms of the provisions of the Rules, Bye-Laws and Regulations of Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL"), Clearing Members are notified as under:

With effect from July 2022 contract and onwards, the cost of empty drum for Mentha Oil is revised to ₹2400/- per drum (exclusive of taxes, as applicable).

Further Mentha oil deposited in MCXCCL accredited warehouse shall be accepted in drums only from below list of Drum suppliers.

Name of Drum Suppliers	Address	
Balmer Lawrie & co. Ltd	401-402, Welldone Techpark, Sector-48, Sohna	
	Road, Gurugram, Haryana -122002	
Kumar Containers Pvt Ltd	F-21 & 22, Industrial Estate, GT Road,	
	Makrandnagar, Kannauj, Uttar Pradesh - 209725	
Star Drums International	Pakaria Tola, Kannauj Uttar Pradesh - 209725	
Maya Udyog	Khasra No. 301-389, Safedabad, Barabanki, Uttar	
	Pradesh -225001	
New addition		
Kanha Container	Mohammadpur Bastaur, Noorpur Village, Under	
	Bypass, Chandausi Road, Moradabad, Uttar	
	Pradesh - 244001	

Copy of Invoice from drum suppliers shall be provided at the time of deposit to the warehouse for traceability.

6.6 Good Delivery in Gold Mini Contracts

(Circular No.: MCXCCL/WHL/108/2022 dated May 10, 2022 and Circular No.: MCXCCL/WHL/133/2022 dated June 16, 2022)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL") and in continuation to MCXCCL Circular No. MCXCCL/WHL/072/2021 dated March 22, 2021, Clearing Members of MCXCCL are notified as under:

As per the MCX Good Delivery Norms for BIS Standard Gold/Silver and in line with the MCX Gold Mini (100 gram) futures contract specifications, MCX shall accept serially numbered 100 gram gold bars produced by "Augmont Enterprises Private Limited" and "Titan Company Limited – Tanishq" along with suppliers quality certificate as Good Delivery.



Details of the refinery address are given below;

Refinery Name	Address
Augmont Enterprises Private Limited	Khasra No. 60/4, Rungta Industries Compound, Kashipur Road, Rampura Dehat, Udham Singh Nagar, Rudrapur, Uttarakhand - 263153
"Titan Company Limited – "Tanishq"	Jewellery Division, No.29, Sipcot Industrial Complex, Hosur-635126.

Members and their constituents are requested to deliver only that variety of commodity acceptable as per the contract specifications and confirm the availability of space at the respective Vault before initiating any steps for effecting deliveries.

6.7 MCXCCL Guidelines on Storage of MCX/LME Approved Metal Brands in Professional Storage at MCXCCL Accredited Warehouse

(MCXCCL Circular No.: MCXCCL/WHL/140/2022 dated June 22, 2022)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL"), Clearing Members of MCXCCL are notified as under:

Warehouse Service Providers (WSPs) of MCXCCL shall be allowed to take deposit /store MCX/LME approved Metal under "Professional stock" in MCXCCL Accredited Warehouses (MAW) by attending to the below process.

A. Process to be followed at Warehouse for depositing Goods under Professional Stock

- i. Goods (MCX/LME approved Metal brands) deposited under professional stock can be kept in the same warehouse accredited for Exchange stock.
- ii. All professional stock will also follow the same process (viz; weighment, supporting documents) as for the Exchange stocks at the time of deposit.
- iii. Goods shall be kept in separate demarcated area. WSP shall put tag of "Professional Goods" on all such stocks kept under professional category.
- iv. WSP shall inform MCXCCL and seek approval before accepting Professional Goods/reservation at MAW.
- v. MCXCCL shall allow deposit of professional stock subject to availability of balance space for Exchange stock and Insurance enhancement.

B. Process to be followed at Warehouse for taking Professional stock under Exchange Stock

- i. Client shall make deposit request in ComRIS and submit all documents to the warehouse as per MCXCCL guidelines.
- ii. All such deposit by clients to Exchange account from Professional account shall be done at least 1 day prior to giving delivery intention on Exchange.
- iii. Fresh deposits meant for Exchange account will get priority over the professional stock deposits while assigning the balance vacant space.
- iv. Process for fresh deposit directly to Exchange account shall be given priority over conversion of professional stock deposit to Exchange account.



v. MCXCCL reserves the right to reject the conversion of Goods from Professional to Exchange goods under circumstances including but not limiting to the goods being non-confirmatory to the contract requirement, any regulatory action on the goods/client, action on warehouse/WSP etc.

C. Liability of MCXCCL for Professional Stock

MCXCCL shall not be liable for any quality/quantity/Insurance Claim arising with regards to professional stock.

D. MIS/Stock Disclosure

MCXCCL shall display such Goods stored as professional stock in MAW on its website on daily basis.

6.8 Logistic Charges for Bullion

(Circular No.: MCXCCL/WHL/143/2022 dated June 23, 2022)

Members may receive delivery for MCX Gold contracts on settlement of the contract at one of the following delivery centres as per the MCXCCL delivery settlement procedure.

Commodity	Base Delivery Centre	Additional Delivery Centre(s)
Gold and Gold Mini	Ahmedabad	Chennai, Hyderabad, Kochi, Bengaluru, Kolkata, Mumbai and New Delhi
Gold Guinea	Ahmedabad	Mumbai and New Delhi
Gold Petal	Mumbai	Ahmedabad and New Delhi

Market participants who wish to withdraw the goods after receiving the delivery from MCXCCL are required to physically lift the goods from the MCXCCL accredited Vault (MAV).

It has been observed that most of the delivery is taking place at the Base Delivery Centre. Market participants from other than the base delivery centre have to make their own arrangements for movement of the goods to their destination. Some members have expressed the difficulty being faced in accessing the services of logistics for movement of goods, which deters clients from participation.

Accordingly, the matter was taken up with the Logistics Service Providers (LSP) regarding facilitating movement of bullion bars/coins from base delivery centre(s) to additional delivery centre(s) irrespective of the size of the bar/coin at standard charges and terms.

Sequel Logistics Pvt. Ltd. (LSP) has submitted a Schedule of logistics charges for transfer of bullion bars/coins from MAV of Sequel Logistics Ltd at the base delivery centre to additional delivery centre with option of taking delivery from the Vault or Door delivery.

All Members and their respective constituents who wish to avail logistic services are requested to refer to the terms and commercial charges provided by the said LSP available at MCXCCL website (Link - https://www.mcxccl.com/warehousing-logistics/others). Any update or addition on the schedule of logistic charges shall be provided in this link.

This service is provided by the LSP at the request of the market participants and will be treated as bilateral arrangement between LSP and the market participant. MCXCCL has no role and responsibility



with regards to logistic arrangement, Services, Charges etc. provided by the LSP and any grievance related to the logistics services shall be directly taken up by the market participant with the concerned LSP.

6.9 Procedure for Goods Deposit at FTWZ Unit for Margin Purpose

(MCXCCL Circular No. MCXCCL/WHL/155/2022 dated July 01, 2022)

MCXCCL is introducing facility of pledging Base Metal stocks stored in Free Trade Warehousing Zone (FTWZ) for collateral purpose. For availing this facility Clearing Members and their clients have to follow the procedure given below:

A. Procedure for Deposit at FTWZ Unit.

- 1) Depositors who are desirous of depositing Goods at MCXCCL accredited warehouse (MAW) in FTWZ Unit shall request for deposit of the commodity to the Warehouse Service Provider (WSP) through the Commodity Receipts Information System (ComRIS) by accessing the link https://comris.mcxindia.com or any other electronic receipts management system as communicated by MCXCCL from time to time.
- 2) The depositors shall take the goods to the MAW in FTWZ Unit as per the schedule after confirming with the respective WSP, to ensure availability of storage space and unloading arrangements at the FTWZ Unit.

Depositor has to submit following documents during deposit to WSP at FTWZ warehouses for collateral purpose

- a) Bill of lading
- b) Commercial Invoice along with the packing list
- c) Certificate of Origin ('COO')
- d) Certificate of Analysis
- e) Intra Transfer letter/ permission incremental to the documents listed from points a-d above (if the goods are being moved from another FTWZ warehouse)
- f) Letter of Instruction for moving the goods to the area designated to MCXCCL within FTZ Unit.
- g) Know Your Depositor (KYD) Form and Depositor Transaction Declaration (DTD) Form.

B. Physical Inspection at the time of deposit by WSP

- 1) Commodities of LME approved brand should come with the original packing as prescribed by LME with certificate of analysis. Original packing has to remain intact.
- 2) Warehouse/WSP will not undertake assaying of the metal and will undertake only visual inspection of the metal along with the supporting documentation.

Further, if:

- a) the metal or the supporting documentation is in any way not provided by depositor or found inconsistent or,
- b) Metal are not found physically sound and free of harmful defects such as segregation, piping, inclusions or visible contamination of metal or
- c) there is any sign of broken or visibly corroded strapping on the Ingots in any bundle or
- d) there is inconsistency in branding of metal (for instance, Non-LME brands have been visibly mixed within a bundle);



then the WSP shall call upon any such information from the depositor for acceptance of commodities and the Warehouse/WSP may not issue a Receipt until any such shortcoming has been addressed by the depositor.

- 3) Members desirous to pledge electronic receipts to MCXCCL as per the Scheme of Pledge on Commodity Receipts Information System ('ComRIS') for the purpose of margin to trade on MCX Platform has to submit signed pledge deed.
- 4) WSP at its sole discretion may reject /insist on replacement of such lot, if the goods are found inconsistent/faulty.
- 5) On receipt of above mentioned documents and metal and being satisfied with visual inspection, WSP shall issue electronic receipts in ComRIS.

C. Delivery of Metals at Settlement:

- 1) Metals deposited in FTWZ warehouse shall be considered as collateral for margin purpose only and such goods cannot be delivered directly for Exchange settlement.
- 2) In case Member/Client wishes to deliver the metals for settlement, all customs related compliances needs to be fulfilled and metal to be transported and deposited at MCXCCL accredited domestic warehouse by following the below steps
 - a. In case the goods are pledged to MCXCCL, the Member/Client has to un-pledge goods from MCXCCL before initiating withdrawal process in ComRIS.
 - b. After completing the withdrawal process, the goods shall be moved by the Member/Client to the domestic MAW where goods shall be deposited following the metal deposit procedure issued by MCXCCL and client shall get fresh electronic credit in his ComRIS account.

D. Valuation of Commodities for collateral benefit:

Commodities stored in FTWZ warehouse and pledged in favour of MCXCCL shall be valued for collateral as under:

- 1) Near month Futures close price for the underlying commodity shall be discounted by --% (applicable custom duty and transportation cost) towards the incidental cost for moving the goods from FTWZ warehouse to MCXCCL accredited domestic warehouse.
- 2) Haircut of 30% shall be applied on the discounted value
- 3) In case of current month contract entering the tender period, next month futures contract close price for the underlying shall be considered in place of near month futures contract.

Note: MCXCCL shall notify the accredited warehouse details at FTWZ along with storage charges separately.



6.10 Opening of Custodial Participant Account - ComRIS

(Circular No. MCXCCL/WHL/198/2022 dated September 07, 2022)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) Clearing Members and Participants are informed hereunder.

