



NCDEX Group Company

## NCDEX e Markets Limited General Terms and Conditions

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## **GENERAL TERMS & CONDITIONS OF NCDEX e MARKETS LTD.**

### **INTRODUCTION**

These General Terms and Conditions are made by the NCDEX e Markets Limited (hereinafter referred to as “NeML” and formerly known as NCDEX Spot Exchange Limited) as per the approval of the Board of Directors of NeML (“the Authority”) and shall be called the General Terms and Conditions (of NCDEX e Markets Limited).

All trades and/or transactions done on the platform of NeML or services provided by NeML relating to the commodities or any dealings between NeML and its Members as well as dealings by Members with their Clients with regard to the transactions on NeML, shall be subject to these General Terms and Conditions and applicable Special Terms and Conditions, if any, prescribed or published by NeML from time to time.

The titles of the clauses are only for convenience and may not be read as subject for the contents of clauses.

### **1. JURISDICTION**

Any matter arising out of or pertaining to these General Terms and Conditions or pertaining to any trades and/or transaction on the platform of NeML wherein NeML is a party or made a party, shall be subject to the exclusive jurisdiction of the Courts of Mumbai.

All matters between Members inter-se and between Members and Clients arising out of trades and/or transactions carried out under or in accordance with these General Terms and Conditions shall be governed by the provisions of Arbitration under these General Terms and Conditions subject to specific statutory provisions in this regard as may be applicable to any location. All the Members and participants/clients shall be deemed to have agreed for resolution of all disputes in respect of or pertaining to any trade and/or transaction on NeML platform and matters incidental thereto, by the arbitration process as prescribed in these General Terms and Conditions

### **2. DEFINITIONS**

Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined, and defined in the following, shall have the meanings respectively assigned to them therein in the following order of priority:

- a) Companies Act, 2013
- b) Special Terms and Conditions as applicable to specific commodity/commodities and/or contracts



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### c) General Terms and Conditions of NeML.

- 2.1. **“APPROVED USER”** means the Trading Member or any other person/s appointed by him to use the Trading System with the prior expressed consent of the NeML
- 2.2. **“AUCTION”** refers to a process of sale/purchase online or otherwise, where goods /commodity are offered for sale/purchase by inviting bids from more than one participant.
- 2.3. **“BRANCH OFFICE”** in relation to a Trading Member means:
  - a) any establishment described as a branch and approved by the NeML.
  - b) any establishment carrying on either the same or substantially the same activity as that carried on by the head office and approved by the NeML.
  - c) any other place, which the NeML may approve.
- 2.4. **“BUYER”** - For the purpose of these General Terms and Conditions, unless the context indicates otherwise, the term Buyer includes the buying Client and buying Member through whom such client trades and denotes the buying Member when he is dealing on his own account as a principal.
- 2.5. **“COMMODITY”** shall mean all goods and products including Agricultural and Non-Agricultural produce and all commodities including metals both ferrous and non-ferrous, energy and any other as may be admitted for trading on the NeML platform.
- 2.6. **“CLIENT”** means a person/entity who has been registered with a Member of NeML for the purpose of trading or transacting on NeML platform and/or who trades through such Member on the terms and conditions prescribed by the NeML and on whose instructions and account, the Member enters into a transaction on the NeML or does any act in relation/ incidental thereto.
- 2.7. **“CONTINUOUS TRADING”** means trading on NeML electronic platform in permitted commodities with prescribed specifications, throughout the trading hours as announced by the NeML and in which the matching of orders shall take place online during the trading hours as per process put in place by the NeML.
- 2.8. **“CONTRACTS/DEALS/TRADE/TRANSACTION”** means, unless the context indicates otherwise, a trade, contract or a ready delivery contract relating to buying and selling of commodities admitted to dealings by the NeML on its platform and which shall be cleared and settled in the manner prescribed by the NeML.



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- 2.9. **“DELIVERY”** means delivery of commodity in accordance with the applicable clearing and settlement obligations under, these General Terms and Conditions and/or any Special Terms and Conditions.
- 2.10. **“FINAL SETTLEMENT OBLIGATIONS”** means the amounts payable and/or the commodities deliverable by a Member in respect of the transactions concluded on NeML platform, as determined by NeML in such time and such manner as may be prescribed from time to time.
- 2.11. **“MEMBER”** shall mean all categories of members admitted by the NeML including Trading Member, Trading Cum Clearing Member, Commodity Participant Member or any kind or category of member as permitted or may be permitted by NeML.
- 2.12. **“PARTICIPANTS”** shall mean and include collectively all the Trading Members, Clients of trading members and persons authorized by trading members. The term includes all the entities involved in the trading activities excluding NeML.
- 2.13. **“RELEVANT AUTHORITY”** shall mean, the Board of NeML or such other Official/s or committee of persons as may be specified/authorized by the Board from time to time as Relevant Authority for a specified purpose/s. Relevant Authority shall also include any Regulatory authority specifically specified by NeML as a Relevant Authority for the purpose of these General Terms and Conditions. The Term “NeML” and “Relevant Authority” has been interchangeably used for desired giving effect to the clauses and shall have the same meaning and should be read in the context applicable unless specified otherwise.
- 2.14. **“SELLER”** For the purpose of these General Terms and Conditions unless the context indicates otherwise the term seller includes the selling Client and the selling Trading Member acting as his broker and agent and denotes the selling Trading Member when he is dealing on his own account as a principal.
- 2.15. **“SETTLEMENT CALENDAR” OR “SETTLEMENT SCHEDULE”** shall mean the dates and times for settlement of contracts, Pay-in, Pay-out, Delivery and all other obligations and rights of Trading Members in respect of every trade/transaction/Contract. The phrase ‘Settlement Calendar’ and ‘Settlement Schedule’ shall have the same meaning and shall be used interchangeably.
- 2.16. **“SETTLEMENT DATE”** means the date on which the outstanding obligations in a Trade are required to be settled as provided in these General Terms and Conditions and/or Special Terms and Conditions and/or as may be prescribed by the Relevant Authority.
- 2.17. **“SPECIAL TERMS AND CONDITIONS”** means the terms and conditions subject to which any commodity has been offered for trading on NeML trading platform. The Term Contract note and Special Terms and Conditions are



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interchangeably used and have the same meaning unless the context requires otherwise.

- 2.18. **“TRADING”** for the purpose of these General Terms and Conditions shall mean trading in commodities through automated trading system of NeML as prescribed by Relevant Authority from time to time and shall include all types of categories of trading including auction trading, continuous trading and others. The term Trading shall also include any other category of dealing with commodities defined as such by Relevant Authority from time to time.
- 2.19. **“TRADING DAY”** means days other than Sunday and other than days which are declared as Trading Holidays by the Relevant Authority from time to time.
- 2.20. **“TRADING MEMBER”** means the person or entity granted membership of NeML for the purpose of trading on the Trading System of NeML on his own account and/or on behalf of his Clients and the term includes all types of entities registered with NeML as Members of NeML. The term “Trading Member” and “Member” are interchangeably used in these General Terms and Conditions and should carry the same meaning as defined herein
- 2.21. **“TRADING SYSTEM”** refers to automated electronic online Trading System of NeML as modified from time to time.

### 3. MEMBERS AND CATEGORIES

3.1 NeML has prescribed the following two categories of Members –

- A. Trading cum Clearing Member (TCM) - The TCM membership shall entitle the Members to trade and clear, both for themselves and / or on behalf of their clients and also clear the trades done through other Trading Members
- B. Commodity Participant Member (CP) - CP membership shall entitle the Members to trade on their own account only

The Commodity Participant Membership is classified in two categories as under –

- i. Single Commodity CP Membership – Member can trade in only one single commodity or segment opted for and expressly approved by NeML.
  - ii. Multiple Commodity CP Membership – Member is allowed to trade in all the commodities across all the segments
- 3.2 Relevant Authority may define and admit any category or categories of Members apart from the Membership categories mentioned at Clause 3.1 on such terms and conditions as may be deemed fit and proper by Relevant Authority and / or prescribed by the Relevant Authority from time to time. The Relevant Authority

may at its absolute discretion reject any application for membership without assigning any reasons thereof.

- 3.3 The process and procedure for admission of any entity as Member of NeML shall be as defined in these General Terms and Conditions or the Special Terms and Conditions as applicable from time to time or any other method as deemed fit and proper by Relevant Authority from time to time.

### **3.4 ADMISSION OF MEMBERS**

#### **3.4.1 CRITERIA FOR ADMISSION OF MEMBER -**

Following entities are eligible to apply for grant of NeML Membership:-

- a. Individuals,
- b. Sole proprietors,
- c. Limited Liability Partnership (LLP), Partnership Firms,
- d. Co-operative societies registered with the registrar of co-operative societies of the respective states / Union Territories,
- e. Companies, corporations or institutions incorporated under Companies Act, 1956 along with the amended Act of 2013 or under any central or state legislation including Producer Company and are permitted under their Memorandum of Association or applicable constitution document for engaging in production / trading / consumption / broking in commodities/assets/services etc.,
- f. Such other persons / entities as may be permitted by the relevant authority of the NeML

#### **3.4.2 FEE / DEPOSIT STRUCTURE -**

Applicants whose applications are accepted for admission will be required to pay one time admission fees as prescribed by Relevant Authority from time to time and Membership renewal fees as may be prescribed by Relevant Authority from time to time.

#### **3.4.3 ADMISSION PROCEDURE**

- a) The applicants shall submit their applications for Membership in the format prescribed in MEMBERSHIP FORM as made available by NeML from time to time, complete in all respects, along with all relevant documents and Annexures as applicable to the applicant and accompanied by non- refundable fees as prescribed by demand draft or pay order drawn in favour of "NCDEX e Markets Limited", payable at Mumbai or NEFT/RTGS in the account of NeML. Incomplete applications shall be liable to be rejected.





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- b) The application along with relevant documents and applicable fees must be submitted at the corporate office of the NeML as made available on the website of NeML
- c) The admission procedure shall consist of appraisal of valid applications and other documents annexed and in case required, a personal interface with the membership committee constituted by the Relevant Authority for this purpose. The final acceptance / rejection of any membership application shall be at the absolute discretion of the Relevant Authority and the decision of Relevant Authority shall be final and binding on the applicant.
- d) Notwithstanding anything contained herein, Relevant Authority shall have absolute discretion and right to relax, vary, add to, delete, introduce and/or change any or all of the Membership type, eligibility criteria and/or admission fees for any applicant or in general. Further, the admission of the applicant as a member would be at the sole discretion of the Relevant Authority and the decision of Relevant Authority shall be final and binding on the applicant.
- e) Further, Relevant Authority reserves its right to reject, cancel, suspend and/or terminate the Membership granted to any Member at any point in time, in case deem fit by Relevant Authority, with or without assigning any reasons whatsoever and any such decision of Relevant Authority shall be final and binding on the Member.
- f) All the Members shall adhere to these General Terms and Conditions, the Special terms and conditions as prescribed or published from time to time by Relevant Authority and shall comply with such operational parameters, rulings, notices, guidelines and instructions issued by Relevant Authority from time to time.
- g) Members shall deposit with NeML interest free security deposit/s or any other deposit, cost, guarantee or collateral securities of such amount and in such manner as may be prescribed by Relevant Authority from time to time.
- h) Every Member is directly and wholly liable, in accordance with these General Terms and Conditions, Special Terms and Conditions or under any notifications or directions of NeML for due fulfillment of the deals and all obligations related thereto, whether such deals be for his own account or for the account of any of its Client

#### **4. TRADING SYSTEM**

- 4.1. NeML shall provide access to an automated online Trading System for trading in specified commodities to its Members. A Member shall have a non-exclusive, limited purpose permission to use the Trading System as provided by NeML subject to such terms and conditions as the Relevant Authority may specify from time to time, including payment of such charges as may be specified from



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time to time.

