

United Stock Exchange of India Ltd
Regulations

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INTRODUCTION

The Regulations framed hereunder shall be known as United Stock Exchange Currency Derivatives Segment Trading Regulations, 2009.

These Regulations shall be in addition to the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, Securities and Exchange Board of India Act, 1992 and Rules and Bye-laws of United Stock Exchange of India Limited (USE or Exchange), as may be applicable to Trading Members and Participants. Trading in currency derivatives segment is also subject to the directions/guidelines issued by RBI from time to time.

APPLICABILITY

These Regulations shall be applicable to all the Trading Members and Participants in the Currency Derivatives Segment of USE. They shall be subject to jurisdiction of the Courts of Mumbai irrespective of the place of business of Trading Members and Participants in India

1. APPLICABILITY OF STATUTES

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:

- (a) Securities Contracts (Regulation) Act, 1956 and/or Rules framed there under
- (b) Securities and Exchange Board of India Act, 1992 and/or Rules framed there under
- (c) The Companies Act, 1956
- (d) The Depositories Act, 1996
- (e) Rules and Bye-laws of Currency Derivatives Segment of USE.

In case a term is defined in more than one Act then its meaning as defined in that Act or statute which proceeds in the above order shall prevail, unless in the context it is explicitly stated otherwise.

1.1. DEFINITIONS

1.1.1. American Style option contract

American Style option contract means an option contract which may be exercised on any day on or before the expiration day.

1.1.2. Approved Office

Approved office means the registered office of a Trading Member including such premises or offices from which the member is allowed by the Exchange to trade on the Trading System and carry out back office work and other related works.

1.1.3. Approved Workstation

Approved workstation refers to such trading workstation of a Trading Member or a Participant comprising of computer terminal(s) and all associated equipment installed and connected to the Trading System and used by the Trading Member or the Participant for the purpose of market inquiry, execution of orders/trades and settlement of its trades in the Currency Derivatives Segment Trading System, and all other actions associated with the trading and settlement on the Trading and Clearing System.

1.1.4. Approved User

Approved User is an individual person as approved by the Exchange under Regulation [2.1.17](#) of the USE, Currency Derivatives Segment Trading Regulations, 2009.

1.1.5. At the money or Near the money strike price

At the money or near the money strike price is the strike price of the option contract at or within such range of the underlying as may be specified by the Relevant Authority from time to time.

1.1.6. Authorized Person

Authorized Person means a person being an individual, registered partnership firm or company as defined under the Companies Act, 1956 who is recognized as such by the Exchange and who is employed whether through a contract of employment or otherwise by a Trading Member /Participant for remuneration (whether by way of salary, commission, allowance or otherwise) expressed in terms of money or capable of

being so expressed and gets such remuneration directly or indirectly from the Trading Member or a Participant for any activity relating to the trades done and executed on the Exchange.

Explanation:

For the purpose of these Regulations, the term shall also include any person who is undergoing any kind of training or assigned any project work in pursuance of the requirements of any University or other academic body.

1.1.7. Books of Accounts, Records and Documents

Books of accounts, records and documents include books of accounts, records and documents which are required to be maintained under Chapter 6 of these Regulations and records maintained in a computer or in any magnetic form.

1.1.8. Branch Office

Branch office in relation to a Trading Member means:

- (a) any establishment described as a branch
- (b) any establishment carrying on either the same or substantially the same activity as that carried on by the head office
- (c) any other place which the Exchange may notify as such.

1.1.9. Clearing Member

Clearing Member includes all categories of clearing members as may be admitted as such to the Currency Derivatives Segment of the Exchange. In case of a Clearing Member who is also a Trading Member of the Currency Derivatives Segment of the Exchange the term Trading Member could be read as Clearing Member.

1.1.10. Closing buy transaction

Closing buy transaction means a buy transaction which will have the effect of partly or fully offsetting a short position.

1.1.11. Closing sell transaction

Closing sell transaction means a sell transaction which will have the effect of partly or fully offsetting a long position.

1.1.12. Common Pool facility

Common pool facility means the trading facilities created by the Exchange at various places which could be made available for use by the Trading Member in the event of failure of trading facilities in his office or otherwise.

1.1.13. Constituent

A constituent means a person, on whose instructions and, on whose account, the Trading Member enters into any contract for the purchase or sale of any Currency Derivative Segment contract or does any act in relation thereto.

Explanation: For the purpose of these Regulations, the term Constituent includes a Participant as defined under the Bye-laws of the Exchange unless expressly stated otherwise.

1.1.14. Contract Value

Contract Value is the value arrived at by multiplying the strike price of the options contract with the regular/market lot size and applying the currency conversion factor.

1.1.15. Contract Month

Contract month means the month in which these Regulations require a contract to be finally settled.

1.1.16. Deal , Transaction , Dealing and Contract

For the purpose of these Regulations, the terms “deal”, “transaction”, “dealing” and “contract” shall have one and the same meaning unless the context indicates otherwise.

1.1.17. Currency Derivatives Contract

A contract which derives its value from the prices, or index of prices, of underlying securities including currencies, the trading of which shall be carried out in such manner as provided under these Regulations.

Explanation: For the purpose of this definition, currency derivative includes a security derived from currency and index of prices of currency.

1.1.18. Exchange

Exchange for the purpose of these Regulations means the Currency Derivatives Segment of the USE.

1.1.19. Exercise

Exercise means the invocation of right, in accordance with and subject to Rules, Bye-laws and Regulations of the Exchange, by the option holder.

1.1.20. Exercise Price

The Exercise Price or strike price is the price per unit of trading at which the option holder has the right either to buy or sell the underlying upon exercise of the option.

1.1.21. Exercise Style

Exercise Style of an option refers to the price at which and/or time as to when the option is exercisable by the holder. It may either be an American style option or a European style option or such other exercise style of option as the Relevant Authority may prescribe from time to time.

1.1.22. Expiration Day

The day on which the final settlement obligations, are determined in a Currency Derivatives Contract.

1.1.23. Expiration time

Expiration time is the close of business hours on the expiration day of the option contract or such other time as may be specified by the Relevant Authority from time to time.

1.1.24. European Style option contract

European Style option contract means an option contract which may be exercised on the expiration day on or before the expiration time.

1.1.25. Futures Contract

Futures Contract means a legally binding agreement to buy or sell the underlying security in the future.

1.1.26. In the money strike price

In the money strike price, in case of Put Option, is the strike price of the option contract which is above 'At the money or Near the money' strike price. In the money strike price, in case of Call Option, is the strike price of the option contract which is below 'At the money or Near the money' strike price.

1.1.27. Last Trading Day

Last Trading Day means the day up to and on which a Currency Derivatives Contract is available for trading.

1.1.28. Long Position

Long Position in a Currency Derivatives contract means outstanding purchase obligations in respect of a permitted currency derivatives contract at any point of time.

1.1.29. Market Type

Market type refers to the different markets in which trading is permitted on the Trading system.

1.1.30. Member -Constituent Agreement

Member-Constituent agreement is an agreement which is executed between a Trading Member and its constituent as per the Exchange requirements.

1.1.31. Members Open Position

Members open position means the sum of long and short positions of the Member and his constituent in any or all of the Currency Derivatives Contracts outstanding with the Exchange and/or the Clearing Corporation or the Clearing House.

1.1.32. Notification , Notice Or Communication

It refers to any such intimation that can be served by the Exchange to the Trading Member at ordinary business address and/or ordinary place of residence and/or last known address of the party in any one or more or all of the following ways:-

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

- (h) sending a message through the Trading System of USE
- (i) an electronic mail or fax

1.1.33. USE

USE means the United Stock Exchange of India Limited. The terms USE and Exchange are used interchangeably.

1.1.34. Opening buy transaction

Opening buy transaction means a buy transaction which will have the effect of creating or increasing a long position.

1.1.35. Opening sell transaction

Opening sell transaction means a sell transaction which will have the effect of creating or increasing a short position.

1.1.36. Open Interest

Open Interest means the total number of Currency Derivatives Contracts of an underlying security that have not yet been offset and closed by an opposite Derivatives transaction nor fulfilled by delivery of the cash or underlying security/currency or option exercise. For calculation of Open Interest only one side of the Currency Derivatives Contract is counted.

1.1.37. Option Class

Option contracts of the same type and style that cover the same underlying constitute an option class.

1.1.38. Option Contract

Option Contract is a type of Currency Derivatives Contract which gives the buyer/holder of the contract the right (but not the obligation) to buy/sell the underlying security at a predetermined price within or at end of a specified period. The option contract which gives a right to buy is called a Call Option and the option contract that gives a right to sell is called a Put Option.

1.1.39. Option Holder

Option holder is a person who has bought an option contract.

1.1.40. Option Seller

Option seller is a person who has sold an option contract.

1.1.41. Option Writer

Option Writer means a Trading Member who is permitted by the Exchange to write Options Contracts.

1.1.42. Out of the money strike price

Out of the money strike price, in case of Put Option, is the strike price of the option contract which is below 'At the money or Near the money' strike price.

Out of the money strike price, in case of Call Option, is the strike price of the option contract which is above 'At the money or Near the money' strike price.

1.1.43. Outstanding Obligation

Outstanding Obligation means the obligation which has neither been closed out nor been settled.

1.1.44. Participant

Participant refers to an entity as defined under Chapter VII of the Bye-laws of the Exchange.

1.1.45. Permitted Currency Derivatives Contract

Permitted Currency Derivatives Contract is a derivative contract which is permitted to be traded on the Currency Derivatives segment of the Exchange.

1.1.46. Premium

Premium is the price which the buyer of the option pays to the seller of the option for the rights conveyed by the option contract.

1.1.47. Regular Lot /Market Lot Size

Regular Lot/Market Lot Size means the number of units that can be bought or sold in a specified currency derivatives contract as may be specified by the Relevant Authority of the Exchange from time to time.

1.1.48. Risk Disclosure Document

Risk Disclosure Document refers to the document to be issued to all potential investors at the time of registration for disclosure of the risks inherent to currency derivatives.

1.1.49. Series of Options

Series of Options means all options of the same class having the same exercise price and expiration day.

1.1.50. Settlement Date

Settlement Date means the date on which the settlement of outstanding obligations in a permitted Currency Derivatives contract are required to be settled as provided in these Regulations.

1.1.51. Settlement price

Settlement price, in respect of Exercise Settlement, is the closing price of the underlying on the day of exercise or such other price as may be decided by the Relevant Authority from time to time.

1.1.52. Short Position

Short position in a currency derivatives contract means outstanding sell obligations in respect of a permitted currency derivatives contract at any point of time.

1.1.53. Strike Price Interval

Strike price interval is the gap between any two successive strike prices which the Relevant Authority may prescribe from time to time.

1.1.54. Trading cycle

Trading cycle means the period, as notified by the Exchange from time to time, during which the currency derivatives contract will be available for trading.

1.1.55. Trading Member

Trading Member refers to an entity as defined under Chapter VI of the Bye-laws of the Exchange.