Members of MCXCCL, MCX and their clients are required to open ComRIS Account for depositing the defined commodities into the accredited warehouses and effecting delivery on MCXCCL through ComRIS. It is mandatory for all members and their clients who intend to participate in delivery settlement to open ComRIS Account. Since the buyer of the commodity will have to accept delivery on ComRIS, if the delivery is tendered by the seller through ComRIS Account. MCXCCL has enabled opening of Beneficiary Account for 'Custodial Participant A/c' under ComRIS application. ComRIS charges pertain to transactions of Custodial Participants will be levied from Clearing Member.

Operational procedure for opening of ComRIS account for Custodial Participant Account are:

ComRIS Participants are required to keep 'Beneficiary Account Type' as 'Custodial Participant A/c' under 'ComRIS' tab and select respective CP Code, as assigned by MCXCCL, under the 'Trading Member / CP Code' field while opening client account for Custodial Participant in ComRIS application.

Members are requested to take note of the same and ensure compliance.



6.11 Revision in Storage Charges for Cotton Bales

(MCXCCL Circular No.: MCXCCL/WHL/001/2023 dated January 02, 2023)

In terms of the provisions of the Rules, Bye-Laws and Regulations of Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL"), Clearing Members are notified as under:

MCXCCL has decided to revise the storage charges from Rs. 2.30 to Rs. 2.85 per bale per day for storing Cotton Bales with immediate effect. The said charges are also applicable for the existing MCXCCL accredited warehouse stored cotton bales.

Members and their constituents are requested to deliver only that variety of commodity acceptable as per the contract specifications and confirm the availability of space at the respective warehouse before initiating any steps for effecting deliveries.

6.12 Deposit & Delivery of Aluminium, Lead and Zinc through ComRIS Accounts

(Circular No. MCXCCL/WHL/047/2023 dated February 16, 2023)

In terms of the provisions of the Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) and in continuation to MCXCCL Circular No. MCXCCL/WHL/043/2023, MCXCCL/WHL/044/2023 and MCXCCL/WHL/045/2023 dated February 16, 2023 the Members are notified as under:

A. Fresh deposit in Aluminium Ingots, Lead Ingots and Zinc Ingots for delivery in Mini contracts available for March 2023 contracts onwards –

Members and their constituents who wish to deliver Aluminium Ingots, Lead Ingots and Zinc ingots in respective contracts of Aluminium Mini, Lead Mini and Zinc Mini, the electronic receipts would be issued in multiples of 1 MT in ComRIS. Accordingly, in case of a depositor who has deposited 10 MT of the metal, the ComRIS Account of the depositor shall be credited with 10 electronic receipts of 1 MT each (subject to the acceptable tolerance limits). Such receipts can be delivered only in respective March 2023 expiry contracts onwards for Aluminium Mini, Lead Mini and Zinc Mini contracts as per circular no. MCX/TRD/101/2023 dated February 14, 2023 and MCX/TRD/104/2023 dated February 15, 2023, MCX/TRD/105/2023 dated February 15, 2023.

B. Conversion of existing receipts of 5 MT of Aluminium Ingots, Lead Ingots and Zinc Ingots into 1 MT Aluminium Ingots, Lead Ingots and Zinc Ingots respectively.

Members and their constituents who have electronic holdings in Aluminium Ingots, Lead Ingots and Zinc ingots of 5 MT each in ComRIS Account shall have to convert it into electronic receipts of 1 MT each on or before 10th March 2023. MCXCCL shall not grant Early Pay-In margin benefit against the receipts of 5 MT of Aluminium Ingots, Lead Ingots and Zinc Ingots available in their account after March 10, 2023.

Effective from March 11, 2023, Aluminium ingots, Lead ingots and Zinc ingots electronic receipts of 1 MT shall only be consider for early pay in / delivery pay in for Aluminium March 2023, Aluminium Mini March 2023, Lead March 2023, Lead Mini March 2023, Zinc March 2023 and Zinc Mini March 2023 contracts onwards.

Aluminium T-Bars and Sows deposited at MCXCCL warehouses would be continued to issue electronic



receipts in multiples of 5 MT (subject to the acceptable tolerance limits).

Members and their constituents /Depositors are requested to note the changes in the deposit & delivery settlement mechanism as per the matrix below:

Commodity Name & Shape	Name of commodity in ComRIS	Delivery unit	Tolerance Limit	Deliverable in Contracts
Aluminium - Ingots	Aluminium	5.0 MT	+10.00 %	Aluminium Feb 2023 contract only
Aluminium - Sows	Aluminium	5.0 MT	+10.00 %	Aluminium Feb 2023 contracts onwards
Aluminium – T- Bars	Aluminium	5.0 MT	+10.00 %	Aluminium Feb 2023 contracts onwards
Aluminium – Ingots	Aluminium Mini	1.0 MT	+10.00 %	Aluminium Mar 2023 & Alumini Mar 2023 contracts onwards
Lead - Ingots	Lead	5.0 MT	+10.00 %	Lead Feb 2023 contract only
Lead - Ingots	Lead Mini	1.0 MT	+10.00 %	Lead Mar 2023 & LeadM Mar 2023 contracts onwards
Zinc - Ingots	Zinc	5.0 MT	+10.00 %	Zinc Feb 2023 contract only
Zinc - Ingots	Zinc Mini	1.0 MT	+10.00 %	Zinc Mar 2023 & ZincM Mar 2023 contracts onwards



6.13 Empanelment of Vault Service Provider (VSP) for Delivery of Gold, Gold Mini, Gold Guinea, Gold Petal, Silver (30Kg), Silver Micro and Silver Mini at Ahmedabad

(Circular No. MCXCCL/WHL/163/2022 dated July 11, 2022)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL"), Clearing Members of MCXCCL are notified as under:

MCXCCL has decided to empanel Vault Service Provider for effecting delivery and storing of Gold, Gold Mini, Gold Guinea, Gold Petal, Silver (30Kg), Silver Micro and Silver Mini at Ahmedabad with effect from August 01, 2022.

The details of the Vault address, contact person, charges etc. have been given in the annexure-I.

Members and their constituents are requested to deliver only that variety of commodity acceptable as per the contract specifications and confirm the availability of space at the respective Vault before initiating any steps for effecting deliveries.

Annexure I - Details of accredited vault of CMS Info Systems Limited at Ahmedabad

1. Delivery Location: Ahmedabad

Name of Vault	CMS Info System	CMS Info Systems Limited				
Vault Address	Ahmedabad - Ansl Compound, Ahme	1		j Bus Stop, Sol	hrabji	
Contact Person	Mr. Kalpesh Mistry	/ Manoj Upa	dhyay			
Contact Details	98250 79263 / 982	5773635				
E-Mail ID	Kalpesh.mistry@cr	ns.com / <u>Ma</u>	noj.upadhya	y@cms.com		
	Commod	ity Types and	Rates			
	Gold	Rs. 35.00 per	day per Bar	of 1 Kg		
	Gold Mini Rs. 03.50 per day per Bar of 100 gms					
	Gold Guinea Rs. 00.10 per day per Coin of 8 gms					
	Gold Petal	Rs. 00.10 per	day per Coi	n of 1 gms		
	Silver Micro and Silver Mini	RS.1.25 per o day per bar (up to 90 days)	RS.1.50 per	
Vaulting Charges*		Duration		Vaulting	Loading &	
vacining Changes.		of Storage	Delivery	Charges	Unloading	
		(No. of days)**	Unit	(per bar / per day)	Charges (per Bar)*	
	Silver	Up to 90 Days	30 KG	Rs. 35.00	Rs. 15.00	
	Silver	91 Days & above	30 KG	Rs. 45.00	Rs. 15.00	

^{*} Taxes extra as applicable from time to time.



Additionally, transaction charge of Rs. 250/- per deposit receipt or withdrawal challan for each commodity type (Taxes as applicable) shall be payable directly to the vaulting agency **(CMS)** at the time of each deposit and/or withdrawal.

** From the date of ownership

Note:

Members and their respective constituents may note that above Vault Charges shall be levied for the actual number of days the goods are stored and Loading & Unloading Charges shall be levied for depositing & lifting of the delivery. However, the Buyers shall be exempted from payment of Vault Charges only, provided they lift the goods on the pay-out day.



ABBREVIATIONS - Warehousing Operations

	<u> </u>
Term	Description
LME	London Metal Exchange
MAV	MCXCCL accredited Vault
MAW	MCXCCL Accredited Warehouse
FTWZ	Free Trade Warehousing Zone
KYD	Know Your Depositor
DTD	Depositor Transaction Declaration
CCRL	CDSL Commodity Repository Ltd.
DDR	Due date rate
WSP	Warehouse Service Provider
FED	Final Expiry Date
VSP	Vault Service Provider
CoA	Certificate of Analysis
COO	Certificate of Origin



Chapter 7: Member Inspection

1. Submission of Half Yearly Internal Audit Report:

Clearing Members of MCXCCL are required to submit internal audit on a half yearly basis to be conducted by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants who are in practice and who do not have any conflict of interest. The scope of the Internal Audit is prescribed from time to time. All Clearing members are required to appoint Internal Auditors and create login ID for the Internal Auditors for submission of Internal Audit Report. The link for Internal Audit report submission is available as under:

https://member.mcxindia.com

All the members are required to submit the report within two months from the end of the audit period.

2. Rationalization of imposition of fines for false / incorrect reporting of margins by Clearing Members:

Reference is made to SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/88 dated August 01, 2019 on Rationalization of imposition of fines for false/incorrect reporting of margins or non- reporting of margins by Trading Member/Clearing Member in all segments.

In case, false/incorrect reporting of margins is observed, the penalty structure for disciplinary action shall be as per **Annexure 1**.

3. Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM):

This is in reference to SEBI circulars no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019 on Handling of Clients' Securities by Trading Members / Clearing Members. An indicative penalty structure for any non-compliance of the provisions of the said circular is as per <u>Annexure 2</u>.

4. Submission of information by ITCM/ PCM Members:

SEBI circular no. SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020 and MCXCCL circular no. MCXCCL/C&S/166/2020 dated July 22, 2020 are regarding Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments. Further, MCXCCL circular no. MCXCCL/MEM/038/2021 dated February 19, 2021, is regarding Undertaking/Authorization to Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) to access the information/ Statements pertaining to all bank accounts maintained by Professional Clearing Members (PCM) from Banks.



With reference to the above circulars, members are required to submit the details through MCXCCL Inspection Module available in the MCXCCL Member Reporting Portal. The link to the portal is https://memberreporting.mcxccl.com

Procedure to be followed by the members for logging in the Member Portal is given as **Annexure 3**.

Help file tab has been given in the Member Portal for procedure to be followed for submitting the required information by Member.

a) Reporting of Bank and Demat accounts maintained by Clearing Members:

Regarding Reporting of Bank and Demat accounts, Members are required to submit the details of all their existing bank accounts and depository accounts.

Further, also it is requirement for Members that all new bank and demat accounts shall be reported through Inspection module in the Member reporting portal within one week of the opening of the account.

In case of closure of any of the reported bank and demat accounts, the same shall be reported through the member reporting portal within one week of its closure.