- 4.2. Relevant Authority shall have right to modify, change or adopt a new Trading System as it may deem appropriate at its absolute discretion.
- 4.3. Trading Member shall not have any title, rights or interest whatsoever with respect to the Trading System, its facilities, software and the information provided by/through the Trading System.
- 4.4. Access to the Trading System may be withdrawn or restricted by the Relevant Authority at any time without assigning any reason and at its absolute discretion. The decision of the Relevant Authority in this regard shall be final and binding on the Trading Member.
- 4.5. The Trading Member shall, at their own costs, install, use and maintain such equipment, hardware and software as specified by Relevant Authority from time to time for the purpose of accessing the Trading System.
- 4.6. Relevant Authority shall have the right to inspect such equipment hardware and software at any time without giving any notice to the Trading Member.
- 4.7. A Trading Member shall not, himself or permit any other person(s) to:
  - 4.7.1. use the access provided by NeML to its trading system for any purpose other than for the purpose specified and/or in a different manner as approved and specified by Relevant Authority;
  - 4.7.2. copy, alter, modify or make available to any other person the NeML trading system, the software or its access provided by NeML or attempt directly or indirectly to de-compile, dissemble or reverse engineer the same;
  - 4.7.3. deal or access the Trading System or related facilities through another Trading Member for proprietary trading or for trading on behalf of its Clients or on behalf of another Trading Member of NeML, unless the prior permission of Relevant Authority in writing is obtained in this regard.

## **5. NeML LIABILITY**

- 5.1. NeML shall provide its services on a best effort basis and shall not be liable for failure or malfunctioning or hacking of the Trading System or any other support systems for any reason and for any loss, damage, or other costs arising thereupon including and/or in any way out of:
  - 5.1.1. failure or malfunctioning of telecom network or systems including failure of ancillary or associated systems, or any other application /software deployed or used by the Member or fluctuation of power, or other environmental conditions or natural disasters; or





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- 5.1.2. accident, transportation, neglect, misuse, errors, hacking, frauds of the Trading Member or its Authorized Persons or the agents or any third party; or
- 5.1.3. act of God, fire, flood, war, act of violence, or any other similar occurrence or for any reason beyond the reasonable control of NeML; or
- 5.1.4. any incidental, special or consequential damages.

### **6. TRADING MEMBERS AND APPROVED USERS**

- 6.1. Trading Members shall be entitled to appoint Approved Users subject to such terms and conditions, as may be specified by the Relevant Authority or the Relevant Authority from time to time.
- 6.2. Each Trading Member shall be permitted to appoint such number of Approved Users as permitted by Relevant Authority.
- 6.3. Each Approved User shall be given a unique identification number through which he/she shall have access to the Trading System.

### **7. TRADING ON NeML TRADING SYSTEM**

#### **7.1. TRADING DAYS –**

- 7.1.1. NeML shall operate on all days except Sundays, public and trading holidays as Relevant Authority may declare from time to time. Relevant Authority may prescribe trading days or trading holidays for Commodity specific or area specific at its absolute discretion.
- 7.1.2. Relevant Authority may close the trading on days other than or in addition to scheduled holidays or open the market on days originally declared to be holidays and the decision of Relevant Authority in this matter shall be final and binding.
- 7.1.3. The Relevant Authority or NeML may provide for Opening, Normal and Closing sessions or any other sessions of trade as may be deemed necessary and notified.

#### **7.2. TRADING HOURS**

- 7.2.1. Relevant Authority shall announce the normal trading hours in advance from time to time for all and/or for specific commodities.
- 7.2.2. Relevant Authority may extend or reduce the trading hours by notifying Trading Members as and when it deems fit and necessary or if required under law.

**7.3. TRADING PARAMETERS**

- 7.3.1. Relevant Authority shall from time to time specify trading parameters relating to the Trading System.
- 7.3.2. Relevant Authority shall from time to time specify the lot size, tick size, trading limits, position limits, regulation of price fluctuations etc. in terms of which orders can be placed for transaction in specified commodities.

**7.4. TRADE TYPES/SETTLEMENT PERIODS/ TRANSACTION TYPES -**

Relevant Authority may permit, notify and prescribe from time to time different trade types, market types and settlement periods that will be permitted to Trading Members or Clients for dealing in commodities.

**7.5. FAILURE OF TRADING MEMBER'S TERMINAL -**

In the event of failure of Trading Member's workstation and / or the loss of access to the Trading System, Relevant Authority may at its discretion without being bound to do so, upon a valid request from such Trading Member, undertake on behalf of the Trading Member, necessary functions which the Trading Member is eligible subject to such terms and conditions which Relevant Authority may deem necessary and impose on such Member. The Trading Member shall be liable and accountable for the functions so executed by the Relevant Authority on his behalf and shall indemnify the NeML against any losses or costs incurred by the Relevant Authority or any claims on the Relevant Authority arising therefrom.

**7.6. TRADING IN COMMODITIES**

- 7.6.1. All Commodities permitted for trading on NeML trading system shall be traded by way of such mode as may be prescribed in the contract specifications and/or special terms and conditions applicable to specific commodities. All trades and transactions shall be subject to terms and conditions stated in the contract specifications and/or special terms and conditions applicable to respective commodity as well as these General Terms and conditions and every person placing an order on the Relevant Authority shall be deemed to have agreed to such contract specifications, General as well as special terms and conditions of the NeML.
- 7.6.2. All specifications and terms and conditions of trade for the commodities shall be communicated by NeML through trading system or circular, direction, notification or any other mode of communication as deem fit by Relevant Authority from time to time.
- 7.6.3. Trading Members may trade on the Trading System in Commodities that are admitted for dealing on NeML, either on behalf of their Clients or on their own account unless otherwise specified by NeML or the Relevant Authority and such



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trading shall be during the prescribed trading hours and subject to such conditions as the Relevant Authority may prescribe from time to time.

- 7.6.4. Members may enter orders of quantities as per the prescribed delivery lots. All lots partially matched shall be deliverable while the remainder of the lot may be permitted by Relevant Authority to be put up for trade at such time and in such manner as may be specified and deemed fit.
- 7.6.5. A Member may enter multiple buy orders or sell orders on behalf of different Clients on the Trading System. The execution of orders would be done by the Trading System on the basis of allocation logic as prescribed in contract specifications or special terms & conditions or on such basis as prescribed by Relevant Authority from time to time.
- 7.6.6. A Member shall not enter orders such that the Member himself while acting either on his own account or the Client, shall be a seller as well as a buyer in respect of the same sell order or a buy order as the case may be unless specially permitted by Relevant Authority.
- 7.6.7. Every Trading Member shall segregate trading by him on his own account from that of his Clients and maintain records accordingly.

### 7.7. **NeML Discretion**

- 7.7.1. The Relevant Authority may at its discretion, in addition to any other measures as it may deem fit, at any time, suspend trading for all or any of the specified commodities as it deems fit under the following circumstances:
- a. On account of any direction, notification, circular or any order being passed by Relevant Authority, Regulatory Authority, Judicial authority, any Law enforcement authority authorized to pass any such orders or Central or any State Government suspending trading in specified commodities.
  - b. There is law and order problem, which in the opinion of the Relevant Authority may, affect the market conditions adversely;
  - c. For reasons beyond the control of participants it may not be possible in the opinion of the Relevant Authority for the participants to perform the trade contracts;
  - d. Any other reason or circumstances under which, the Relevant Authority deems, in the interest of Market, to suspend or stop trading in particular Commodity or commodities or the spot market as a whole.
- 7.7.2. The decision of Relevant Authority in this regard shall be final and binding on all the market participants.



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- 7.7.3. Relevant Authority may, without assigning any reason, at any time restrict a Member conditionally or unconditionally, from dealing in all or any of the commodities.
- 7.7.4. Relevant Authority may at its own discretion, withdrawn, suspended, terminate or cancel the Membership of any Member, at any point of time, or the Member may be barred from participating in any of the trading activities on NeML trading platforms under the following circumstances and that the Member shall be bound by the decision taken by Relevant Authority in this regard:
- Default of Member including default in payment obligations, delivery default or default in submitting margin, security deposit, performance guarantee or any other default in fulfilling trade obligations for trades conducted through NeML trading platform;
  - Non-Payment of Membership Fees, Renewal Fees or any other charges prescribed by Relevant Authority;
  - The conduct of the Member is such as in the opinion of Relevant Authority is detrimental or harmful to trades conducted by NeML and/or to the market at large;
  - Any dispute or complaint is raised by the Member with NeML or with any other entities with respect to or anything related to the trades conducted through NeML trading platform and such dispute is unresolved;
  - Member violating terms and conditions subject to which any commodity has been offered for trading or any violating any provisions of General Terms and Conditions;
  - Any other circumstances as may be deemed fit by Relevant Authority in the interest of the trading activities being conducted on NeML platforms.

### 7.8. **Liability Of Member For Trades Done On The System**

- 7.8.1. The Trading Member shall be liable for all orders placed and/or trades executed on or through his/their trading terminal/system, and shall be responsible and liable for all the actions or omissions of their Approved Users.

### 7.9. **Unique Client Code/Username and Password**

- 7.9.1. The Trading member shall enter Trading Account (TAC) of the client in case the member places orders on behalf of his client or the unique username and password in case trading done on his behalf, in such format and manner as may be specified by Relevant Authority. Every Trading Member shall be responsible to furnish particulars of unique client codes/Client ID of each of his Clients along with full details of the Clients to NeML in such form, manner, at such intervals and within such time as may be specified by the Relevant Authority from time to time.
- 7.9.2. No member shall allot the same client code/ID to more than one Clients. The uniqueness of unique client code/Client ID could be verified on basis of PAN Card Number or any other basis as may be prescribed/permitted by the



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Relevant Authority.

7.9.3. Trading Members shall be solely responsible for the accuracy of details of orders entered into the Trading System.

### 7.10. **Amendment of Trade**

Trades generated on the system are irrevocable and 'locked in'. However, Relevant Authority reserves the right to cancel or permit cancellation of Trades in the circumstances and subject to such terms and conditions as may be deemed appropriate by Relevant Authority.

### 7.11. **Margin Requirements**

7.11.1. Relevant Authority shall levy margin and/or additional margins for transacting on the NeML trading platform based on Special Terms and Condition or the prudent risk management principles and the same shall be binding upon the Trading Members.