1.1.56. Trade Type

Trade type is the type of trade as may be permitted by the Exchange from time to time for each Market Type.

1.1.57. Trading System

Trading System refers to USE Trading System of the Exchange.

1.1.58. Type of option

Type of option means the classification of an option as either a put or a call.

1.1.59. Underlying

Underlying is one with reference to which currency derivative contracts are permitted to be traded by the Exchange from time to time.

1.1.60. Underlying Securities

Underlying Securities means a security/currency with reference to which a currency derivatives contract is permitted to be traded on the Exchange from time to time.

2. DEALINGS ON THE EXCHANGE

2.1. TRADING SYSTEM, TRADING MEMBERS AND APPROVED USERS

- 2.1.1. The Exchange shall provide an Automated Trading facility in all the Currency Derivatives Contracts admitted for dealings on the Exchange. Such a system shall hereinafter be referred to as USE Trading system.
- 2.1.2. Trading on the Exchange shall be allowed only through approved Workstation(s) located at approved locations for the office of a Trading Member. If an approved workstation of a Trading Member is connected by LAN or any other way to other workstations at any place, it shall require an approval of the Exchange.
- 2.1.3. Each Trading Member/Participant shall have a unique identification number which shall be provided by the Exchange and which shall be used to log on (sign on) to the USE Trading system.
- 2.1.4. Trading Member/Participant shall have a non-exclusive permission to use the USE Trading system as provided by the Exchange in the ordinary course of business as Trading Member/Participant.
- 2.1.5. A Trading Member/Participant shall not have any title, rights or interest with respect to USE Trading System, its facilities, software and the information provided by the USE Trading system.
- 2.1.6. The USE Trading System
 - (a) shall be made available to the Trading Member for trading subject to such terms and conditions as the Relevant Authority may determine from time to time, inter alia, payment of such charges as may be specified from time to time and taking up the clearing membership or having arrangements with Professional Clearing Members of the Exchange/Clearing Corporation/Clearing House.
 - (b) access, shall be withdrawn or restricted by the Relevant Authority for non-compliance with any of these regulations.
- 2.1.7. The Trading Member shall use such equipment and software as specified by the Exchange from time to time for the purpose of accessing USE Trading System.
- 2.1.8. The Exchange shall have the right to inspect equipment and software used for the purpose of accessing USE Trading system.
- 2.1.9. The cost of equipment and software supplied by the Exchange, installation and maintenance of the equipment shall be borne by the Trading Member.
- 2.1.10. A Trading Member/Participant shall not, permit itself or any other person(s) to:
 - (a) use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange
 - (b) use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange

- (c) copy, alter, modify or make available to any other person the software provided by the Exchange
- (d) use the software in any manner other than the manner as specified by the Exchange
- (e) attempt directly or indirectly to decompile, disassemble or reverse engineer the same.

2.1.11. Trading Member shall adopt such security procedures pertaining to connection to the trading system as may be specified by the Exchange from time to time.

2.1.12. A Trading Member/Participant shall not, by himself or through any other persons on his behalf, publish, supply, show or make available to any other person other than SEBI and other statutory authorities as may be specified from time to time, or reprocess, retransmit, store or use the facilities of the USE Trading System or the information provided by the USE Trading System except with the explicit approval of the Exchange and in the ordinary course of business to complete the transactions on the Exchange.

2.1.13. The Exchange shall provide its services on a best effort basis. However the Exchange shall not be liable for failure of the USE Trading system or for any loss, damage, or other costs arising in any way out of:

- (a) Telecom network or system failures including failure of ancillary or associated systems, or fluctuation of power, or other environmental conditions or destruction of any data;
- (b) Accident, transportation, neglect, misuse, errors, frauds of the Trading Member/Participant or its Authorized Persons or the agents or any third party;
- (c) Any fault in any attachments or associated equipment (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the trading workstation installation;
- (d) Act of God, natural calamity, fire, flood, war, act of violence, or any other similar occurrence;
- (e) Any incidental, special or consequential damages.

The Trading Member / Participant needs to build in sufficient redundancies at his cost to ensure uptime of the trading systems and connectivity with the Exchange.

2.1.14. Without prejudice to anything contained in Regulation 2.1.13, such failure shall not reduce, alter or affect the liability of the Trading Member/Participant in respect of any trades to which it is a party.

2.1.15. The Exchange may also permit common pool facility to Trading Members as per the norms as may be specified by it in case of failure of terminal of Trading Member.

2.1.16.

- (a) A Trading Member shall not deal with other Trading Members of the Exchange either for proprietary trading or for trading on behalf of Clients, except with the prior permission of the Exchange granted on the request of such Trading Member.
- (b) The Exchange while giving permission under clause (a) shall consider the reasons stated by the Trading Member and after carrying out due diligence allow such Trading Member to deal with only one Trading Member of the Exchange.
- (c) A Trading Member of the Exchange can deal with only one Member of another stock Exchange for proprietary trading after intimating the name of such Member to his parent stock Exchange.

- (d) A Trading Member of the Exchange can deal with only one Member of another exchange on behalf of clients after obtaining necessary registration as a sub-broker, if allowed, from the Securities and Exchange Board of India.

2.1.17. Trading Members and Participants shall be entitled to appoint, with the approval of the Exchange:

- (a) Authorized persons
- (b) Approved Users to operate the Trading Workstation (s) approved by the Exchange subject to payment of such approval fee as may be specified by the Relevant Authority from time to time.

2.1.18. Authorized Person cannot collect any commission or any amount directly from the Clients he introduces to the Trading Member, who appointed him. However he may receive a commission or any such amount from the Trading Member who appointed him as provided under Regulation 1.3.6.

2.1.19 Approved Users on the Currency Derivatives Segment should have passed a certification program which has been approved by SEBI.

2.1.19. Each Trading Member/Participant shall be permitted to appoint such number of Approved Users as may be notified from time to time by the Exchange.

2.1.20. The appointment of Approved Users shall be subject to such terms and conditions as the Exchange may from time to time specify.

2.1.21. Each Approved User shall be given a unique identification number through which he shall have access to the USE Trading system.

2.1.22. An Approved User can access the USE Trading system through a password and can change such password from time to time.

2.1.23. A Trading Member/Participant or its Approved Users thereof shall maintain complete secrecy of its password.

2.1.24. An Approved User shall be required to change his password at the end of the password expiry period. The password expiry period shall be specified by the Exchange from time to time.

2.1.25.

- (a) Only persons who are registered as Trading Members and Participants in accordance with provisions of the Rules, Bye-laws and Regulations of the Exchange or are agents of Trading Members, for whom an application has been made to the Exchange by the Trading Members in accordance with the format specified by the Relevant Authority of the Exchange from time to time, may be approved as Users.

- (b) No person shall be admitted as an Approved User who is under 21 years of age.
- (c) No person shall be admitted as an Approved User against whom any disciplinary action has been taken by the Exchange or any other Stock Exchange.
- (d) No Trading Member/Participant shall without permission of the Exchange take into his employment a former Trading Member or approved user of such Trading Member as an Approved User, if such Trading Member or approved user is one against whom any disciplinary action has been taken by the Exchange or any other Stock Exchange.
- (e) No person shall be admitted as an Approved User unless he has passed NISM Certification in Financial Markets (SEBI approved) from the Relevant Authority. The Certification obtained should be valid for the period specified by the Exchange from time to time. On the Certification becoming invalid due to any reason, the User Id shall stand terminated. It shall be the responsibility of the Approved User to inform the Exchange of the expiry of the Certification, if any.

2.1.26.

2.1.26.1. No person shall be recognized as an Authorized Person if

- (a) he is an individual under 21 years of age ;
- (b) he is already an authorized person of any other trading member of the Exchange;
- (c) any disciplinary action has been taken against him by the Exchange or any other Stock Exchange ;
- (d) he is in the employment of any Trading Member , unless the Exchange permits such person to be an authorized person subject to the conditions as it may deem fit ;

Provided however , sub –clauses (b) , (c) &(d) are applicable to partnership firms and companies seeking recognition as Authorized Person .

2.1.26.2. The Exchange shall have a right at any time to withdraw recognition granted to an Authorized Person or suspend recognition of an Authorized Person temporarily. However, the Relevant Authority, at its discretion, may afford an opportunity of being heard to such Authorized Person before or after such suspension; provided however, where no such opportunity of being heard is afforded, the Relevant Authority shall record the reasons for the same. Such suspension may be conditional and may be revoked on fulfillment of condition(s) specified, if any, to the satisfaction of the Exchange.

2.1.26.3. Without prejudice to the generality of the above , the Currency Derivatives Segment of the Exchange may withdraw any recognition granted to such Authorized Person after giving an opportunity, if

- (a) he fails to abide by the Rules, Bye-laws , Regulations and the guidelines or circulars there under ,
- (b) he violates / contravenes any statute or the Rules or Regulations made there under.

2.1.26.4. Notwithstanding anything contained in Regulations 2.1.27.2 and 2.1.27.3, an Authorized Person shall cease to be so , ipso facto , on

- (a) the Trading Member to whom he is attached ceases to be a Trading Member or

- (b) on the expiry / cessation of his contract of employment with such Trading Member.

- 2.1.27. A Trading Member /Participant desiring to change the User Id or cancel the authority given to its Approved User to operate the trading system on its behalf shall intimate the Exchange in writing, in such form and manner as the Exchange may specify, immediately on taking such action and obtain confirmation from the Exchange of having received such intimation, and of the disabling of the particular Approved User by the Exchange. However, the Trading Member /Participant shall continue to be liable for all the activities reported on the basis of such or previous User Id undertaken up to a period of 24 hours after his obtaining a confirmation as mentioned above from the Exchange. The Trading Member shall cancel all his outstanding orders in respect of such Approved User.
- 2.1.28. Whenever an Approved User of the Trading Member /Participant ceases to act in such or any capacity with the Trading Member then each such Trading Member shall inform the Exchange, within 24 hours, the name and other particulars of such Approved User.
- 2.1.29. No application shall be made by any Trading Member /Participant under 2.1.26 (a), if such a person for whom such an application is made, is already an Approved User for any other Trading Member /Participant.
- 2.1.30. The Exchange shall notify different levels of the approved users for each workstation provided. These levels shall define the access to the USE Trading system by the approved users and shall include a provision for inquiry only on the terminal, provision for order entry and trading, or such others as may be specified by the Exchange.
- 2.1.31. The Exchange may change the status of the Approved User of the Trading Member from Trader to Inquiry only where circumstances warrant and intimate to such Trading Member any reasons thereof.
- 2.1.32. Trading Member /Participant shall not access the trading system using a different Trading Member /Participant or User Id other than the one allotted to him .
- 2.1.33. An Approved User shall not attempt to aid in or access the trading system using the Trading Member code from a location other than the Trading Member's location, unless he has the express prior approval of the Trading Member for whom he is an Approved User.
- 2.1.34. A Trading Member /Participant who wants the Exchange to reset his password , has to make a request in writing signed by the Trading Member /Participant indicating his Trading Member ID and User Id . A Trading Member /Participant shall not make a request for resetting the password of any other Trading Member /Participant .

