SEEKING PUBLIC COMMENTS ON PROPOSAL TO IMPLEMENT FSLRC'S RECOMMENDATIONS ON CONSUMER PROTECTION.

I. As per the recommendations of FSLRC and to improve the standards of consumer protection available to the clients in the Commodity Futures market, the Commission has decided to review the existing regulations, guidelines, circulars and other instruments pertaining to consumer protection. The commodity market intermediaries (the Exchanges and Members) are expected to take appropriate measures to protect the following rights/protection of the clients.

1. **Requirement of Professional Diligence**: The commodity market intermediaries (CMI) are to exercise professional diligence while dealing with their clients. The standard of skills and care being practiced by them must be commensurate with honest market practices, good faith and the different profiles of their clients.

2. **Protection from unfair terms in financial contracts (contracts offered by commodity exchanges)**: Unfair terms in contracts between members and clients are void unless the members can exhibit that the terms were expressly negotiated between the parties (if applicable). A term can be deemed to be unfair, if it causes significant imbalance in the rights of parties in the contract, to the detriment of clients and is not needed to protect the legitimate interests of members.

3. **Protection from unfair conduct which includes misleading conduct and abusive conduct**: Exchanges/Members are prohibited from indulging in unfair conduct which includes conduct that is misleading or abusive while dealing with clients. Any action of exchanges/members will be construed as unfair, if it interferes with the ability of the consumer to make an informed transactional decision.

4. **Protection of personal information and confidentiality**: Exchanges/Members must ensure that personal information of clients is protected and held confidential. The exchanges/members would not be permitted to disclose such information unless the prior written informed consent of the client has been obtained or the disclosure is required under law in other identified circumstances.
5. **Requirement of fair disclosure, both at the initial stage and on continuing basis:**
Exchanges/Members may ensure that clients are provided with fair disclosure of information that is required to make an informed transactional decision. Appropriate disclosures need to be made both before the client enters into a contract in the commodity futures market and on a continuing basis.

6. **Requirement for each financial service provider (Exchanges and Members) to have an effective grievance redress mechanism which is accessible to all its consumers (clients):**
The Exchanges/Members must have in place appropriate internal mechanisms to redress client complaints and clients should be adequately informed of such mechanisms.

II. In addition to the above basic rights to be made available to all clients, the commodity market intermediaries are also required to identify a separate category of retail clients consisting of individuals and small and medium enterprises who participate in the commodity futures market. Such retail clients must be provided with additional protections, if required.

III. The Commission has proactively taken several initiatives to protect the interests of clients such as SMS alerts to clients to prevent unauthorised trades, quarterly settlement of accounts by members, setting up of the Investor Protection Fund in the exchanges, grievance redress mechanism etc. The Commission, keeping in view the above, is going to take further steps to strengthen and safeguard the interest of clients as recommended by FSLRC, after due consultations with all stakeholders and participants including the general public.

IV. In this regard, the existing KYC set presently (Annexure I) in use, which was issued vide FMC/4/2011/G/30 dated 16.12.2011 and the proposed modifications in Annexure-3 of the KYC circular which deals with “Rights & Obligations of Members, Authorized Persons & Clients” marked in red, are hereby uploaded on the website for comments of the public and all stakeholders. The Commission hereby invites the suggestions/comments from the public/stakeholders on the proposed additional consumer protection measures as in Annex-II. The comments, if any, may be furnished by 28.2.2014. The Commission proposes to adopt the revised KYC norms by 31.3.2014.

(Nutan Raj)
Economic Adviser
No.- FMC/4/2011/G/30
Ref. No.: Div. III/89/07
Dated 16th December, 2011

To,

MDs & CEOs of the National Exchanges
(MCX, NCDEX, NMCE, ICEX & ACE)

Subject: Common / uniform client registration form / process

Sir,

There has been persistent demand from Members as well as participants in futures commodity market to introduce uniform and common client registration forms including Member client agreement, Risk Disclosure document and “Know your Client” form. Accordingly, the Commission, after detailed consultations with Commodity Exchanges, has approved uniform client registration documents, a copy which is enclosed.

1. Currently, a client trading on multiple National Commodity Exchanges has to enter into multiple number of agreements. With the introduction of common client registration documents, the client will be required to fill in only one set of documents. This common client registration form and uniform KYC norms will be applicable to all the Commodity Exchanges by appropriate means of circulation of the contents of this Client Protection circular to all their members. All such members shall take necessary steps to implement this circular in respect of new clients w.e.f. 1st April, 2012.