7.11.2. Subject to the provisions as contained in these General Terms and Conditions and circulars as may be issued and in force from time to time, every Trading Member shall in respect of trades to which he is a party, deposit the stipulated margin with NeML, in the manner, within the stipulated time and to the extent specified by Relevant Authority. All margins payable by a Trading Member shall be paid directly to NeML, unless otherwise directed by Relevant Authority. The procedure for refund/adjustment of margins if any, will be such as may be notified by Relevant Authority from time to time.

7.11.3. Relevant Authority may from time to time or during the trading hours, impose any special or other margin requirements as deem fit.

7.11.4. On failure to deposit margins as required herein, Relevant Authority may withdraw the trading facility of the defaulting Trading Member without prejudice to any other action which Relevant Authority may take under the the General & special Terms and Conditions.

7.11.5. Margins received from Members in respect of trades on the trading system would continue to be under lien of NeML till successful completion of physical delivery and Settlement or till such time as notified by Relevant Authority in general or on a case to case basis.

### 7.12. **Order Validation**

7.12.1. A Trading Member shall be permitted to modify or cancel his orders till such time as specified by Relevant Authority, provided a trade has not already taken place in respect of that order. The modified order shall lose or retain its original time priority as per the trading parameter set by Relevant Authority.





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7.12.2. Orders entered into the Trading System by Trading Members shall be subject to various validation requirements as prescribed by Relevant Authority from time to time including trading parameters, and/or other restrictions placed on transactions in general or any commodity in specific. The Trading System will not accept orders that do not meet the validation checks.

7.12.3. The orders entered by members may match on the basis of allocation logic as specified in the contract terms & conditions. In case of continuous market the orders would be matched on price time priority basis and in case of auctions various allocation logics shall be implemented as specified in the contracts terms and conditions. In absence of any specific conditions or directions relating to execution of orders specified in the contract terms and conditions or otherwise, the methodology of execution of orders shall be as decided by Relevant Authority from time to time in this regard.

7.12.4. Relevant Authority shall specify from time to time the kinds of order books that shall be maintained on the system, the order matching algorithms and the matching rules and parameters that shall be followed therein. Relevant Authority may modify or change the matching algorithms relevant to any market or order books any time as it deems fit.

7.12.5. Where, in the opinion of the Relevant Authority, it is in the interests of the market to do so, it may at any time make unavailable any particular order books or forms of matching, in the case of a particular contract of any specified commodity or Trading Member or to the market as a whole.

### 7.13. **Contract Note**

7.13.1. Every Trading Member, participating and executing trades on behalf of their clients shall issue under his/its signature a contract note to their respective Clients for trades executed in such format as specified with all relevant details as required therein to be filled in and issued in such manner and within 24 hours of the end of the day of Trade.

7.13.2. The Contract Notes shall be numbered with unique running serial number commencing from one, which shall be reset only at the beginning of every financial year. In case separate series are maintained in respect of different dealing offices of the Trading Member, then the dealing office name or code shall be prefixed to the serial number.

7.13.3. The Contract Note shall be stamped as per applicable Stamp Act of the State, in case stamp duty is payable on the same.

### 7.14. **Brokerage**

7.14.1. All the orders entered on the Trading System shall be at prices exclusive of





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brokerage

7.14.2. A member shall indicate brokerage separately to their Clients, in the contract note.

### 7.15. **Relation With The Constituents/Clients**

7.15.1. Every Trading Member shall enter into an agreement with each of his Clients in the format prescribed by RELEVANT AUTHORITY, before accepting or placing orders on NEML trading platform on the Client's behalf. However the Trading Member's responsibility shall not in any way be reduced due to non-execution of agreement with the Clients.

7.15.2. When establishing a relationship with a new client, Trading Members must take reasonable steps to assess the background, genuineness, financial soundness of such person and his objectives and keep a record of such details in the Client Registration Form as prescribed by RELEVANT AUTHORITY. The Trading Member shall obtain from all corporate Clients an approved copy of the Board resolution permitting such constituents to trade in commodities.

7.15.3. Trading Member shall make the Clients aware of the precise nature of the Trading Member's liability for business to be conducted, including any limitations on that liability and the capacity in which the Trading Member acts and the Client's liability thereon.

7.15.4. The Trading Member shall make the Clients aware of the risk associated if any, with the business on the NEML platform.

7.15.5. The Trading Member shall provide extracts of relevant provisions governing the rights and obligations of Constituents as Clients of Trading Members as prescribed in the General & Special Terms and Conditions, contract specifications, relevant manuals, notifications, circulars, any additions or amendments thereto etc. of NeML, or of any regulatory authority, to the extent it governs the relationship between Trading Members and Clients, to the Clients. Trading Member shall also bring to the notice of his Clients, including Participants any indictments, penalties etc. imposed on him by Relevant Authority or any other regulatory authority.

7.15.6. The Trading Members shall buy commodities on behalf of the Clients only on the receipt of prescribed margin if any, as the Relevant Authority may decide from time to time,

7.15.7. Trading Member shall explain the Trading System and order matching process to the Clients before accepting any orders from him.

7.15.8. The Trading Member shall make pay out of funds or delivery of commodities, as the case may be, to the Clients within one (1) working day of receipt of the

payout from NeML or unless specifically or generally permitted otherwise by Relevant Authority.

7.15.9. Trading Member shall at all times keep the funds of the Clients in a separate bank account.

7.15.10. No money shall be paid into clients account other than:

- a. money held or received on account of clients;
- b. such moneys belonging to the Trading Member as may be necessary for the purpose of opening or maintaining the account;
- c. money for replacement of any sum, which may by mistake or accident have been drawn from the account;
- d. cheque or draft received by the Trading Member representing in part money belonging to the client and in part money due to the Trading Member.

**7.16. Moneys to be withdrawn from "clients account"**

7.16.1. No money shall be drawn from clients account other than –

- a. money properly required for payment to or on behalf of clients for or towards payment of a debt due to the Trading Member from clients or money drawn on client's authority, or money in respect of which there is a liability of clients to the Trading Member, provided that money so drawn shall not in any case exceed the total of the money so held for the time being for such client;
- b. such money belonging to the Trading Member as may have been paid into the client account as per the above clauses
- c. money, which may by mistake or accident have been paid into such account.

**7.17. General Principles & Guidelines For Members**

7.17.1. Professionalism: A Member in the conduct of his business shall observe high standards of commercial honour of just and equitable principles of trade.

7.17.2. Adherence to Trading Practices: Members shall adhere to the these General Terms and Conditions and special terms and conditions for Sale / Purchase and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable from time to time.

7.17.3. Honesty and Fairness: In conducting his business activities, a Trading Member shall act honestly and fairly, in the best interests of his Clients.



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7.17.4. Capabilities: A Trading Member shall have and employ effectively the resources and procedures, which are needed for the proper performance of his business activities.

7.17.5. A Trading Member shall desist from the following trading practices while conducting business on NeML.

7.17.6. Misleading Transactions: A Trading Member shall not-

- a. make bids and/or offers for commodities with an intention of creating a false or misleading appearance with respect to the market for, or the price of any commodity or;
- b. make a transaction or give an order for the purchase or sale of commodities, the execution of which would involve no change of beneficial ownership,

7.17.7. No Trading Member shall buy, sell or deal in Commodities in a fraudulent manner, or indulge in any unfair trade practices including market manipulation.

### 7.18. **Trading Principles**

7.18.1. **Members shall ensure -**

- a. that any employee who commits the Members to a transaction has the necessary authority to do so
- b. that employees are adequately trained in operating in the relevant market segment in which they deal, are aware of their own, and their organization's responsibilities as well as the relevant Statutory Acts governing the Trading Member, the General and special Terms and Conditions of NeML including any additions or amendments thereof.
- c. Trading Member shall be responsible for all the actions including trades originating through or with the use of Trading Member Id, User Id and valid User password at that point of time. However if the Trading Member satisfies Relevant Authority that the action(s) and /or trade(s) took place due to fraud or misrepresentation by any other person other than his authorized person(s) or employee/s and that the action(s) and/or trades did not originate from any of his approved workstations, Relevant Authority may, at its absolute discretion, issue such directions as it considers just and reasonable and all parties to such deal shall be bound by such directions of Relevant Authority.
- d. When entering into Trades on behalf of Clients, the Trading Members shall ensure that they abide by the Trading Principles and guidelines and the provisions of these General Terms and Conditions and special terms and conditions.



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- e. No Trading Member or person associated with the Trading Member shall make improper use of Client's commodities or funds.
- f. A Trading Member shall not disclose the name and beneficial identity of a Client to any person except to NeML, Regulator, , any enquiry or inspection authority as required by law as and when asked for and as may be required by Relevant Authority or any such Regulator, or any enquiry or inspection authority from time to time and to the extent required for the purpose of compliance of settlement obligations.
- g. A Member shall not indulge in falsification of his books, accounts and records
- h. Notwithstanding anything to the contrary contained in these General Terms and Conditions, Relevant Authority may from time to time extend or postpone the time for performance of contracts for all or any of the specified commodities whenever deemed fit and any such discretion shall be final and binding on all the Members and the Clients.

### **8. PROCEDURE FOR SETTLEMENT OF DEALS**

- 8.1. All deals executed and matched on the trading platform of NeML, shall result in compulsory physical delivery and on the Settlement Date, shall be settled by the Trading Members by themselves in accordance with and as per manner prescribed and permitted by Relevant Authority from time to time.
- 8.2. The delivery of commodity arising out of each trade will be in accordance with the terms specified in the special terms and conditions subject to which any commodity has been offered for trading. Settlement in each market segment of NeML or with respect to specified commodities shall be on gross basis trade for trade basis or any other basis as may be specified in the special terms and conditions from time to time. Settlement shall be effected by Members giving and receiving delivery and/or paying and receiving funds as may be specified by in the special terms and conditions from time to time.
- 8.3. The General Terms and Conditions along with any resolutions, notices, directions, circulars and decisions of Relevant Authority for the time being in force shall be deemed to be part of the terms and conditions of every contract/deal/trade. In case the provisions contained in the Special Terms and Conditions are silent on any part or performance of the trade or anything related thereto, the relevant provisions contained in the General Terms and Conditions shall be applicable.
- 8.4. Deliveries shall be in a manner prescribed by Relevant Authority or Special Terms and Conditions or Contract Specifications through notified delivery centers and in accordance with the settlement system put in place by Relevant Authority for the purpose.