The file format for submitting the information through the portal is given as **Annexure 4**.

A member can maintain maximum of 30 bank accounts named as "Name of Clearing Member - Client Account" across all segments and Clearing Corporations at a time.

Further, in case, Members have more than 30 such bank accounts, then members have to close the excess bank accounts named as "Name of Clearing Member - Client Account"

b) Submission of PAN details by Clearing Members:

Members are required to submit PAN details of their personnel through the portal.

Any change in the aforesaid details/information shall be updated through the portal within seven days of such change.

The file format for submitting the information through the portal is given as **Annexure 5**.

c) The day-wise balance (as per the bank statement) of all bank accounts of the members on weekly basis for all the calendar days of that week except Sunday on or before the next four trading days of subsequent week:

Members are required to upload Day-wise bank balances (as per the bank statement) of all bank accounts reported on a weekly basis for all the calendar days of that week except Sunday (i.e. Monday to Saturday) on or before the next four trading days of subsequent week.

The file format for submitting the information through the portal is given as **Annexure 6**.



d) Submission of Trading Member wise collateral details by Clearing Members:

Members are required to submit Trading Member-wise collateral details on a weekly basis for all calendar days of the week except Sunday (i.e. Monday to Saturday) on or before the next four trading days of the subsequent week.

The file format for submitting the information through the portal is given as **Annexure 7**.

5. Penalty Structure for violations observed during inspection of Clearing Members:

MCXCCL in consultation with other Clearing Corporations and SEBI has formulated a penalty structure for violations observed during inspection of Clearing Members.

The details of violations and penalties/disciplinary action(s) are enclosed as Annexure 8.

The penalties (details as mentioned in Annexure 8) are indicative in nature and could undergo changes in specific cases depending on frequency, materiality and gravity of violations. In case of any amendments in said penalties, shall stand modified to that extent in accordance to that circular.

6. Strengthening oversight on Clearing Members:

MCXCCL in consultation with other Clearing Corporations and SEBI has come out with guidelines to Clearing Members for strengthening oversight over Trading Members. The guidelines are attached as Annexure 9.

Further clarification is given in MCXCCL circular no MCXCCL/INSP/221/2021, dated August 24, 2021. The indicative scope of internal audit/checklist has been enclosed as <u>Annexure 10</u>.

The CM shall review the internal audit report and observations, if any, and submit periodic reports to its Risk Management Committee. The CM may conduct surprise inspection of TM cleared by him based on any rumors / adverse news in the media about the TM or any other concern/ alerts as arising out of the above points by the CM during the course of business. The CM should continue to report the concerns identified by them during the oversight over Trading Members to MCXCCL on inspection@mcxccl.com.

7. Segregation and Monitoring of Collateral at Client Level- Reporting Format and Penalty:

This is with reference to SEBI circular no. dated July 20, 2021 on Segregation and Monitoring of Collateral at Client Level. As per Para 4 of the SEBI circular, with a view to provide visibility of client wise collateral (for each client) at all levels, viz., TM, CM and Clearing Corporation (CC), a reporting mechanism, covering both cash and non-cash collaterals shall be specified by the Clearing Corporations. Clearing Members are hereby informed that data as sought is required to be uploaded to MCXCCL on a daily basis (Monday to Saturday) with cutoff time T+1 at 11.59.59 pm.



Members are required to submit the details through MCXCCL Inspection Module available in the MCXCCL Member Reporting Portal. The link to the portal is https://memberreporting.mcxccl.com/

The reporting format on Segregation and Monitoring of Collateral at Client Level is enclosed as **Annexure** 11.

Procedure to be followed by the members for logging in the Member Portal is given in MCXCCL Circular No. MCXCCL/254/INSP/2021 dated October 01, 2021.

The penalty structure prescribed for the irregularities observed with respect to the daily collateral reporting by the Clearing members is enclosed as **Annexure 12**.



8. Annexures

Annexures 1: Penalty Structure - False/ Incorrect reporting of Margin for Clearing Member

% of the violation in the current inspection (Proportion of the instances with false reporting to	Penalty as a Percentage (%) of the false reporting				
the Total sample					
instances verified)					
	Observed only	Observed only in 1	Observed in 2	Observed in all	
	current	out of 3 Last	out of 3 Last	the Last 3	
	Inspection	Inspections	Inspections	Inspections	
Above 50%	50%	60%	75%	100%	
25%-50%	25%	50%	60%	75%	
10%-25%	10%	25%	50%	60%	
Less than 10%	5%	10%	25%	50%	

Based on the above slabs, the penalty amount for the false / incorrect reporting of margin, shall be capped at Rs. 25,00,000/- in case of violation by a Clearing member

Along with the monetary penalty, the Clearing Member may be subject to suspension for one (1) day in case of material instances. The false / incorrect reporting shall be treated as material for the purpose of suspension, if it meets all the following broad criteria: -

- 1. Instances of false reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and
- 2. Percentage of value of false reporting is more than 5% of total margin required to be collected for the instances verified during inspection, **and**
- 3. Value of false reporting of margin is more than Rs.15 lakhs.



Annexures 2: Penalty Structure for Handling of Client Securities

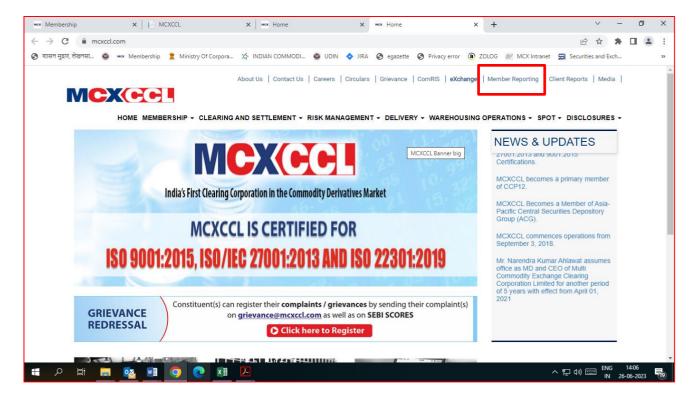
Sr.	Details of contravention	Details of contravention
No.		
1.	Client/TM securities lying with the CM cannot be	Rs. 1, 00,000/- or 1% of the Value of securities involved, whichever is higher. Direction to be given to unpledge the
	pledged to the Banks/NBFCs or any other persons/entities	securities within 10 calendar days. Failure to adhere the directions shall attract additional penalty at 100% of the
	for raising funds	original penalty for every 10 days or part thereof till such noncompliance continues.
2.	Non-closure of existing client beneficiary accounts	Rs. 50,000/- per account (where Members are unable to provide reasonable explanation). Member to be disabled in case account is not closed within one month of levy of penalty



Annexures 3: Manual for user login through Member Reporting Portal

The Member can login to the Member Reporting Portal through the website of MCXCCL; the link of the website is http://www.mcxccl.com/

Step 1: Go to the website http://www.mcxccl.com/ https://memberreporting.mcxccl.com/



Step 2: For logging in the Member Reporting Portal for the first time, the Clearing Member has to login the portal using the following steps.

- CM should enter "Login ID", enter the "captcha" and click on "Forgot Password" button on the page.
- "Login ID" is the member ID allotted to the member.
- CM user would receive a password reset link on their registered email ID from email ID: inspection@mcxccl.com. each password reset link can be used only once and if user tries to set Password using the same link again, system will give error "password reset link is expired or invalid".

Step 3: Clicking on the link within the mail, system would direct the CM user to change password, Where the user can enter a new password, confirm the new password and set the password. The new password should contains 8 to 16 characters with at least one number and one special character.

After the new password is set, system will allow Clearing Member user to login with new password. Each time the CM user will login, an OTP authentication mail would be sent to their registered email ID which will have to be entered for logging in the Member Reporting Portal



Annexures 4: Reporting of Bank and Demat accounts maintained by Clearing Members

For Reporting of Bank and Demat accounts maintained by Clearing Members there are 2 different tabs one for Bank Details and other for DP details.

• For entering new bank details:

The details to be entered by Clearing Member are as under:

Name of Exchange	Remark	Name and address of Bank	Name of the Branch	Account Number	IFSC Code	Name of Account	Purpose of Account	Date of A/c Opening	Date of A/c Closing

• For entering new DP details:

The details to be entered by Clearing Member are as under:

Name of	Remark	Name	Account	DP	Name	PAN	Subtype/tag	Date of	Date of
Exchange		of DP	Number/	ID	of		of Demat	A/c	A/c
			Client ID		Account		Account	Opening	Closing
					Holder				



Annexures 5: Submission of PAN details by Clearing Members

The details to be entered by Clearing Member are as under:

Name of the	Type Of Organization	Type Of Personnel	Designation	PAN No.	Date of Appointment	Date of resignation
Person	9-8				P P ·	8

Annexures 6: Format for submission of day wise balance of all bank accounts

Accoun	IFS	Purpose	DD	DD	DD	DD	DD	DD
t	С	of	MONT	MONT	MONT	MONT	MONT	MONT
Numbe	Cod	Account	Н	Н	Н	Н	Н	Н
r	e	(Own/Client	YYYY	YYYY	YYYY	YYYY	YYYY	YYYY
		/						
		Settlement/						
		any other)						
			Value (in					
			Rs).	Rs).	Rs).	Rs).	Rs).	Rs).



Annexures 7: Format for Submission of Trading Member wise collateral details by Clearing Members

Particulars	Details
Serial Number	Running serial number starting from 1.
Clearing Member ID	Details to be provided by the Member
Clearing Member PAN Details to	Details to be provided by the Member
Date	Details to be provided by the Member
Trading Member code/ Custodian Participant	Details to be provided by the Member
code	
Trading Member/Custodian Participant name	Details to be provided by the Member
Trading Member/Custodian Participant PAN	Details to be provided by the Member
Account Type	Details to be provided by the Member
Segment Indicator	Details to be provided by the Member
EOD Ledger Balance (Rs)	Details to be provided by the Member
EOD Bank Guarantee (BG) (Rs)	Details to be provided by the Member
EOD Fixed deposit receipt (FDR) (Rs)	Details to be provided by the Member
EOD Government Securities (Total value of G-	Details to be provided by the Member
Sec) (Rs)	
EOD Equity shares (Total Value) (Rs)	Details to be provided by the Member
EOD Mutual Fund (Total value of MF) (Rs)	Details to be provided by the Member
EOD Corporate Bonds (CB) (Rs)	Details to be provided by the Member
EOD Warehouse Receipts (WR) (Rs)	Details to be provided by the Member
EOD Others (Rs)	Details to be provided by the Member
Peak Ledger Balance (Rs)	Details to be provided by the Member
Peak Bank Guarantee (BG) (Rs)	Details to be provided by the Member
Peak Fixed deposit receipt (FDR) (Rs)	Details to be provided by the Member
Peak Government Securities (Total value of G-	Details to be provided by the Member
Sec) (Rs)	
Peak Equity shares (Total Value) (Rs)	Details to be provided by the Member
Peak Mutual Fund (Total value of MF) (Rs)	Details to be provided by the Member
Peak Corporate Bonds (CB) (Rs)	Details to be provided by the Member
Peak Warehouse Receipts (WR) (Rs)	Details to be provided by the Member
Peak Others (Rs)	Details to be provided by the Member