2. For the purpose of registration of new clients, the Member shall make available a folder / booklet containing following documents required for registration of a client. Members will have to ensure that a copy of the whole set is provided by them to the clients:

   a. List of mandatory documents to be obtained from the clients as per this circular.
      a.i. Annexure 1 – Know Your Client application form
      a.ii. Annexure 2–Uniform Risk Disclosure Document
      a.iii. Annexure 3 -- Rights and Obligations of Members, Authorized Persons and Clients
      a.iv. Annexure 4-- Do’s and Don’ts for the clients
b. A tariff sheet specifying various charges, including brokerage, payable by the client, to avoid any dispute at a later date. List of documents which are voluntary/non-mandatory in nature.

c. Information on contact details of senior officials and Investor grievance cell of the Member, so that the client can approach them in case of any grievance.

3. The Non - Mandatory documents (any other document concerned with any term(s) or condition(s), other than those covered in the Mandatory documents) will also be obtained from clients subject to the following conditions:
   a) The clauses in the non-mandatory part shall not be in contravention of any of the clauses in the mandatory documents, as also the Rules, Regulations/Business Rules, Bye-laws, circulars of the Exchange, directives and guidelines of Commission. Any such clause in contravention of the above shall be null and void.
   b) Any authorization sought in non-mandatory part shall not be in contravention of the provisions of Rules, Byelaws (including Business Rules, Regulations), circulars of the National Commodity Exchange and directives and guidelines of Commission and Exchanges and has to be a separate document and shall require specific consent of the client.
   c) Authorization sought in non-mandatory part shall always be subject to the following conditions:-
      A.i. The authorization shall contain a clause that the Client may revoke the authorization at any time.
      A.ii. The authorization shall be in writing and be signed by the client only and not by any person authorized on his behalf.
      A.iii. The authorizations so obtained are not for any inter family / group company / related accounts adjustment
      A.iv. The authorizations so obtained are not for any adjustment of funds among securities exchange and commodities exchange

4. All the Exchanges are requested to amend their bye-laws/ rules/ business rules/ regulations to introduce the aforesaid client registration form and procedure. It may please be noted that the new set of documents under the Uniform Client Registration process would be applicable for all clients registering on or after 1.4.2012 and those clients who have registered prior to this date will continue to be governed as per the earlier procedure followed. If any client wishes to trade in an additional Exchange after 1.4.2012 then the new uniform client registration form would have to be filled in by him.

Yours faithfully,

Sd/-

(S. N. Dulange)
Deputy Director

Enclosures: Annexures 1-4 and Appendix-A sent by E-mail to Compliance Officers
Annexure - 1

KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

A. IDENTITY DETAILS

1. Name of the Applicant: ________________________________
2. Father's/ Spouse Name: ________________________________
3. a. Gender: Male/ Female b. Marital status: Single/ Married c. Date of birth: ___________ (dd/mm/yyyy)
4. a. Nationality: ___________ b. Status: Resident Individual / Non Resident / Foreign National. (If Non Resident / Foreign National, self certified copy of statutory approval obtained must be attached)
5. a. PAN: _______ b. Unique Identification Number (UID)/ Aadhaar, if any: ________________
6. Specify the proof of identity submitted: ________________________________

B. ADDRESS DETAILS

1. Address for correspondence: ________________________________
   City/ district /village: _______ Pin Code: _______ State: _______ Country: _______
2. Contact Details: Tel. (Off.) # ___________ Tel. (Res.) # ___________ Mobile No.: _______ Fax: _______
   Email id: ________________________________
3. Specify the proof of address submitted for correspondence address: ________________________________
4. Permanent Address (if different from above): ________________________________
   City/district/village: _______ Pin Code: _______ State: _______ Country: _______
   Tel. (Res.) # ___________ Mobile No.: _______ Fax: _______ Email id: ________________________________
5. Specify the proof of address submitted for permanent address: ________________________________

C. OTHER DETAILS

1. Gross Annual Income Details (please specify): Income Range per annum: Below Rs 1 Lac / 1-5 Lac /5-10 Lac /10-25 Lac / >25 Lacs or

   Net-worth as on (date) ___________ (___________) (Net worth should not be older than 1 year)
2. Occupation (please tick any one and give brief details): Private Sector/ Public Sector/ Government Service/Business/ Professional/ Farmer/ Others (Specify)

3. Please tick, if applicable: Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)

   # If you have a landline connection, kindly provide the same
4. Any other information:

D. BANK ACCOUNT(S) DETAILS

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Branch address</th>
<th>Bank account no.</th>
<th>Account Type: Saving/Current/Others</th>
<th>MICR Number</th>
<th>IFSC code</th>
</tr>
</thead>
</table>

- Provide a copy of cancelled cheque leaf/ pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.