2.2. TRADING DAYS

- 2.2.1. The Exchange shall operate on all days except Saturdays, Sundays and on such Exchange holidays as the Exchange may declare from time to time.

2.2.2. The Exchange may close the market on days other than or in addition to scheduled holidays or open the market on days originally declared to be holidays under 2.2.1 to be called unscheduled opening or closing of the markets or segments and the decision of the Exchange in this matter shall be final and binding.

2.2.3. A trading day shall be typically divided into five periods, as specified by the Exchange. The periods would be as follows;

1. Pre - open Period: - This period shall precede the open period and shall primarily serve as an indicator to market participants about the likely market sentiment for that trading day. In this period the Trading Members can enter buy and sell orders simultaneously, modify or cancel the orders, but no execution of the orders can take place.
2. Opening Period: - In this period the actual matching for currency derivatives contracts shall commence. All trades pertaining to the pre- open period shall be executed at a single trade price which is the price of the last trade during the pre - open period.
3. Open Period: - In this period the orders would be matched according to the price/time priority.
4. Market Close: - This period shall be the period before batch processing and initiating settlement data generation. No more orders shall be accepted in this period. Inquiries on the activities during the day can be made during the period.
5. Post Close and Market shutdown: - This period shall immediately follow the start of settlement data generation. During this period the closing price of the currency derivatives contract(s) and underlying security shall be calculated.

2.3. TRADING HOURS

2.3.1. The Exchange shall announce the regular trading hours for every calendar year in advance.

2.3.2. The Exchange may extend, advance or reduce trading hours by notifying Trading Members as and when it deems fit and necessary in this regard.

2.3.3. Other than the regular trading hours, members shall be provided a facility to place orders off- line i.e. outside trading hours. They shall be stored by the system but shall get traded only once the market opens for trading on the following working day.

2.4. TRADING CYCLE

Trading Cycle for each Currency Derivatives Contract will have a standard period during which the Currency Derivatives Contract will be available for trading which shall be notified by the Exchange from time to time.

2.5. CONTRACT EXPIRATION

2.5.1. Currency Derivatives contracts will expire on a pre-determined date and time up to which the contract will be available for trading which shall be notified by the Exchange in advance.

2.5.2. The contract expiration period shall not exceed twelve months or as may be specified by SEBI from time to time.

2.6. TRADING PARAMETERS

2.6.1. The Exchange shall from time to time specify various trading parameters relating to the Trading System.

2.6.2. Every Trading Member shall be required to specify the buy or sell orders as either an open order or a close order.

2.6.3. The Exchange shall from time to time specify different order books that shall be maintained on the Trading System and shall specify such various conditions on the order that shall make it eligible to place it in those books.

2.6.4. The Exchange shall specify the number of days after which Good Till Cancelled orders shall be cancelled by the system.

2.6.5. The Exchange shall specify from time to time the lot size in which orders can be placed for any or all currency derivatives contracts traded on the Exchange.

2.6.6. The Exchange shall specify from time to time price steps in which orders shall be entered on the trading system of the Exchange.

2.6.7. The Exchange shall lay down position limits in respect of each contract from time to time.

2.6.8. The Exchange shall specify the price fluctuations for each currency derivatives contract.

2.7. MARKET TYPES / TRADE TYPES / TRANSACTION TYPES

2.7.1. The Exchange shall permit and notify different kinds of trades in permitted currency derivatives contracts.

2.7.2. The Exchange shall specify from time to time different market types, trade types that shall be permitted to Trading Members or Participants for dealings in currency derivatives contracts.

2.7.3. All trades executed on the Exchange shall be cleared and settled by the Trading Members either by themselves as Clearing Members or through Professional Clearing Members in accordance with the Rules, Bye-laws, and Regulations of the specified Clearing Corporation as may be notified by it from time to time.

2.7.4. The Exchange shall allow from time to time different transaction types.

2.8. FAILURE OF TRADING MEMBERS' TERMINAL

In the event of failure of Trading Members'/Participants' workstation and / or the loss of access to the trading system, the Exchange may at its discretion undertake on behalf of the Trading

Member/Participant (although not guarantee) to carry out the necessary functions which the Trading Member/Participant is eligible on a valid request from such Trading Member/Participant subject to such terms and conditions which the Exchange may deem necessary to be imposed. The Exchange shall entertain such request only if such request is made in writing in a clear and precise manner by the Trading Member and in a manner as specified by the Exchange. The Trading Member/Participant shall be accountable for the functions executed by the Exchange on their behalf and shall indemnify the Exchange against any losses or costs arising out of the above situation.

3. DEALINGS IN CURRENCY DERIVATIVES CONTRACTS

3.1. DEALINGS IN CURRENCY DERIVATIVES CONTRACTS

- 3.1.1. Dealings shall be permitted on the Exchange in currency derivatives contracts based on securities or a set of securities as provided in the Rules, Bye-laws and Regulations of the Exchange and for such categories of Trading Members/Participants in such market types, trade types and trading hours as the Exchange may specify from time to time.
- 3.1.2. The Relevant Authority may from time to time introduce new contracts at such strike prices ('in the money', 'at the money or near the money' and 'out of the money') for put /call options respectively for every month after the expiry of the previous month contracts.
- 3.1.3. The Relevant Authority may from time to time introduce one or more new contract(s) at new strike prices for both call and put options respectively as and when the prices of the underlying changes beyond pre-defined parameters prescribed by it.
- 3.1.4. The Relevant Authority may from time to time prescribe the criteria for underlying with reference to which the option contracts shall be permitted to be traded on the Exchange.
- 3.1.5. All currency derivatives contract specifications will be notified by the Exchange from time to time.
- 3.1.6. Pursuant to the Corporate Actions announced by the issuer of the underlying securities, the Relevant Authority may make such modifications as may be deemed necessary including modifications in the open interest and / or contract specifications in accordance with the Rules, Byelaws and Regulations of the Exchange.
- 3.1.7. The Relevant Authority may from time to time prescribe the exercise style of an option.
- 3.1.8. The Relevant Authority may at any time introduce additional series of option contracts with different exercise prices based on changes in the value of the underlying or such other factors and circumstances including investor interest, market conditions, etc. as may be decided from time to time.
- 3.1.9. The Exchange may at its discretion suspend trading in currency derivatives contracts, inter alia, on the following grounds:
1. for protection of the interests of the investors ;
 2. for the purpose of maintaining a fair and orderly market.
- 3.1.10. If the Relevant Authority is of the opinion that a particular underlying no longer meets its requirements for options trading or is not eligible for trading or if the Relevant Authority decides to discontinue trading in a particular options series for such reason(s) as it may deem fit, it may stop introducing new options on that underlying and may in such circumstances impose restrictions on transactions that open new positions in options series that have been previously introduced.

- 3.1.11. The Relevant Authority may discontinue trading in a particular option contract if there are no open positions in such a contract.
- 3.1.12. The Relevant Authority may limit the total number of puts or calls on the same underlying that a single investor or group of investors acting in concert may exercise during such time period as may be prescribed by the Relevant Authority from time to time. The Relevant Authority may also limit the maximum number of options on the same side of the market (i.e., calls held plus puts written or puts held plus calls written) with respect to a single underlying that may be carried in the accounts of a single investor or group of investors acting in concert.
- 3.1.13. The Exchange may also revoke suspension of trading in currency derivatives contracts at any time. If trading has been suspended or halted in particular or all currency derivatives contracts, the Exchange may determine in its absolute discretion when trading in the respective currency derivatives contracts may be resumed.
- 3.1.14. Trading Members may trade on USE Trading System in currency derivatives contracts, either on behalf of their constituents or on their own account unless otherwise specified by the Relevant Authority and trading shall be subject to such conditions as the Exchange may specify from time to time. For the purpose of this regulation, for transactions entered into on behalf of the director or an employee of the Trading Member or for transactions in which the director or employee has beneficial interest, such director or employee shall be considered as a constituent of the Trading Member and margins shall be collected from each such constituent separately.
- 3.1.15. When a Trading Member enters an order on behalf of a Mutual Fund or any of its Schemes, Foreign Institutional Investor or any of its sub-account holders, then such a Trading Member shall at the time of entering orders on behalf of such clients, enter the unique code in respect of such Mutual Fund or its Scheme, Foreign Institutional Investor or any of its sub-accounts in such format and with effect from such date as may be notified by the Exchange.
- 3.1.16. The Trading Member cannot utilize the funds and securities of one constituent for and on behalf of another constituent except on specific authorization of the constituent whose funds or securities are utilized.
- 3.1.17. The Exchange may, at any time restrict conditionally or unconditionally a Trading Member/Participant from dealing in a specified currency derivatives contract.
- 3.1.18. The Trading Member/Participant shall continue to be liable for all trades executed on the system for orders entered on his behalf. Trading Member/Participant shall be responsible for all the actions of their authorized persons.
- 3.1.19. Without prejudice to regulation 4.5.3 (c) and (d), a Trading Member shall be responsible for all the actions including trades originating through or with the use of all following variables - Trading Member Id and User Id. However if the Trading Member satisfies the Exchange that the action(s) and/or trade(s) took place due to fraud or misrepresentation by any person other than his authorized person(s) and that the action(s) and/or trades did not originate from any of his approved workstations, the

Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so affected.

- 3.1.20 When a Trading Member enters an order on behalf of a Constituent, then such a Trading Member shall at the time of entering orders on behalf of such Constituent, enter the Unique Client Code in respect of such Constituent in such format and with effect from such date as may be notified by the Exchange. Every Trading Member shall be responsible to furnish particulars of Unique Client Codes of each of his Constituents to the Exchange in such form, manner, at such intervals and within such time as may be specified by the Exchange from time to time.
- 3.1.20 Every Trading Member shall comply with the SEBI (Central Database of Market Participants) Regulations, 2003. The Trading Member shall ensure that his Constituents comply with the SEBI (Central Database of Market Participants) Regulations, 2003.

3.2 POSITION LIMIT

The Relevant Authority may at any time in its absolute discretion prescribe maximum long and/or short open positions for all or any of the Trading Members/Participants and their clients including quantity and/or value for any or all Currency Derivatives Contracts.

3.3 ACTION BY THE RELEVANT AUTHORITY

Upon a trading member/any constituent of a Trading Member failing to comply with any provisions of the Rules, Byelaws and Regulations of the Exchange, requirements of the Exchange including the requirements pertaining to the position limits as imposed by the Relevant Authority from time to time, the Relevant authority may at its discretion, either on its own or on the advice from the Exchange without notice to the trading member close out open positions to the extent possible or take any such other measure or action, including withdrawal of trading facility, as may be deemed fit from time to time.