Annexures 8: Penalty Structure for violations observed during inspection of Clearing Members

-	Thinexures 6. I charty Structure for violatio	ons observed during inspection of Clearing Members
Sr. No.	Violations	Applicable Penalty/disciplinary action
1.	Submission of information for inspection a) Delay in submission of documents/data/records sought for inspection b) Non co-operation in providing data/records/documents to inspecting officials for inspection resulting in non-completion of inspection. c) Wrong/incorrect submission of data towards Inspection	 a) Rs.1,000/- per day starting from final due date for submission of data/records/documents sought for inspection subject to a cap of Rs 1 lakh. b) Monetary penalty of Rs. 1 lakh besides not allowing member to clear trades till the time of completion of inspection/Surrender/cessation of membership/ Declaration as default/ Expulsion. c) Penalty may vary from warning to Rs.1 lakh on case to case basis. (The serious case shall be discussed separately in applicable committee, which may enhance the penalty as deemed fit)
2.	Use of TM/ CP funds for other than specified purposes/Use of TM/CP funds for own purpose/for other clients	Rs. 1,00,000/- or 1% of the amount involved whichever is higher
3.	Cash dealings with TM/CP	10 % of the amount of cash dealing or Rs.1000/- whichever is higher For repetitive instances – penalty shall be escalated by 50 %
4.	Non maintenance of segregated accounts for proprietary and clients/TM funds & Securities/Commodities	Rs. 1 Lakh and direction to open separate account within 1 month
5.	Non-maintenance of a) Client/TM ledger b) Register of Securities (Client/TM wise scrip wise Register) (as applicable)	Rs. 1 Lakh + Direction to comply
6.	Client/TM ledger not maintained properly (i.e. incomplete/ erroneous/ delay in entries)	Rs.25,000/-
7.	Register of Securities not in the prescribed format (as applicable)	Rs.25,000/-
8.	Discrepancies / Incorrect details in Register of Securities, non-reconciliation of balances between client beneficiary accounts and register of securities (as applicable)	Rs.25,000/-



Sr. No.	Violations	Applicable Penalty/disciplinary action
9.	Non segregation of transactions between Custodial Participant/TM and own bank accounts (money deposited in own account or expenses routed through CP/TM Bank Account or own money deposited in CP/TM account) Non segregation of CP/TM and own money	 a) If cumulative value of non-segregated transactions is less than Rs 1 crore – 0.5% of the cumulative value b) If cumulative value of non-segregated transactions is more than Rs 1 crore but less than Rs 5 crore – 0.75 % of the cumulative value c) If cumulative value of non-segregated transactions is more than Rs 5 crore – monetary penalty and/or any other disciplinary action, as may be decided by the Relevant Authority
10.	Facilitating financing through NBFC in contravention of SEBI Circular	Rs. 5 Lakhs
11.	Delay in release of payout of funds or securities (beyond one working day) or commodities	 a) up to 5% of no. of instances – Rs. 15,000/- b) In excess of 5% and upto 10% of no. of instances - Rs 45,000/- c) In excess of 10% and upto 20% of no. of instances - Rs 75,000/- d) In excess of 20% of no. of instances – Rs. 1,00,000/-
12.	Non-appointment of compliance officer	Rs. 50,000/-
13.	a)Books (Except Client ledger) not maintained including: i) General Ledgers, ii) Journals, iii) Cash and Bank Book, iv) Margin Deposit details, v) Register of complaints vi) Register of transaction vii Register of commodity (as applicable)	Rs. 25,000/- per book
	b)Books (Except Client ledger) not maintained properly (i.e. incomplete/erroneous/delay in entries) including: i) General Ledgers, ii) Journals, iii) Cash and Bank Book, iv) Margin Deposit details,	Rs. 10,000/- per book



Sr. No.	Violations	Applicable Penalty/disciplinary action
	v)Register of complaints vi) Register of transaction vii) Register of Commodity (as applicable)	
14.	Incomplete / Non- display of details by member viz: Notice Board/name, its logo, registration no, address with telephone no, compliance officer name, telephone no, outs id, SEBI Registration certificate/ other prescribed details.	Rs. 10,000/-
15.	Daily Margin statement not sent to affiliated Trading Member & Custodial Participants	 a) In excess of 2% and upto 5% of no. of instances - Rs 15,000/- b) In excess of 5% and upto 10% of no. of instances - Rs 45,000/- c) In excess of 10% of no. of instances - Rs 75,000/-
		d) Otherwise – Advice
16.	Clearing member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case to case basis based on nature of non- compliances
17.	Non-payment of statutory dues/duties/fees etc.	Advice
18.	Non-compliance with PMLA requirements based on confirmation from Compliance Officer	
	a. Non maintenance of Written Policy and Procedures relating to PMLA	Rs. 25,000/-
	b. Non Appointment of Principal Officer / Designated Director/ Non Intimation of Designated Director or change of Principal officer to FIU Delhi	Rs. 25,000/-
	c. Non-Implementation of systems in place to monitor, identify suspicious transaction and procedures for reporting the same	Rs. 25,000/-



Sr.	1	
No.	Violations	Applicable Penalty/disciplinary action
	d. Non Adoption of customer due diligence	Rs. 25,000/- per client
	e. Financial information of clients not obtained / updated / documentary evidence related to financial information not obtained in case of clients trading in derivatives segment	Rs. 25,000/- per client
	f. Non Maintenance of records regarding ongoing training to staff relating to PMLA	Advice
	g. Disproportionate Exposure	Upto Rs.2,00,000/-
	h. Any other observation /violation which is required as per PMLA and not covered above	Advice
19.	Non adoption / Maintenance of prescribed policies	1. Non adoption / Maintenance of policies - Rs. 25,000/- 2. Per line item not followed - Rs. 2500/- subject to maximum of 25000/-
20.	False / Incorrect reporting of margin	Penalty as under will be applicable with cap of Rs. 25 lakhs:
		Along with the monetary penalty mentioned above, the Member may also be subject to suspension for one (1) day in case of material instances. The false reporting shall be treated as material for the purpose of suspension, if it meets all the following broad criteria's:-
		 a) Instances of false reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and b) Percentage of value of false reporting is more than 5% of total margin required to be collected for the instances verified during inspection, and
		c) Value of false reporting of margin is more than Rs. 15 lakhs. The aforementioned structure is indicative in nature and the relevant Authority of the Clearing Corporation may, on



Sr. No.	Violations	Applicable Penalty/disciplinary action					
		% of the violation in the current inspection	Penalty a false rep	as a perce orting	ntage (%	o) of the	
		(Proporti on of the instances with false reporting to the Total sample instances verified)	Observ ed only in current Inspect ion	Observed only in 1 out of 3 Last Inspections	2 out of 3 Last	Obser ved in all the L ast 3 Inspections	
		Above 50%	50%	60%	75%	100%	
		25%-50%	25%	50%	60%	75%	
		10%-25%	10%	25%	50%	60%	
		Less than 10%	5%	10%	25%	50%	
		case to case with such vi	olation				
21.	Client/TM securities lying with the CM cannot be pledged to the Banks/NBFCs or any other persons/entities for raising funds	whichever is securities we directions shapenalty for compliance	s higher. It within 10 of all attract a every 10 continues.	Direction to calendar d dditional p days or	o be give ays. Fail enalty at part ther	en to un-pure to a a 100% of till s	pledge the dhere the he original such non-
22.	Non-closure of existing client beneficiary accounts	Rs. 50,000/ provide reas Member to l month of lev	- per acco onable exp pe disabled	lanation). in case acc			



Annexures 9: Guidelines to Clearing Members for strengthening oversight over Trading Member

1. Formation of Risk Management Committee / Board Approved Committee for monitoring the risks

For strengthening the oversight over the Trading Members, the Clearing Members are required to form a Risk Management Committee / Board Approved Committee to monitor the various risks in the business.

The Clearing Member shall be required to submit a periodic report (monthly or atleast quarterly) to the Committee for the TMs for which it has undertaken the clearing activity.

2. Requirement for a Risk Management Policy

The Clearing Members are required to have a Risk Management Policy (RMP) in place.

The RMP should be duly approved by the Board / Board Approved Authority / Committee (for corporate members) and by the managing partners in case of partnership firm and shall inter alia include the following:

- i. Internal escalation matrix with respect to non-compliances / defaults by TMs/CPs.
- ii. Performance evaluation process of TMs/CPs registered with the CMs including its periodicity.
- iii. Seeking data information from TMs/CPs in the event of repeated cases of shortfall in margins / margins on Consolidated Crystallised Obligation or governance issues
- iv. Procedures for segregation of TM proprietary and Client collaterals.
- v. Inspection of TMs.
- vi. Upper Cap for acceptance of securities from a member and / or across all members in absolute terms and / or on an overall basis to avoid concentration risk.
- vii. List of banks from which FDRs and BGs shall be accepted.
- viii. List of securities that shall be accepted as collaterals.
- ix. Components of cash collateral and non-cash collateral.
- x. Ratio of Cash and Non-cash component of collateral.
- xi. Haircut percentage for all types of collaterals other than Cash, FDRs and BGs.
- xii. Securities subject to a minimum of VAR and other collateral shall be subject to minimum haircut of 10%.
- xiii. Timelines and threshold limits beyond which action such as square off of positions shall be undertaken by CM for non-payment of margins on Consolidated Crystallised Obligation by the TMs/CPs.

3. Requirement for maintaining the policies by Clearing Members

The Clearing Members are required to maintain the below mention policies:

- i. Risk management policy
- ii. Managing conflict of interest
- iii. Assessment of activities outsourced
- iv. PMLA Policy



4. Requirement for collection and monitoring of data by Clearing Members:

A. Seeking data of debit balances of Trading Member's clients:

Clearing Members are required to seek data with respect to debit balances of clients from Trading Member and review the exposure allowed by the Trading Member to its clients. The Clearing Member shall direct the Trading Members to restrict / reduce exposure for such clients.

B. Monitoring pay-in timelines by the TMs:

Clearing Members are required to monitor the pay-in timelines of Trading Members. Any regular delayed receipt of pay-ins/ repeated instances of shortfalls shall be dealt with in accordance with the Risk Management Policy of the Clearing Member.

C. Monitoring penalties levied to clients of the Trading Members:

The Clearing Members are required to analyze the data regarding the repeated instances of penalties being levied to the clients of TM for client margin reporting.

D. Monitoring misuse of client collaterals by TM for Proprietary Trading:

The Clearing Members are required to ensure that the Trading Members do not comingle client collateral with the proprietary collateral and that Trading Members provide separate collaterals for proprietary positions out of own funds only and not from the client collaterals.

The Inspection of Trading Member conducted by Clearing Member should cover this aspect.

E. Correctness of data submitted by Trading Members to Clearing Members:

Trading Members submit various data to the Clearing Members from time to time, which may be further required to be submitted by the Clearing Member to Clearing Corporation.

The Clearing Members are required to assess the correctness of the data submitted by the Trading Members.

F. Reporting of alerts by Clearing Members:

Clearing Members are required to report the concerns identified by them during the oversight over Trading Members to Clearing Corporation.