E. DEPOSITORY ACCOUNT(S) DETAILS

<table>
<thead>
<tr>
<th>Depository Participant Name</th>
<th>Depository Name (NSDL/CDSL)</th>
<th>Beneficiary name</th>
<th>DP ID</th>
<th>Beneficiary ID (BO ID)</th>
</tr>
</thead>
</table>

- Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.

F. TRADING PREFERENCES

*Please sign in the relevant boxes with which Exchange you wish to trade. The Exchange not chosen should be struck off by the client.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the National Commodity Exchanges</th>
<th>Signature of the Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership.

G. PURPOSE OF TRADING: Hedging / Investment / Others (Specify) ________________

H. INVESTMENT/TRADING EXPERIENCE

- No Prior Experience
- _____ Years in Commodities
- _____ Years in other investment related fields

I. SALES TAX REGISTRATION DETAILS

<table>
<thead>
<tr>
<th>Local Sales Tax State Registration No.</th>
<th>Validity Date</th>
<th>Central Sales Tax: Registration No.</th>
<th>Validity Date</th>
</tr>
</thead>
</table>

*If you have a landline connection, kindly provide the same
J. PAST REGULATORY ACTIONS
- Details of any action/proceedings initiated/pending/ taken by FMC/ SEBI / Stock exchange / Commodity exchange/any other authority against the client dealing in commodities during the last 3 years: _______________________________________________________________

K. DEALINGS THROUGH AUTHORIZED PERSONS AND OTHER MEMBERS
- If client is dealing through the Member / Authorized Person (AP), provide the following details (incase dealing with multiple Members/APs, provide details of all in a separate sheet containing all the information as mentioned below):

Member's / AP's Name: ________________________________
Exchange: ________________________________
Exchange's Registration number: ________________________________
Concerned Member's Name with whom the AP is registered: ________________________________
Registered office address: ________________________________ Ph: ________________________________
Fax: ________________________________ Email: ________________________________ Website: ________________________________
Client Code: ________________________________
Details of disputes/dues pending from/to such Member/AP: ________________________________

L. ADDITIONAL DETAILS
- Whether you wish to receive physical contract note or Electronic Contract Note (ECN) (please specify):
  - If ECN has been selected, provide your Email id: __________________________________
  - If you wish to receive Electronic Contract Note (ECN), an 'ECN declaration form' via email would need to be provided as per the format and procedure given at Appendix A.
  - The ECN declaration form should normally be in English. In case you are not conversant with the English language, the ECN form should be bi-lingual i.e., in English and the local language known to you.
  - You can revoke the ECN facility and opt for the contract note in the physical form only by giving 7 working days' notice to the member and copy of the same would be retained by you.
  - Whether you wish to avail of the facility of internet trading/ wireless technology (please specify):
    - Any other information: __________________________________

M. INTRODUCER DETAILS (optional)
Name of the Introducer: ________________________________ (Surname) (Name) (Middle Name)
Status of the Introducer: Authorized Person/Existing Client/Others, please specify Address and phone no. of the Introducer: ________________________________
Signature of the Introducer: ________________________________

N. NOMINATION DETAILS
- We wish to nominate / We do not wish to nominate
Name of the Nominee: ________________________________ Relationship with the Nominee: ________________________________
PAN of Nominee: ________________________________ Date of Birth of Nominee: ________________________________
Address and phone no. of the Nominee: ________________________________

# If you have a landline connection, kindly provide the same
If Nominee is a minor, details of guardian:
Name of guardian: ____________________________  Address and phone no. of Guardian: ____________________________
Signature of guardian: ____________________________

WITNESSES (Only applicable in case the account holder has made nomination)
Name: ____________________________  Name: ____________________________
Signature: ____________________________  Signature: ____________________________
Address: ____________________________  Address: ____________________________

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 changes 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.

2. I/We confirm having read/ been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.

3. I/We further confirm having read and understood the contents of the ‘Rights and Obligations’ document(s), ‘Risk Disclosure Document' and ‘Do’s and Don’ts’. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on Member’s designated website, if any.