3.4 TRADE OPERATIONS

- 3.4.1 Trading Members shall ensure that appropriate confirmed order instructions are obtained from the constituents before placement of an order on the USE Trading system and shall keep relevant records or documents of the same and of the completion or otherwise of the orders thereof.
- 3.4.2 The Trading Member shall make available to his constituent the USE Trading system generated order number and copies of the order/trade confirmation slip/modification slip wherever applicable.
- 3.4.3 The Trading Member shall disclose to the Exchange at the time of order entry that the order is on his own account or on behalf of constituents and also specify orders for buy or sell as open or close orders.

- 3.4.4 The procedures and conditions for amendment or cancellation of orders would be subject to such conditions and as specified by the Exchange from time to time.
- 3.4.5 Trading Members shall be solely responsible for the accuracy of orders entered into the trading system including orders entered on behalf of his constituents.
- 3.4.6 Trades generated on the USE Trading system are irrevocable and 'locked in'. The Exchange may specify from time to time the markets in which trade cancellation can be effected.
- 3.4.7 Where a trade cancellation is permitted and Trading Member wishes to cancel a trade, it may be done only with the approval of the Exchange and in the following manner:
- (a) The Trading Member wishing to cancel the trade shall initiate a cancellation request to the Exchange. The counter Trading Member to the trade, too, shall have to put in his cancellation request separately.
 - (b) Where a Trading Member initiates such request the onus shall be on the Trading Member to ensure that he receives a written request from the constituent.
 - (c) Where a trade cancellation request comes to the Exchange from only one party to trade and is pending with the Exchange as a result of it being not confirmed by the counter party to such trade till such time as may be notified by the Exchange, such request may be cancelled at the discretion of the Exchange.
 - (d) The Exchange shall not consider any request for a Trade Cancellation after such period after the market close on a trading day as may be notified from time to time.
 - (e) The Exchange shall not give the reasons for rejection or approval of any such trade cancellation request.
 - (f) The Exchange may cancel a trade sue motto without any request by either of the parties to the trade at any time without giving any reason thereof which cancellation shall be final and binding upon the parties to the trade. In the event of such cancellation, Trading Member shall be entitled to cancel relative contract(s) with his constituents.
- 3.4.8 The Trading Member shall make available to his constituent the USE Trading system generated trade number and copies of the trade cancellation slip wherever applicable.

3.5 ORDER MANAGEMENT

3.5.1 Order Type

The Exchange shall stipulate from time to time, the kinds of orders that a Trading Member can place in the USE Trading system which may include Normal order, Special Term order, etc. as also the order attributes that he could place thereon.

3.5.2 Order Attributes

- (a) The Exchange shall from time to time allow various order attributes subject to restrictions as specified in the trading parameters.
- (b) The Exchange shall specify the order types and order attributes permitted for different market types.

3.5.3 Modification and Cancellation of Orders

- (a) A Trading Member shall be permitted to modify or cancel his orders, provided a trade has not already taken place in respect of that order.
- (b) The order can be modified by effecting changes in the order input parameters in the manner and on such conditions as specified by the Exchange.
- (c) The modified order shall lose or retain its time priority as per the trading parameter set by the Exchange.

3.5.4 Order Validation

Orders entered into the Trading System by Trading Members shall be subject to various validation requirements as specified by the Exchange from time to time including trading parameters, turnover limits, exposure limits and/or other restrictions placed on traded currency derivatives contracts. Orders that do not meet the validation checks shall not be accepted by the USE Trading System.

3.5.5 Matching Rules

- (a) The Exchange shall specify from time to time the kinds of order books that shall be maintained on the USE Trading system, the order matching algorithms and the matching rules and parameters that shall be followed therein.
- (b) The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so.
- (c) Where the Exchange feels that 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 Currency Derivatives contract or Trading Member or to the market as a whole.
- (d) Without prejudice to the generality of the above, the order matching rules would include the following:
 - i. Orders in the Normal market shall be matched on price-time priority basis.
 - ii. The best buy order shall match with the best sell order. For trading on price, the best buy order would be the one with the highest price and the best sell order would be the one with the lowest price.

3.6 CONTRACT NOTE

- 3.6.1 Every Trading Member shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time with all relevant details as required therein to be filled in, and issued in such manner and within such time as specified by the Exchange.
- 3.6.2 A contract note shall be signed by a Trading Member or his Authorized signatory or constituted Attorney.
- 3.6.3 Contract note shall be time stamped with the time of receipt of order and the time of execution of order.
- 3.6.4 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 (viz. April to March). 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 pre-fixed to the serial number.

- 3.6.5 Notwithstanding anything contained in Regulation 3.6, a contract note may also be issued by a Trading Member in electronic form, in such format as may be prescribed by the Exchange from time to time, duly authenticated by means of a digital signature as specified in the Information Technology Act, 2000 and the Rules made there under.

3.7 BROKERAGE

- 3.7.1 All the orders entered on the Trading System shall be at prices exclusive of brokerage.
- 3.7.2 Trading Members shall charge brokerage at rates not exceeding such scale as the Exchange may specify from time to time.
- 3.7.3 The Trading Members shall charge brokerage for option contracts on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract.
- 3.7.4 A Trading Member shall charge brokerage separately to their constituents and this shall be indicated separately from the price, in the contract note.

3.8 DEPOSIT REQUIREMENTS

- 3.8.1 Trading Member shall make available such deposit as may be specified from time to time with the Exchange within such time as may be notified.
- 3.8.2 The Exchange shall specify from time to time such categories of securities that would be eligible for such a deposit as also the method of valuation and amount of securities that would be required to be so deposited.
- 3.8.3 The trading member shall be required to deposit, such deposits either in the form of cash, deposit receipts, guarantee of banks approved by the Relevant Authority or securities approved by it or such other mode as may be approved or subject to such terms and conditions as the Relevant Authority may impose from time to time.
- 3.8.4 The procedure for refund of deposit will be such as notified by the Exchange from time to time.

3.9 MARGIN REQUIREMENTS

- 3.9.1 Subject to the provisions as contained in the Bye-laws of the Exchange, Clearing Corporation and such other regulations as may be in force, every Trading Member/Participant shall in respect of trades in which he is a party, deposit a margin with the Exchange/Clearing Corporation/ Clearing Member, in the manner and to the extent specified by the Exchange /Clearing Corporation. Whenever a margin is payable by a Participant, it shall pay such margins directly to the Clearing Member, unless otherwise directed by the Exchange/Clearing Corporation.
- 3.9.2 The Exchange shall specify from time to time currency derivatives contracts, the settlement periods and trade types for which margin would be attracted.

- 3.9.3 The Exchange/Clearing Corporation/Clearing Member shall levy initial margin and such other margins on currency derivatives contract of such amounts and in such manner as may be specified from time to time by the Relevant Authority.
- 3.9.4 The margin shall be deposited with the Exchange/Clearing Corporation within such time as may be notified by the Exchange from time to time.
- 3.9.5 The Exchange shall specify from time to time such categories of securities that would be eligible for a margin deposit as also the method of valuation and amount of securities that would be required to be so deposited against the margin amount.
- 3.9.6 The procedure for refund/adjustment of margins shall be such as may be notified by the Exchange from time to time.
- 3.9.7 The Exchange / shall from time to time, impose upon any particular Trading Member/Participant or category of Trading Member/Participant any special or other margin requirement.

3.10 MARGIN FROM THE CONSTITUENTS

- (a) The Trading Members must demand from its constituents the Margin Deposit which the Trading Member has to provide under these Trading Regulations in respect of the business done by the Trading Member for such constituents.

The Trading Members shall buy and/or sell currency derivatives contracts on behalf of the constituent only on the receipt of margin of minimum such percentage as the Relevant Authority may decide from time to time, on the price of the currency derivatives contracts proposed to be purchased, unless the constituent already has an equivalent credit with the Trading Member.

The Trading member may collect higher margins from constituents, as he deems fit. The Trading Member shall obtain a written undertaking from the constituents that the latter shall when called upon to do so forthwith from time to time provide a Margin Deposit and /or furnish additional Margin as required under the Rules and Regulations in respect of the business done for the constituent by and /or as agreed upon by constituent with the Trading Member concerned .

The Trading Member shall demand from his constituents the amounts arising in respect of daily settlement in accordance with the Regulations of the Exchange/Clearing Corporation for business done by the Trading Members on behalf of such constituents or such higher amounts, as the Trading Member deems fit.

The Trading Member may, if so desired, for administrative convenience maintain the daily settlement margin balance up to a pre-agreed balance level to avoid collecting and paying daily settlement amount on a daily basis, which may be referred to as maintenance margin. The trading member may keep the unutilized margin deposits of its Constituents in bank deposits and pay interest accrued thereon to its Constituents or utilize the same as per the instructions of such Constituents.

Constituent(s) in default

In case of non -payment of daily settlement by the constituents within the next trading day, the Trading Member shall be at liberty to close out transactions by selling or buying the currency derivatives contracts , as the case may be , unless the constituent already has an equivalent credit with the Trading Member . The

loss incurred in this regard, if any, shall be met from the margin money of the constituent.

In case of open purchase position undertaken on behalf of constituents, the Trading Members shall be at liberty to close out transactions by selling currency derivatives contracts, in case the constituent fails to meet the obligations in respect of the open position within next trading day for the execution of the full contract or within next trading day of the contract note having been delivered, unless the constituent already has an equivalent credit with the Trading Member. The loss incurred in this regard, if any, shall be met from the margin money of the constituent.

In case of open sale position undertaken on behalf of the constituents, the Trading Member shall be at liberty to close out transactions by effecting purchases of currency derivatives contracts if the constituent fails to meet the obligation in respect of the open position within next trading day of the transaction having been executed on the Exchange for the concerned settlement period. Loss on the transaction, if any, shall be deductible from the margin money of the constituent.

3.11 MODE AND METHOD OF MARGIN COLLECTION

The Relevant Authority may from time to time prescribe

- 3.11.1.1 the mode, method or manner in which the premium shall be collected by the trading member from the constituent;
- 3.11.1.2 the mode, method or manner in which the margins shall be collected by the trading member from the constituent;
- 3.11.1.3 the manner or form in which and time within which the constituent shall give exercise notice to the trading member;
- 3.11.1.4 the manner or form in which and time within which the trading member shall assign exercise notice to its constituents account; and
- 3.11.1.5 the mode, method of exercise, for different option contracts.

3.12 COLLECTION OF TAXES

Every Trading Member shall remit to the Exchange any Tax, in respect of taxable securities transactions entered into by him on the Exchange either on his behalf or on behalf of his Constituents in accordance with the procedures prescribed by the Relevant Authority from time to time for the calculation and collection of such tax. Any Trading Member who fails to make the payment in accordance with the procedures prescribed by the Relevant Authority from time to time would be liable for such consequences of non-payment including but not limited to withdrawal of trading facility, appropriation from the monies of the Trading Member, withholding of pay-outs, etc. as may be prescribed from time to time.

