

Annexure-3 (of KYC Documents)

RIGHTS AND OBLIGATIONS OF MEMBERS, AUTHORIZED PERSONS AND CLIENTS AS PRESCRIBED BY SEBI AND COMMODITY EXCHANGES

1. The client shall invest/trade in those commodities /contracts/other instruments admitted to dealings on the Exchanges as defined in the Rules, Byelaws and Business Rules/Regulations of Exchanges SEBI and circulars/notices issued there under from time to time.
 2. The Member, Authorized Person and the client shall be bound by all the Rules, Byelaws and Business Rules of the Exchange and circulars/notices issued there under and Rules and Regulations of SEBI and relevant notifications of Government authorities as may be in force from time to time.
 3. The client shall satisfy himself of the capacity of the Member to deal in commodities and/or deal in derivatives contracts and wishes to execute its orders through the Member and the client shall from time to time continue to satisfy itself of such capability of the Member before executing orders through the Member.
 4. The Member shall continuously satisfy itself about the genuineness and financial soundness of the client and investment objectives relevant to the services to be provided.
 5. The Member shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.
 6. Requirements of professional diligence
 - a. The Member must exercise professional diligence while entering into a financial contract or discharging any obligations under it.
 - b. "professional diligence" means the standard of skill and care that a Member would be reasonably expected to exercise towards a Client, commensurate with-
 - i. honest market practice;
 - ii. the principle of good faith;
 - iii. level of knowledge, experience and expertise of the Client;
 - iv. the nature and degree of risk embodied in the financial product* or financial service being availed by the Client; and
 - v. the extent of dependence of the Client on the Member.
- *Commodity derivative contract
7. The Authorized Person shall provide necessary assistance and co-operate with the Member in all its dealings with the client(s).

CLIENT INFORMATION

8. The client shall furnish all such details in full as are required by the Member in "Account Opening Form" with supporting details, made mandatory by commodity exchanges/SEBI from time to time.
9. The client shall familiarize himself with all the mandatory provisions in the Account Opening documents. Any additional clauses or documents specified by the Member shall be non-mandatory; therefore, subject to specific acceptance by the client.

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

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

- a. An unfair term of a non-negotiated contract will be void.
- b. A term is unfair if it –
 - i. causes a significant imbalance in the rights and obligations of the parties under the financial contract, to the detriment of the Client; and
 - ii. is not reasonably necessary to protect the legitimate interests of the Member.
- c. The factors to be taken into account while determining whether a term is unfair, include –
 - i. the nature of the financial product or financial service dealt with under the financial contract;
 - ii. the extent of transparency of the term;
 - ***contracts offered by commodity exchanges
 - iii. the extent to which the term allows a Client to compare it with other financial contracts for similar financial products or financial services; and
 - iv. the financial contract as a whole and the terms of any other contract on which it is dependent.
- d. A term is transparent if it –
 - i. is expressed in reasonably plain language that is likely to be understood by the Client;
 - ii. is legible and presented clearly; and
 - iii. is readily available to the Client affected by the term.
- e. If a term of a financial contract is determined to be unfair under point 11.A.c, the parties will continue to be bound by the remaining terms of the financial contract to the extent that the financial contract is capable of enforcement without the unfair term.

11.B.

- a. "Non-negotiated contract" means a contract whose terms, other than the terms contained in point 11.C. (given below) are not negotiated between the parties to the financial contract and includes –
 - i. a financial contract in which, relative to the Client, the Member has a substantially greater bargaining power in determining terms of the financial contract; and
 - ii. a standard form contract.
- b. "Standard form contract" means a financial contract that is substantially not negotiable for the Client, except for the terms contained in point 11.C.
- c. Even if some terms of a financial contract are negotiated in form, the financial contract may be regarded as a non-negotiated contract if so indicated by –
 - i. an overall and substantial assessment of the financial contract; and
 - ii. the substantial circumstances surrounding the financial contract

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

11. C.

- a. The above does not apply to a term of a financial contract if it –
 - i. defines the subject matter of the financial contract;
 - ii. sets the price that is paid, or payable, for the provision of the financial product or financial service under the financial contract and has been clearly disclosed to the Client; or
 - iii. is required, or expressly permitted, under any law or regulations.
- b. The exemption under point 11.C does not apply to a term that deals with the payment of an amount which is contingent on the occurrence or non- occurrence of any particular event.

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

13. A. Protection of personal information and confidentiality

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

13. B.

- a. A Member must –
 - i. not collect personal information relating to a Client in excess of what is required for the provision of a financial product or financial service;
 - ii. maintain the confidentiality of personal information relating to Clients and not disclose it to a third party, except in a manner expressly permitted under point 13.B.b.;
 - iii. make best efforts to ensure that any personal information relating to a Client that it holds is accurate, up to date and complete;
 - iv. ensure that Clients can obtain reasonable access to their personal information, subject to any exceptions that the Regulator may specify; and
 - v. allow Clients an effective opportunity to seek modifications to their personal information to ensure that the personal information held by the Member is accurate, up to date and complete.

- b. A Member may disclose personal information relating to a Client to a third party only if –
- i. it has obtained prior written informed consent of the Client for the disclosure, after giving the Client an effective opportunity to refuse consent;
 - ii. the Client has directed the disclosure to be made;
 - iii. the Regulator has approved or ordered the disclosure, and unless prohibited by the relevant law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
 - iv. the disclosure is required under any law or regulations, and unless prohibited by such law or regulations, the Client is given an opportunity to represent under such law or regulations against such disclosure;
 - v. the disclosure is directly related to the provision of a financial product or financial service to the Client, if the Member –
 1. informs the Client in advance that the personal information may be shared with a third party; and
 2. makes arrangements to ensure that the third party maintains the confidentiality of the personal information in the same manner as required under this Part; or
 - vi. the disclosure is made to protect against or prevent actual or potential fraud, unauthorised transactions or claims, if the Member arranges with the third party to maintain the confidentiality of the personal information in the manner required under this Part.-
- c. “Third party” means any person other than the concerned Member, including a person belonging to the same group as the Member.

14. A. Requirement of fair disclosure both initially and on continuing basis
- a. Member must ensure fair disclosure of information that is likely to be required by a Client to make an informed transactional decision.
 - b. In order to constitute fair disclosure, the information must be provided –
 - i. sufficiently before the Client enters into a financial contract, so as to allow the Client reasonable time to understand the information;
 - ii. in writing and in a manner that is likely to be understood by a Client belonging to a particular category; and
 - iii. in a manner that enables the Client to make reasonable comparison of the financial product or financial service with other similar financial products or financial services.
 - c. The types of information that must be disclosed to a Client in relation to a financial product or financial service, which may include information regarding –
 - i. main characteristics of the financial product or financial service, including its features, benefits and risks to the Client;
 - ii. consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
 - iii. existence, exclusion or effect of any term in the financial product or financial contract;
 - iv. nature, attributes and rights of the Member, including its identity, regulatory status and affiliations;
 - v. contact details of the Member and the methods of communication to be used between the Member and the Client;

- vi. rights of the Client to rescind a financial contract within a specified period; or
- vii. rights of the Client under any law or regulations.

14. B.

- a. Member must provide a Client that is availing a financial product or financial service provided by it, with the following continuing disclosures –
 - i. any material change to the information that was required to be disclosed under point 14.A at the time when the Client initially availed the financial product or financial service;
 - ii. information relating to the status or performance of a financial product held by the Client, as may be required to assess the rights or interests in the financial product or financial service; and
 - iii. any other information that may be specified.
- b. A continuing disclosure must be made –
 - i. within a reasonable time-period from the occurrence of any material change or at reasonable periodic intervals, as applicable; and
 - ii. in writing and in a manner that is likely to be understood by a Client belonging to that category.