Place: ____________________________  Date: ________________  Signature of Client: ____________________________

# If you have a landline connection, kindly provide the same
KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Non-Individuals

Please fill this form in ENGLISH and in BLOCK LETTERS.

A. IDENTITY DETAILS

1. Name of the Applicant: ________________________________

2. Date of incorporation: _______________(dd/mm/yyyy) & Place of incorporation: _____________________________

3. Date of commencement of business: _______________(dd/mm/yyyy)

4. a. PAN: __________________________ b. Registration No. (e.g. CIN): ____________________________

5. Status (please tick any one):
   Private Limited Co./Public Ltd. Co./Body Corporate/Partnership/Trust/HUF/LLP/ Others (please specify) ____________________________

   (In case of foreign entity or entity with foreign shareholders, self certified copy of statutory approval obtained must be attached)

B. ADDRESS DETAILS

1. Address for correspondence: ____________________________

   _______ City/ district /village: _______ Pin Code: _______ State: _______ Country: _______

   2. Contact Details: Tel. (Off.) # _______ Tel. (Res.) # _______ Mobile No.: _______ Fax: _______

   Email id: ____________________________________________

   3. Specify the proof of address submitted for correspondence address: ____________________________

   4. Registered Address (if different from above): ____________________________ City/district/village: ____________________________

   _______ Pin Code: _______ State: _______ Country: _______

   Tel. (Res.) # _______ Mobile No.: _______ Fax: _______ Email id: ____________________________

   5. Specify the proof of address submitted for registered address: ____________________________

C. OTHER DETAILS

1. Gross Annual Income Details (please specify): Income Range per annum: Below Rs 1 Lac / 1-5 Lac /5-10 Lac / 10-25 Lac / 25 Lacs-1 crore/ > 1 crore

   2. Net-worth as on (date) ______________(dd/mm/yyyy): ____________________________ (*Net worth should not be older than 1 year)

   3. Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors _________________________________ 

      # If you have a landline connection, kindly provide the same

   4. DIN/UID of Promoters/Partners/Karta and whole time directors: ____________________________

      # If you have a landline connection, kindly provide the same
5. Please tick, if applicable, for any of your authorized signatories/Promoters/Partners/Karta/Trustees/whole time directors: Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)

6. Any other information:

____________________________

D. BANK ACCOUNT(S) DETAILS

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<th>Bank Name</th>
<th>Branch address</th>
<th>Bank account no.</th>
<th>Account Type: Saving/Current/ Others</th>
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<th>IFSC code</th>
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- Provide a copy of cancelled cheque leaf/ pass book/bank statement specifying name of the client, MICR Code or/and IFSC Code of the bank.

E. DEPOSITORY ACCOUNT(S) DETAILS

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<th>Depository Participant Name</th>
<th>Depository Name (NSDL/CDSL)</th>
<th>Beneficiary name</th>
<th>DP ID</th>
<th>Beneficiary ID (BO ID)</th>
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- Provide a copy of either Demat Master or a recent holding statement issued by DP bearing name of the client.

F. TRADING PREFERENCES

*Please sign in the relevant boxes with which Exchange you wish to trade. The Exchange not chosen should be struck off by the client.

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*At the time of printing the form, the Member must specify the names of the Exchanges where the Member has membership.

G. PURPOSE OF TRADING: Hedging / Investment / Others (Specify) __________________________

H. INVESTMENT/TRADING EXPERIENCE

- No Prior Experience
- _____ Years in Commodities
- _____ Years in other investment related fields

I. SALES TAX REGISTRATION DETAILS

Local Sales Tax State Registration No. : __________________________

* If you have a landline connection, kindly provide the same
J. PAST REGULATORY ACTIONS

Details of any action/proceedings initiated/pending/taken by FMC/SEBI/Stock exchange/Commodity exchange/any other authority against the client or its Partners/promoters/whole time directors/authorized persons in charge of dealing in commodities during the last 3 years:

K. DEALINGS THROUGH AUTHORIZED PERSONS AND OTHER MEMBERS

If client is dealing through the Member/Authorized Person (AP), provide the following details (in case dealing with multiple Members/APs, provide details of all in a separate sheet containing all the information as mentioned below):