Clearing Members should report the concerns through e-mail to inspection@mcxccl.com



5. Inspection of Trading Members by Clearing Members:

It is recommended that the Clearing Member shall carry out inspections of Trading Members, covering at least 1/3rd of the Trading Members cleared by it each year in order to cover all Trading Members over a period of 3 years.

Additionally, Clearing Members may also conduct surprise inspection based on any rumours / adverse news in the media about the Trading Member or any other concern/ alerts as arising out of the above points by the Clearing Member during the course of business.

6. Submission of Internal Audit Report by the Clearing Members:

The Clearing Members are required to submit internal audit report, providing compliance to on all the above points. Additionally, the internal audit report should cover the following points.

I. Confirmation on reporting of TM/CP level fund shortfall beyond Rs 5 lacs to CC as per below mention timelines.

The CM shall report segment wise shortfall amount of Crystallised Settlement Obligation of TMs and CPs to the Clearing Corporation in excess of Rs 5 lakhs, if the shortfall continues beyond 1 day of the stipulated timeframe. Eg If settlement cycle is T+1, and shortage continues till T+2, CMs shall report to CC on T+3. The format for reporting by CMs is as under:

A	В		С	D	Е	F	G	Н	Ι
Reporting	Scheduled 1	Due	CM	CM	TM/C	TM /	Shortfall	Actual	Actual
Date	Date	for	Code	Name	P	CP	Amt (Rs	Payment	Payment
	Payment	of			Code	Name	in lakhs)	Date	Amount
	margins	on						after Due	
	Consolidate	ed						Date + 1	
	Crystallised							day	
	Obligation								

Note:

- 1. The Column H and I should be filled on recovery of the outstanding amount in part/full. Till such time, the column should be reported as blank
- 2. Reporting should be done until the shortfall is recovered.
- 3. All the instances of shortfall of TM/ CP for the settlement / clearing days within 12 months preceding the present instance of shortfall need to be reported.
- 4. Mail should be send to inspection@mcxccl.com
- II. Invocation of pledged securities by the Clearing Member was carried out only in respect of debit balance clients

Clearing Members shall continue to submit the Internal Audit report on half yearly basis through the portal and additionally are also required to submit compliance on all the above points (1 to 6) on half yearly basis for April to September and October to March, within 2 months from the end of the half year through e-mail to inspection@mcxccl.com.



Clearing Members are requested to note that the Internal Audit shall be conducted only by independent qualified Chartered Accountants or Company Secretaries or Cost & Management Accountants who are in practice and do not have any interest in or relation with the Member other than the Internal Audit assignment.



Annexures 10: Indicative scope of internal audit/checklist

Name of Trading Member (Name & SEBI Registration no):

Certificate for the quarter ended:

Name and Membership no. of the Audit Firm:

Sr.	Areas to be verified	Observations	Remarks	Comments
No.		of Internal	by	by Trading
		Auditors	Internal	Member
		(Compliance/	Auditors	
		Not		
		Complied/		
		Not		
		Applicable)		
A	Monitoring misuse of client collaterals			
	by TM for proprietary trading			
1	Proprietary losses have been met by the own			
	funds & securities of the Trading Member only			
2	Margin collection, client collateral reporting,			
	and client allocation reported to Exchange/			
	Clearing Corporation/ Clearing Member is in			
	accordance with margins actually collected			
	from clients.			
3	Exposure allowed to clients was based on			
	requisite margins available with the trading			
	member.			
4	Trading member has undertaken adequate			
	reconciliation before submitting Client wise			
	securities and collateral details to exchange/			
	Clearing corporation/ Clearing Member			
5	Trading Member has sent complete 'Statement			
	of Accounts' for funds, securities and			
	commodities in respect of each of its clients on			
	weekly basis as required by relevant Exchange			
	circulars on a weekly basis with error reporting			
	clause and proof of delivery / dispatch log is			
	maintained.			
6	Client's funds and securities & commodities			
	are used only for the purpose of the respective			
	client's transactions / Obligations only and not			
	utilized for execution of proprietary trades or			
	trades in the name of Directors/ Key			
	Promoters/ shareholders/Other Clients. If not			
	used for respective clients then instances to be			
	provided in remarks column.			



7 Member has not pledged clients' securities to	
the Banks/NBFCs for raising funds, even with	ı
authorization by client as the same would	
amount to fund based activity which is in	
contravention of Rule 8(1)(f) & 8(3)(f) o	
Securities Contracts (Regulation) Rules, 1957	
8 Constituent beneficiary account, client ban	
accounts and commodities are used for	
authorized purposes only. In case of an	
irregularity observed, mention the instances in	n
remarks column.	
9 Receipts/payment of funds and	1
receipt/delivery of securities/commodities ar	a
received/ transferred from/to respectiv	
clients only and no third party payment,	
receipts has been accepted / made on behalf o	
client	
Payment to clients are not made from	
proprietary bank accounts.	
In case of any transfer of funds between clien	t
account/ s & proprietary account/ s fo	r
legitimate purposes, Member has maintained	
daily reconciliation statement clearly indicating	
the details of funds transferred.	
12 Client's funds / fully paid	1
, , , , , , , , , , , , , , , , , , , ,	
securities/commodities are transferred to	
respective clients within one working day o	
pay-out from Exchange in case of no running	
account authorization.	
The Delivery of securities to constituent is no	t
made from Proprietary account.	
14 Register of Securities/ commodities and	1
Holding statement from depositories for each	
DP account and warehouse records ar	
reconciled and reconciliation statement for th	
	·
same is prepared periodically.	
Trading member has done actual settlement o	
funds as consented by the clien	
(monthly/quarterly) in the running accoun	t
authorization and there is a gap of maximum	
90/30 days (as per the choice of client viz	
Quarterly/Monthly) between two running	
account settlements	
Trading member has sent a statement o	
accounts containing an extract from clien	
ledger for funds & securities along with	a
statement explaining the retention of funds,	



	I sociation within five days from the date when	
	securities, within five days from the date when	
17	the account is considered to be settled.	
1 /	Member has returned funds to clients having credit balance and who have not done any	
	,	
	transaction in the 30 calendar days since the	
10	last transaction.	
18	Funds settled through running account	
	settlement is transferred to the respective	
	client's bank account and members has not run	
	any scheme to invest the actual settlement dues	
	(Monthly / Quarterly) with	
	the consent of the client / through POA in any	
	scheme or investment product including	
10	mutual funds etc.	
19	Member has not transferred funds from client	
	bank account to any third party or any other non-client account	
20		
20	Member has not transferred funds to its Group	
	companies/ Associates from client bank	
21	accounts.	
21	Payment for own trades (PRO) are not made	
	from client bank accounts. For the same own	
	collateral is plotted vis-à-vis own margin	
	requirement and check if it suffices own	
22	margin requirement. Member has ensured that the funds &	
22	securities available in the client bank/ s and	
	CUSA/EPI/Pool with balances available with	
	clearing Member and funds with Exchange/	
	clearing corporation are not less than the funds	
	and securities payable to the client at all times.	
23	Member has accepted securities as margin	
23	obligation from clients only by way of margin	
	pledge/re-pledge in the depository system by	
	opening a separate demat account for	
	accepting margin pledge which shall be tagged	
	as "Client Securities Margin Pledge account".	
	In accordance with SEBI circular no.	
	SEBI/HO/MIRSD/DOP/CIR/P/2020/28	
	dated February 25, 2020.	
24	Incase member has Margin Trading Facility,	
_ -	the securities pledged in 'Client Securities	
	under Margin Funding Account' are not re-	
	pledged with any other Bank/ NBFC in	
	accordance with SEBI circular no.	
	SEBI/HO/MIRSD/DOP/CIR/P/2020/28	
	dated February 25, 2020	
	uaica 1 Coruary 23, 2020	



0.5	771 1' 1 1 1 ' ''	
25	Trading member has not done any inter client	
	adjustment for the purpose of client level	
	quarterly/ monthly settlement.	
26	Trading Member has opened a separate Client	
	Bank account and set aside the funds of	
	Inactive/untraceable clients in such accounts.	
27	Member has maintained audit trail of UCC	
	wise client funds transferred to / from such	
	bank account for inactive and untraceable	
	clients	
28	Auditor should verify the details of generation	
	of alerts for misuse of client funds and give	
	specific comments with reasons thereof.	
29	Member has not funded its clients in	
	contravention to the Exchange / SEBI	
	requirements i.e. member has not granted	
	further exposure to the clients when debit	
	balances arise out of client's failure to pay the	
	required amount and such debit balance has	
	not continued beyond the fifth trading day, as	
	reckoned from date of pay-in	
30	Securities received in payout against which	
30	payment has not been made in full by the	
	clients are transferred to Client Unpaid	
21	Securities Account Member maintains audit trail of the funds	
31		
	received and systems are in place to ensure that	
	the funds are received from their respective	
22	clients only.	
32	Trading member has not undertaken or was	
	not party to or has not facilitated any fund	
	based activity to fund any secondary market	
	transactions or margin requirements in respect	
	of transactions executed by the trading	
	members on behalf of their clients through	
	financier including any associate, related or	
	third party entities. Trading Member has	
	adhered to the guidelines laid down in relevant	
	circulars on financing of securities	
	transactions.	
33	All applicable margins are collected from	
	respective clients in the prescribed form of	
	funds, fixed deposit receipts, bank guarantees	
	and approved/liquid securities and approved	
	commodities with appropriate haircut.	
34	Member is not operating any assured returns	
	schemes and mobilizing deposits from	
L	1 5 5 5 5 11 10 11 11 11 11 11 11 11 11 11 11 11	



	investors. If yes, please provide details.	
35	Member has correctly posted entries in client	
	ledgers related to trade/margin obligations,	
	receipts and payments from/to clients are	
	commensurate to the trades executed in the	
	Exchange platform, statutory/ regulatory	
	levies as per applicable guidelines on actual	
	basis, brokerage/other allowable charges as	
	agreed by the clients in the tariff sheet, actual	
	dividend and other corporate benefits.	
36	Excess Client's securities provided as early pay-	
	in (EPI) and released by the clearing	
	corporation/clearing member on T Day are	
	transferred to the respective beneficiary	
	account of their clients on the Trade day (T	
	Day) itself in compliance with relevant	
	circulars	
37	Clients funds and securities & commodities are	
	segregated from own funds and securities &	
	commodities.	
38	Multiple client code is not mapped with single	
	bank/demat account or multiple demat/bank	
	account of different entities are not mapped	
	with a single client code (Except where	
	permitted by the exchange)	
39	All Entries for receipt and payment/ transfer	
	of securities & Commodities are duly recorded	
	in the register of securities & commodities.	
40	Member has not engaged in any activity	
	involving any personal financial liability, other	
	than of securities or commodities derivative or	
	which is connected to or incidental to or	
	consequential upon securities / commodities	
	business	
41	All trades in own account were done in PRO	
	code only and such trades were done through	
	approved terminals at approved locations only	
	except designated alternate locations	
В	Correctness of various submissions	
	by TMs	
42	Member has correctly reported to the	
	Exchange the Securities holding balances for	
	each of the DP account maintained by it.	
	(Details of the difference between the actual	
	data and the reported data should clearly be	
	brought out)	
43	Member has correctly uploaded data of Cash &	



	Cash Equivalent balances on a weekly basis for	
	all calendar days of the week except Sunday on	
	stock exchange system within prescribed	
	timelines.	
44	The data reported by TM with regards to the	
44	1 ,	
	client collateral collected, retained and passed on to CM in accordance with SEBI and CC	
45	circulars is accurate.	
45	The stock broker has submitted the correct	
	details to Exchange regarding Monitoring of	
	Client assets under Enhanced Supervision	
	framework as per SEBI circular SEBI/ HO/	
	MIRSD/ MIRSD2/ CIR/ P/ 2016/ 95 dated	
	September 26, 2016.	
46	The stock broker has submitted the correct	
	details in the Risk Based Supervision data	
	submitted to the Exchange.	
47	Member has correctly reported day-wise	
	balance (as per the bank statement) of all	
	bank accounts on weekly basis for all the	
	calendar days of that week except Sunday	
	within prescribed timelines	
48	Member has reported all their Bank & DP	
	account details to the Exchange as required by	
	SEBI circular dated September 26, 2016.	
	Further, closure of reported bank and demat	
	accounts has been correctly intimated to the	
	Exchange within prescribed timeline.	