MARGINS

- 15. The client shall pay applicable initial margins, withholding margins, special margins or such other margins as are considered necessary by the Member or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or SEBI) and the client shall be obliged to pay such margins within the stipulated time.
- 16. The client understands that payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the settlement of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate/require.

TRANSACTIONS AND SETTLEMENTS

- 17. The client shall give any order for buy or sell of commodities derivatives contract in writing or in such form or manner, as may be mutually agreed between the client and the Member however ensuring the regulatory requirements in this regard are complied with. The Member shall ensure to place orders and execute the trades of the client, only in the Unique Client Code assigned to that client.
- 18. The Member shall inform the client and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the client to comply with such schedules/procedures of the relevant commodity exchange where the trade is executed.
- 19. The Member shall ensure that the money deposited by the client shall be kept in a separate account, distinct from his/its own account or account of any other client and shall not be used by the Member for himself/itself or for any other client or for any

purpose other than the purposes mentioned in Rules, circulars, notices, guidelines of SEBI and/or Rules, Business Rules, Bye-laws, circulars and notices of Exchange.

20. Where the Exchange(s) cancels trade(s) suo moto all such trades including the trade/s done on behalf of the client shall ipso facto stand cancelled, Member shall be entitled to cancel the respective contract(s) with client(s).
21. The transactions executed on the Exchange are subject to Rules, Byelaws and Business Rules and circulars/notices issued thereunder of the Exchanges where the trade is executed and all parties to such trade shall have submitted to the jurisdiction of such court as may be specified by the Byelaws and Business Rules of the Exchanges where the trade is executed for the purpose of giving effect to the provisions of the Rules, Byelaws and Business Rules of the Exchanges and the circulars/notices issued thereunder.

BROKERAGE

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

LIQUIDATION AND CLOSE OUT OF POSITION

23. Without prejudice to the Member's other rights (including the right to refer a matter to arbitration), the client understands that the Member shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.
24. In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring commodities which the client has ordered to be bought or sold, Member may close out the transaction of the client and claim losses, if any, against the estate of the client. The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/commodities in favor of a Nominee shall be valid discharge by the Member against the legal heir.

DISPUTE RESOLUTION

25. The Member shall co-operate in redressing grievances of the client in respect of all transactions routed through it.
26. The client and the Member shall refer any claims and/or disputes with respect to deposits, margin money, etc., to arbitration as per the Rules, Byelaws and Business Rules of the Exchanges where the trade is executed and circulars/notices issued thereunder as may be in force from time to time.
27. The client/Member understands that the instructions issued by an authorized representative for dispute resolution, if any, of the client/Member shall be binding on the client/Member in accordance with the letter authorizing the said representative to deal on behalf of the said client/Member.
28. Requirement for each Member to have an effective grievance redress mechanism which is accessible to all its Clients

- a. A Member must have in place an effective mechanism to receive and redress complaints from its Clients in relation to financial products or financial services provided by it, or on its behalf, in a prompt and fair manner.
- b. A Member must inform a Client, at the commencement of relationship with the Client and at such other time when the information is likely to be required by the Client, of –
 - i. the Client's right to seek redress for any complaints; and
 - ii. the processes followed by the Member to receive and redress complaints from its Clients.

29. A. Suitability of advice for the Client

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

- a. A Member must –
 - i. make all efforts to obtain correct and adequate information about the relevant personal circumstances of a Client; and
 - ii. ensure that the advice given is suitable for the Client after due consideration of the relevant personal circumstances of the Client.
- b. If it is reasonably apparent to the Member that the available information regarding the relevant personal circumstances of a Client is incomplete or inaccurate, the Member must warn the Client of the consequences of proceeding on the basis of incomplete or inaccurate information.
- c. If a Client intends to avail of a financial product or financial service that the Member determines unsuitable for the Client, the Member –
 - i. must clearly communicate its advice to the Client in writing and in a manner that is likely to be understood by the Client; and
 - ii. may provide the financial product or financial service requested by the Client only after complying with point 29.A.a and obtaining a written acknowledgement from the Client.

30. Dealing with conflict of interest

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

- a. A member must –
 - i. provide a Client with information regarding any conflict of interests, including any conflicted remuneration that the Member has received or expects to receive for making the advice to the Client; and
 - ii. give priority to the interests of the Client if the Member knows, or reasonably ought to know, of a conflict between –
 - 1. its own interests and the interests of the Client; or
 - 2. the interests of the concerned Member and interests of the Client, in cases where the Member is a financial representative.
- b. The information under point 16a.i. must be given to the Client in writing and in a manner that is likely to be understood by the Client and a written acknowledgement of the receipt of the information should be obtained from the Client.

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

TERMINATION OF RELATIONSHIP

31. This relationship between the Member and the client shall be terminated; if the Member for any reason ceases to be a member of the commodity exchange including cessation of membership by reason of the Member's default, death, resignation or expulsion or if the certificate is cancelled by the Exchange.
32. The Member, Authorized Person and the client shall be entitled to terminate the relationship between them without giving any reasons to the other party, after giving notice in writing of not less than one month to the other parties. Notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in/be binding on the respective parties or his/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
33. In the event of demise/insolvency of the Authorized Person or the cancellation of his/its registration with the Board or/withdrawal of recognition of the Authorized Person by the commodity exchange and/or termination of the agreement with the Authorized Person by the Member, for any reason whatsoever, the client shall be informed of such termination and the client shall be deemed to be the direct client of the Member and all clauses in the 'Rights and Obligations' document(s) governing the Member, Authorized Person and client shall continue to be in force as it is, unless the client intimates to the Member his/its intention to terminate their relationship by giving a notice in writing of not less than one month.

ADDITIONAL RIGHTS AND OBLIGATIONS

34. The Member and client shall reconcile and settle their accounts from time to time as per the Rules, Business Rules, Bye Laws, Circulars, Notices and Guidelines issued by SEBI and the relevant Exchanges where the trade is executed.
35. The Member shall issue a contract note to his clients for trades executed in such format as may be prescribed by the Exchange from time to time containing records of all transactions including details of order number, trade number, trade time, trade price, trade quantity, details of the derivatives contract, client code, brokerage, all charges levied etc. and with all other relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange. The Member shall send contract notes to the investors within 24 hours of the execution of the trades in hard copy and/or in electronic form using digital signature.
36. The Member shall make pay out of funds or delivery of commodities as per the Exchange Rules, Bye-Laws, Business Rules and Circulars, as the case may be, to the Client on receipt of the payout from the relevant Exchange where the trade is executed unless otherwise specified by the client and subject to such terms and conditions as may be prescribed by the relevant Exchange from time to time where the trade is executed.
37. The Member shall send a complete 'Statement of Accounts' for both funds and commodities in respect of each of its clients in such periodicity and format within such time, as may be prescribed by the relevant Exchange, from time to time, where the trade is executed. The Statement shall also state that the client shall report errors, if any, in the Statement within such time as may be prescribed by the relevant

Exchange from time to time where the trade was executed, from the receipt thereof to the Member (Stock broker).