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- 8.5. No order/trade shall be permitted in the trading system unless the quantity of goods equivalent to the quantity proposed to be sold through NeML platform has been deposited by the seller in the warehouse notified by Relevant Authority or authorized warehouses specified in the Special Terms and Conditions and/or Contract Specifications issued for any particular commodity and necessary electronic balances have been created and confirmed by the concerned Member unless permitted otherwise by Relevant Authority for a specific market segment or commodity.
- 8.6. The goods with pre-specified quality or otherwise along with other parameters offered for trading shall be delivered through the electronic delivery system as put in place by Relevant Authority or any other process prescribed by Relevant Authority.
- 8.7. The Seller shall deposit and hold the commodity in the notified warehouses or authorized warehouses specified in the Special Terms and Conditions issued for any particular commodity. Relevant Authority may at its own discretion, make it mandatory to get the commodity brought in by the Seller to be checked for the quality by Assayers approved by Relevant Authority before the deposit of the same is accepted by the Warehouse.
- 8.8. Relevant Authority may modify or prescribe any other manner of giving and taking deliveries of commodities sold through NeML platform. Alternately, Relevant Authority may permit the goods to be delivered directly from the Sellers own warehouse/godown/ yard/factory subject to such terms and processes as may be stipulated in that regard.
- 8.9. In case of precious Metals or commodities requiring environmental clearances, Relevant Authority may prescribe certain specific norms or terms and conditions like Assayer's Certificate, environmental clearance related certificates etc. for accepting any such commodities for trading through NeML platform.
- 8.10. Relevant Authority may prescribe from time to time such norms and procedures which may include delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery period, expiry date, designated tender days, delivery orders, delivery grades, delivery centers, freight adjustment factors, sampling analysis & certification method, warehousing/assaying charges etc. along with any other norms and procedures which are necessary for the purpose.
- 8.11. The Goods deposited at the warehouse shall continue to be owned by the holder in the electronic system till electronic credit of such Goods is held by such depositor/holder. The ownership of Goods shall stand transferred to the Buyer upon the transfer of electronic credit to such Buyer. Accordingly, the warehouse charges shall be payable by the depositor/seller/holder till the electronic credit of Goods is held in its electronic account.





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- 8.12. The Relevant Authority may prescribe from time to time the requirements and procedures 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.
- 8.13. Without prejudice to the generality of the foregoing, the Relevant Authority may close out deals against a Member in the following circumstances,
- a) In case of the selling Members - on failure to complete good delivery on the due date; and
  - b) In case of the buying members - on failure to pay the amount due on the due date,
  - c) Any other circumstances as may be prescribed by the RELEVANT AUTHORITY.
- 8.14. Any loss, damage or shortfall sustained or suffered as result of such closing out together with penalty if any, shall be payable by the Members who failed to give due delivery or to pay amount due.

## **9. TAXES**

### **9.1. Registration with GST and Other Authorities**

- 9.1.1. All Members shall ensure that they, while trading on their own account and their respective Clients in respect of trades on their behalf as the case may be, are registered with GST/ Mandi and other tax/revenue authorities as applicable under all such States in which deliveries are affected for a particular commodity traded on NeML.
- 9.1.2. Trading Members shall maintain records/details of such registration of themselves and each of such Client as the case may be, and furnish the same to Relevant Authority as and when required. Applicable Mandi Tax shall be payable to the mandi in all applicable cases unless there is an exemption or permitted otherwise under the respective mandi legislation/rules. If the mandi tax has already been paid and is not required to be paid in respect of the transaction on NeML, the member shall produce such proof to the satisfaction of Relevant Authority at such time and in such manner as may be stipulated and provide copies of the same to the Buying Member/Buyer.
- 9.1.3. Further, all the Trading Members shall also ensure that they and their Clients are also registered under all the applicable tax authorities mandated by the Government of India from to time and shall continue to hold valid and renewed certificates under all the taxation authorities under the Indian Laws.
- 9.1.4. It shall be the responsibility of Sellers to ensure that any Food articles sold on NeML are in conformity with the applicable Food Safety & Standards Act, 2006 and any other laws applicable for sale of such goods along with their



amendments from time to time.

**9.2. Payment of GST/Mandi Tax**

Subject to special terms and conditions, the Seller/Buyer would be liable to pay GST/mandi tax under the respective local, State or the Central legislations or the APMC Act, as may be applicable and also other levies if any, and will be solely responsible for complying with all the provisions and General as well as special Terms and Conditions of the applicable laws in that regard. In no event NeML shall be liable for payment of GST or any other local tax, fees, levies etc. and in the event of any of the aforesaid liability of any party is discharged or paid by the other party, NeML or warehouse, the party liable for such payment under Special Terms and Conditions shall be liable to reimburse the same together with penalty if any for such default and interest thereon.

**9.3. Information Submission Relating To GST/Mandi Tax to NeML**

Members shall be solely and fully responsible for collection and verification of GST/Mandi tax information relating to applicability of GST/Mandi tax, Exemptions and/or Concessions claimed, Rate of tax to be levied, from their delivering and/or receiving Clients, as the case may be, and furnishing the same to NeML for Settlement purposes within the time limit and in a manner as specified from time to time by Relevant Authority.

**9.4. Raising Of Invoice And Determination Of Sale Value –**

Seller shall raise an Invoice as required by GST laws for the deals executed/made on NeML platform within the time period as may be prescribed by Relevant Authority or as per the Special Terms and Conditions. For the purpose of raising invoice, Sale price shall be calculated on the basis of Quality and Quantity of commodities delivered or as notified by Relevant Authority from time to time.

**9.5. Disputes Relating To Incorrect GST/Mandi Tax Information/ Documents For Commodities Delivered/Received**

- 9.5.1. In case where a Client or Member taking or receiving delivery deems the GST/Mandi tax information / documents for commodities delivered or received is/are not correct or are insufficient, the said Client or Member shall file the complaint with Relevant Authority about incorrectness or insufficiency or non-receipt of any information or document with regard to GST/Mandi Tax, if any, not later than 1 week following the pay-in or pay-out day as specified in the Settlement Calendar subject however, to the special terms and conditions. If no such complaint is received by Relevant Authority from the Trading Member or Client as aforesaid within the time as prescribed, it shall be deemed conclusively that all the requisite information or documents have been exchanged between the selling and buying Clients or Members.

- 9.5.2. Upon receiving the complaint as prescribed above, Relevant Authority shall determine the extent of incorrectness and notify the Trading Members or the representing parties to delivery / receipt, of the results of determination.
- 9.5.3. If Relevant Authority decides upon the complaint that the commodities for delivery / receipt to have inappropriate or insufficient GST/Mandi tax information for delivery / receipt, Relevant Authority shall cause the party making / accepting delivery, as the case may be, to furnish proper information/document as required under applicable GST laws / rules. Relevant Authority may also levy a penalty for each failure in addition to the liability of GST/Mandi Tax.
- 9.5.4. Relevant Authority may impose such penalty and other charges as it may deem fit and/or as prescribed from time to time on a Member for non-supply or supply of insufficient information/document/s or supply of incorrect information/documents.

#### **9.6. MAINTENANCE OF RECORDS OF TAX**

All the Members of NeML shall maintain proper records relating to GST/Mandi tax which include but not limited to maintenance of:

- 9.6.1. Records of registration with GST/Mandi Authorities for themselves as well as Client as per applicable law
- 9.6.2. Details of Information / Documents required under GST/Mandi laws and furnished to respective Buyer / Seller for deals executed on NeML

### **10. DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION**

#### **10.1. DISCIPLINARY JURISDICTION**

Relevant Authority may expel or suspend and/or fine or censure and/or warn and/or withdraw any or all the membership rights of a Member if it be guilty of default, contravention, non-compliance, disobedience, disregard or evasion of any of the General Terms and Conditions of NeML or Special Terms and Conditions applicable for any particular trade or of any resolutions, orders, notices, directions or decisions or rulings of Relevant Authority or the relevant authority or of any other Committee or officer of NeML authorised in that behalf or of any conduct, proceeding or method of business which Relevant Authority in its absolute discretion deems dishonourable, disgraceful or unbecoming a Member or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of NeML or prejudicial or subversive to its objects and purposes.

**10.2. PENALTY FOR MISCONDUCT, UNBUSINESSLIKE CONDUCT AND UNPROFESSIONAL CONDUCT**

In particular and without in any way limiting or prejudicing the generality of the provisions in Clause 10.1 above, a Member shall be liable to expulsion or suspension or withdrawal of all or any of its membership rights and/or to payment of a fine and/or to be censured, reprimanded or warned for any misconduct, unbusinesslike conduct or unprofessional conduct in the sense of the provision in that behalf contained herein.

**10.3. MISCONDUCT**

A Member shall be deemed guilty of misconduct for any of the following or similar acts or omissions namely:

- 10.3.1. Fraud: If it is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the relevant authority renders it unfit to be a Member;
- 10.3.2. Violation: If it has violated provisions of any statute governing the activities, business and operations of NeML, Members and commodities business in general;
- 10.3.3. Improper Conduct: If in the opinion of Relevant Authority it is guilty of dishonourable or disgraceful or disorderly or improper conduct on NeML or of willfully obstructing the business of NeML;
- 10.3.4. Breach of General Terms & Conditions: If it shields or assists or omits to report any member whom it has known to have committed a breach or evasion of any General Terms & Conditions of NeML or of any resolution, order, notice or direction thereunder of the relevant authority or of any Committee or officer of NeML authorised in that behalf;
- 10.3.5. Failure to comply with Resolutions: If it contravenes or refuses or fails to comply with or abide by any resolution, order, notice, direction, decision or ruling of the relevant authority or of any Committee or officer of NeML or other person authorised in that behalf under the General Terms & Conditions of NeML;
- 10.3.6. Failure to submit to or abide by Arbitration: If it neglects or fails or refuses to submit to arbitration or to abide by or carry out any award, decision or order of the relevant authority or the Arbitration Committee or the arbitrator/s made in connection with a reference under the General Terms & Conditions of NeML;
- 10.3.7. Failure to testify or give information: If it neglects or fails or refuses to submit to the relevant authority or to a Committee or an officer of NeML authorised in that behalf, such books, correspondence, documents and papers or any part

thereof as may be required to be produced or to appeal and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the relevant authority or such Committee or officer of NeML or other person authorised in that behalf;

10.3.8. False or misleading Returns: If it neglects or fails or refuses to submit or makes any false or misleading statement in its Forms, Documents or returns required to be submitted to Relevant Authority under the General Terms & Conditions;

10.3.9. Vexatious complaints: If it or its agent brings before Relevant Authority or a Committee or an officer of NeML or other person authorised in that behalf a charge, complaint or suit which in the opinion of Relevant Authority is frivolous, vexatious or malicious;

10.3.10. Failure to pay dues and fees: If it fails to pay its subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on it.