3.13 CLIENT DETAILS COLLECTION

The trading members shall -

- 3.13.1.1 collect copies of Permanent Account Number (PAN) cards issued to their existing as well as new clients by the Income-tax Department and maintain the same in their record after verifying with the original;
- 3.13.1.2 cross check the aforesaid details collected from their clients with the details on the website of the Income tax Department; and
- 3.13.1.3 Upload the details of PAN so collected to the Exchanges as part of unique client code.

4 CONDUCT OF BUSINESS BY TRADING MEMBERS

4.1 OFFICE RELATED PROCEDURE

- 4.1.1 No office of a Trading Member shall be used for trading without prior approval of the Exchange.
- 4.1.2 Every Trading Member shall ensure that all persons acting on his behalf on the Trading System shall subscribe at all times to high standards of professional expertise and integrity.
- 4.1.3 Each Trading Member shall at all times maintain such infrastructure, staff, communication facilities and records so as to be able to service his constituents satisfactorily and as per the requirements enumerated in the SEBI Act, 1992 and Regulations framed there under, Securities Contracts (Regulation) Act, 1956 and/ or Rules there under, Exchange's Rules, Bye-laws and Regulations, or any other relevant law in force for the time being.
- 4.1.4 Where the Exchange feels it necessary, in the public interest to do so, it may at its own instance or on receiving a complaint from another Trading Member or constituent, seek explanation from the Trading Member regarding the level of service or professional conduct of such Trading Member or any of his staff where such service or conduct has been found unsatisfactory or contrary to principles enumerated in the Exchange's Rules, Bye-laws and Regulations, or notifications, directions or circulars issued there under.

4.2 SUPERVISION

- 4.2.1 Procedures to be followed
- (a) Each Trading Member shall establish, maintain, and enforce procedures to supervise its business and to supervise the activities of its employees that are reasonably designed to achieve compliance with the USE Rules, Bye-laws and Regulations and any notifications, directions, etc. issued there under as well as the relevant statutory Acts. Such procedures to supervise the business of the Trading Member and to supervise the activities of its employees shall be in compliance with the manual of supervisory procedure, if any, provided by the Exchange
 - (b) The Trading Member shall maintain an internal record of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective. Such record shall be preserved by the Trading Member for a period of not less than three years.
 - (c) Every Trading Member shall specifically authorize in writing, person or persons who may be authorized to transact on behalf of the Trading Member and to do such acts which Trading Member may wish to delegate to such person, and make available a copy of such power of attorney to the Exchange before such person transacts any business on the Exchange.

- (d) A Trading Member shall maintain such records and make available for inspection by any person authorized in this behalf by the Exchange, the information related to such Trading Member's financial condition as specified by the Exchange for this purpose.
- (e) The Trading Member shall pay such fees, charges and other sum as the Exchange may notify from time to time, in such time and manner as required by the Exchange.
- (f) The Trading Member must inform the Exchange of any change in the status and constitution, operation and activities of the Trading Member.

4.2.2 Internal Inspections

Each Trading Member shall conduct a review, at least annually, of the business in which it engages, which shall be reasonably designed to assist in detecting and preventing violations of and achieving compliance with SEBI Act, 1992 and Regulations framed there under, Securities Contracts (Regulation) Act, 1956 and / or Rules there under and Exchange's Rules, Bye-laws and Regulations.

4.2.3 Written Approval

Each Trading Member shall establish procedures for the review and endorsement by an appropriate senior officer in writing, on an internal record, of all transactions and all correspondence of its employees pertaining to the solicitation or execution of any transaction.

4.2.4 Qualifications Investigated

Each Trading Member shall have the responsibility and duty to ascertain the good character, business repute, qualifications, and experience of any person prior to making such certification in the application for registration of such person, with the Exchange as Approved User.

4.3 RELATION WITH CONSTITUENTS

4.3.1 Every Trading Member shall enter into an agreement with each of his constituents, before accepting or placing orders on the constituent's behalf. Such agreement, shall include provisions specified by the Exchange in this behalf and shall be in such format as may be prescribed by the Exchange from time to time. The term constituent herein shall not include a Participant. The Exchange may categorize constituents into such types as may be necessary for the above purpose and specify the clauses to be included in agreements to be entered into by the Trading Member depending on the category of such constituent. However the Trading Member's responsibility shall not in any way be reduced due to non-execution of agreement with the constituent.

4.3.2 When establishing a relationship with a new constituent, Trading Members must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and his investment objectives by obtaining from the new constituent a CONSTITUENT REGISTRATION FORM which shall be in such format as may be prescribed by the Exchange from time to time. The Trading Member shall also obtain from all constituents other than individual constituent an approved copy of the board resolution permitting trading in currency derivatives.

- 4.3.3 Trading Member shall make the constituent aware of trading segment to which Trading Member is admitted, particulars of SEBI registration number, employee primarily responsible for the constituent's affairs, the precise nature of the Trading Member's liability for business to be conducted, the risk associated with business in currency derivatives trading including any limitations on that liability and the capacity in which the Trading Member acts and the constituent's liability thereon by issuing to the constituent a copy of the model RISK DISCLOSURE DOCUMENT which shall be in such format as may be prescribed by the Exchange from time to time. The Trading Member shall furnish a copy of the Risk Disclosure Document to all his clients.
- 4.3.4 The Trading Member shall provide extracts of relevant provisions governing the rights and obligations of constituents as constituents of Trading Members (including Participants as specified in the Rules, Bye-laws and Regulations), relevant manuals, notifications, circulars any additions or amendments thereto etc. of the Exchange, or of any regulatory authority, to the extent it governs the relationship between Trading Members and constituents, to the constituents at no extra cost.
- 4.3.5 The Trading Member shall also bring to the notice of his constituents, including Participants any indictments, penalties, etc. imposed on him by the Exchange or any other regulatory authority.
- 4.3.6 Recommendations to the Trading Member:
- (a) A Trading Member shall make adequate disclosures of relevant material information in his dealings with his constituents.
 - (b) No Trading Member or person associated with the Trading Member shall guarantee a constituent against a loss in any transactions effected by the Trading Member for such constituent.

4.4 GUIDELINES GOVERNING RELATIONSHIP BETWEEN TRADING MEMBER AND CONSTITUENT

- 4.4.1 The Trading Member shall not recommend to the constituent a sale or purchase of currency derivatives contracts traded on the USE Trading System, unless he has reasonable grounds to believe that such recommendation is suitable for the constituent on the basis of facts, if any, disclosed by the constituent, whether in writing or orally, regarding the objectives, constituent's holdings of currency derivatives contracts & underlying securities, financial soundness and investment.
- 4.4.2 The Trading Member shall make adequate disclosures of relevant material information in his dealing with his constituent including the current best price of trade and trade or order quantities on the USE Trading System, as also any allocation policy inter se constituents, any relevant announcement from the Exchange relating to margin, trading restrictions as to price, quantity or where the Trading Member is the counter party to a trade executed on the USE Trading system with the constituent.
- 4.4.3 Where the Trading Member manages a discretionary account for or on behalf of the constituent, he should abide by the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.

- 4.4.4 The Trading Member shall not furnish any false or misleading information or advice with a view to inducing the constituent to do business in particular currency derivatives contracts and which shall enable the Trading Member to earn a gain thereby.
- 4.4.5 The Trading Member shall explain the USE Trading System and order matching process to the constituent before accepting any orders from him.
- 4.4.6 Trading Members shall inform their Constituents whether they do client based trading or Pro-account trading. Trading Members shall disclose the aforesaid information-
- i. to their existing Constituents within such period as specified by the Exchange;
 - ii. to their new Constituents upfront at the time of entering into Member-Client Agreement;
 - iii. to their Constituents before carrying out any Pro-account trading, in case they presently do not do Pro-account trading, but choose to do so at a later date.
- 4.4.7 Where the Constituent requires an order to be placed or any of his orders to be modified after the order has entered the system but has not been traded, the Trading Member may, if it so desires, obtain order placement / modification details in writing from the Constituent. The Trading Member shall accordingly provide the Constituent with the relevant order confirmation / modification slip or copy thereof, forthwith, if so required by the Constituent.
- 4.4.8 Where the Constituent requires any of his orders to be cancelled after the order has been entered in the system but has not been executed, the Trading Member may, if it so desires, obtain the order cancellation details in writing from the Constituent. The Trading Member shall accordingly provide the Constituent with the relevant order cancellation slip, forthwith, if so required by the Constituent.
- 4.4.9 The Trading Member may, if it so desires, obtain in writing, the delivery and payment requirement in any instructions of an order that it receives from the Constituents. Where a Trading Member receives a request for order modification or order cancellation from the Constituents, it shall duly bring it to their notice that if the order results in a trade in the meantime, the requests for modification or cancellation cannot be executed.
- 4.4.10 The Trading Member shall not accumulate or withhold constituent's order/unexecuted balances for currency derivatives contracts. The Trading Member shall place forthwith all orders.
- 4.4.11 The Trading Member shall act promptly in accordance with the instructions provided by the constituent unless he has a discretion as to the timing relating to entering and/or execution of the order, in which case he must exercise his judgment as to the best moment for entering that order in the system.
- 4.4.12 The Trading Member shall provide Constituent with a copy of the trade confirmation slip as generated on the trading system, forthwith on execution of the

trade, if so desired by the Constituent; and with a contract note for the trade executed.

- 4.4.13 In addition to the guidelines issued by SEBI relating to the regulation of transactions between constituents and brokers, member shall at all times keep the money of the constituent in a separate bank account. The bank will not be able to access the constituents account to meet the brokers' defaults in anyway unless specified by the constituent.
- 4.4.14 Where the member is required to pay margin money on transaction executed on behalf of the constituent, he shall collect the same from the constituent in such form and manner as may be specified by the Exchange.
- 4.4.15 Where the constituent requires an executed trade to be cancelled, the Trading Member shall obtain a written request for trade cancellation from the constituent. In all instances of trade cancellation requests, the member shall explain to the constituent that the right to approve or reject such trade cancellation requests rests with the Exchange.
- 4.4.16 The Trading Member shall make pay out of funds or delivery of securities, as the case may be, to the Constituent within one working day of receipt of the payout from the Exchange.
- 4.4.17
- (a) Trading Member shall not make payment in cash to the Constituents and shall not receive payment in cash from the Constituents, towards the payment of Mark to market settlement for currency derivatives contracts.
 - (b) The trading member shall make or receive all payments to/from the Constituents by account payee crossed cheques/ Demand Drafts or by way of direct credit into the respective bank account through Electronic Fund Transfer Facility or any other mode allowed by the Reserve Bank of India.
 - (c) In respect of their transactions, the trading member shall accept cheques/Demand Drafts drawn only by the Constituents and issue cheques/Demand Drafts in favour of the Constituents only;

Provided that in exceptional circumstances the trading members may receive the amount in cash, to the extent permissible under the provisions of the Income Tax Act or Rules or circulars or directives framed or issued there under, as may be in force from time to time.