38. The Member shall send margin statements to the clients on daily basis. Margin statement should include, inter-alia, details of collateral deposited, collateral utilized and collateral status (available balance/due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee, warehouse receipts, securities etc.
39. The Client shall ensure that it has the required legal capacity to, and is authorized to, enter into the relationship with Member and is capable of performing his obligations and undertakings hereunder. All actions required to be taken to ensure compliance of all the transactions, which the Client may enter into shall be completed by the Client prior to such transaction being entered into.
40. In case, where a member surrenders his/ her/ its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to transactions executed on the trading system of the Exchange, ensure that client lodge a claim with the Exchange within the stipulated period and with the supporting documents.
41. A. Protection from unfair conduct which includes misleading conduct & abusive conduct
 - a. Unfair conduct in relation to financial products or financial services is prohibited.
 - b. "Unfair conduct" means an act or omission by a Member or its financial representative that significantly impairs, or is likely to significantly impair, the ability of a Client to make an informed transactional decision and includes –
 - i. misleading conduct under point 41.B
 - ii. abusive conduct under point 41.C
 - iii. such other conduct as may be specified.
41. B.
 - a. Conduct of a Member or its financial representative in relation to a determinative factor is misleading if it is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise, and the conduct involves –
 - i. providing the Client with inaccurate information or information that the Member or financial representative does not believe to be true; or
 - ii. providing accurate information to the Client in a manner that is deceptive.
 - b. In determining whether a conduct is misleading under point 41.B.a, the following factors must be considered to be "determinative factors" –
 - i. the main characteristics of a financial product or financial service, including its features, benefits and risks to the Client;
 - ii. the Client's need for a particular financial product or financial service or its suitability for the Client;
 - iii. the consideration to be paid for the financial product or financial service or the manner in which the consideration is calculated;
 - iv. the existence, exclusion or effect of any term in a financial contract, which is material term in the context of that financial contract;
 - v. the nature, attributes and rights of the Member, including its identity, regulatory status and affiliations; and
 - vi. the rights of the Client under any law or regulations.

41. C.
- a. A conduct of a Member or its financial representative in relation to a financial product or financial service is abusive if it –
 - i. involves the use of coercion or undue influence; and
 - ii. causes or is likely to cause the Client to take a transactional decision that the Client would not have taken otherwise.
 - b. In determining whether a conduct uses coercion or undue influence, the following must be considered –
 - i. the timing, location, nature or persistence of the conduct;
 - ii. the use of threatening or abusive language or behaviour;
 - iii. the exploitation of any particular misfortune or circumstance of the Client, of which the Member is aware, to influence the Client's decision with regard to a financial product or financial service;
 - iv. any non-contractual barriers imposed by the Member where the Client wishes to exercise rights under a financial contract, including –
 - v. the right to terminate the financial contract;
 - vi. the right to switch to another financial product or another Member and
 - vii. a threat to take any action, depending on the circumstances in which the threat is made.

ELECTRONIC CONTRACT NOTES (ECN)

42. In case, client opts to receive the contract note in electronic form, he shall provide an appropriate e-mail id (created by the client) to the Member (Kindly refer Appendix A). Member shall ensure that all the rules/Business Rule/Bye-Laws/ circulars issued from time to time in this regard are complied with. The client shall communicate to the Member any change in the email-id through a physical letter. If the client has opted for internet trading, the request for change of email id may be made through the secured access by way of client specific user id and password.
43. The Member shall ensure that all ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable and in compliance with the provisions of the IT Act, 2000. In case, ECN is sent through e-mail as an attachment, the attached file shall also be secured with the digital signature, encrypted and non-tamperable.
44. The client shall note that non-receipt of bounced mail notification by the Member shall amount to delivery of the contract note at the e-mail ID of the client.
45. The Member shall retain ECN and acknowledgement of the e-mail in a soft and non-tamperable form in the manner prescribed by the exchange in compliance with the provisions of the IT Act, 2000 and as per the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges from time to time. The proof of delivery i.e., log report generated by the system at the time of sending the contract notes shall be maintained by the Member for the specified period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges. The log report shall provide the details of the contract notes that are not delivered to the client/e-mails rejected or bounced back. The Member shall take all possible steps to ensure receipt of notification of bounced mails by him at all times within the stipulated time period under the extant rules/circulars/guidelines issued by SEBI/Commodity exchanges.
46. The Member shall continue to send contract notes in the physical mode to such clients who do not opt to receive the contract notes in the electronic form. Wherever

the ECNs have not been delivered to the client or has been rejected (bouncing of mails) by the e-mail ID of the client, the Member shall send a physical contract note to the client within the stipulated time under the extant Regulations/ Rules, Bye-Laws, Business Rules and Circulars of SEBI/commodity exchanges and maintain the proof of dispatch and delivery of such physical contract notes.

47. In addition to the e-mail communication of the ECNs to the client, the Member shall simultaneously publish the ECN on his designated web-site, if any, in a secured way and enable relevant access to the clients and for this purpose, shall allot a unique user name and password to the client, with an option to the client to save the contract note electronically and/or take a print out of the same.
48. The Electronic Contract Note (ECN) declaration form will be obtained from the Client who opts to receive the contract note in electronic form in place of physical contract note. This declaration will remain valid till it is revoked by the client.

LAW AND JURISDICTION

49. In addition to the specific rights set out in this document, the Member, Authorised Person and the client shall be entitled to exercise any other rights which the Member or the client may have under the Rules, Bye-laws and Business Rules of the Exchanges in which the client chooses to trade and circulars/notices issued thereunder or Rules of SEBI.
50. The provisions of this document shall always be subject to Government notifications, any rules, guidelines and circulars/notices issued by SEBI and Circulars, Rules, Business Rules and Bye laws of the relevant commodity exchanges, where the trade is executed, that may be in force from time to time.
51. The Member and the client shall abide by any award passed by the Arbitrator(s) under the Arbitration and Conciliation Act, 1996. However, there is also a provision of appeal, if either party is not satisfied with the arbitration award.
52. Words and expressions which are used in this document but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations/Business Rules and circulars/notices issued thereunder of the Exchanges/SEBI.
53. All additional voluntary/non-mandatory clauses/document added by the Member should not be in contravention with Rules/ Business Rules/Notices/Circulars of Exchanges/SEBI. Any changes in such voluntary clauses/document(s) need to be preceded by a notice of 15 days. Any changes in the rights and obligations which are specified by Exchanges/SEBI shall also be brought to the notice of the clients.
54. If the rights and obligations of the parties hereto are altered by virtue of change in Rules of SEBI or Bye-laws, Rules and Business Rules of the relevant commodity exchanges where the trade is executed, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
55. Members are required to send account statement to their clients every month in physical form.

INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY MEMBERS TO CLIENT

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

1. Member is eligible for providing Internet based trading (IBT) and commodities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card, etc. which use Internet Protocol (IP). The Member shall comply with all requirements applicable to internet based trading/- commodities trading using wireless technology as may be specified by SEBI& the Exchanges from time to time.
2. The client is desirous of investing/trading in commodities and for this purpose, the client is desirous of using either the internet based trading facility or the facility for commodities trading through use of wireless technology. The Member shall provide the Member's IBT Service to the Client, and the Client shall avail of the Member's IBT Service, on and subject to SEBI/ Exchanges Provisions and the terms and conditions specified on the Member's IBT Web Site provided that they are in line with the norms prescribed by Exchanges/SEBI.
3. The Member shall bring to the notice of client the features, risks, responsibilities, obligations and liabilities associated with commodities trading through wireless technology/internet or any other technology should be brought to the notice of the client by the Member.