#### 10.4. **UNBUSINESSLIKE CONDUCT**

A Member shall be deemed guilty of unbusinesslike conduct for any of the following or similar acts or omissions namely:

10.4.1. Fictitious Names: If it transacts its own business or the business of its constituent in fictitious names or if he carries on business in more than one trading segment/Categories of NeML under fictitious names;

10.4.2. Fictitious Dealings: If it makes a fictitious transaction or gives an order for the purchase or sale of goods/commodities the execution of which would involve no change of ownership or executes such an order with knowledge of its character;

10.4.3. Circulation of rumours: If it, in any manner, circulates or causes to be circulated, any rumours;

10.4.4. Prejudicial Business: If it makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers of purchase or sale of commodities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values;

10.4.5. Market Manipulation and Rigging: If it, directly or indirectly, alone or with other persons, effects transactions in any commodity to create actual or apparent active trading in such commodity or raising or depressing the prices of such commodity for the purpose of inducing purchase or sale of such commodity/goods by others;



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- 10.4.6. Unwarrantable Business: If it engages in reckless or unwarrantable or unbusiness like dealings in the market or effects purchases or sales for its Client's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its Client's or his own means and financial resources or in view of the market for such commodity/goods;
- 10.4.7. Compromise: If it connives at a private failure of a Member or accepts less than a full and bona fide money payment in settlement of a debt due by a trading member arising out of a transaction in goods/commodities without specific permission from the Relevant Authority;
- 10.4.8. Failure to carry out transactions with Clients: If it fails in the opinion of the relevant authority to carry out its committed transactions with its Clients;

### 10.5. **UNPROFESSIONAL CONDUCT**

A Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:

- 10.5.1. Business in commodities in which dealings not permitted: If it enters into dealings in goods/commodities in which dealings are not permitted;
- 10.5.2. Business without permission when under suspension: If without the permission of Relevant Authority it does business on its own account or on account of a principal with or through a Member during the period it is required by Relevant Authority to suspend business on NeML;
- 10.5.3. Business for Employees of other Members: If it transacts business directly or indirectly for or with or executes an order for a authorised representative or employee of another Member without the written consent of such employing Member;
- 10.5.4. Business for NeML Employees: If it makes a speculative transaction in which an employee of NeML is directly or indirectly interested;
- 10.5.5. Advertisement: If it advertises contrary to guidelines if any, issued by Relevant Authority for advertisement by the Members.
- 10.5.6. Evasion of Margin Requirements: If it will fully evades or attempts to evade or assists in evading the margin requirements prescribed by Relevant Authority and/or in General and/or Special Terms and Conditions;

### 10.6. **MEMBER'S RESPONSIBILITY FOR PARTNERS, AGENTS AND EMPLOYEES**

A Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any



such act or omission be held by Relevant Authority to be one which if committed or omitted by the Member would subject it to any of the penalties as provided in the General Terms and Conditions then such member shall be liable therefore to the same penalty to the same extent as if such act or omission had been done or omitted by itself.

#### **10.7. PERMISSION NECESSARY FOR LEGAL REPRESENTATION**

No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before Relevant Authority or any other Committee unless Relevant Authority or other Committee so permits.

#### **10.8. EXPLANATION BEFORE SUSPENSION OR EXPULSION**

A Member shall be entitled to be summoned before the relevant authority and afforded an opportunity for explanation before being suspended or expelled except in cases where the sufficient time is not available for issuance of summon before suspension or expulsion in case deemed fit by Relevant Authority and in all cases the findings of Relevant Authority shall be final and conclusive.

#### **10.9. TEMPORARY SUSPENSION**

10.9.1. Notwithstanding what is contained in clause 10.8 herein above if in the opinion of the NerML it is necessary to do so, it may, for reasons to be recorded in writing, temporarily suspend a Member, pending completion of the proceedings for suspension under this chapter by Relevant Authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter.

10.9.2. A notice to show cause shall be issued to the Member within ten working days of such temporary suspension.

10.9.3. Any such temporary suspension may be revoked at the discretion of Relevant Authority, for reasons to be recorded in writing, if Relevant Authority is satisfied that the circumstances leading to the formations of opinion of Relevant Authority to effect temporary suspension, have ceased to exist or are satisfactorily resolved.

#### **10.10. IMPOSITION OF PENALTIES**

The penalty of expulsion from membership, suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly by the relevant authority. .



**10.11. PRE- DETERMINATION OF PENALTIES**

The Relevant Authority shall have the power to pre-determine and prescribe the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any General and/or Special Terms and Conditions or of any resolution, order, notice, direction, decision or ruling thereunder of Relevant Authority, or of any other Committee or officer of the NeML authorised in that behalf.

**10.12. RECONSIDERATION/REVIEW**

Relevant Authority may of its own motion or on application by the Member concerned reconsider and may rescind, revoke or modify its decision/resolution withdrawing all or any of the membership rights or fining, censuring or warning any Member. In a like manner Relevant Authority may rescind revoke or modify its decision/resolution expelling or suspending any Member.

**10.13. CONSEQUENCE OF SUSPENSION/EXPULSION**

The suspension of a member shall have the following consequences namely:

**10.13.1. Suspension of Membership Rights:**

10.13.2. The suspended Member shall during the terms of its suspension be deprived of and excluded from all the rights and privileges of membership, but Relevant Authority may proceed against such Member for any offence committed by it either before or after its suspension and Relevant Authority shall not be debarred from taking cognizance of and adjudicating on or dealing with any claim made against it by other Members;

10.13.3. Rights of creditors unimpaired: The suspension shall not affect the rights of the Members who are creditors of the suspended Member;

- a) Fulfillment of Contracts: The suspended member shall be bound to fulfill contracts outstanding at the time of its suspension;
- b) Further business prohibited: The suspended member shall not during the terms of its suspension make any trade or transact any business on NeML other than discharging its existing obligations;

**10.14. NOTICE OF PENALTY AND SUSPENSION OF BUSINESS**

10.14.1. Notice shall be given to the Member concerned or to the Members in general by a notice on the trading system or such other method as Relevant Authority may decide of the expulsion or suspension or default of or of the suspension of business by a Member or of any other penalty imposed on it or on its partners, attorneys, agents, authorised representatives or other employees. The Relevant Authority may in its absolute discretion and in such manner as

it thinks fit notify or cause to be notified to Members of NeML or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended its business or ceased to be a Member. No action or other proceedings shall in any circumstances be maintainable by such person against the Relevant Authority or any officer or employee of NeML for the publication or circulation of such notification and the application for membership or the application for registration by the Member or his constituted attorney or authorised representative or by the person concerned shall operate as license and the General Terms and Conditions shall operate as irrevocable authority and leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.

- 10.14.2. Notwithstanding anything contained in these provisions, if in the opinion of the Relevant Authority it is necessary to do so, he may, for reasons to be recorded in writing, temporarily suspend forthwith the Member, pending completion of appropriate proceedings for suspension under this chapter by Relevant Authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Member within 10 days of such temporary suspension. Any such temporary suspension may be revoked at the discretion of the Relevant Authority, for reasons to be recorded in writing, if Relevant Authority is satisfied that the circumstances leading to the formation of opinion of the relevant authority to suspend, has ceased to exist or are satisfactorily resolved.

## **11. CLEARING AND SETTLEMENT PROCESS**

- 11.1. The Relevant Authority, NeML or the Special Terms and Conditions shall prescribe the process from time to time for the functioning and operations of Clearing and settlement of the trades executed on the NeML trading platform and to regulate such functions which shall be deemed to form a part of any clearing and settlement process so provided. The Relevant Authority, NeML, Special Terms and Conditions may specify different process and procedures for clearing and settlement for any or all Members or in respect of any or all commodities or any specific commodity or in respect of specific area/region from time to time.

### **11.2. Transactions Subject To Change in Settlement Procedure -**

Relevant Authority may, at any time through a notice, Circular or directive bring into effect any substitution of or any additions to or deletions from or variations, alterations or amendments in any settlement procedure or in any clearing and settlement process or in the time or forms prescribed thereof, in respect of all or any deals or trades entered into or to be entered into the NeML



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trading system, and all such changes shall be binding on both the parties to the trade.

### **11.3. Clearing Bank**

- 11.3.1. Relevant Authority would notify identified Clearing Banks to perform the functions of collection of margin money and settlement of all deals entered into through NeML and for any other transfer of fund between Trading Members and NeML and/or between Trading Members inter-se or between NeML and Clients as the case may be, as may be directed by Relevant Authority from time to time.
- 11.3.2. Payment in respect of all trades for the Clearing shall be made through such Clearing Bank(s); Provided however that the trades of Sales and Purchases executed between different Clients of the same Member in the same Settlement, may be offset by process of netting of funds to arrive at Net Obligations of funds. However the physical delivery will have to be settled on gross basis by giving and taking delivery of the quantities of commodities as per trades concluded on NeML.

### **11.4. Members To Have Account With The Clearing Bank**

For the purpose of efficient and timely settlement of trades, Relevant Authority may require the Member to open an account with designated Clearing Banks or effect the trades clearing settlement process through certain Clearing Banks only.

### **11.5. Clearing Bank To act as per the instructions of NeML**

Relevant Authority shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement between the Members. The Clearing Bank shall act as per the instructions received from NeML for the funds movement. Instructions of NeML as to debits and credits to a Member's accounts shall be deemed to be irrevocable and confirmed mandate by a Member to debit his account and/ or credit his account with funds as specified in the instruction. NeML shall have the right to view the funds availability in the clearing bank account of the Member for the purposes of such debit or credit instructions.

### **11.6. Clearing Hours, Days, Scheduled Timings And Clearing Charges**

- 11.6.1. The Relevant Authority shall from time to time fix the various clearing hours, clearing days, the Pay-in and Pay-out days and the scheduled time to be observed in connection with the clearing and settlement operations of Trades/Deals. The Relevant Authority may specify different schedules for any or all Members or for any specific commodity or for any specific region/area from time to time.

11.6.2. The Relevant Authority may at any time curtail, extend, alter or postpone to any other date or dates the entire Clearing or any or all of the various clearing days in respect of any or all of the trades/deals in commodities.

11.6.3. The Relevant Authority shall from time to time prescribe the scale of clearing charges for the clearing and settlement of transactions through NeML clearing system.

#### **11.7. Settlement Obligations Statements For Members**

NeML shall generate and provide to each Member, Settlement Obligations Statements showing the fund obligations, quantities of the different kinds of commodities for which delivery/ deliveries is/ are to be given and/or taken and the funds payable or receivable by him in his capacity as Member. The Obligations Statement shall be deemed to be confirmed by the Member for which deliveries are to be given and/or taken and funds to be debited and/or credited to his account as specified in the Obligations Statements and shall be deemed instructions to the Clearing Banks/Institutions for the same.

#### **11.8. Mode Of Funds Payment**

The mode of funds pay-in and pay-out shall be electronic mode of fund transfer as approved by the Reserve Bank of India from time to time or as by way of Demand Draft, Pay Orders or other method of payment as approved by the Reserve Bank of India for executing commercial transactions. Payment of funds in cash shall not be allowed in any case by NeML.

#### **11.9. Receipt Of Commodities**

Commodities which are to be received by a Member in all trades/deals shall be delivered to him directly by the delivering Member or would be credited to buyers account in electronic form in Commodity management system on the respective pay-out day as per instructions contained in the Special Terms and Conditions or as informed/notified by Relevant Authority from time to time or any other manner as may be prescribed by Relevant Authority.

#### **11.10. Mode Of Receipt Of Funds**

11.10.1. On the Pay-out day, unless otherwise specified by Relevant Authority will make payment to the account of Members or issued demand draft to the Members who are due to receive funds.

11.10.2. All funds due to a Clearing member shall normally be credited to his account unless -

- a) the Member has not delivered commodities on Pay-in day as per Settlement Obligations Statement or



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- b) the full extent of funds obligation of the Member was not available with or received by NeML for the other buying Member or
- c) it is otherwise ordered by Relevant Authority or Relevant Authority on its own or at the instance of any r the buying member for sufficient reasons to the satisfaction of the Relevant Authority.