4.5 CODE OF CONDUCT FOR TRADING MEMBERS

- 4.5.1 Adherence to SEBI Code of Conduct
The Trading Member shall at all times subscribe to the Code of Conduct as specified by the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992.
- 4.5.2 General Principles

- (a) A Trading Member shall make adequate disclosures of relevant material information in his dealings with his clients.
- (b) No Trading Member or person associated with the Trading Member shall guarantee a client against a loss in any transactions effected by the Trading Member for such client.
- (c) Professionalism : A Trading Member in the conduct of his business, shall observe high standards of commercial honour of just and equitable principles of trade .
- (d) Adherence to Trading Practices: Trading Members shall adhere to the Rules, Bye-laws and Regulations of the Exchange and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable from time to time.
- (e) Honesty and Fairness: In conducting his business activities, a Trading Member shall act honestly and fairly, in the best interests of his constituents.
- (f) Capabilities: A Trading Member shall have and employ effectively the resources and procedures which are needed for the proper performance of his business activities.

4.5.3 Trading Principles

- (a) Trading Members/Participants shall ensure that the fiduciary and other obligations imposed on them and their staff by the various statutory acts, rules and regulations are complied with.
- (b) Trading Members/Participants shall ensure -
 - i. that any employee who commits the Trading Members or Participants to a transaction has the necessary authority to do so.
 - ii. 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 Rules, Bye-laws and Regulations of the Currency Derivatives segment of the Exchange including any additions or amendments thereof.
- (c) Without prejudice to regulation 3.1.18 and 3.1.19, a Trading Member shall be responsible for all the actions including trades originating through or with the use of all following variables - Trading Member Id and User Id, at that point of time. However, if the Trading Member satisfies the Exchange 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) and that the action(s) and/or trades did not originate from any of his approved workstations, the Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so affected.
- (d) When entering into transactions on behalf of constituents, the Trading Members shall ensure that they abide by the Code of Conduct and regulations as enumerated in the current chapter of these regulations.
- (e) No Trading Member or person associated with a Trading Member shall make improper use of constituent's securities/positions in currency derivatives contracts or funds.

- (f) No Trading Member shall publish and circulate or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service or communication of any kind which purports to report any transaction as a purchase or sale of any currency derivatives contracts unless such Trading Member can establish if called for, that such transaction was a bonafide purchase or sale of such contract; or which purports to quote the purchase/sale price for any currency derivatives contract unless such Trading Member can establish if called for that such quotation represents a bonafide order of such currency derivatives contract.
- (g) When entering into or arranging transactions, Trading Members must ensure that at all times great care is taken not to misrepresent in any way, the nature of transaction.
- (h) No Trading Member shall exercise any discretionary power in a constituent's account unless such constituent has given prior written authorization to a stated individual or individuals and the account has been accepted by the Trading Member, as evidenced in writing by the Trading Member.
- (i) A Trading Member shall not act as a principal or enter into any agreement or arrangement with a constituent or constituent's agents, employees or any other person connected to the constituent, employee or agency, whereby special or unusual rates are given with an intent to give special or unusual advantage to such constituent for the purpose of securing his business.
- (j) The Trading Member shall not disclose the name and beneficial identity of a constituent to any person except to the Exchange as and when required by it.
- (k) The facility of placing orders on 'Pro-account' through trading terminals shall be availed by the Trading Members only at one location of the Trading Members as specified / required by the Trading Members. Any trading terminal located at a place other than the above location shall have a facility to place order only for and on behalf of a Constituent by entering client code details as required/specified by the Exchange / SEBI. In case any Trading Member requires the facility of using 'Pro-account' through trading terminals from more than one location, such Trading Member shall request the Exchange stating the reason for using the 'Pro-account' at multiple locations and the Exchange may, on a case to case basis after due diligence, consider extending the facility of allowing use of 'Pro-account' from more than one location.

4.5.4 General Guidelines

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

(a) Shielding or Assisting:

No Trading Member shall shield or assist or omit to report any Trading Member whom he has known to have committed a breach or evasion of any Rules, Bye-Laws or Regulations of the Exchange or of any resolution, order, notice or direction there under of the Board of Directors or the Managing

- Director or of any committee or officer of the Exchange authorized in that behalf.
- (b) Suspended currency derivatives contracts
Except with the permission of the Exchange, business shall not be transacted by the Trading Member in currency derivatives contracts which have been suspended from official quotation .
- (c) Misleading Transactions
A Trading Member shall not -
- i. make bids and/or offers for currency derivatives contracts with an intention of creating a false or misleading appearance with respect to the market for, or the price of any currency derivatives contracts or;
 - ii. make a transaction or give an order for the purchase or sale of currency derivatives contracts, the execution of which would involve no change of beneficial ownership, unless the Trading Member had no knowledge that the transaction would not involve a change in the beneficial ownership of currency derivatives contracts.
- (d) Use of information obtained in Fiduciary Capacity
A Trading Member who in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the purchase/sale of currency derivatives contracts, shall under no circumstance make use of such information for the purpose of soliciting purchases/sales except at the request and on behalf of the issuer, if any.

4.6 FRAUDULENT AND UNFAIR TRADING PRACTICES

- 4.6.1 No Trading member shall buy, sell or deal in currency derivatives contracts in a fraudulent manner or indulge in any unfair trade practices including market manipulation.
- 4.6.2 Without prejudice to generality of the provisions contained in the above clause, no person shall indulge in market manipulation, namely :
1. (a) effect, take part in or enter into either directly or indirectly transactions in currency derivatives contracts, which are likely to have the effect of artificially raising or depressing or stabilizing the price of currency derivatives contracts;
(b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the currency derivatives market or, results in reflection of prices of currency derivatives contracts based on transactions, which are not genuine trade transactions ; or
(c) pay, offer or agree to pay or offer, directly or indirectly, to any person to purchase or sell any contract with the sole object to maintain, inflate, depress, or cause fluctuations in the market price of currency derivatives contracts.
 2. No person shall make a statement, or disseminate information which is materially misleading is likely to induce the sale of currency derivatives contracts by other persons or is likely to have the effect of maintaining or stabilizing the market price of currency derivative contracts if, when he makes or disseminates the information:

(a)he does not care whether the statement or information is true or false;

(b) he knows or ought to reasonably know that the statement or information is false or misleading in material.

- 4.6.3. No trading member shall
- (a) engage in any act, practice in course of his business, which would operate as a fraud or deceit upon any person in connection with the purchase or sale of any currency derivatives contracts; or
 - (b) buy, sell or deal in currency derivatives contracts on his own behalf or on behalf of a person associated with him pending the execution of the order of his constituent or of his company or director for the same currency derivatives contracts in securities; or
 - (c) delay the transfer of currency derivatives contracts in the name of the transferee which results in the increase in price of the currency derivatives contracts; or
 - (d) indulge in falsification of his books, accounts and records for the purpose of market manipulation; or
 - (e) when acting as an agent execute a transaction with a constituent at a price other than the price at which it was executed on the Exchange or other than the price it was off-set against the transaction of another constituent; or
 - (f) either take opposite position to an order of a constituent or shall execute opposite orders which he is holding in respect of two constituents except in the manner laid down by the Exchange.

5. ARBITRATION

5.1 DEFINITIONS

- (a) 'Arbitrator' means a sole arbitrator or a panel of arbitrators.
- (b) 'Applicant' means the person who makes the application for initiating arbitral proceedings.
- (c) 'Respondent' means the person against whom the Applicant lodges an arbitration application, whether or not there is a claim against such person.

5.2 SEAT OF ARBITRATION

- (a) 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 for different regions shall be as follows :

Seats of Arbitration - States covered by the RAC

Regional Arbitration Centres (RACs)

DELHI	Delhi, Haryana, Uttar Pradesh, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh, Rajasthan
KOLKATA	West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chhattisgarh

CHENNAI	Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Andaman & Nicobar, Lakshadweep, Pondicherry
MUMBAI	Maharashtra, Gujarat, Goa, Daman, Diu, Dadra & Nagar Haveli, Madhya Pradesh

- (b) The premises/location where arbitration shall take place shall be such place as may be identified by the Exchange from time to time and intimated to the arbitrator and the parties to the dispute accordingly.

5.3 CRITERIA FOR SELECTION OF SEAT OF ARBITRATION

Save as otherwise specified by the Relevant Authority, the criteria for selection of seat of arbitration for a particular matter is as follows:

Parties to Dispute	Place of filing the Application for Arbitration	Place of hearing
T M* V/s T M	(a) If the dealing offices of both Trading Members from where the dealing was carried is situated in any one of the states covered by a particular RAC then the Application for Arbitration shall be filed by the Applicant-Trading Member in that RAC. (b) If the dealing offices of both Trading Members from where the dealing was carried out are situated in states covered by different RAC then the Application for Arbitration shall be filed in the RAC covering the state n which the Respondent-Trading Member’s dealing office is situated.	The hearing shall be held at the RAC where the Applicant-Trading member has filed the Application for Arbitration and the Respondent-Trading Member shall attend the hearing in that particular RAC.
T M V/s C* and C V/s T M	The Application for Arbitration shall be filed by the Applicant at the RAC covering the state in which the Constituent ordinarily resides.	The hearing shall be held in that RAC where the Applicant has filed the Application for Arbitration and the Respondent shall attend the hearing in that particular RAC.

* “TM” stands for “Trading Member” and “C” stands for “Constituent.”

5.4 Notwithstanding anything contained hereinabove and unless otherwise specifically agreed in writing between the Trading Member and the Constituent, in respect of any claims, disputes and differences arising out of internet trading between the Constituent and Trading Member, the seat of arbitration shall be the Regional Arbitration Centre within the area in which the Constituent ordinarily resided at the time of relevant trading, provided however in respect of a non-resident Indian Constituent, the seat of arbitration shall be the Regional Arbitration Centre in the area of which the correspondence office of the Trading Member is situated.

5.5 REFERENCE OF THE CLAIM, DIFFERENCE OR DISPUTE

Save as otherwise specified by the Relevant Authority, if the value of the claim, difference or dispute is more than Rupees Twenty Five Lakhs on the date of application, then such claim, difference or dispute shall be referred to a panel of three arbitrators and if the value of the claim, difference or dispute is up to Rupees Twenty Five Lakhs, then the same shall be referred to a sole arbitrator.

5.6 CRITERIA AND PROCEDURE FOR SELECTION OF ARBITRATORS

- (a) For facilitating the appointment of an arbitrator, a list of persons eligible to act as arbitrators may be constituted annually by the Relevant Authority from amongst persons who possess requisite qualification, experience, and knowledge in the securities business. The list of eligible persons shall consist of only persons who are not Trading Members of the Exchange or connected with any Trading Member as its shareholder or director or partner or employee or sub-broker or authorized person. The names of the list of eligible persons shall be as specified by the Exchange from time to time.
- (b) Such list of eligible persons may be constituted for each Regional Arbitration Centre.