Date:

Place:

Verified by:	Approved by	Acknowledged by
Name, Designation and	Name, Designation and	Name of the Compliance
Membership no. of Internal	Membership no. of Internal	Officer of the Trading
Auditor	Auditor	Member



Annexures 11: Segregation and Monitoring of Collateral at Client Level- Reporting Format

Sr. No	Field Name	Length (Max)	Description Description
			*
1	Date	DD-MM-YYYY	Date shall be the trade date for which reporting is
			done. It should match with the date mentioned in
			file nomenclature.
2	Clearing Member PAN	Char (10)	Alpha-numeric clearing member PAN.
			Self-Clearing Member should insert PAN number
			in both CM PAN & TM PAN column
3	Trading member PAN	Char (10)	Alpha-numeric trading member PAN
			Value can be Blank when CP code is there.
			Self-Clearing Member should insert PAN number
			in both CM PAN & TM PAN column
4	CP Code	Class (12)	
4	CP Code	Char (12)	Alpha-numeric CP code
			Value can be Blank only when Client PAN is there
			or Account type is 'P'
5	CP PAN	Char (10)	Alpha-numeric CP PAN
3		Gimi (10)	Implie numeric of Triev
			Value can be Blank only when Client PAN is there
			or Account type is 'P'
6	Client PAN	Char (10)	Alpha-numeric Client PAN
			Value can be Blank only when CP Code is there or
			Account type is 'P'.
			For PAN EXEMPT clients, members are required to
			enter 'PAN EXEMPT' in the Client PAN column
			(Column 6).
7	Account Type	Char (1)	'P' for Pro and 'C' for Client/CP
8	Segment Indicator	` '	Values shall be the following:
0	Segment marcator	Char (03)	values shall be the following:
			Values shall be CO for Commodity Derivatives
			Segment Segment
9	UCC Code	Char (10)	Alpha-numeric UCC Code
	o d d dode	(10)	Value can be Blank when CP code is populated, or
			Account type is 'P'
10	Financial Ledger	Number (20)	Value in Rs.
10	balance-A in the books	1 141111001 (20)	value III No.
	of TM for clients and		Decimals shall be allowed upto 2 digits
	in the books of CM for		Decimals shall be allowed upto 3 digits.
			Value shall be for the gormant. It shall include the
	TM (Pro) and in the books of CM for CP		Value shall be for the segment. It shall include the
	DOOKS OF CIVE FOR CP		Credit entry on account of EPI and MTM values.
			Negative Balance allowed.
			1 10gative Dataties and wed.



Sr. No	Field Name	Length (Max)	Description
11	Financial Ledger balance (clear)-B in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value shall be for the segment. Financial ledger balance, after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC.
12	Peak Financial Ledger Balance (Clear)-C in the books of TM for	Number (20)	Negative Balance allowed Value in Rs Decimals shall be allowed upto 3 digits
13	clients and in the books of CM for TM (Pro) and in the books of CM for CP Bank Guarantee (BG) received by TM from clients and by CM from TM (Pro) and	Number (20)	Value shall be for the segment. Highest net credit balance for the segment during the day. However, in case there is clear debit balance for the segment, then report lowest net debit balance. Financial ledger balance, after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC. Negative Balance allowed Value in Rs. Decimals shall be allowed upto 3 digits
14	from CPs Fixed Deposit Receipt (FDR) received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits
15	Approved Securities Cash Component received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
16	Approved Securities	Number (20)	Value in Rs.



Sr. No	Field Name	Length (Max)	Description
	Non-cash component received by TM from clients and by CM		Decimals shall be allowed upto 3 digits
1	from TM(Pro) and from CPs		Value after appropriate haircut
17	Non-Approved Securities received by	Number (20)	Value in Rs.
	TM from clients and by CM from TM(Pro) and from CPs		Decimals shall be allowed upto 3 digits Value after appropriate haircut
18	Value of CC approved Commodities received	Number (20)	Value in Rs.
	by TM from clients and by CM from		Decimals shall be allowed upto 3 digits
	TM(Pro) and from CPs	1 (00)	Value after appropriate haircut
19	Other collaterals received by TM from clients and by CM from TM(Pro) and	Number (20)	Value in Rs. Decimals shall be allowed up to 3 digits.
	from CPs		Other collateral would be any other form not covered in Column 10 to Column 18
20	Credit entry in ledger in lieu of EPI for clients / TM Pro	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits.
			Value of credit entry posted in ledger in lieu of successful EPI to CC, which is considered for margin purpose for the day.
21	Pool Account for clients / TM Pro	Number (20)	Value in Rs.
	,		Decimals shall be allowed upto 3 digits.
			Value of the securities, which are sold and available in the Pool account of the member and considered for margin purpose for the day.
22	Cash Retained by TM	Number (20)	Value in Rs.
			Decimals shall be allowed upto 3 digits. The details will pertain to collateral retained by the TM from client
23	Bank Guarantee (BG) Retained by TM	Number (20)	Value in Rs.
	,		Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from client and retained with the TM



Sr. No	Field Name	Length (Max)	Description
24	Fixed Deposit Receipt (FDR) Retained by	Number (20)	Value in Rs.
	TM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from client and retained with the TM. It should not
			contain details of FDR passed on to the CM in any other form of collateral.
25	Approved Securities	Number (20)	Value in Rs.
	Cash Component Retained by TM		Decimals shall be allowed upto 3 digits
			Value after appropriate haircut
26	Approved Securities	Number (20)	Value in Rs.
	Non-cash component Retained by TM		Decimals shall be allowed upto 3 digits
			Value after appropriate haircut
27	Non-Approved		Value in Rs.
	Securities Retained by TM		Decimals shall be allowed upto 3 digits
			Value after appropriate haircut
28	Value of CC approved	Number (20)	Value in Rs.
	Commodities Retained by TM		Decimals shall be allowed upto 3 digits
			Value after appropriate haircut
29	Other Collaterals Retained by TM	Number (20)	Value in Rs.
			Decimals shall be allowed upto 3 digits.
30	Cash placed with CM	Number (20)	Value in Rs.
			Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
31	Bank Guarantee (BG) placed with CM	Number (20)	Value in Rs.
	pacca war or		Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			The details shall include BG created out of client



Sr. No	Field Name	Length (Max)	Description
			funds.
			For account type 'C' the details shall include funded portion of BG and for account type 'P' the details shall include non-funded portion of BG. For TM Pro if BG is created from own funds and placed with Clearing Member the same shall also be included for account type 'P'.
32	Fixed deposit receipt	Number (20)	Value in Rs.
	(FDR) placed with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			The details shall include FD created out of client funds.
33	Approved Securities	Number (20)	Value in Rs.
	Cash Component placed with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			Value after appropriate haircut
34	Approved Securities Non-cash component	Number (20)	Value in Rs.
	placed with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			Value after appropriate haircut
35	Non-Approved	Number (20)	Value in Rs.
	Securities placed with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			Value after appropriate haircut
36	Value of CC approved	Number (20)	Value in Rs.
	Commodities placed with CM		Decimals shall be allowed upto 3 digits.
L			



Sr. No	Field Name	Length (Max)	Description
			The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
			Value after appropriate haircut
37	Other Collaterals placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits.
38	Cash Retained with CM	Number (20)	Value in Rs.
			Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from
		(2.2)	TM/CP and retained by the CM
39	Bank Guarantee (BG) retained with CM	Number (20)	Value in Rs.
			Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM.
40	Fixed deposit receipt (FDR) retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM.
			It should not contain details of FDR passed on to the CC in any other form of collateral.
41	Approved Securities Cash Component	Number (20)	Value in Rs.
	retained with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut
42	Approved Securities	Number (20)	Value in Rs.
	Non-cash component retained with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM.
			Value after appropriate haircut
43	Non-Approved	Number (20)	Value in Rs.



Sr. No	Field Name	Length (Max)	Description
	Securities retained with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM.
			Value after appropriate haircut
44	Value of CC approved Commodities retained	Number (20)	Value in Rs.
	with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM.
			Value after appropriate haircut
45	Other Collaterals	Number (20)	Value in Rs.
	Retained with CM		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral received from TM/CP and retained by the CM.
			Value after appropriate haircut
46	Cash placed with MCXCCL	Number (20)	Value in Rs.
	3.23.23.32		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
47	Bank Guarantee (BG)	Number (20)	Value in Rs.
	placed with MCXCCL		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
48	Fixed deposit receipt	Number (20)	Value in Rs.
	(FDR) placed with MCXCCL		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
49	Approved Securities	Number (20)	Value in Rs.
	Cash Component placed with MCXCCL		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC



Sr. No	Field Name	Length (Max)	Description
			for the Client/TM Pro/CP/CM
			Value after appropriate haircut
50	Approved Securities	Number (20)	Value in Rs.
	Non-cash component placed with MCXCCL		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM
			Value after appropriate haircut
51	Value of CC approved	Number (20)	Value in Rs.
	Commodities placed with MCXCCL		Decimals shall be allowed upto 3 digits.
			The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
			Value after appropriate haircut
52	MTF /Non MTF indicator	Char (07)	Values shall be either of the following: NON MTF MTF
			NA NON MTF means all segments other than MTF (like CM, FO, CD, CO, SLB, MFSS and DEBT)] (Since MTF is available in CM segment, system shall not accept MTF type in any segments other than CM segment)
53	Uncleared Receipts	Number (20)	Value in Rs. Decimals shall be allowed up to 3 digits.
			Cannot be blank either '0' or numeric value. This will include (1) Value of cheques received from the clients, which are not cleared at EOD or/and (2) Funds received through Payment gateways however same is not credited in bank account at
54	Govt Securities – T	Number (20)	EOD Value in Rs. (Zero ('0') or positive values only)
	bills received by TM from clients and by CM from TM(Pro) and from CPs		Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
55	Govt Securities – T-bills Retained by TM	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge



Sr. No	Field Name	Length (Max)	Description
			mechanism
56	Govt Securities–T bills placed with CM	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
57	Govt Securities–T bills retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
58	Govt Securities—T bills placed with MCXCCL	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
59	Bank Guarantee (BG) Funded portion retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits. For account type 'C' and 'P' the details shall include only funded portion of BG retained with CM. (Funded portion of BG to be shown for account type "C" would be equal to value shown in account type "C" in the column "Bank Guarantee (BG) retained with CM". Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion retained with CM" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion retained with CM" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) retained with CM")
60	Bank Guarantee (BG) Non funded portion retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits. For account type 'P' the details shall include non funded portion of BG retained with CM For account type 'C' same is Zero Note: Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion retained with CM" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion retained with CM" should be



Sr. No	Field Name	Length (Max)	Description
			equal to the value shown in account type "P" in the column "Bank Guarantee (BG) retained with CM".
61	Bank Guarantee (BG) Funded portion placed with MCXCCL	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits. For account type 'C' and 'P' the details shall include only funded portion of BG placed with MCXCCL. Note: Funded portion of BG to be shown for account type "C" would be equal to value shown in account type "C" in the column "Bank Guarantee (BG) placed with MCXCCL". Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion placed with MCXCCL" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion placed with MCXCCL" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) placed with MCXCCL".
62	Bank Guarantee (BG) Non funded portion placed with MCXCCL	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits. For account type 'P' the details shall include nonfunded portion of BG placed with MCXCCL. For account type 'C' same is Zero Note: Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion placed with MCXCCL" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion placed with MCXCCL" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) placed with MCXCCL".
63	Settlement Amount	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits. Note: The amount of funds released on account of running account settlement of client on settlement date as per MCX circular MCX/INSP/447/2022 dated July 27, 2022 and debited from bank account on next day of settlement date shall be provided. Aforesaid value shall be provided only in the submission made for the next working day after the



Sr. No	Field Name	Length (Max)	Description
			settlement date as per aforesaid circular e.g. if settlement date is October 07,2022 as per aforesaid circular, then said data needs to be provided in the submission made for next day i.e. October 10,2022. Value should be mentioned 0 in the submissions made for other days.
64	Unclaimed/Unsettled Client Funds	Char(03)	YES NA Note: In case a member is unable to settle the client account due to non-availability of client's bank accounts and non-traceability of client as per MCX Circular No. MCX/INSP/087/2020 dated February 11, 2020, then member shall write Yes, else NA
65	Cash Collateral For MTF Positions	Number (20)	Value in Rs. (Zero ('0') or positive values only) (Decimals shall be allowed upto 3 digits) Note: Cash collateral collected from clients for the MTF positions and available in books of accounts maintained for MTF. Value will be mentioned in MTF indicator only and Value will be Zero for Non-MTF indicator

Note:-

- The sum of client collateral retained by the TM/CM and client collateral passed on to CM/CC shall equal the amount of collateral received by the TM/CM from the client.
- CMs shall perform validations at their end in respect of reporting done by TMs.
- Client active in MTF and NON MTF: Maximum two rows/entries (one for MTF and second for NON MTF) shall be reported in CM segment of a particular client for a particular day.
- Client active either in NON MTF or MTF only: Only single rows/entries (for MTF or NON MTF) in CM segment shall be reported of a particular client for a particular day.
- Member shall not upload duplicate/multiple records of the same client for one segment.



Annexures 12: Segregation and Monitoring of Collateral at Client Level- Penalty Violation 1: Non-reporting of data

Period	Applicable penalty
From December 16, 2021 till March	Collateral reporting is not done by the CM for clients where
31, 2022	there exists collateral with the CC/CM/TM In such case, penalty of 0.1% on the amount of margin reported shall be applicable.
	For this purpose, EOD margin reported, or peak margin reported, whichever is higher shall be considered.
From April 1, 2022 onwards	Collateral reporting is not done by the CM for clients where there exists collateral with the CC/CM/TM In such case penalty of 0.5% on the amount of margin reported shall be applicable.
	For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.

Violation 2: Delayed submission / Modification of data

Any delayed submission post the cut off time / modification of data successfully submitted by clearing members can be done up to T+3 working days. The penalty for delay /modification of data shall be as follows:-

Period	Delayed submission / Modification of data successfully submitted for CM Prop/TM Prop/ CP/Clients with outstanding margin requirements		
From December 16, 2021 till March 31, 2022	Rs. 250 per entity per instance		
From April 1, 2022 onwards	Rs. 500 per entity per instance		

No delayed submissions / modifications shall be permitted beyond T+3 working days EOD.

Violation 3: Incorrect data reporting (checked during inspection)

% of the violation in the current inspection				
(Proportion of the instances with false reporting to the Total sample instances verified)	Penalty As A Pe	ercentage (%) Of T	The False Repor	ting
	Observed only	Observed only	Observed in	Observed in
	in current	in 1 out of 3	2 out of 3	all the
	Inspection	previous	previous	previous 3



		Inspections in addition to the current Inspection	inspections in addition to the current Inspection	Inspections in addition to the current Inspection
Above 50%	50%	60%	75%	100%
25%-50%	25%	50%	60%	75%
10%-25%	10%	25%	50%	60%
Less than 10%	5%	10%	25%	50%

Along with the monetary penalty, the Member may also be subjected to suspension for one day in the respective segment in case of material instances. The false reporting shall be treated as material for the purpose of suspension, if it meets all the following broad criteria:-

- 1 Instances of false reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and
- 2 Percentage of value of false reporting is more than 5% of total margin required to be collected for the instances verified during inspection, and
- 3 Value of false reporting of margin is more than Rs. 15 lakhs.



Summary of Circulars Issued till March 31, 2023 $\,$

Sr. No.	Circular Date	MCXCCL Circular No.	Subject			
1	20-10-2022	Various Circulars	Submission of Internal Audit Report			
2.	26-12-2019	MCXCCL/MEM/302/2019	Penalty Structure – False/Incorrect reporting of Margin for Clearing Member			
3.	14-11-2022	MCXCCL/INSP/241/2022	Handling of Clients' Securities by Trading Members/Clearing Members			
4.	24-03-2021	MCXCCL/INSP/079/2021	Submission of information by ITCM/ PCM Members			
5.	24-08-2021	MCXCCL/INSP/221/2021	Strengthening oversight on Clearing Members			
6.	21-11-2022	MCXCCL/INSP/244/2022	Segregation and Monitoring of Collateral at Client Level - Reporting Format			
7.	14-10-2021	MCXCCL/INSP/262/2021	Submission of information by ITCM/ PCM Members			
8.	22-10-2021	MCXCCL/INSP/270/2021	Penalty Structure for violations observed during inspection of Clearing Members clearing for Trading Members			
9.	17-12-2021	MCXCCL/INSP/315/2021	Segregation and Monitoring of Collateral at Client Level - Penalty			
10.	16-02-2022	MCXCCL/INSP/032/2022	Guidelines to Clearing Members for effective oversight over trading members cleared by Clearing Members – Clarifications			



Chapter 8: Grievance Redressal

8.1 Grievance Redressal Department (GRD)

MCXCCL Grievance Redressal Department (GRD) functioning at Mumbai facilitates resolution of complaint(s) received from the constituents against the registered Clearing Member (CM), Warehouse Service Provider (WSP) and Vault Service Provider (VSP) of MCXCCL.

Any Constituent who has a complaint lodges/registers a complaint with MCXCCL in the prescribed "COMPLAINT REGISTRATION FORM" or by sending their complaint through email on grievance@mcxccl.com.

MCXCCL provides assistance in case of the following:

- a. Complaints which fall within the purview of the MCXCCL
- b. Non-receipt of money/commodities/other collaterals given to CM
- c. Non-receipt of funds/commodities after settlement of a contract, from CM
- **d.** Quality and Quantity related issues against WSP/Warehouse, after having passed through the Clearing and Settlement Mechanism of MCXCCL.

8.2 Grievance Redressal Mechanism

- 1. On receipt of complaint, the complaint is scrutinized and categorised into three categories as:
 - i) Queries
 - A query is a question raised by constituents related to Policy, Procedure, Rules, Regulation, Bye-Laws, Agreements, Renewal and cancellation etc. that a constituent raises.
 - ii) Service related issues
 - It includes complainants' expression of dissatisfaction of the service provided by Clearing Member (CM), WSP, VSP or Clearing Corporation (CC).
 - iii) Complaint
 - Complaint is related to Quality and Quantity concerns or wherein financial compensation is involved.
- 2. MCXCCL ensures that all complaints are resolved within 15 working days from the date receipt of the complaint. In case additional information is required from the complainant, the same shall be sought within 7 days from the receipt of the complaint. In such case, the period of 15 working days will be counted from the date of receipt of additional information.
- 3. In case complaint is not pertaining to MCXCCL, same shall be closed on basis of it being outside the purview.
- 4. In case any parties are aggrieved by the GRC order, they have to inform MCXCCL through a letter or email to the dedicated e-mail id whether they intend to pursue the next level of resolution i.e. Arbitration, within 7 working days from the date of GRC Order.



8.3 Grievance Redressal Committee (GRC)

All complaints which do not get resolved within 15 working days from the date of registration of the complaints with MCXCCL or cases where parties are aggrieved by the resolution worked out would be referred to Grievance Redressal Committee (GRC).

MCXCCL has constituted Grievance Redressal Committee (GRC) at Mumbai. The list of IGRC members is available on our website at https://www.mcxccl.com/grievance/grievance-redressal-committee

GRC is allowed a time of 15 working days from the date of reference of complaint to amicably resolve the complaint. GRC may request to provide some additional information before the initiation of the conciliation process. In such case, where additional information is sought, the timeline for resolution of the complaint by GRC shall not exceed 30 working days.

The GRC comprises of a single person for claims upto Rs.25 lac and a panel of three persons for claims above Rs.25 lac.

The aggrieved party may opt for challenging the GRC Order to the next level of resolution, i.e. Arbitration. MCXCCL shall use the arbitration mechanism of Multi Commodity Exchange of India Limited ("MCX"), as provided in Regulation 35 (2) of SECC Regulation 2018.

8.4 Arbitration Mechanism

For an arbitration application challenging the IGRC recommendation, a time period of three months shall be applicable.

For an arbitration application received without going through IGRC mechanism, the limitation period for filing arbitration shall be governed by the law of limitation, i.e., The Limitation Act, 1963.

The appointment of an Arbitrator shall be linked to the claim amount.

- If the claim amount is up to Rs. 25 lakhs, then a sole Arbitrator shall be appointed.
- If the claim amount is above Rs. 25 lakhs, then a panel of three arbitrators shall be appointed.

The Arbitrator(s) shall be appointed within 30 days from the date of receipt of application/rectified application from the Applicant.

8.5 Invocation of Arbitration by Warehouse Service Provider against constituent(s)

MCXCCL facilitates an arbitration mechanism for disputes (claims, complaints, differences, etc.,) between WSP and constituent (s) arising out of or related to deals admitted for clearing and settlement by the Clearing Corporation, referred to and decided by arbitration. A constituent (s) may be identified as defaulter, if he does not pay the award amount to WSP, as directed in the arbitration/appellate award and also does not appeal at the next level of redressal mechanism within the timelines (in case of aggrieved by arbitration/appellate award). Based on the information provided by WSP regarding the defaulting constituent (s), a common database of defaulting constituent (s) have been made available to market participants.