### **11.11. Withholding Of Commodities electronic form And Funds**

Notwithstanding anything contained in these General Terms and Conditions, NeML may withhold, for such period(s), pay-out of any commodities and any funds including commodities in electronic form and funds including margins, if

- a) the Member fails to deliver the required commodities on pay-in day or
- b) the Member fails to deposit the margin or security deposit requirements or
- c) the Member fails to fulfill any other obligation including its obligations relating to other trades executed on NeML platform or
- d) the Relevant Authority, otherwise, deems fit.

### **11.12. Withheld Commodities in electronic form And Funds - How Dealt With**

The commodities in electronic form and funds withheld shall be dealt with by the Relevant Authority in such manner as it may deem fit by Relevant Authority or the Relevant Authority or as per the provisions Special Terms and Conditions applicable from time to time, which may include appropriating the withheld funds for the purpose of fulfilling the obligations of the Member towards any other Member/s or withholding of commodities in electronic form till fulfillment of obligations by such member to the satisfaction of Relevant Authority.

### **11.13. Death Of A Member**

If a Member dies on or before the Pay-in day, the heirs or legal representatives of such deceased Member may receive and/or deliver commodities and make and receive payment on account of such deceased Member whom Relevant Authority approves. Relevant Authority may, if it deems appropriate at its discretion decide the sale as not complete and Goods in such event shall be returned/continue to be owned by the Seller. For the purpose of ascertaining the legal heirs of the deceased Member, Relevant Authority may follow such procedure or require submission of such documents as deem fit by Relevant Authority.

### **11.14. Delivery When Complete**

- 11.14.1. On the due date of settlement as notified under the settlement calendar, the selling member shall deliver to the buying member at such place and at such time, in such manner and in such delivery units as the Relevant Authority may notify from time to time, commodities together with the necessary documents, electronic or otherwise and the applicable invoices and the buying



member shall pay for them on the same day or such other day and in such manner as the Relevant Authority may specify from time to time or as prescribed under the applicable Special Terms and Conditions. For farmers, once the delivery process in the prescribed manner is complete, the farmers will get the payment possibly on the same day or the next working day, if banking operations remain open or as per terms specified in the Special terms and conditions

- 11.14.2. Commodities delivered by the Client / delivering Member in accordance with the contract specifications or in accordance with the quality and quantity offered for sale, to the Buying Client / receiving Member accompanied by the related documents of title as above, shall, in the absence of fraud or apparent error, be considered as good delivery and the receiving Member shall accept them as good delivery and failing such acceptance, Relevant Authority shall be entitled to close-out or deal with the same against the receiving Member in accordance with Special terms and conditions relating thereto or as deemed fit by Relevant Authority.
- 11.14.3. If there is a shortage in the goods delivered (other than shortage which can be attributed to natural loss of moisture or normal spillage or sampling as prescribed by the Relevant Authority) or the goods are not of the quality as notified in the contract specification or are not of quality offered for sale on the trading system, then the delivery shall not be complete provided such shortage or deficiency in quality is notified by the Buyer or Buying Member to the NeML or the receiving member and accepted by such member. Relevant Authority may however, prescribe specific period for notifying such shortage or deficiency in quality to NeML for this purpose under Special Terms and Conditions or otherwise.
- 11.14.4. Relevant Authority shall withhold the sale proceeds, fully or partly as may be prescribed by Relevant Authority, during the period specified for the Buyers to lodge complaint with regard to the quality or quantity of the goods and if any such complaint is received, Relevant Authority may withhold such sale proceeds till the dispute is resolved.
- 11.14.5. If the Buyer does not refer any shortage or deficiency in the goods within the time stipulated, the delivery shall be deemed to be good delivery for all purposes and the buyer shall not dispute the quality or quantity thereafter and the settlement obligation for physical delivery shall be deemed to be completed for all purposes.

#### **11.15. Penalty For Bad Delivery Or Non-Delivery**

- 11.15.1. Relevant Authority may initiate such disciplinary action against the delivering Trading Member responsible for the commodities of which delivery is not given or which are not good delivery or of which there is incomplete delivery, as



deem fit by Relevant Authority including issuing of show cause notice, temporary or permanent suspension or termination of membership or restricting Members participation in any other trading activities till such time and on such terms and conditions as deem fit by Relevant Authority.

- 11.15.2. Notwithstanding anything mentioned above, Relevant Authority may impose on a delivering Trading Member responsible for the commodities of which delivery is not given or which are not good delivery or of which there is incomplete delivery, such penalty / compensation and other charges as it may prescribe from time to time in this regard. Such penalty/compensation and other charges shall be in addition to any loss arising on account of closing-out and shall be in addition to the commission/charges chargeable/payable in that behalf.

#### **11.16. Disputes relating to Delivery**

- 11.16.1. In case of any shortage in quantity of commodity (other than shortage which can be attributed to natural loss of moisture or normal spillage or sampling as prescribed by the Relevant Authority), then the delivering Member shall make good the shortage or in the alternative, pay up the receiving Member, the price of the commodity to the extent of the short quantity together with such compensation/penalty as may be prescribed / notified by the Relevant Authority or the Relevant Authority or Special Terms and Conditions within such period as permitted therein.
- 11.16.2. In case of deficiency in quality of commodity delivered and notified to Relevant Authority within the period prescribed above, Relevant Authority may request the seller to rectify the defect or substitute the defective commodity with the commodity meeting the quality specifications as per terms of sale together with compensation if prescribed/imposed by the Relevant Authority and resolve the issues raised by the Buyer within such time as may be stipulated by the Relevant Authority.
- 11.16.3. In the event of dispute on quality, the Relevant Authority may refer the commodity for re-assaying from such assayer as Relevant Authority may decide on a case to case basis and the decision of such assayer shall be final and binding upon the Buyer, Seller and the warehouse person/delivery center and delivery shall be effected accordingly.
- 11.16.4. In the event of the issues not being able to be resolved between the Buyer and the Seller, the matter shall be dealt in accordance with Special Terms and Conditions stipulated in the contract or in absence of any such special Terms and conditions, in accordance with these General Terms and Conditions and as further stipulated from time to time.

**11.17. Delivery through Agents**

The Relevant Authority may, in general or in specific cases, permit Trading Members / Clients to complete delivery under these General Terms and Conditions through their Agents on the terms and conditions as may be stipulated by the Relevant Authority from time to time. The deliveries given to or taken by such Agents shall be construed as deliveries given to or taken by Trading Members / Clients for the purpose of compliance of delivery obligations under these General Terms and Conditions. Trading Members / Clients shall be responsible for all acts and omissions of their Agents and for statutory compliances required in that regard.

**11.18. Charges**

- 11.18.1. Transportation / loading /unloading costs while the goods are deposited in the warehouse would be borne by the Seller and would be borne by the Buyer while taking out delivery or as may be prescribed under the applicable special terms and conditions.
- 11.18.2. Assaying charges, if payable, at the time of deposit of commodity shall be borne by the Seller.
- 11.18.3. Assaying charges, at the time of verifying quality arising out of a reference of a dispute, would be borne by the party disputing the quality who shall also bear the storage charges till the time of actual physical delivery or resolution of dispute in his/its favour as per General Terms and Conditions herein. In the event of the dispute being decided against the seller, the seller shall be responsible to refund /pay the storage charges.
- 11.18.4. The buying and selling members shall be liable to pay such incidental charges as mentioned in the Special terms and conditions.

**11.19. Disabling Of A Member**

Any Member who fails to deliver commodities or pay funds on the pay-in day shall (without prejudice to any other right of the Relevant Authority), may be forthwith disabled from dealing through the trading system until the NeML or Relevant Authority may decide otherwise.

**12. GENERAL PROVISIONS****12.1. PRIVITY OF CONTRACT**

- 12.1.1. Except as provided herein, Trading Members giving and receiving delivery as provided in the Special Terms and Conditions and/or General Terms and Conditions shall be deemed, notwithstanding that no direct contract may exist between them, to have made between themselves, a contract with each other for



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the purpose of complying with the settlement obligations as delivering Member and receiving Member. However, the contract of sale and purchase of commodities concluded on NeML platform shall be between the Seller Client and the Buyer Client. Relevant Authority shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of these General Terms and Conditions and Special Terms and Conditions.

- 12.1.2. Notwithstanding anything contained in these General Terms and Conditions, the responsibility of Relevant Authority shall be limited to the extent of financial settlement by payment of difference in prices as may be determined by process put in place by Relevant Authority and shall primarily be governed by the provisions contained in the Special Terms and Conditions and in absence of any such Special Terms and Conditions, by these General Terms and Conditions.

Provided that such financial settlement by NeML extends only:

- a. to its own members, and
- b. to those transactions that have been executed, registered and accepted for clearing and settlement by NeML after having been matched by NeML

### 12.2. **NeML TO REGULATE**

The Relevant Authority shall specify from time to time the processes, procedures, and operations that every Member shall be required to follow for the participation, functioning and operations on the NeML trading platform and shall be entitled to make changes, amendments, additions or deletions to such processes, procedures and operations from time to time and all the Members shall be deemed to have accepted to same upon notification/publication.

### 12.3. **RECORD FOR EVIDENCE**

The record of NeML as maintained by a central processing unit or a cluster of processing units or computer processing units or maintained in any other manner shall constitute the agreed and authentic record in relation to any deals entered, cleared and settled through NeML. For the purposes of any disputes regarding clearing and settlement of deals, the records as maintained by NeML shall constitute valid evidence in any dispute or claim between the Clients and the Members or between the Members inter-se or between the Members and NeML.

### 12.4. **FALSE OR MISLEADING STATEMENTS**

The Relevant Authority may fine, suspend or expel a Member who makes any false or misleading statement in the Forms required to be submitted in conformity with these General Terms and Conditions or any resolutions, orders,



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notices, directions and decisions of the Relevant Authority there under.

### 12.5. **MEMBERS ONLY PARTIES TO DEALS**

Relevant Authority does not recognize, as parties to deals, any persons other than its own Members, and every Member shall be directly and wholly liable in respect of all deals and any incidental obligation thereunder to Relevant Authority whether such deal be for account of the Member effecting it or for the account of a Client.

### 12.6. **ALL DEALS SUBJECT TO RULES, GENERAL AND SPECIAL TERMS AND CONDITIONS**

All deals shall be made subject to and in accordance with the General as well as Special Terms and Conditions and shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the Relevant Authority of the powers with respect thereto vested in it by the General as well as Special Terms and Conditions.

### 12.7. **INVIOABILITY OF ADMITTED TRADES/DEALS**

- 12.7.1. All the Trades/dealings in commodities on NeML shall be in-violable and shall be cleared and settled in accordance with the General and Special Terms applicable from time to time. However, Relevant Authority may by a notice annul the deal(s) on an application by a Member in that behalf; if the Relevant Authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is /are fit for annulment on account of fraud or wilful misrepresentation or material mistake in the deal.
- 12.7.2. Notwithstanding anything contained in clause above, Relevant Authority may, to protect the interest of Clients in commodities and for proper regulation of the commodities market, suo moto annul deal(s) at any time if the Relevant Authority is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
- 12.7.3. Any annulment made pursuant to clause (1) and (2) above, shall be final and binding upon the parties to deal(s). In such an event, the Member shall be entitled to cancel the relevant deal(s) with its Clients.