5.7 PROCEDURE FOR APPOINTMENT OF ARBITRATORS

- (a) The Applicant and the Respondent against whom the claim has been made by the Applicant shall submit to the Exchange in the order of descending preference, names of such number of persons as specified hereunder from amongst the list of eligible persons specified by the Exchange for the respective seats of arbitration. The number of persons to be so selected by the Applicant and the Respondent shall be seven if the seat of arbitration is at Mumbai and five in other cases. Such names shall be submitted in Form No. II by the Applicant along with Form No. I. The Respondent shall submit the names in Form No. II within seven days of the receipt of Form No. I from the Exchange. Upon receiving the Form No. II from both the Applicant as well as the Respondent, the Exchange shall as provided for herein, identify the person/s who shall act as the arbitrator.
- (b) The Exchange shall identify the sole arbitrator to whom the arbitration application will be referred in the following manner:
 - i. The Exchange shall identify the most common arbitrator to whom the highest preference has been given by both the Applicant and the Respondent.
 - ii. If no common arbitrator is identifiable, the Relevant Authority shall select an arbitrator from the lists of persons eligible to act as arbitrators excluding the persons selected by the Applicant and the Respondent. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.
 - iii. In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators, the Relevant Authority shall select the sole arbitrator from the lists of persons eligible to act as arbitrators.
- (c) The Exchange shall identify the panel of arbitrators to whom the arbitration application will be referred in the following manner :

- i. The Exchange shall identify three most common arbitrators in the order of preference given by both the Applicant and the Respondent.
 - ii. In case of matters to be referred to a panel, if no common arbitrator is identifiable or only one or two common arbitrators are identifiable, the first, the second and/or the third arbitrator as the case may be shall be selected by the Relevant Authority from the list of eligible persons excluding the persons selected by the Applicant and the Respondent. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.
 - iii. In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators the Relevant Authority shall select the panel of arbitrators from the lists of persons eligible to act as arbitrators.
 - iv. The panel of arbitrators so appointed shall select one among themselves to act as a presiding arbitrator within 7 days of receipt of intimation from the Exchange appointing them to act as an arbitrator. In case of failure or lack of consensus among the panel to select a presiding arbitrator, the Relevant Authority shall select the presiding arbitrator.
- (d) If the Applicant refuses to choose the persons eligible to act as arbitrators or fails to submit Form II, and the Respondent submits Form II, then the Relevant Authority shall select an arbitrator from the balance list of eligible persons excluding, the persons selected by the Respondent. If after excluding the persons selected by the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by the Respondent.
- (e) If the Applicant submits Form II and the Respondent fails to submit the same, then Relevant Authority shall select an arbitrator from the balance lists of eligible persons excluding the persons selected by the Applicant.
- (f) If the arbitrator chosen as per the above procedure is not able to take up the matter for whatsoever reasons and/or not available for an extended period, then the Relevant Authority shall select an arbitrator from the remaining names on the list of eligible persons excluding the persons selected by the Applicant and/or the Respondent. If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.

5.8 VACANCY IN THE OFFICE OF THE ARBITRATOR

If the office of the sole arbitrator or any one or more of the arbitrators in the panel of arbitrators falls vacant after the appointment thereto, the Exchange shall adopt the procedure specified in Regulation 5.7 herein above and fill up the vacancy within 7 days of such vacancy. For this purpose, the list of names of eligible persons in Form No. II already submitted by the Applicant and the Respondent shall be considered.

5.9 DEPOSIT TOWARDS COST OF ARBITRATION

- (a) The parties to the claim, difference or dispute shall bear cost of arbitration. For this purpose, both the parties to arbitration shall make a deposit with the Exchange along

with Form No. I or Form No. III, as the case may be, for defraying the costs that may be incurred for conducting the arbitration proceeding provided when there is failure, neglect or refusal by Respondent, being a Constituent, to make a deposit accordingly, the Applicant shall be responsible for making such deposit without prejudice however to its right to recover the same from such Respondent in terms of the award. The Exchange shall have the right to recover the deposit from the Trading Member from the moneys due to it if the Trading Member fails to make the deposit.

- (b) The amount of deposit, which has to be deposited is determined by the amount of the claim initially and thereafter determined based on a higher counter claim, if any, and is as specified below:

Sr No.	Amount of Claim / Counter Claim (higher amount to be considered)	Amount of deposit
1	Up to Rs. 10,00,000	Rs.10,000/-(deposit is taken only from the Trading Member and not from the Constituent)
2	From Rs.10,00,001 to Rs. 25,00,000/-	Rs.12,000/-
3	Rs.25,00,001 and above	Rs18,000/-

Additional deposits have to be paid by the parties to arbitration in case there is a counter claim and the same is higher than the claim amount in a higher slab. The balance, if any, from the above deposit after adjusting the cost of arbitration there from shall be returned to respective party (ies).

- (c) Notwithstanding what is mentioned at (b) above, the Exchange may call for such additional deposits as it may deem fit if in its opinion the deposits already made will be insufficient to defray the expenses of arbitration. Such additional deposits shall partake the character of deposit and shall be dealt with accordingly.
- (d) Notwithstanding anything contained above, if the amount of claim is less than or equal to Rs.10 lakhs, then the constituent whether he or she or it is an Applicant or Respondent shall not be required to furnish the deposit to the Exchange. In such cases, the costs incurred for conducting the arbitration proceedings for and on behalf of the Constituent shall be borne by the Exchange.

5.10 PROCEDURE FOR ARBITRATION

- (a) The Applicant shall submit to the Exchange application for arbitration in Form No. I , (three copies in case of sole arbitrator and five copies in case of panel of arbitrators) along with the following enclosures:
- i. The Statement of Case (containing all the relevant facts about the dispute and relief sought)
 - ii. The Statement of Accounts
 - iii. Copies of Member - Constituent Agreement
 - iv. Copies of the relevant Contract Notes and Bills
- (b) The Applicant shall also submit to the Exchange the following along with Form No. I

- i. A cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favour of United Stock Exchange of India Limited
 - ii. Form No. II containing list of names of the persons eligible to act as arbitrators
- (c) If any deficiency/defect in the application is found, the Exchange shall call upon the Applicant to rectify the deficiency/defect and the Applicant shall rectify the deficiency/defect within 15 days of receipt of intimation from the Exchange. If the Applicant fails to rectify the deficiency/defect within the prescribed period, the Exchange shall return the deficient/defective application to the Applicant. However, the Applicant shall have the right to file a revised application which shall be considered as a fresh application for all purposes and dealt with accordingly.
- (d) Upon receipt of Form No. I, the Exchange shall forward a copy of the statement of case and related documents to the Respondent.
- (e) Upon receiving Form No. I, the Respondent shall submit Form II to the Exchange within 7 days from the date of receipt. If the Respondent fails to submit Form II within the time period prescribed by the Exchange, then the arbitrator shall be appointed in the manner as specified in Regulation 5.7.
- (f) Upon receiving Form No. II from the Respondent(s), the arbitrator shall be appointed as per the procedure prescribed in Regulation 5.7. In the event there is more than one Respondent, being legal heirs of a deceased Constituent or family members, then such legal heirs shall authorize one of them to represent the deceased Constituent in the arbitration proceedings including signing of Form II and such other documents as may be required.
- (g) The Respondent(s) shall within 15 days from the date of receipt of Form No. I from the Exchange, submit to the Exchange in Form No. III three copies in case of sole arbitrator and five copies in case of panel of arbitrators along with the following enclosures:
 - i. The Statement of Reply (containing all available defenses to the claim)
 - ii. The Statement of Accounts
 - iii. Copies of the Member Constituent Agreement,
 - iv. Copies of the relevant Contract Notes and Bills
 - v. Statement of the set-off or counter claim along with statements of accounts and copies of relevant contract notes and bills
- (h) The Respondent shall also submit to the Exchange a cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favour of United Stock Exchange of India Limited along with Form No. III
- (i) If the Respondent fails to submit Form III within the prescribed time, then the arbitrator may proceed with the arbitral proceedings and make the award ex- parte.
- (j) Upon receiving Form No. III from the Respondent the Exchange shall forward one copy to the Applicant. The Applicant shall within ten days from the date of receipt of copy of Form III, submit to the Exchange, a reply to any counterclaim, if any, which may have been raised by the Respondent in its reply to the Applicant. The Exchange shall forward a copy of the reply to the Respondent.
- (k) The time period to file any pleading referred to herein may be extended for such further periods as may be decided by the Relevant Authority in consultation with the arbitrator depending on the circumstances of the

matter.

5.11 REQUIREMENT FOR HEARINGS

- (a) No hearing shall be required to be given to the parties to the dispute if the value of the claim, difference or dispute is Rs.25, 000 /- or less. In such a case the arbitrator shall proceed to decide the matter on the basis of documents submitted by both the parties provided however the arbitrator for reasons to be recorded in writing may hear both the parties to the dispute.
- (b) If the value of claim, difference or dispute is more than Rs.25,000/-, the arbitrator shall offer to hear the parties to the dispute unless both parties waive their right for such hearing in writing.

5.12 NOTICE OF HEARING

Unless otherwise specified, the Exchange shall in consultation with the arbitrator determine the date, the time and place of the first hearing. Notice for the first hearing shall be given at least ten days in advance, unless the parties shall, by their mutual consent, waive the notice. The arbitrator shall determine the date, the time and place of subsequent hearings of which a notice shall be given by the Exchange to the parties concerned.

5.13 ADJOURNMENT OF HEARING

If any party to the reference wants to make an application for adjournment of hearing by the arbitrator the party shall make an application in writing giving reasons for seeking adjournment to the Exchange sufficiently in advance to enable the Exchange to forward such request to the arbitrator. The arbitrator at his discretion may grant the adjournment subject to such conditions as deemed fit by him.

5.14 In the arbitral proceeding a Constituent may appear through a power of attorney holder and the trading member may appear through his authorized representative; Provided that the trading member may appear through a legal practitioner only if the Constituent is represented through a legal practitioner. For the purpose of this regulation, 'authorized representative' shall mean as under-

- (a) If the trading member is an individual, an employee or authorized person of the trading member as defined in these Regulations.
- (b) If the trading member is a partnership firm, any partner or employee or authorized person of the trading member as defined under these Regulations.
- (c) If the trading member is a Company, any director or employee or authorized person of the trading member as defined under these Regulations.

5.15 ARBITRAL AWARD ON AGREED TERMS

If after the appointment of an arbitrator, the parties settle the dispute, then the arbitrator shall record the settlement in the form of an arbitral award on agreed terms.

5.16 ARBITRAL AWARD UNDER CERTAIN CIRCUMSTANCES

The arbitrator, in case of any arbitration proceedings which is not defended or in his opinion is not effectively defended, besides the documents produced by the applicant, may, for the purpose of passing a fair and proper award, also consider any other document in general, which the arbitrator considers necessary for the purpose of coming to a proper conclusion and in particular the following documents for the purpose of arriving at a decision:

1. Copy of member-constituent agreement

2. Contract notes and bills
3. Statement of accounts given by the trading member to the constituent on periodic basis.
4. Bank statements supported by confirmation from the bank regarding payments/receipts.
5. Transaction cum Holding statements of the demat account(s) of the applicants and respondents with the depository.
6. Unique id uploads, if any, from the members to Exchange with regard to the client.
7. Trade log in respect of transactions relating to dispute.