4. The Member shall make the client aware that the Member's IBT system itself generates the initial password and its password policy as stipulated in line with norms prescribed by Exchanges/SEBI.
5. The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through the Member's IBT System using the Client's Username and/or Password whether or not such person was authorized to do so. Also the client is aware that authentication technologies and strict security measures are required for the internet trading/ commodities trading through wireless technology through order routed system and undertakes to ensure that the password of the client and/or his authorized representative are not revealed to any third party including employees and dealers of the Member
6. The Client shall immediately notify the Member in writing if he forgets his password, discovers security flaw in Member's IBT System, discovers/suspects discrepancies/unauthorized access through his username/password/account with full details of such unauthorized use, the date, the manner and the transactions effected pursuant to such unauthorized use, etc.
7. The Client is fully aware of and understands the risks associated with availing of a service for routing orders over the internet/ commodities trading through wireless technology and Client shall be fully liable and responsible for any and all acts done in the Client's Username/password in any manner whatsoever.
8. The Member shall send the order/trade confirmation through email to the client at his request. The client is aware that the order/ trade confirmation is also provided on the web portal. In case client is trading using wireless technology, the Member shall send the order/trade confirmation on the device of the client.
9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Member and the Exchange do not make any representation or warranty that the Member's IBT Service will be available to the Client at all times without any interruption.
10. The Client shall not have any claim against the Exchange or the Member on account of any suspension, interruption, non-availability or malfunctioning of the Member's IBT System or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Members/Exchange end for any reason beyond the control of the Member/Exchanges.

Do's and Don'ts for investing / trading in securities market

DO'S

- You may consult with a SEBI registered Intermediary for your investment needs in securities market
- Invest in a scheme/product depending upon your investment objective and risk appetite.
- Insist on a valid contract note/ confirmation memo for trades done within 24 hours of the transaction. Keep track of your portfolio in your demat account on a regular basis.
- Read all the documents carefully before signing them.
- You should carefully note all the charges/ fees/ brokerage that are applicable on your accounts and keep a record of the same.
- Keep a record of documents signed, account statements, contract notes received and payments made.
- Periodically review your financial needs / goals and review the portfolio to ensure that the same are possible to achieve.
- Always pay for your transactions using banking channel, i.e. no dealing in cash.
- Always keep your information updated. Inform your stock broker / depository participant whenever there is change in your address or bank details or email ID or mobile number. Since SIM cards now have the feature of getting ported to different service providers, investors may keep single mobile numbers attached with their respective accounts. (Mobile number is the key to all important transactions.)
- Avail nomination facility for all your investments. Multiple nominations are allowed in demat account.
- Get your running accounts settled periodically (Monthly/Quarterly as opted by you).
- Keep a regular check of your running account.
- Examine and review your trading account periodically.
- Regular checking of daily SMS and email from Exchange regarding trades done on that day.
- Regular checking of SMS and email from Exchange & Trading Member.

DON'TS

- Don't borrow money for investment.
- Don't deal with unregistered brokers / other unregistered intermediaries.
- Don't pay more than the agreed brokerage/charges to the intermediary.
- Don't execute any document with any intermediary without fully understanding its terms and conditions.
- Don't sign any blank form or Delivery Instruction Slips.
- Don't issue general power of attorney (PoA) in favour of the Stock Broker/ Depository Participant. Exercise due diligence by issuing a very specific one, if you want to issue DDPI.

- In case of disputes, file written complaint to intermediary/ Stock Exchange/SEBI within a reasonable time.
- Dabba Trading is illegal. Even if it appears that you are saving on costs, do not indulge in Dabba Trading as it offers no benefits of safe and guaranteed trades done on Stock Exchanges.
- Do not rely on making your investment decisions on hot tips as a person who wants to offload securities which may not be marketable may be indulging in it. Disseminating hot tips is also an illegal activity which should be reported to SEBI.
- Never share your password for online account with anyone. Do change the passwords frequently.
- Don't fall prey to Ponzi schemes, unregistered chit funds, unregistered collective investment or unregistered deposit schemes.
- Don't forget to strike off blank spaces in your KYC documents.
- Don't opt for digital contracts, if you're not familiar with computers.

Rights and Obligations of Investors

Rights of Investors:

- Get Unique Client Code (UCC) allotted from broker.
- Get a copy of KYC and other documents executed from intermediary.
- Get trades executed in only your UCC.
- Place order on meeting the norms agreed to with the Member.
- Get best price.
- Get the contract note for trades executed.
- Ask the details of charges levied.
- Receive funds and securities on time.
- Receive statement of accounts from trading member.
- Ask for settlement of accounts.
- Get statements as per agreed schedule.

Obligations of Investors:

- Execute Know Your Client (KYC) documents and provide supporting documents.
- Understand the voluntary conditions being agreed with the trading member.
- Understand the rights given to the Trading Members.
- Read Risk Disclosure Document.
- Understand the product and operational framework and deadlines.
- Pay margins in time.
- Pay funds and securities for settlement in time.
- Verify details of trades.
- Verify bank account and DP account for funds and securities movement.
- Review contract notes and statement of account

Investor Awareness Initiatives of SEBI:

A. Resource Persons Programs :

Financial education programs conducted by SEBI empanelled Resource Persons in tier II/ tier III cities/ towns and in their local languages for various target groups like retired persons, home makers, self-help groups, working executives, etc.

B. Visit to SEBI Programs :

Investor awareness programs conducted for students from college, schools and professional institutes who visit SEBI offices for these programs.

C. Regional Seminars :

Investor Education programs conducted by SEBI in coordination with Stock Exchanges, Depositories, AMFI, Commodities Derivatives Exchanges etc.

D. Investor Awareness Programs through Investors Associations (IAs) :

Investor education programs in securities market conducted by SEBI recognised Investors Associations (IAs) in tier II/ tier III cities/ towns.

E. Investor Awareness Programs through Commodities Derivatives Trainers (CoTs) :

Investor education programs in commodities derivatives conducted by SEBI recognised Commodities Derivative Trainers (CoTs) in tier II/ tier III cities/ towns.

F. Investor Awareness Programs through Securities Market Trainers (SMARTs) :

Investor education programs in Securities Market conducted by SEBI recognised Securities Market Trainers (SMARTs) in tier II/ tier III cities/ towns.

Details of these Investors awareness programs can be found at SEBI Investor website:
<http://investor.sebi.gov.in>

SEBI Complaints Redress System (SCORES)

In case of any complaint related to the securities market, you may first approach the concerned intermediary or company. The concerned intermediary or company shall facilitate your complaint redressal. In case the grievance remains unresolved, you may approach the concerned Stock Exchange or Depository against your stock broker or listed company.

If you are still not satisfied with the redressal, you may lodge a complaint with SEBI through a web based centralized grievance redressal called SCORES (SEBI Complaints Redress System).

The address of the SCORES portal is <http://scores.gov.in>. Investors can also lodge their complaints using the SCORES mobile App while is available on Android and iOS platforms.

To know more about SCORES, you may call SEBI Toll-Free helpline numbers - 1800 22 7575, 1800 266 7575. SCORES enables you to lodge your complaint, follow up and track the status of redressal of the complaint(s) online, at any time and from anywhere.