### 12.8. **LIABILITY OF NeML**

- 12.8.1. The transactions on NeML will be deemed to have taken place between the buying and selling Trading Members and/or Clients and that NeML shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any commodity traded, settled or cleared through NeML platforms and the only obligation of NeML in this matter shall be to facilitate the delivery and payment



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in respect of commodities between Trading Members and/or Clients. No liability shall attach either to NeML or to the Relevant Authority by reason of anything done or omitted to be done by the Trading Members and/or Clients or other participants of the Clearing System in the course of its operations.

12.8.2. While, reasonable care and diligence will be taken by NeML in discharge of its responsibilities, the buyers/sellers shall indemnify NeML against all liabilities, losses, damages, claims, charges etc. for any shortcomings on these aspects. It is clearly understood that these activities are undertaken by NeML to assist the buyers/sellers in participation but the ultimate responsibility on all these counts lies totally with the trade participants i.e. members and clients as the case may be.

12.8.3. NeML shall not be liable for any claims arising against the Members/Clients in relation to any duties, actions or obligations correctly performed and / or rights or powers exercised by NeML or Relevant Authority in accordance with these General Terms and Conditions or any Special Terms and Conditions applicable to any particular trade/contract thereof. The Parties to the dispute shall defend, indemnify and hold harmless the NeML, the Relevant Authority, its employees and authorized persons against any claim arising against NeML for due discharge of its obligations under these General Terms and Conditions or any Special Terms and Conditions.

### 12.9. **NOTICES, CIRCULARS AND DIRECTIONS**

All Members shall comply with the instructions, resolutions, orders, notices, directions, circulars, notifications and decisions of Relevant Authority in all matters connected with the operations of the Trading and Clearing Systems.

### 12.10. **NeML BILLS**

NeML shall periodically render bills for the charges, fees, fines and other dues payable by trading Members, which would also include the charges, fines and other dues payable on account of the business cleared and settled through NeML Clearing System and debit the amount payable by such Members to their accounts. All such bills shall be paid within a week of the date on which they are issued.

### 12.11. **COMPLIANCES AND RECORDS**

12.11.1. Every Member shall comply with all applicable statutory and regulatory laws, these General Terms and Conditions or special terms and conditions and guidelines here under, and the requirements of and under any notifications, directives and guidelines issued by the Government and/or any statutory body or local authority or authority acting under the direction of the State or Central Government relating to maintenance of accounts and records.



- 12.11.2. In addition to the above, Every Member of the NeML shall maintain the records relating to its business for a period of minimum Seven years or such period as may be stipulated in the relevant statute or as may be specifically prescribed for any record whichever is higher.

#### **12.12. ACCOUNTS AND AUDIT**

Each Trading Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised by the Relevant Authority.

- 12.12.1. The Assets and Liabilities of the Trading Member's business shall be brought into account in the balance sheet at such amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the state of affairs of such business as at the date to which it is made up.
- 12.12.2. Each Trading Member shall furnish to Relevant Authority, its audited financial statement and such report shall be furnished not later than six months after the end of the Trading Member's financial year or within such period and in such manner as may be prescribed by Relevant Authority.
- 12.12.3. Every Member of NeML shall maintain separate running account or any other account as may be notified by Relevant Authority, for all the registered clients and shall make available to Relevant Authority, the books of accounts and details of such clients as may be required by Relevant Authority from time to time for inspection and audit of the member. For maintenance of books of accounts of clients, the members shall follow the standard accounting practices as are required for the same.

#### **12.13. COMPLAINT BY CLIENT/MEMBER**

When a complaint has been lodged by a Client or Member with the Relevant Authority that any Member has failed to perform his part of the obligation required for execution of trades/dealings, the Relevant Authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit in accordance with the provisions of General Terms and Conditions.

#### **13. DECLARATION OF DEFAULT**

- 13.1. A Member may be declared a defaulter by direction/circular/ notification of the Relevant Authority if:
- 13.2. He is a Member of any Stock or Commodity Exchange and the said Exchange declares him as a defaulter in any capacity; or

- 13.3. He is unable to fulfil his clearing / settlement obligations for trades executed through NeML trading platform; or
- 13.4. He fails to pay the amounts or fails to deliver commodities payable to his Clients.
- 13.5. He admits or discloses his inability to fulfil or discharge his duties, obligations and liabilities; or
- 13.6. He fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under the General Terms and Conditions; or
- 13.7. He fails to pay any sum due to NeML as the Relevant Authority may from time to time prescribe; or
- 13.8. If he fails to abide by the arbitration award or the amount declared by any court to be due from the Member or declared by Relevant Authority to be due as laid down under the General Terms and Conditions; or
- 13.9. If he has been adjudicated as an insolvent or being a Company incorporated under the Companies Act, has been ordered to be wound-up by a court of law or tribunal in the petition filed by any of his creditors, he shall ipso facto be declared a defaulter though he may not have at the same time defaulted on any of his obligations for any transaction on the NeML; or
- 13.10. If he files a petition before a court of law or tribunal for adjudication of himself as an insolvent or for winding-up, as the case may be, although he may not have at the same time defaulted on any of his obligations for any transaction on NeML or
- 13.11. Under any other circumstances as may be decided by the relevant authority from time to time;

#### **13.12. Defaulter's Book And Documents**

When a Member has been declared a defaulter, the Relevant Authority may take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the relevant authority.

#### **13.13. Defaulter To Give Information**

The defaulter shall submit to the relevant authority such statement of accounts, information and particulars of his affairs as the relevant authority may from time to time require and if so desired shall appear before the relevant authority at its meetings held in connection with his default.

**13.14. Vesting Of Defaulter's Assets In NeML**

The Relevant Authority may call in and realize/utilize the security deposits in any form, collateral, margin money, other amounts lying to the credit of the defaulter and recover all moneys, due and payable to the defaulter to by any other Member in respect of any transaction or dealing made subject to and in accordance with the General as well as Special Terms and Conditions of NeML and such assets shall vest ipso facto, on declaration of any Member as a defaulter, in Relevant Authority for the benefit of and on account of any dues of NeML, other Members, Clients of the defaulter and any other persons as may be approved by the Relevant Authority

**13.15. Application Of Assets**

The Relevant Authority shall apply the net amount remaining in its hands after defraying all such costs, charges and expenses as are allowed under General Terms and Conditions to be incurred by Relevant Authority, in satisfying the claims in the order of priority provided hereunder:-

13.16. Dues to NeML: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to NeML.

13.17. Dues to other Trading Members and to Clients of the defaulter: The payments as may be admitted by the Relevant Authority, as being due to other Members and Clients of the defaulter for debts, liabilities, obligations and claims arising out of any contracts/deals/transactions made by the defaulter subject to and in accordance with the General as well as Special Terms and Conditions of NeML, provided that if the amount is insufficient then the amounts shall be distributed pro rata against dues amongst other Members, and all the Clients of the defaulter. The other Members shall in turn share the amounts so received with their Clients on pro rata basis.

13.18. Dues to the Approved Banks, Warehouses and claims of any other persons as approved by the Relevant Authority: After making payments under Clause **ii** above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other participant including warehouse as may be admitted by the Relevant Authority. The claims of the approved banks should have arisen by virtue of Relevant Authority invoking any bank guarantee issued by the bank concerned to Relevant Authority on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the General as well as special Terms and Conditions of NeML. The claims of other persons should have arisen out of or incidental to the transaction done on NeML or requirements laid down by Relevant Authority, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata, and



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13.19. Surplus: Surplus, if any, to the defaulter Member.

### **14. LIMITATION OF LIABILITY**

- 14.1. The liability of NeML resulting from the deals and any matter incidental thereto by the Members with NeML and to losses in connection therefrom shall be limited to the extent of moneys of the particular defaulting Member available with NeML. NeML shall not be liable for obligations of the non-member, obligations of the member to another member of NeML towards deals to which NeML is not a party or obligations to a Client by a member and losses in connection therefrom.
- 14.2. NeML only provides an electronic trading platform for sale and purchase of commodities/goods. NeML is neither owner nor seller or purchaser of goods for any purpose whatsoever.

### **15. VALIDITY, SURRENDER AND TRANSFER OF MEMBERSHIP**

#### **15.1. Validity of Membership**

- 15.1.1. The Membership granted to the Member by NeML shall be valid for such period as may be prescribed by Relevant Authority from time to time, unless suspended or terminated earlier in accordance relevant provisions of General Terms and Conditions.
- 15.1.2. The Relevant Authority may prescribe from time to time, different periodicity of validity of Membership for different categories and shall be entitled to change, alter and/or modify the validity of Membership prescribed earlier at its absolute discretion. The decision of the Relevant Authority shall be final and binding on all the Members
- 15.1.3. The Relevant authority may from time to time, add, relax or modify the validity of Membership of any particular Member, if it deems fit.
- 15.1.4. The Relevant Authority may allow renewal of any category of Membership on such terms and conditions as deem fit by the Relevant Authority from time to time.

#### **15.2. Surrender of Membership**

- 15.2.1. The Membership granted to any Member by NeML shall be entitled for surrender of such Membership on such terms and conditions as may be prescribed by Relevant Authority from time to time.
- 15.2.2. The Relevant Authority may prescribe from time to time the process and procedure for Surrender of Membership as deem fit by Relevant Authority.

- 15.2.3. The Relevant Authority may allow surrender of Membership only after giving due consideration more particularly of any dues pending against the surrendering member and/or any claims made or pending against the surrendering member or disciplinary proceeding pending, prior to allowing surrendering of Membership.
- 15.2.4. The Relevant Authority shall allow any monies/amounts/refundable security deposits/Refundable Fees, if any, lying to the credit of the surrendering Member to be returned or withdrawn after adjusting any dues/penalties of such Member or after giving due consideration to any claims pending against such Member made or initiated by any other Members.
- 15.2.5. The Relevant Authority shall be entitled to withhold any monies/amounts/refundable security deposits or Fees due to the Member, till such time the dues, penalties and claims against the surrendering Member are cleared or settled by such Member or till such time as deem fit by Relevant Authority from time to time.
- 15.2.6. The Relevant Authority shall be entitled to withhold any monies/amounts/refundable security deposits or Fees due to the Member including surrendering Member upon receipt of any order, Circular, direction, guideline or mandate from the Court of Law, Statutory, Regulatory or Law Enforcement Authority till such time as may be directed by such Court of Law, Statutory, Regulatory or Law Enforcement Authority from time to time.
- 15.2.7. The Relevant Authority shall cause the monies/amounts/refundable security deposits or fees of any Member including any surrendering Member, to be deposited with the Court of Law, Statutory, Regulatory or Law Enforcement Authority, in case any order, Circular, direction, guideline or mandate is received by NeML from such Court of Law, Statutory, Regulatory or Law Enforcement Authority.