Member's/ AP's Name: ________________________________
Exchange: ________________________________________
Exchange's Registration number: ______________________
Concerned Member's Name with whom the AP is registered: ________________________________
Registered office address: ________________________________ Ph: ______________________
Fax: ______________________ Email: ______________________ Website: ______________________
Client Code: ______________________
Details of disputes/dues pending from/to such Member/AP: ________________________________

L. ADDITIONAL DETAILS TO BE PROVIDED IN SEPARATE SHEET WITH ALL THE ABOVE DETAILS

Whether you wish to receive physical contract note or Electronic Contract Note (ECN) (please specify): ________________________________
If ECN has been selected, provide your Email id: ________________________________
If you wish to receive Electronic Contract Note (ECN), an 'ECN declaration form' via email would need to be provided as per the format and procedure given at Annexure A.

The ECN declaration form should normally be in English. In case you are not conversant with the English language, the ECN form should be bi-lingual i.e., in English and the local language known to you.

You can revoke the ECN facility and opt for the contract note in the physical form only by giving 7 working days' notice to the member and copy of the same would be retained by you.
Whether you wish to avail of the facility of internet trading/wireless technology (please specify): ________________________________

In case of non-individuals, name, designation, PAN, UID, signature, residential address and photographs of persons authorized to deal in commodities on behalf of company/firm/others:

Any other information: ________________________________

M. INTRODUCER DETAILS (optional)

Name of the Introducer: ________________________________ (Surname) ________________________________ (Name) ________________________________ (Middle Name)
Status of the Introducer: Authorized Person/Existing Client/Others,

* If you have a landline connection, kindly provide the same
please specify Address and phone no. of the Introducer: __________________________
Signature of the Introducer: __________________________

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 changes 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.

2. I/We confirm having read/been explained and understood the contents of the tariff sheet and all voluntary/non-mandatory documents.

3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s), 'Risk Disclosure Document' and 'Do's and Don'ts'. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on Member’s designated website, if any.

Place __________________________
Date __________________________
Signature of (all) Authorized Signatory (ies)* __________________________

*Form need to be signed by all the authorized signatories.

# If you have a landline connection, kindly provide the same
FOR OFFICE USE ONLY

UCC Code allotted to the Client: ______________

<table>
<thead>
<tr>
<th>Name of the Employee</th>
<th>Documents verified with Originals</th>
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<tr>
<td>Employee Code</td>
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<tr>
<td>Designation of the employee</td>
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<td></td>
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<tr>
<td>Date</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td></td>
</tr>
</tbody>
</table>

I / We undertake that we have made the client aware of tariff sheet and all the voluntary/non-mandatory documents. I/We have also made the client aware of 'Rights and Obligations' document(s), RDD, 'Do's and Don't's' and Guidance Note. I/We have given/sent him a copy of all the KYC documents. I/We undertake that any change in the tariff sheet and all the voluntary/non-mandatory documents would be duly intimated to the clients. I/We also undertake that any change in the 'Rights and Obligations' and RDD would be made available on my/our website, if any, for the information of the clients.

Signature of the Authorised Signatory

Date ______________

Seal/Stamp of the Member

#If you have a landline connection, kindly provide the same
INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:
   1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
   2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
   3. If any proof of identity or address is in a regional language, then translation into English is required.
   4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
   5. If correspondence & permanent address are different, then proofs for both have to be submitted.
   6. Sole proprietor must make the application in his individual name & capacity.
   7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FIPB/FEMA guidelines and other applicable statutory approvals), copy of passport/PIO Card/OCt Card and overseas address proof is mandatory.
   8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.
   9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted along with other statutory approvals required for investment in commodities.
   10. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/military officers, senior executives of state owned corporations, important political party officials, etc.

B. Proof of Identity (POI): - List of documents admissible as Proof of Identity:
   1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.
   2. PAN card with photograph.
   3. Identity card/ document with applicant’s Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

C. Proof of Address (POA): - List of documents admissible as Proof of Address: (*Documents having an expiry date should be valid on the date of submission.)

* If you have a landline connection, kindly provide the same
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook – Not more than 3 months old.
4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
5. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
6. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
7. The proof of address in the name of the spouse may be accepted.

D. Exemptions/clarifications to PAN
(*Sufficient documentary evidence in support of such claims to be collected.)

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.