Filing Complaints on SCORES- Easy & quick

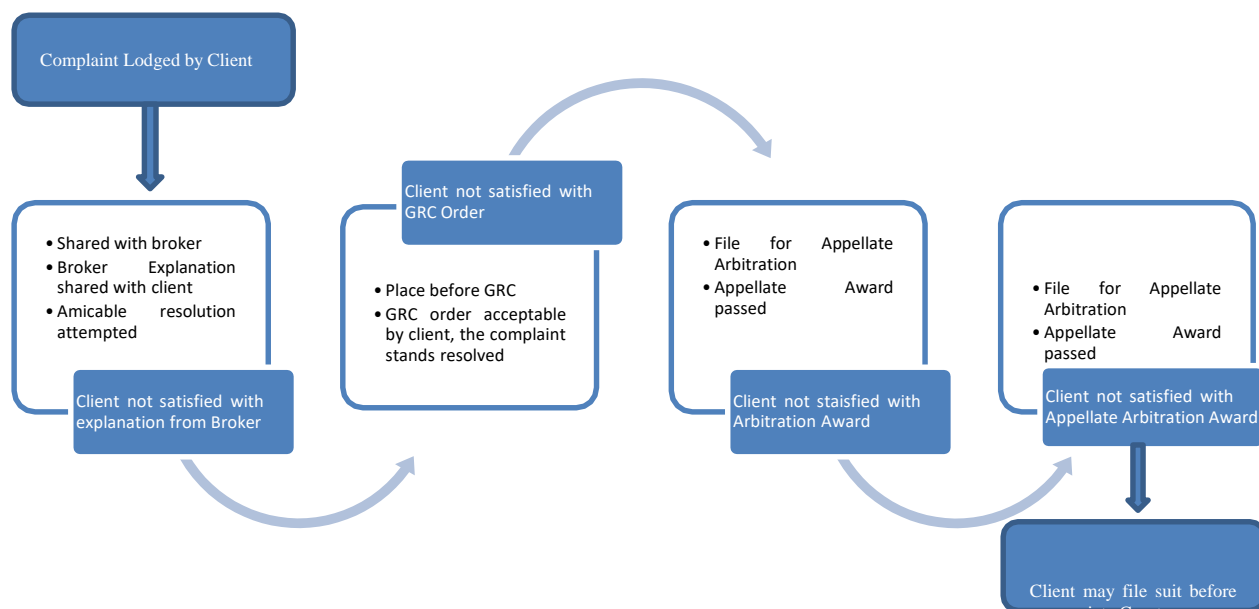
- a. Register on SCORES portal
- b. Mandatory details for filing complaints on SCORES:
 - i. Name, PAN, Address, Mobile Number, Email ID
- c. Benefits:
 - i. Effective Communication
 - ii. Speedy redressal of the grievances

Grievance Redressal Mechanism

Level 1 – Approach the Stock Broker at the designated Investor Grievance e-mail ID of the stock broker. The Stock Broker will strive to redress the grievance immediately, but not later than 30 days of the receipt of the grievance.

Level 2 – Approach the Stock Exchange using the grievance mechanism mentioned at the website of the respective exchange.

Complaints Resolution Process at Stock Exchange explained graphically:



Timelines for complaint resolution process at Stock Exchanges against stock brokers

S. No.	Type of Activity	Timelines for activity
1.	Receipt of Complaint	Day of complaint (C Day).
2.	Additional information sought from the investor, if any, and provisionally forwarded to stock broker.	C + 7 Working days.
3.	Registration of the complaint and forwarding to the stock broker.	C+8 Working Days i.e. T day.
4.	Amicable Resolution.	T+15 Working Days.
5.	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution.	T+16 Working Days.
6.	Complete resolution process post GRC.	T + 30 Working Days.
7.	In case where the GRC Member requires additional information, GRC order shall be completed within.	T + 45 Working Days.

8.	Implementation of GRC Order.	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order.
9.	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order
10.	If intention from stock broker is received and the GRC order amount is upto Rs.20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF).The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is less. The same shall be provided after obtaining an Undertaking from the investor.
11.	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation
12.	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any.

Handling of Investor's claims / complaints in case of default of a Trading Member / Clearing Member (TM/CM)

Default of TM/CM

Following steps are carried out by Stock Exchange for benefit of investor, in case stock broker defaults:

- Circular is issued to inform about declaration of Stock Broker as Defaulter.
- Information of defaulter stock broker is disseminated on Stock Exchange website.
- Public Notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period.
- Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period.

Following information is available on Stock Exchange website for information of investors:

- Norms for eligibility of claims for compensation from IPF.
- Claim form for lodging claim against defaulter stock broker.
- FAQ on processing of investors' claims against Defaulter stock broker.
- Provision to check online status of client's claim.

Level 3 – The complaint not redressed at Stock Broker / Stock Exchange level, may be lodged with SEBI on SCORES (a web based centralized grievance redressal system of SEBI) @ <https://scores.gov.in/scores/Welcome.html>

Investor Service Fund

In terms of SEBI directives, the Exchange has set up **Investor Service Fund (ISF)** to be utilized mainly for purposes stipulated below:

- Conducting various investor education/awareness programs;
- Capacity building programs;
- Maintenance of all price ticker boards
- Cost of training of arbitrators and GRC members
- Providing minimum facilities at Investor Service centers including costs of providing information about various commodities, financial papers, receiving and recording complaints, giving counselling services to investors etc.
- Any other purpose that is specifically allowed by the SEBI

Contribution to ISF

1% percent of the turnover fees charged by the exchange from its members on monthly basis, subject to minimum of Rs.10 lakh in a Financial Year.

FAQs – Investor Grievance

1) What is the role of an Investor Services Center and what services can I expect from it?

Ans. Investor Services Center (ISC) of the Exchange provides disputes redressal mechanism to investors for resolution of the grievance/ complaints against trading members registered with the Exchange. On receipt of complaint by the Exchange, ISC officials provide counseling to parties for amicable settlement.

Further, ISC extends administrative assistance for Grievance Redressal Committee (GRC) proceedings, wherein GRC members (independent external experts) deal with unresolved grievances/complaints beyond the initial TAT period. Furthermore, ISC officials also extend administrative assistance in all Arbitration and Appellate Arbitration matters referred to ISC directly or indirectly (post GRC order).

A dedicated email id: ig@ncdex.com is displayed on the website for ease of lodgment of grievance/complaints with the Exchange.

2) What type of complaints can be taken up for resolution by the Exchange?

Ans. Complaints against Trading Members which fall within the purview of the Exchange:

- Non-receipt/ delay in receipt of the Documents by the Trading Member (Contract Note, Bills, Invoices, Statement of account, agreement copy etc.
- Non-receipt of balance funds from Trading member
- Close out / Square up of positions without intimation to client
- Non-receipt of margin/security deposit given to the Trading Member (TM)
- Execution of Trades without client's authorization/ consent
- Closure of account/ branch,
- Technological issues,
- Shifting/closure of branch without intimation,
- Improper service by staff,
- Freezing of account,
- Alleged debit in trading account,
- Contact person not available in Trading member's office,
- Demat account transferred without permission etc. and
- Any other Service related complaints etc.

3) In case of complaint against a trading member/clearing member, whom do I address the complaint to?

Ans. For grievances against trading members in case you prefer lodging an online complaint, you may address the same to ig@ncdex.com. Else you can send grievance/complaint by post/courier or submit the complaints first hand delivery to the following regional ISCs:

Region	Location of Client	Address of NCDEX Regional ISCs
North	Delhi, Haryana, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh	National Commodity & Derivatives Exchange Limited. 9C, 9th floor, Hansalaya Building, 15 Barakhamba Road, Delhi - 110 001 Tel: (+91-11) 30446862 Toll Free Number : 1800 26 62339
East	West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chhattisgarh,	National Commodity & Derivatives Exchange Limited. Krishna Building, 5 th Floor, Room No. 516, 224 A.J.C. Bose Road, Kolkata- 700017 Landmark- Near Beck Bagan Crossing Tel: (+91-33) 44213508 Toll Free Number : 1800 26 62339
West	Rajasthan, Maharashtra, Goa, Daman, Diu, Dadar & Nagar Haveli, Madhya Pradesh	National Commodity & Derivatives Exchange Limited Ackruti Corporate Park, 1st Floor, Near G.E. Garden, L.B.S. Marg, Kanjurmarg (West), Mumbai - 400 078 Tel: (+91-22) 66406789 Toll Free Number : 1800 26 62339
South	Andhra Pradesh, Telangana, Karnataka, Kerala, Tamilnadu, Andaman & Nicobar, Lakshadweep, Pondicherry	National Commodity & Derivatives Exchange Limited. 4th Floor, 8-2-120/112/P/88-89/1 to 10, Park View Estate, Road No. 2, Banjara Hills, Hyderabad – 500 034. Tel: (+91-40) 41923856 Toll Free Number : 1800 26 62339

4) What factor is important to lodge complaint/grievance with the Exchange (NCDEX)?