Chapter 9: Finance & Accounts

9. Stamp Duty:

9.1 Stamp Duty FAQ:

Indian Stamp Act, 1899, was amended and made applicable from July 01, 2020. Owing to this amendment there were various queries and issues raised across the industry.

To answer those queries and to avoid further confusion, SEBI had shared 'Frequently Asked Questions' (FAQs) on Indian Stamp Act, 1899 Amendments and Rules made thereunder. (MCX Circular No. MCX/MCXCCL/498/2020 dated July 15, 2020 and MCXCCL Circular No. MCXCCL/F&A/159/2020)

9.2 Matter raised by Government of Sikkim regarding Indian Stamp Act, 1899, not yet extended to the State of Sikkim:

Government of India, Ministry of Finance, Department of Economic Affairs, Financial Market Division, Secondary Market Section, North Block, New Delhi, has issued a letter (attached) herewith since the Indian Stamp Act, 1899 has not been extended to the State of Sikkim by virtue of the provisions of Article 37 IF of the Constitution, the same cannot be extended until unless the Act is adopted by the Legislature of Sikkim. Therefore, the amendments made therein in 2019, cannot be applied to that State.

No collection of stamp duty will be done until further instruction form state of Sikkim & Government of India, Ministry of Finance, Department of Economic Affairs, Financial Market Division, Secondary Market Section, North Block, New-Delhi. (MCX Circular No. MCX/MCXCCL/600/2020 dated August 19, 2020 MCXCCL Circular No. MCXCCL/F&A/194/2020)

9.3. TDS as per provisions of the Income Tax Act, 1961:

MCXCCL charges various fees and penalties to members and collect the same on gross basis i.e. 100%.

As per the provisions of Income Tax Act, 1961, members deposit the TDS & claim the refund of the same from MCXCCL.

In this regard, members need to share the TDS certificate along with the further details as per the format given in **Annexure 1** and share the details to: mcxcl-accounts@mcxindia.com. (MCX Circular no.: MCX/MCXCCL/534/2022 dated September 19, 202, MCXCCL Circular no.: MCX/F&A/203/2022)



Annexure 1: TDS as per provisions of the Income Tax Act, 1961

Members may note that all Tax deducted at source in the name Multi Commodity Exchange Clearing Corporation Limited (PAN - AAFCM9108B) as per provisions of the Income Tax Act, 1961 is to be

submitted while claiming the TDS refund with the below details to us.

Sr. No.	Membership ID (Deductor)	Membership Name (Deductor)	Date of Invoice	Invoice No.	Company Name (Of the deductee)	PAN of Deductee	Invoice Amount	GST Amount	Total Invoice Amount	TDS Rate	TDS Amount	TDS u/s as per Income Tax Act	Details of the Quarter of TDS with FY	Certifcat e No.of TDS claim
1	****	****	****	****	MCXCCL	AAFCM9108B	****	****	****	**	***	***	***	***



Chapter 10: Information Technology (IT) and Information Security (IS)

Technology Department

MCXCCL Technology department, primarily responsible for catering to all regulatory requirements, management requirements and operational requirements through system designing and software development. Technology team is responsible for post development activities like incremental and stable enhancement in the system, regular patch management, continuous monitoring of the network and server utilization to avoid the unprecedented events.

MCXCCL is certified for ISO 27001:2013 (Information Security Management System), ISO 9001:2015 (Quality Management System) and ISO 22301:2019 (Business Continuity Management System). MCXCCL Technology department plays the vital role in the ISO related all activities. Moreover, Technology team takes care of the updated plan of action in BCP-DR (Business Continuity Plan and Disaster Recovery) activities, prescribed by SEBI.

Information Security / Cyber Security function

MCXCCL Information Security domain is primarily responsible to cater all the regulatory requirements related to Cyber Security space to make MCXCCL environment stable and robust. All the technological requirements pertaining to the Information Security is being handled by MCX team.

MCXCCL ensures timely adherence to the guidelines issued by SEBI/NCIIPC/CERT-In/Govt. of India (GoI) related to the Cyber Security matters and also issues advisories to protect its Members from any adverse situations due to any kind of security mishaps.

CERT-In has issued multiple guidelines to enhance the security approach to deal with the system vulnerabilities. MCXCCL Information Security team issued all the relevant advisories to make its Members aware of the criticality in Cyber Security space and take necessary steps accordingly. In reference to the above, MCXCCL has issued advisories, which are enclosed as ¹²Annexure-Cyber Advisories.

¹² All circulars issued as Cyber advisories are listed as below:

MCXCCL/TECH/079/2020 dated April 15, 2020, on "Cyber Security Advisory in view of Covid-19 pandemic"

MCXCCL/TECH/090/2020 dated April 27, 2020, on "Cyber Security Advisory "Maze Ransomware".

MCXCCL/TECH/136/2020 dated June 23, 2020, on "Cyber Security Advisory "Covid-19 related Phishing Attack Campaign by Malicious Actors".

MCXCCL/TECH/224/2020 dated September 22, 2020, on "Cyber Security Advisory - Prevention of DDoS Cyber-attacks and Cyber Security"

MCXCCL/TECH/266/2020 dated October 28, 2020, on "Cyber Security Advisory - Remote access and Telecommuting"

MCXCCL/TECH/281/2020 dated November 17, 2020, on "Feedback on Cyber Security Advisory- Remote access and Telecommuting"

MCXCCL/TECH/307/2020 dated December 03, 2020, on "Cyber Security Advisory - Compromised Personal Network Indicators and Mitigations".

MCXCCL/TECH/299/2021 dated November 25, 2021, on "Cyber Security Advisory - Distributed Denial of Service (DDoS) attacks on systems of

MCXCCL/TECH/303/2021 dated November 30, 2021, on "Cyber Security Advisory - Distributed Denial of Service (DDoS) attacks - Awareness

MCXCCL/TECH/040/2022 dated February 24, 2022, on "Cyber Security Advisory - Session on Cyber Security Awareness"

MCXCCL/TECH/052/2022 dated March 07, 2022, on "Cyber Security Advisory - CERT-In Advisory Preventing Data Breaches Data Leaks"



10.3 Business Continuity Plan (BCP) and Disaster Recover (DR)

SEBI has issued a circular vide, circular no. SEBI/HO/MRD1/DTCS/CIR/P/2021/33 dated March 22, 2021, on "Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs) applicable to Clearing Corporation. According to the said circular, MCXCCL ensures the compliances on the directions prescribed by the Regulator.

MCXCCL conducts ¹³**DR drills** in line with MCX and hence all the reference pertaining to the drill schedule is derived from Exchange issued circular. As prescribed by SEBI, MCXCCL conducts DR drills on monthly, quarterly, and half-yearly basis. The drill process is generally based on the infrastructural changes, new product launch or any software enhancements/new system integration process.

In view of the above, latest circulars issued by MCXCCL pertaining to the DR drills are enclosed as ¹⁴Annexure-MCXCCL DR Drills.

10.4 Other advisories/guidelines issued by Clearing Corporation (CC) relevant to Technological advancement

MCXCCL informs its Clearing Members regarding any updates pertaining to the guidelines issued by any other government agencies. All the cyber related advisories are received from NCIIPC, CERT-In and Cyber Swatchhata Kendra (CSK). MCXCCL also receives directions from SEBI, in case of any amendments in the guidelines issued by any of the government agencies, which have direct impact on financial market.

MCXCCL Technology team ensures that all the Members registered on its platform have all the relevant upgradation on their respective systems to avoid the future consequences.

MCXCCL also issues circulars related to system enhancement in its infrastructure or service level changes. List of issued circulars in reference to such matters are enclosed as ¹⁵**Annexure-Technology** advisories.

MCXCCL/TECH/015/2023 dated January 20, 2023, on "Mock Trading"

¹³ Circulars related to Mock DR Drills issued by MCXCCL during the period from April 2022- March 2023 is listed as **Annexure–I**.

¹⁴ Latest circulars issued pertaining to the Mock DR Drills are listed as below:

MCXCCL/TECH/075/2023 dated March 24, 2023, on "Mock Trading from Disaster Recovery Site (DRS)"

¹⁵ All circulars related to technological enhancement/procedural changes issued since inspection of MCXCCL is listed as **Annexure–II**.



Annexure-I: List of all circulars related to Mock DR Drills issued since inception of MCXCCL

Sr.	Circular Reference No.	Date of	Circular Subject
No.		Issuance	·
1	MCXCCL/TECH/094/2022	22-Apr-22	Mock Trading
2	MCXCCL/TECH/123/2022	26-May-	Mock Trading
		22	
3	MCXCCL/TECH/141/2022	23-Jun-22	Mock Trading from Disaster Recovery Site (DRS)
4	MCXCCL/TECH/190/2022	26-Aug-22	Mock Trading
5	MCXCCL/TECH/221/2022	14-Oct-22	Mock Trading
6	MCXCCL/TECH/255/2022	02-Dec-22	Mock Trading from Disaster Recovery Site (DRS)
7	MCXCCL/TECH/277/2022	30-Dec-22	Mock Trading
8	MCXCCL/TECH/015/2023	20-Jan-23	Mock Trading
9	MCXCCL/TECH/022/2023	27-Jan-23	Mock Trading
10	MCXCCL/TECH/075/2023	24-Mar-23	Mock Trading from Disaster Recovery Site (DRS)



Annexure–II: List of All circulars related to technological enhancement/procedural changes issued since inception of MCXCCL

Sr.	Circular Reference No.	Date of	Circular Subject
No.		Issuance	·
1	MCXCCL/TECH/198/2019	28-Aug-19	New Version of Trading Software Release
2	MCXCCL/TECH/038/2020	17-Feb-20	Business Continuity Plan for MCXCCL Clearing Members
3	MCXCCL/TECH/059/2020	18-Mar-20	Business Continuity Plan for MCXCCL Clearing Members in view of Novel Covid-19 virus pandemic outbreak
4	MCXCCL/TECH/129/2020	12-Jun-20	New Version of Trading Software Release
5	MCXCCL/TECH/188/2020	13-Aug-20	Disconnection of VSAT Network
6	MCXCCL/TECH/010/2021	13-Jan-21	Point-to-Point (P2P) Leased Line Connectivity at Disaster Recovery Site (DRS)
7	MCXCCL/TECH/077/2021	24-Mar-21	TRAI -Telecom Commercial Communications Customer Preference Regulations 2018
8	MCXCCL/TECH/095/2021	15-Apr-21	Business Continuity Plan for MCXCCL Clearing Members
9	MCXCCL/TECH/115/2021	01-May-21	Standard Operating Procedure (SOP) for handling Cyber Security Incidents
10	MCXCCL/TECH/001/2022	05-Jan-22	Business Continuity Plan for MCXCCL Clearing Members
11	MCXCCL/TECH/074/2023	23-Mar-23	TRAI – Guideline to curb spam SMSes and misuse of headers and Content Templates by unauthorized Telemarketers (UTMS)