E. List of people authorized to attest the documents:

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

#If you have a landline connection, kindly provide the same
<table>
<thead>
<tr>
<th>Types of entity</th>
<th>Documentary requirements</th>
</tr>
</thead>
</table>
| **Corporate**                      | • Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
• Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).  
• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.  
• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.  
• Copies of the Memorandum and Articles of Association and certificate of incorporation.  
• Copy of the Board Resolution for investment in securities market.  
• Copy of Board Resolution or declaration (on the letterhead) naming the persons authorized to deal in securities on behalf of company/firm/others and their specimen signatures. |
| **Partnership firm**               | • Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
• Certificate of registration (for registered partnership firms only).  
• Copy of partnership deed.  
• Authorised signatories list with specimen signatures.  
• Photograph, POI, POA, PAN of Partners. |
| **Trust**                          | • Copy of the balance sheets for the last 2 financial years (to be submitted every year).  
• Certificate of registration (for registered trust only).  
• Copy of Trust deed.  
• List of trustees certified by managing trustees/CA.  
• Photograph, POI, POA, PAN of Trustees. |
| **HUF**                            | • PAN of HUF.  
• Deed of declaration of HUF/ List of coparceners.  
• Bank pass-book/bank statement in the name of HUF.  
• Photograph, POI, POA, PAN of Karta. |
| **Unincorporated association or a body of individuals** | • Proof of Existence/Constitution document.  
• Resolution of the managing body & Power of Attorney granted to transact business on its behalf.  
• Authorized signatories list with specimen signatures. |
| **Army/ Government Bodies**        | • Self-certification on letterhead.  
• Authorized signatories list with specimen signatures. |
| **Registered Society**             | • Copy of Registration Certificate under Societies Registration Act.  
• List of Managing Committee members.  
• Committee resolution for persons authorised to act as authorised signatories with specimen signatures.  
• True copy of Society Rules and Bye Laws certified by the Chairman/Secretary. |

**Note:** If you have a landline connection, please include a true copy of Society Rules and Bye Laws certified by the Chairman/Secretary.
Annexure – 3

RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS

*as prescribed by FMC and Commodity Exchanges*

1. The client shall invest/trade in those commodities/contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules / Regulations of Exchanges/ Forward Markets Commission (FMC) and circulars/notices issued there under from time to time.

2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of FMC and relevant notifications of Government authorities as may be in force from time to time.

3. The client shall satisfy itself of the capacity of the Member to deal in commodities and/or derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.

4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.

5. The Member shall take steps to make the client aware of the precise nature of the Member’s liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.

6. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

CLIENT INFORMATION

7. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.

8. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory, as per terms & conditions accepted by the client.

9. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.
10. The Member and Authorized Person shall maintain all the details of the client 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 Member may so disclose information about his client to any person or authority with the express permission of the client.

MARGINS

11. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by FMC from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or FMC) and the client shall be obliged to pay such margins within the stipulated time.

12. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

TRANSACTIONS AND SetTLEMENTS

13. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.

14. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.

15. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of FMC and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

16. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).

17. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued there under of the Exchanges where the trade is
executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued there under.

BROKERAGE

18. The Client shall pay to the Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of FMC.

LIQUIDATION AND CLOSE OUT OF POSITION

19. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

20. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

DISPUTE RESOLUTION

21. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

22. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

23. The Member shall ensure faster settlement of any arbitration proceedings arising out of the transactions entered into between him vis-à-vis the client and he shall be liable to implement the arbitration awards made in such proceedings.

24. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the
client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.

TERMINATION OF RELATIONSHIP

25. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.

26. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

27. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the ‘Rights and Obligations’ document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

ADDITIONAL RIGHTS AND OBLIGATIONS

28. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by FMC and the relevant Exchanges where the trade is executed.

29. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.

30. The Member shall make pay out of funds within 48 hours or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
31. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.

32. The Member shall send daily margin statements to the clients. Daily Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.

33. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

34. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that you lodge a claim with the Exchange or its Clearing Corporation / Clearing House within the stipulated period and with the supporting documents.

ELECTRONIC CONTRACT NOTES (ECN)

35. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 1). Member shall ensure that all the rules/ Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

36. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamper able and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.

37. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.

38. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the
provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.

39. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

40. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

41. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the contract note in electronic form must be obtained afresh before 1st April of every financial year by following the same procedure. Thus, such declaration would be valid for that financial year only.

**LAW AND JURISDICTION**

42. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued there under or Rules of FMC.

43. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC and Circulars, Rules, Business Rules and Bye-laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.

44. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
45. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/FMC.