Ans. The grievance should pertain to:

- a. Trades executed on NCDEX Platform
- b. Investor/complainant should be registered with the registered member/s of the Exchange.

5) What if the complaint is against an Authorized Person?

Ans. The complaint against an Authorize Person (AP) is treated as a complaint against the respective Member, with whom the AP is registered with.

6) Is there any specified on-line form for lodging the complaint?

Ans. Aggrieved Investors can get the online complaint submission form on the Exchange website [www.ncdex.com](https://ncdex.com) -> Investors >Investor Grievances https://ncdex.com/investor_complaint

7) Is it mandatory to file the complaint in the prescribed format?

Ans. A complaint filed in the prescribed format expedites the resolution process of investor grievances within the initial TAT period.

It is advisable to all investors to file complaints in the given format or at least the lodged complaint shall consist of the details sought in the format.

8) What documents do I need to enclose for the same?

Ans. All documents relating to trading with the member including contract note, invoice, delivery challan, bills, self-attested copy of PAN, ledger, bank statement, correspondence exchanged with regard to disputed trade should be enclosed by the clients along with statement of claims (i.e. date wise calculation of claim)

9) What are various steps for resolution of Investor grievances/complaints followed by the Investor Services Center (ISC) to ensure speedy redressal of the grievances?

Ans. Grievances/complaints received at ISC is:

- i) Verified by ISC officials to see whether it contains all necessary details and documents for further process.
- ii) If relevant documents are not enclosed with the complaint, then the same is intimated in writing to the complainant, advising the complainant to provide all necessary details and documents within 7 working

days from the date of receipt of the complaint. Such additional information shall be provided by the complainant in the form and manner requisitioned by the Exchange.

- iii) If the complainant has provided with all the supporting documents and information regarding the grievance/complaint, then the grievance is forwarded to the concerned Member for their views/clarification/resolution on the grievance.

In case the complaint does not get resolved within 15 days from the date of receipt of complete complaint, the same shall be referred Grievance Redressal Committee (GRC) which consists of external independent experts. GRC/P member convenes a meeting of the parties to understand their side of dispute and arrive at a resolution within 15 days from the date when the complaint was referred to GRC.

An order is issued by the GRC member/s stating the outcome of meeting.

If the complainant/member is not satisfied with the GRC Order, then they may opt for arbitration mechanism of the Exchange.

10) Does Exchange have a panel of Grievance Redressal Committee/Panel members?

Ans. Region-wise Grievance Redressal Committees have been formed by Exchange comprising of members available in the jurisdiction pertaining to the complaint for speedy resolution.

11) Where do I get the list of GRC Members?

Ans. The list of GRC Members for all the ISCs is available on the Exchange website. The same is provided in the following link: https://ncdex.com/grc_members

12) Where will be the GRC meeting held?

Ans. If the complaint does not get resolved within the prescribed time lines, then the same shall be referred to the GRC of the regional ISC under whose jurisdiction the address as provided by the Investor/ Client falls into.

13) Is the panel of GRC dependent upon the claim amount involved in the complaint?

Ans. Yes, the GRC shall comprise of a single person for claims upto Rs.25 Lakh, whereas, for claims above Rs.25 Lakh, the GRC shall comprise of three persons, out of which there shall be at least one technical expert for handling complaints related to technology issues (such as internet-based trading, algorithmic trading etc.

14) Can a representative be sent for attending the GRC meeting?

Ans. The Investor/ Client can authorize a person to attend the GRC meeting on his behalf by providing an authority letter in his name. The representative is required to carry original ID proof to present the same during the meeting.

15) Which are the additional documents to be carried during the GRC meeting?

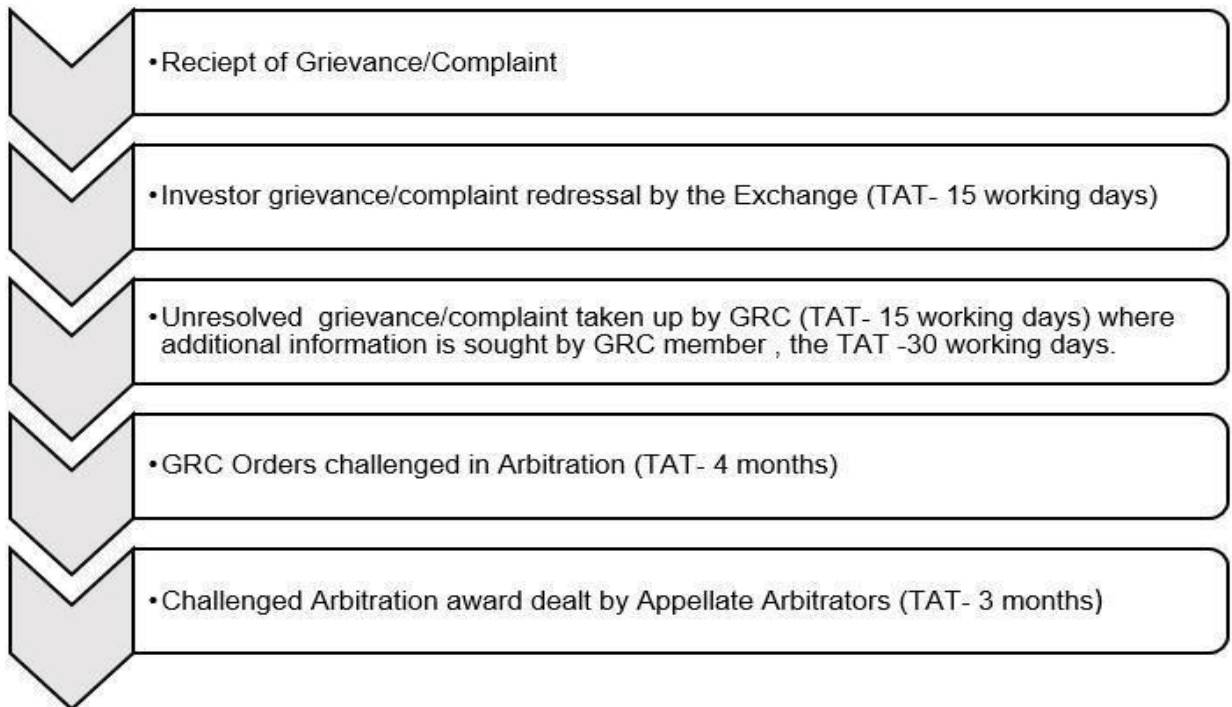
Ans. An Investor/ Client and representative of the Member is required to carry his ID proof in original along with authorization letter.

16) What is the further recourse in case Complainant/Investor/Clients are not satisfied with the GRC Order?

Ans. The Investor/ Client can invoke Arbitration proceedings against the GRC Order, in case one is not satisfied with the outcome of the GRC Order.

17) What are the various stages of grievance/dispute redressal mechanism as mandated by SEBI.

Ans. The various stages of grievance/dispute redressal mechanism as mandated by SEBI are given below



FAQs – Arbitration

1) What is “Arbitration”?