### **15.3. Transfer of Membership**

- 15.3.1. The Membership granted by NeML to any Member shall be non-transferable. However the Relevant Authority shall be entitled to decide on transfer of any type of Membership upon request received in writing from such Member upon such terms and conditions as deemed fit by relevant authority from time to time..
- 15.3.2. The decision of the Relevant Authority regarding transfer of Membership shall be final and binding on the Member.

## **16. ACCREDITED WAREHOUSE / DELIVERY CENTRE**

- 16.1. Relevant Authority may specify accredited warehouse(s) or delivery centres as



the case may be, through which delivery of a specific commodity shall be effected for settlement of trades on NeML and which shall facilitate the acceptance, storage and delivery of commodities in the manner as prescribed by Relevant Authority from time to time.

**16.2. Process And Procedures For Accredited Warehouse /Delivery Centre**

Relevant Authority may specify from time to time the criteria, process flow, processes, procedures, and operations that every Warehouse, Clients, Assayers and other participants shall be required to follow for the participation, functioning and operations of the accredited warehouse. The General Terms and Conditions relating to the accredited warehouse or delivery centre shall be deemed to form a part of any settlement process so provided.

**16.3. Alternate Delivery Mechanism:**

All deliveries in respect of trades/deals on NeML shall be through a mechanism specified in the Special Terms and Conditions and/or put in place by Relevant Authority in that regard and shall be effected through delivery centres notified for the purpose. The Relevant Authority may prescribe different mode and manner of deliveries and settlement for different commodities or class of commodities and/or different regions/areas and also establish specific mechanism for deposit and withdrawal of commodities to and from such delivery centres for such deals.

**17. ARBITRATION**

17.1. Relevant Authority shall, without prejudice to the provisions of any Statute or any rules framed thereunder, provide for a dispute resolution mechanism by way of arbitration by independent arbitrators for the purpose.

**17.2. Reference To Arbitration –**

All claims, differences or disputes between the Members inter se and between Members and Clients and arising out of or in relation to dealings, trades and transactions executed on NeML or registered with NeML as per process prescribed by Relevant Authority and made subject to and in accordance with General Terms and Conditions of NeML or with reference to anything incidental thereto or in pursuance thereof or relating to interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these General and special Terms and Conditions. Provided further that the Relevant Authority may satisfy itself that the above referred claims, differences or disputes arise out of or in relation to dealings, contracts and transactions executed/reported on NeML and is in accordance with and subject to the General Terms and Conditions of

NeML and is referable to Arbitration and that no alternate dispute resolution mechanism has been agreed upon in accordance with the Special Terms and Conditions.

**17.3. Limitation Period For Reference Of Claims, Differences Or Disputes For Arbitration**

All claims, differences or disputes referred to in clause above shall be submitted to arbitration within such limitation period, from the date on which the claim, difference or dispute arose or shall be deemed to have arisen, as per the provisions contained in the Limitation Act, 1963. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the applicable statute and the time taken by the Relevant Authority to administratively resolve the claim, differences or disputes shall be excluded for the purpose of determining the period of limitation.

**17.4. Administrative Assistance**

For the purpose of section 6 of the Arbitration and Conciliation Act, 1996, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of the General Terms and Conditions, the parties shall be deemed to have arranged for administrative assistance of NeML in order to facilitate the conduct of the arbitral proceedings.

**17.5. Provisions of General Terms And Conditions deemed to form part of all dealings and transactions**

In all dealings, contracts and transactions, which are made or deemed to be made subject to the General Terms and Conditions of NeML, the provisions relating to arbitration as provided herein shall be deemed to form part of the dealings and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of the General Terms and Conditions.

**17.6. Deposit Towards Cost Of Arbitration**

17.6.1. The parties to the claim, difference or dispute shall bear the cost of arbitration.

17.6.2. The amount of deposit or additional deposits, which has to be deposited by the parties to the dispute shall be as determined by the Relevant Authority in accordance with the provisions contained in the Arbitration and Conciliation Act, 1996 along with amendments from time to time.

17.6.3. Notwithstanding anything mentioned above, NeML shall not be party to any arbitration between the Members inter se and between Members and Clients as specified above and no arbitration shall be filed against NeML by any of the



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Members or Client.

### 17.7. **SEAT OF ARBITRATION –**

The Relevant Authority may provide for different seats of arbitration for different regions of the country either generally or specifically and in such an event the seat of arbitration shall be the place so provided by the Relevant Authority. Save as otherwise specified by the Relevant Authority, the seat of arbitration shall be Mumbai.

### 17.8. **Appointment of Arbitrator and procedure of arbitration proceedings –**

- 17.8.1. For facilitating the arbitration process, the Relevant Authority shall at its sole right and discretion appoint Arbitrator on case to case basis from amongst persons who possess requisite qualification, experience and knowledge as felt appropriate by the Relevant Authority and parties will not have a right to challenge the appointment of arbitrator except as provided in the Arbitration and Conciliation Act, 1996 as amended from time to time. Unless otherwise specified by the Relevant Authority, the procedure relating to the entire arbitration proceedings including appointment of arbitrator, procedure for arbitration and passing of award and all other incidental processes to be followed shall be in accordance with the Arbitration and Conciliation Act, 1996 along with its amendments from time to time.

## 18. **JURISDICTION**

All disputes arising out of or in connection with or in relation to any matter or deal under General Terms and Conditions or any matter incidental thereto to which NeML is a party or is made a party, shall be subject to the exclusive jurisdiction of the courts in Mumbai and all the parties concerned shall be deemed to have submitted to the jurisdiction of Mumbai Courts only.

## 19. **INSPECTION**

### 19.1. **INSPECTION AUTHORITY –**

- 19.1.1. Relevant Authority may appoint one or more persons as inspecting authority/ies to undertake inspection of books of accounts, other records and documents of the Members/Clients for any of the purposes specified in these General Terms and Conditions and Special terms and conditions.

- 19.1.2. The purposes for which inspection may be carried out as per clause mentioned above shall be as follows, namely:

- a) to ensure that the books of accounts and other books are being maintained in the manner required;

- b) to ensure that specified provisions of NeML and these General Terms and Conditions and any directions or instructions issued there under are being complied with;
- c) to investigate into the complaints received from investors, other Trading Members/clients of NeML or any other person on any matter having a bearing on the activities of the Trading Member/Clients;
- d) to investigate suo-moto, for any reason where circumstances so warrant an inspection into the affairs of the Trading Member/Clients in public interest;
- e) to examine whether any notices, circulars, instructions or orders issued by Relevant Authority from time to time relating to trading and other activities of Trading Members/Clients are being complied with;
- f) to comply with any of the directives issued in this behalf by any Regulatory Authority including Government of India or any State government or any department or statutory body of Union of India or any State government.

**19.2. Obligations of a Member/Client On Inspection**

It shall be the duty of every Member / Client or every director, officer and employee of the Member/Client, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control including that of an associate and furnish him such statements and information within such time as the said inspection authority may require. The Member/Client and/or his associate shall provide all assistance to the inspecting Authority in connection with the inspection.

**20. SETTLEMENT GUARANTEE FUND**

- 20.1. Relevant Authority may, if it deems appropriate, establish separate settlement guarantee fund for meeting emergencies in trades on NeML either as a single fund or as separate funds for specified commodities or specified locations or market/s as in the opinion of Relevant Authority is deemed fit, and to be maintained by Relevant Authority for the purposes as may be specified by the Relevant Authority from time to time.
- 20.2. The initial corpus of the fund shall be as may be decided by the Relevant Authority.
- 20.3. The Relevant Authority may prescribe from time to time the norms, procedures, terms and conditions governing the settlement guarantee fund which may inter-alia, specify the amount of deposit or the contribution to be made by the Members to the said fund and also the mode and manner of deposits to be made and the terms and conditions of repayment of deposit or withdrawal of contribution, charges for utilization, penalties and disciplinary actions for non-performance thereof. Relevant Authority may also provide for manner and procedure for utilisation and application of Settlement Guarantee Fund to fulfill settlement obligations of any defaulting member.



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- 20.4. Save as expressly provided by Relevant Authority governing the Settlement Fund, the said fund shall not be utilized for any other purpose.

### **21. NOTICE OR COMMUNICATION**

- 21.1. All communication in general to the Members of NeML shall be by way of Circular issued by Relevant Authority and/or notified on the Trading Terminals.

- 21.2. Specific communication to specific Member or any client or any person may be served at the ordinary business address and/or ordinary place of residence and/or last known address/e-mail address/ address of the Trading System of the Member in any one or more of the following ways:

- by post
- by registered post
- under certificate of posting
- by speed post / courier services.
- by telegram
- by affixing it on the door at the last known business or residential address
- by advertising it in at least one prominent daily newspaper having circulation in the area where the last known business or residential address of Member is situated
- by electronic mail or fax
- by hand delivery
- by any other mode notified by the Relevant Authority

- 21.3. Any communication sent by Relevant Authority to any party shall be deemed to have been properly delivered or served, even if such communication is returned to NeML as unclaimed/ refused/ undelivered, if the same was sent to the ordinary business address/e-mail address and/ or ordinary place of residence and/ or last known address of the party, in any one or more of the ways mentioned in clause (1) above.

### **22. MODIFICATIONS OF GENERAL TERMS AND CONDITIONS**

The Relevant Authority shall have right to amend, modify, substitute, add or alter any of the provision contained in these General Terms and Conditions or issue directions by way of circulars or notifications hereunder at any time if deemed appropriate by Relevant Authority in the interest of regulation of the market at large and the change in the General Terms and Conditions shall be applicable on all the market participants including Members and Clients, from the date of publication/notification.

### **23. MEASURES TO MEET EMERGENCIES**

If in the opinion of the Relevant Authority, an emergency exists or has arisen or





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is likely to occur or if in its opinion, the conditions are such as to make trading in specified commodities extremely difficult, the Relevant Authority may take such action as it deems fit and any such action shall be binding on the Members and the Clients.

### **24. SAVING**

- 24.1. Save as otherwise specifically provided in these General Terms and Conditions or the Special Terms and Conditions, NeML, the Relevant Authority, its directors, employees and agents while performing functions of regulating, promoting, facilitating, assisting, operating or performing any function under these General Terms and Conditions or Special Terms and Conditions, shall not be deemed to have incurred any liability and accordingly no claim or recourse shall lie against NeML, Relevant Authority, its employees, directors or authorized persons.
- 24.2. No claim, suit, prosecution or other legal proceedings shall lie against NeML, Relevant Authority, their directors, employees or any authorized persons in respect of anything which is in good faith done or intended to be done in order to regulate the functions of NeML or commodity market or done or intended to be done pursuant to any orders issued by any regulatory authority concerned or any other authority under law for the time being in force.
- 24.3. Notwithstanding the provisions of these General Terms and Conditions, if any Bye Laws or Regulations are framed by Relevant Authority for any specific State or Union Territory of India under any law or otherwise, the provisions of these General Terms and Condition shall be subject and subservient to such Bye Laws or Regulations and the law under which such Bye Laws or Regulations are framed, their applicable to such State or Union Territory of India only.

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