46. All additional voluntary clauses/document added by the Member should not be in contravention with Rules/ Business Rules/ Notices/ Circulars of Exchanges/ FMC. Any changes in such voluntary clauses/ document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/FMC shall also be brought to the notice of the clients.

47. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of FMC or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY MEMBERS TO CLIENT

(All the clauses mentioned in the 'Rights and Obligations' document(s) shall be applicable. Additionally, the clauses mentioned herein shall also be applicable.)

1. Member is eligible for providing Internet based trading (IBT) and commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- commodities trading using wireless technology as may be specified by FMC & the Exchanges from time to time.

2. The client is desirous of investing/trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to FMC/Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/FMC.

3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.

4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/FMC.

5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whosoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member.

6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers/suspects discrepancies/ unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.

7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ commodities trading through wireless technology and
Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.

8. The Member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order/trade confirmation on the device of the client.

9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.

10. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the Member/Exchanges.
Annexure – 3 (of KYC Document)

RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS
AND CLIENTS
as prescribed by FMC and Commodity Exchanges

1. The client shall invest/trade in those commodities /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/ Regulations of Exchanges/ Forward Markets Commission (FMC) and circulars/notices issued there under from time to time.

2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of FMC and relevant notifications of Government authorities as may be in force from time to time.

3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.

4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.

5. The Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.

6. Requirements of professional diligence
   a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
   b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with-
      i. honest market practice;
      ii. the principle of good faith;
      iii. the level of knowledge, experience and expertise of the Client;
      iv. the nature and degree of risk embodied in the financial product* or financial service being availed by the Client; and
      v. the extent of dependence of the Client on the Member.

*Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

**CLIENT INFORMATION**

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/FMC from time to time.

9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.

10. The client shall immediately notify the Member in writing if there is any change in the information in the 'account opening form' as provided at the time of account opening and thereafter; including the information on winding up petition/insolvency petition or any litigation which may have material bearing on his capacity. The client shall provide/update the financial information to the Member on a periodic basis.

11.A. **Protection from unfair terms in financial contracts**

   a. An unfair term of a non-negotiated contract will be void.

   b. A term is unfair if it –

      i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and

      ii. is not reasonably necessary to protect the legitimate interests of the Member.

   c. The factors to be taken into account while determining whether a term is unfair, include –

      i. the nature of the financial product or financial service dealt with under the financial contract;

      ii. the extent of transparency of the term;

**contracts offered by commodity exchanges**
iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and

iv. the financial contract as a whole and the terms of any other contract on which it is dependent.

d. A term is transparent if it –

i. is expressed in reasonably plain language that is likely to be understood by the Client;

ii. is legible and presented clearly; and

iii. is readily available to the Client affected by the term.

e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11. B.

a. “Non-negotiated contract” means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –

i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and

ii. a standard form contract.

b. “Standard form contract” means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.

c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –

i. an overall and substantial assessment of the financial contract; and

ii. the substantial circumstances surrounding the financial contract

d. In a claim that a financial contract is a non-negotiated contract, the onus of demonstrating otherwise will be on the Member.
11. C

a. The above does not apply to a term of a financial contract if it –
   i. defines the subject matter of the financial contract;
   ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
   iii. is required, or expressly permitted, under any law or regulations.

b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non-occurrence of any particular event.

12. The Member and Authorized Person shall maintain all the details of the client 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 Member may so disclose information about his client to any person or authority with the express permission of the client.

13. A. Protection of personal information and confidentiality

   a. “Personal information” means any information that relates to a Client or allows a Client’s identity to be inferred, directly or indirectly, and includes –
      i. name and contact information;
      ii. biometric information, in case of individuals
      iii. information relating to transactions in, or holdings of, financial products
      iv. information relating to the use of financial services; or
      v. such other information as may be specified.

13. B.

   a. A Member must –
      i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;

iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;

iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and

v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.

b. A Member may disclose personal information relating to a Client to a third party only if –

i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;

ii. the Client has directed the disclosure to be made;

iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;

v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –

1. informs the Client in advance that the personal information may be shared with a third party; and

2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or

vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the
confidentiality of the personal information in the manner required under this Part.-

c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

14.A Requirement of fair disclosure both initially and on continuing basis

a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.

b. In order to constitute fair disclosure, the information must be provided –
   i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
   ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
   iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.

c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
   i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
   ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
   iii. existence, exclusion or effect of any term in the financial product or financial contract;
   iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
   v. contact details of the Member and the methods of communication to be used between the Member and the Client;
   vi. rights of the Client to rescind a financial contract within a specified period; or
   vii. rights of the Client under any law or regulations.
14.B.

a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –

   i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;

   ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and

   iii. any other information that may be specified.

b. A continuing disclosure must be made –

   i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and

   ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

MARGINS

15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by FMC from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or FMC) and the client shall be obliged to pay such margins within the stipulated time.