Ans. Arbitration is a quasi-judicial process of settlement of disputes between trading members, investors, clearing members, authorized person etc. Arbitration aims at quicker resolution of the disputes. When either of the parties are not satisfied with the complaint resolution process or the complaint is not resolved amicably between parties, the parties may choose the route of arbitration.

2) Under what legal provision arbitration mechanism is provided by Exchange?

Ans. Arbitration framework at the Exchange is governed by the Exchange Byelaws, Rules, Regulations, and circulars/ directions issued by the Exchange and SEBI, read with Arbitration and Conciliation Act, 1996 and, SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, The Limitation Act, 1963 as amended from time to time.

3) Who can apply for arbitration?

Ans.(a) Investors who have disputes against the Members/Authorised Person with regard to trades and transactions done on the Exchange or anything incidental thereto;

(b) Trading Members who have claim, dispute or difference against investors/Authorised Persons/Clearing Members and vice versa, with regard to the trades and transactions done on the Exchange or anything incidental thereto..

4) Within what time are the parties required to approach the Exchange for filing arbitration?

Ans. As per stipulations of SEBI, the limitation period for filing an arbitration application is governed by law of limitation. As of date, as per Limitation Act, 1963, 3 years from date of dispute is the time period within which parties are required to approach the Exchange for filing arbitration. However, Members filing arbitration may do so within 6 months from the date of dispute in order to avoid payment of additional fee stipulated by SEBI.

5) Can an investor concurrently pursue complaint resolution with Investor Service Cell (ISC) as well as Arbitration?

Ans. Complaint resolution through Investor Service Cell (ISC) is administrative in nature whereas arbitration is a quasi-judicial process. Hence, once arbitration proceedings are initiated against the trading member, the complaint filed with the ISC is treated as closed.

It is to be noted that a Trading Member who is not satisfied with the recommendation of the GRC, shall avail the arbitration mechanism of the Stock Exchange for resolution of complaints within six months from the date of GRC recommendation

6) Can an investor file arbitration against a trading member who is expelled or declared defaulter by the Exchange?

Ans. Once a trading member is expelled/declared defaulter he ceases to be a member of the Exchange. However, Exchange issues a public notice advertisement inviting claims against such trading members. Investors may file their claim to the respective exchange within the stipulated time.

7) What are the required steps to be followed in filing an Arbitration application?

Ans. The person/entity who wishes to prefer arbitration shall be required to file the same in accordance with the NCDEX Byelaws (Bye-law 11) and Regulations (Regulation 21) pertaining to the "Arbitration". The documents and guidelines may be accessed from the Exchange website www.ncdex.com > About us

Forms and lists of documents required to be submitted when arbitration is filed against trading member are provided below.

Forms/ Documents	Purpose
Form no. I/IA	Application for arbitration
Form no. II/IIA	Form for submission of Arbitrator Preferences
Statement of Case/Claim with relevant annexures.	Brief description of the case, date wise summary of events leading to the dispute, basis of arriving at the claim amount and relief sought through arbitration
Cheque / Pay Order / Demand Draft in favour of NCDEX	Towards cost of arbitration
Statement of Accounts / DP statements	In case of dispute for funds / securities
Copies of the relevant Contract Notes, Invoice, Delivery Challan & Bills, Pan card copy	As referred in the statement of case to substantiate the claim.

8) How does an investor obtain arbitration application forms, if he/she wishes to apply for Arbitration?

Ans. The arbitration forms are available under the NCDEX Regulation 21 uploaded on the Exchange website at <https://ncdex.com/about/regulation>.

Arbitration application i.e Form I along with Form II/IIA and statement of Claim have to be filed in sets of 3 in case of the claim amount being \leq Rs.25Lacs and in sets of 5 in case of the claim amount being $>$ Rs.25Lacs.

9) What is a statement of case?

Ans. A statement of case is a brief history of the dispute from the beginning to the end. Entire date wise sequence of events which took place between the investor and the trading member needs to be described. Statement of case is the first source of information which the sole arbitrator/ arbitrator panel refers to in advance to understand the case and hence it is very significant.

10) Where is the arbitration application filed?

Ans. The arbitration application has to be filed in the Investor Service Centre nearest to the address mentioned in KYC of the investor. NCDEX has Investor Services Centers at Mumbai, Delhi, Hyderabad, Kolkata to accept arbitration applications. List of the ISCs are given at https://ncdex.com/service_center

11) Does Exchange have a panel of arbitrators?

Ans. Exchange maintains a region-wise common pool of arbitrators along with other National Commodity and Derivatives Exchanges. The arbitrator panel of the Exchange consists of eminent persons from the fields of judiciary, banking and financial services and the appointment is based on the criteria like qualification, age, experience etc. The region wise list of arbitrators is available on the Exchange website at

<https://ncdex.com/investor-services/arbitration-mechanism>

12) How is the arbitration panel appointed for a case?

Ans. The applicant at the time of making arbitration application has to give preference of arbitrators in Form II / IIA. Likewise, on admission of the matter, preferences of arbitrators are called from the respondent and arbitrators are appointed through a computerized automated process as per SEBI Circular dated March 18, 2013, in which neither the Exchange officials nor the parties to arbitration are directly involved.

13) At the time of making arbitration application, is the applicant required to deposit any money/fees with the Exchange?

Ans. Yes.

The deposit to be made by the investor/Client at the time of making arbitration application is as under:-

a) If the dispute involves a claim/ counter claim amount less than or equal to Rs. 20 lakhs, then the investor, either applicant or respondent, is exempted from payment of fees towards cost of arbitration and the Exchange will bear the same on behalf of the investor.

b) If the dispute involves a claim/ counter claim amount of more than Rs. 20 lakhs, the investor has to deposit fees as provided hereunder.

The fee structure applicable to parties (subject to the exemption mentioned above and exclusive of statutory dues - stamp duty, service tax, etc.) for filing arbitration reference shall be as follows :-

Amount of Claim / Counter Claim, whichever is higher (Rs)	If claim is filed within six months from date of dispute	If claim is filed after six months from the date of dispute or after one month from the date of IGRP order, whichever is later	If the claim is filed beyond the timeline prescribed in column 3, (only for member)
≤ 10,00,000	1.3% subject to a minimum of Rs.10,000	3.9% subject to a minimum of Rs.30,000	Additional fee of Rs. 3,000/- per month over and above fee prescribed in column 3
> 10,00,000 – 25,00,000 ≤	Rs. 13,000 plus 0.3% amount above Rs.10 lakh	Rs.39,000 plus 0.9% amount above Rs.10 lakh	Additional fee of Rs. 6,000/- per month over and above fee prescribed in column 3
> 25,00,000	Rs. 17,500 plus 0.2% amount above Rs.25 lakh subject to maximum of Rs.30,000	Rs.52,500 plus 0.6% amount above Rs.25 lakh subject to maximum of Rs.90,000/-	Additional fee of Rs. 12,000/- per month over and above fee prescribed in column 3

14) Are there any other charges payable apart from arbitration fees?

Ans. Stamp duty is applicable on the awards passed by arbitrators. The amount of stamp duty is calculated as per the state stamp act and is payable along with the arbitral deposit mentioned above. Initially the stamp duty is to be deposited with the Exchange based on the claim amount of the matter filed and on passing of the award, the stamp duty is calculated on the final award amount passed in the matter. The amount of stamp duty payable on the award is governed as per the stamp duty applicable to the particular state and may differ for every Regional Arbitration Center (RAC).

15) How the time limit of six months stated above is computed?