16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

TRANSACTIONS AND SETTLEMENTS

17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
18. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.

19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of FMC and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).

21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

**BROKERAGE**

22. The Client shall pay to the Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client’s account, transactions and to the services that Member renders to the Client. The Member shall not charge brokerage more than the maximum brokerage permissible as per the Rules, Business Rules and Bye-laws of the relevant commodity exchanges and/or Rules of FMC.

**LIQUIDATION AND CLOSE OUT OF POSITION**

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that
transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

**DISPUTE RESOLUTION**

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.

26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.

27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.

28. **Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients**

   a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.

   b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –

      i. the Client’s right to seek redress for any complaints; and

      ii. the processes followed by the Member to receive and redress complaints from its Clients.

29. **A. Suitability of advice for the Client**

   Right to receive advice that is suitable taking into account the relevant personal circumstances of the Client, such as the Clients financial circumstances and needs. This obligation would apply to persons who render advice to Clients and the regulator may specify categories of financial products and service that necessarily require such advice to be given.

   a. A Member must –

      i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.

b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.

c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –

   i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and

   ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

30. Dealing with conflict of interest

In case of any conflict between the interests of a Client and that of the Member, preference must be given to the Client interests.

a. A member must –

   i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and

   ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –

       1. its own interests and the interests of the Client; or

       2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.

b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

c. In this section, “conflicted remuneration“ means any benefit, whether monetary or non-monetary, derived by a Member from persons other than Clients, that could, under the circumstances, reasonably be expected to influence the advice given by the Member to a Client.
TERMINATION OF RELATIONSHIP

31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.

32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the 'Rights and Obligations' document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

ADDITIONAL RIGHTS AND OBLIGATIONS

34. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by FMC and the relevant Exchanges where the trade is executed.

35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.

36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to
such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.

37. The Member shall send a complete ‘Statement of Accounts’ for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the Member. A detailed statement of accounts must be sent every month to all the clients in physical form. The proof of delivery of the same should be preserved by the Member.

38. The Member shall send margin statements to the clients on monthly basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.

39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.

40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.

41. Protection from unfair conduct which includes misleading conduct & abusive conduct

   a. Unfair conduct in relation to financial products or financial services is prohibited.

   b. “Unfair conduct” means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
      
      i. misleading conduct under point 41.B
      
      ii. abusive conduct under point 41.C
      
      iii. such other conduct as may be specified.
41.B.  

a. **Conduct of a Member or its financial representative in relation to a** determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –

i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or

ii. providing accurate information to the Client in a manner that is deceptive.

b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be “determinative factors” –

i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;

ii. the Client’s need for a particular financial product or financial service or its suitability for the Client;

iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;

iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;

v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and

vi. the rights of the Client under any law or regulations.

41.C.  

a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –

i. involves the use of coercion or undue influence; and

ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.

b. In determining whether a conduct uses coercion or undue influence, the following must be considered –

i. the timing, location, nature or persistence of the conduct;
ii. the use of threatening or abusive language or behaviour;

iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client’s decision with regard to a financial product or financial service;

iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –

v. the right to terminate the financial contract;

vi. the right to switch to another financial product or another Member and

vii. a threat to take any action, depending on the circumstances in which the threat is made.

ELECTRONIC CONTRACT NOTES (ECN)

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A of Annexure 1). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.

43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.

44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.

45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by FMC/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification
of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by FMC/Commodity exchanges.

46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of FMC/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.

48. The Electronic Contract Note (ECN) declaration form obtained from the Client who opts to receive the contract note in electronic form must be obtained afresh before 1st April of every financial year by following the same procedure. Thus, such declaration would be valid for that financial year only.

LAW AND JURISDICTION

49. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of FMC.

50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by FMC and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.

51. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.

52. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/FMC.

53. All additional voluntary/non mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/FMC. Any changes in such voluntary
clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/FMC shall also be brought to the notice of the clients.

54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of FMC or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

55. Members are required to send account statement to their clients every month in physical form.