Ans. For the purpose of computing the six-month period following would be considered:

- (a) six-month period shall be computed from the end of the quarter during which the disputed transactions were executed
- (b) time taken by trading member to resolve the dispute of the investor or one month from date of receipt of dispute by the member, whichever is earlier, is exempt while calculating the six-month period.
- (c) time taken by the Investors Grievances Redressal Committee of the Exchange (the time taken from the date of receipt of dispute till the decision by the committee) to resolve the dispute under its Rules, Byelaws & Regulations will be exempted while calculating the six-month period.

16) What does the respondent do if arbitration application is filed against him?

Ans. The respondent has to reply by way of Form III/IIIA provided under Regulation 21 of the NCDEX Regulations. The Form III/IIIA comprises of statement of defense to the claim along with the required deposit amount.

17) What is a counter claim?

Ans. A counter claim is an amount claimed by a respondent against the applicant in an arbitration matter provided the counterclaim arises under the same transaction as the original claim. The counter claim is arrived at by the respondent on the basis of amount or monies dues to him from the applicant.

18) What happens if the party to arbitration is unable to attend the arbitration hearings?

Ans. If the hearing date fixed by the arbitrator sole/panel is not suitable to either parties or the parties are unable to attend the same, then they can apply for adjournment/postponement of hearing. The parties should make an application in writing to the Exchange giving reasons for seeking adjournment/postponement well in advance, so as to enable the Exchange to forward such request to the arbitrator panel. The arbitrator panel on their discretion may grant the adjournment subject to such conditions as may be deemed fit in the matter.

19) Can the parties appoint representatives to attend hearing?

Ans. Investors may attend the arbitration proceedings and defend the matter on their own or appoint authorized representative or a counsel/attorney/advocate to defend the matter by executing a notarized/registered power of attorney. In case the investor decides to be represented through a counsel/attorney/advocate, only then the trading member will be provided with an equal opportunity to appoint a counsel/attorney/advocate.

20) What are the timelines for completion of arbitration proceedings?

Ans. The arbitrator panel is required to complete arbitration proceedings within four months from the date of appointment of arbitrator/s and pass the award. However, the period can be extended by two more months by the Managing Director / Executive Director based on the request of either of the parties to arbitration or the arbitrator panel.

21) What is an Award?

Ans. Award is judgment passed by the arbitral tribunal (i.e. sole arbitrator or panel of arbitrators).

22) Can the Award be given on agreed terms?

Ans. Yes, Arbitrator can give Award on agreed terms, if parties wish to settle the dispute mutually after appointment of the arbitral tribunal. However, the agreed terms have to be in respect of transactions on the Exchange and all documents in support of this need to be furnished by the parties.

23) What if either of the parties is aggrieved with the award passed by the arbitrator panel?

Ans. If either of the parties is aggrieved by the award, the aggrieved party may approach the Exchange with an application in the prescribed format for appeal before the appellate arbitrators under the Appellate Arbitration mechanism of the Exchange, along with applicable deposit, within a period of 30 days from the

date of receipt of the arbitral award or the aggrieved party can challenge the award u/s 34 of Arbitration and Conciliation Act, 1996 in the court nearest to the address provided by constituent in the KYC form or as per the change in address communicated thereafter by the constituent to the trading member.

24) Can any changes be made in the award after it is passed by arbitrator and delivered to the parties?

Ans. The award once passed by the arbitrator is final and binding on the parties unless challenged before a higher forum. In case of certain corrections or interpretation required to be made in the award, any party to arbitration can file application with the Exchange u/s 33 of Arbitration and Conciliation Act, 1996 for correction or interpretation of award, within one month from the date of receipt of award. The Exchange will forward the application to the concerned arbitrator/s and in case the arbitrator/s feel/s the requirement of correction/interpretation in the award as requested, he can do so by passing a separate order.

25) What happens if arbitral award is in favour of investor?

Ans. When the arbitral award given by the arbitrator panel is in favour of the investor then the Exchange will set aside the award amount from the deposits of the trading member and the same will be kept in a separate escrow account with the Exchange. If the trading member fails to prefer an appeal against the award within the specified time, then the award amount is released to the investor.

26) What are the different forms / documents used for filing an appeal application?

Ans. Forms and lists of documents required to be submitted while filing an appeal application with the Exchange are as follows:

Forms / Documents	Purpose
Mandatory	
1. Form no. I/ IA	For filing appeal against the award passed
2. Form no. II/ IIA	For filing Arbitrator preference
3. Statement of appeal	Brief description of the grounds which are to be placed in the appeal and relief sought through the appeal process.
4. Cheque /Pay Order/Demand Draft for Rs.. 54,000/-in favor of NCDEX (exclusive of stamp duty charges etc).	Towards cost of appeal.

27) What fee is to be paid by an investor in case he wants to file appeal before appellate arbitrators of Exchange?

Ans: There is a fixed cost of 54,000/- along with stamp duty charges etc. as applicable, which shall be borne by the Appellant only. The fees are non-refundable. In case the claim/counterclaim of the investor is upto 10 lakh, then the investor shall pay a fee of 10,000/-

28) What does an investor have to do if trading member files appeal application against arbitral award?

Ans. The investor has to the reply in Form III provided under Regulation 21 of the NCDEX Regulations. The Form III will be accompanied by the investor's choice of arbitrators and statement of defense to the appeal.

29) How many arbitrators are appointed for appellate arbitration?

Ans. The appellate arbitrator panel comprises of three arbitrators who are different from the ones who passed the original arbitral award appealed against. However, it is compulsory for appellate arbitration that 1 out of the 3 Arbitrators to be a Retired Judge.

30) How are arbitrators appointed for appellate arbitration matter?

Ans. The appellant at the time of preferring an appeal submits his preferences of arbitrators in Form II/IIA and after admission of appeal, the respondent may submit his preference of arbitrators in Form II/IIA. Based on the preferences received, the appellate arbitrator panel is appointed by a computerized automated process as per SEBI Circular dated March 18, 2013, in which neither the Exchange officials nor the parties to arbitration are directly involved.

31) How does the appellate arbitrator panel proceed in the matter?

Ans. The appellate arbitrator panel hears both the parties and passes an appellate arbitral award. The appellate arbitral award may set aside decision of the original arbitral award or uphold the same.

32) What happens if the appellate arbitral award is in favour of the investor?

Ans. When the appellate arbitral award is passed in favour of investor:

- (a) Trading member may settle the award and confirm the same to the Exchange;
- (b) Trading member may challenge the appellate arbitral award under section 34 of the Arbitration and Conciliation Act, 1996 before the court nearest to the address provided by constituent in the KYC form or as per the change in address communicated thereafter by the constituent to the trading member.

33) In which Court is the petition under section 34 of the Arbitration and Conciliation Act 1996 filed?

Ans. The petition under section 34 of the Arbitration and Conciliation Act 1996, shall be filed in the court nearest to the address provided by constituent in the KYC form or as per the change in address communicated thereafter by the constituent to the trading member.

34) What are the timelines for completion of appellate arbitration proceedings?

Ans. The Appellate Arbitrator is required to complete the arbitration proceedings within three months from the date of appointment of Appellate Arbitrator/s and pass the Award. However, the period can be extended by two more months by the Managing Director/ Executive Director of the Exchange, on a case to case basis after recording the reasons for the same.

35) What kind of disputes is covered by Exchange Arbitration Mechanism?

Ans. All disputes arising out of the dealings, contracts and transactions, which are made or deemed to be made subject to the Bye-laws, Rules and Regulations of the Exchange by the parties or anything incidental thereto are eligible for arbitration mechanism provided by the Exchange.