For the purpose of the above, the arbitrator may also seek relevant information from the applicant as well as the Exchange, to the extent available with the Exchange.

5.17 MAKING OF ARBITRAL AWARD

- (a) The arbitral award shall be in writing and made in three originals duly dated and signed by the sole arbitrator or in case of a panel of arbitrators by all the three arbitrators .
- (b) The arbitrator shall file all the three original awards with the Exchange, which shall arrange to send one original each to the parties to the dispute and the stamped original award shall be retained by the Exchange.

5.18 INTEREST

- (a) The arbitrator may include in the sum for which the award is made interest at such rate on such sum and for such period as the arbitrator deems reasonable.
- (b) A sum directed to be paid by an award shall, unless the award otherwise directs, carry interest at the rate of eighteen per centum per annum from the date of the award to the date of payment.

5.19 ARBITRATION FEES AND CHARGES, COSTS, ETC.

- (a) The fees and expenses payable to arbitrator shall be as determined by the Relevant Authority from time to time.
- (b) All fees and charges relating to the appointment of the arbitrator and conduct of arbitration proceedings shall be borne by the parties to the reference equally or in such proportions as may be decided by the arbitrator.
- (c) The costs, if any, to be awarded to either of the party in addition to the fees and charges that have to be borne by the parties for conducting the arbitration shall be decided by the arbitrator.
- (d) Unless the arbitrator directs otherwise each party shall bear their own expenses of travelling and other incidental expenses incurred.

5.20 ADMINISTRATIVE ASSISTANCE WHICH MAY BE PROVIDED BY THE EXCHANGE

The Exchange shall

- (a) Maintain a register of references;
- (b) Receive all applications for arbitration and communications addressed by the parties before or during the course of arbitration proceedings or otherwise in relation thereto ;
- (c) Receive payment of all costs, charges, fees and other expenses;

- (d) Give notices of hearing and all other notices to be given to the parties before or during the course of the arbitration proceedings or otherwise in relation thereto ;
- (e) Communicate to the parties all orders and directions of the arbitrator;
- (f) Receive and record all documents and papers relating to the reference and keep in custody all such documents and papers except such as the parties are allowed to retain ;
- (g) Communicate the award on behalf of the arbitrator;
- (h) Generally do such things and take all such steps as may be necessary to assist the arbitrator in the execution of their function.

5.21 MODE OF COMMUNICATION

- (a) Any communication sent by the Exchange to either of the parties shall be deemed to have been properly delivered or served, even if such communication is returned to the Exchange as unclaimed/ refused/ undelivered, if the same is sent to the ordinary business address and/or ordinary place of residence and/or last known address of the party, in any one or more of the following ways: -
 - i. By post,
 - ii. By registered post,
 - iii. Under certificate of posting
 - iv. By speed post/courier services,
 - v. By telegram,
 - vi. By affixing it on the door at the last known business or residential address,
 - vii. By advertising it in at least one prominent daily newspaper having circulation in the area where the last known business or residential address of Respondent is situated,
 - viii. By sending a message through the Trading System,
 - ix. By electronic mail or fax
 - x. By hand delivery
- (b) Any communication sent by either of the parties to the Exchange shall be made in any one or more of the following ways:
 - i. By post (ordinary or registered or speed) or Courier service
 - ii. By telegram
 - iii. By fax
 - iv. By hand delivery
 - v. By electronic mail

5.22 The following documents shall be preserved by the Exchange for the time periods as mentioned hereunder

- (a) The original arbitration award along with acknowledgements shall be preserved permanently.
- (b) In case an appeal for setting aside the award is not filed, then apart from the original award, all the other records pertaining to arbitration shall be preserved for 5 years from the date of award.
- (c) In case an appeal for setting aside the award is filed, then apart from the original award, all the other records pertaining to arbitration shall be preserved for 5 years from the date of final disposal by court.

5.23 The destruction of records by the Exchange shall be subject to the previous order, in writing of the Relevant Authority and the details of the destruction shall be entered in a register wherein the brief particulars of the records destroyed along with the certification regarding the date and mode of destruction shall be mentioned.

**Form No. I Arbitration
Application [Regulation
5.10 (a)]**

Name of Applicant:

Status: Trading Member/Participant of the Exchange/ Constituent

Office/residential address of Applicant

Tel: Off res.

Fax: Off res.

Mobile Tel. No.

Email add.:

To,

Arbitration Department,

United Stock Exchange of India Limited,

Mumbai, Delhi, Calcutta, Chennai (Strike out which ever is not applicable)

Sirs,

I /We, am /are a Trading Member / participant of the Exchange /Constituent of _ _ * (please mention name of Trading Member).

I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Rules, Bye laws and Regulations of the Exchange which has arisen and is now pending between me/us and the following person

Name:

Status: Trading Member of the Exchange/ Constituent*

Office /residential Address:

Tel: Off res.

Fax: Off res.

Email add.:

The amount of claim in the matter is:

(a) Rs. (in words) (Rupees only)

(b) In case of currency derivatives contracts give details

i. Name of contracts

ii. Calculate Market Value of the currency derivatives contract as on the date of application

Please find enclosed a Cheque /Pay order / Demand Draft No.... dated issued bybank in favour of United Stock Exchange of India Limited for an amount of Rs... (Rupees.... only) payable at Mumbai /Delhi /Calcutta /Chennai towards Arbitration deposit for defraying costs and expenses of arbitration.

I/We state that I/We do not want a hearing from the arbitrator. I/We do want a hearing from the arbitrator*

Signature of Applicant

Date:

Place:

Note:

- 1) The Applicant shall put his/her signature on all the pages of the documents submitted along with this form and if the Applicant is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages.
If the Applicant is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution, as the case may be, along with this form.

- 2) In case of Mumbai seven names are to be suggested from the list of persons eligible to act as arbitrators. In case of Delhi, Calcutta and Chennai, five names are to be suggested from the list of persons eligible to act as arbitrators in the respective regions

* Strike out whichever is not relevant.

**Form No. II [Regulation 5.10 (b)
and 5.10 (e)]**

In the matter of an Arbitration under the Rules, Bye laws and Regulations of United Stock Exchange of India Limited

**Arbitration Matter No. _____ / 20__
BETWEEN**

M/s

Mr. /Mrs. /Ms. ... **Applicant (TM/C)***

Office/Residential Address

Tel: Office Res.

Fax: Office Res.

Mobile/Pager No.

Email add.:

AND

M/s

Mr. /Mrs. /Ms. ... **Respondent (TM/C)***

Office/Residential Address

Tel: Office Res.

Fax: Office Res.

Mobile/Pager No.

Email add.:

To,

Arbitration Department,

United Stock Exchange of India Limited,

Mumbai, Delhi, Calcutta, Chennai (Strike out which ever is not applicable)

Sirs,

In the said matter, the names of persons chosen by me /us as arbitrators from the list of eligible persons to act as arbitrators are given below in descending order of preference:

- | | | | |
|----|----|----|----|
| 1. | 2. | 3. | 4. |
| 5. | 6. | 7. | |

Yours faithfully,

Signature

Date:

Place:

Note: In case of Mumbai seven names are to be suggested from the list of persons eligible to act as arbitrators. In case of Delhi, Calcutta and Chennai, five names are to be suggested from the list of persons eligible to act as arbitrators in the respective regions.

* 'TM' stands for "Trading Member" and 'C' stands for "Constituent".

* Strike out whichever is not relevant

Form No. III
Reply by the Respondent to Arbitration Application
[Regulation 5.10 (g)]

In the matter of an Arbitration under the Rules, Bye laws and Regulations of United Stock Exchange of India Limited

Arbitration Matter No. ____/20__
BETWEEN

M/s

Mr. /Mrs. /Ms. ... **Applicant (TM/C)***

Office/Residential Address

Tel: Office Res.

Fax: Office Res.

Mobile/Pager No.

Email add.:

AND

M/s

Mr. /Mrs. /Ms. ... **Respondent (TM/C)***

Office/Residential Address

Tel: Office Res.

Fax: Office Res.

Mobile/Pager No.

Email add.:

To,

Arbitration Department,

United Stock Exchange of India Limited,

Mumbai, Delhi, Calcutta, Chennai (Strike out which ever is not applicable)

Sirs,

In connection with the application for arbitration submitted by Mr./Mrs./Ms./M/s the Applicant above named, I/We enclose herewith three/five copies of my/our reply along with the enclosures as specified in regulation.

Please also find enclosed a Cheque/Pay order/ Demand Draft No.... dated issued by bank in favour of United Stock Exchange of India Limited for an amount of Rs.... (Rupees... only) payable at Mumbai/ Delhi/ Calcutta/ Chennai towards Arbitration deposit for defraying costs and expenses of arbitration.

I/We state that I/We do not want a hearing from the arbitrator. I/We do want a hearing from the arbitrator.*

Yours faithfully

Signature of Respondent/s

Date:

Place:

Note: The Respondent shall put his/her signature on all the pages of the documents submitted along with this form and if the Respondent is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages. If the Respondent is a firm /company then the authorized representative of the Respondent has to submit the authority letter /board resolution as the case may be along with this form.

* 'TM' stands for "Trading Member" and 'C' stands for "Constituent".

* Strike out whichever is not relevant.

6. RECORDS, ANNUAL ACCOUNTS & AUDIT

6.1 RECORDS

- 6.1.1 Every Trading Member shall comply with all relevant statutory Acts, including Securities Contracts (Regulation) Act, 1956 and Rules framed there under and Securities Exchange Board of India Act, 1992 and Rules, Regulations and guidelines framed there under, and the requirements of and under any notifications, directives and guidelines issued by the Central Government and any statutory body or local authority or any body or authority acting under the authority or direction of the Central Government relating to maintenance of accounts and records.
- 6.1.2 In additions to the requirements as per regulation 6.1.1 above, every Trading Member of the Exchange shall comply with the following requirements and such other requirements as the Exchange may from time to time notify on this behalf relating to books of accounts, records and documents in respect of his membership and trading on the Exchange.
- 6.1.3 Where a Trading Member holds membership of any other recognized stock Exchange(s), then such a Trading Member shall maintain a separate books of accounts, records and documents for trades executed on each recognized stock Exchange.
- 6.1.4 Every Trading Member of the Exchange shall maintain the following records relating to its business for a period of five years:-
- (a) Order confirmation slips, order modification slips as obtained from the trading system of the Exchange.
 - (b) Trade confirmation slips and exercise notice records as obtained from the trading system of the Exchange.
 - (c) Statements of obligations received from the Exchange/Clearing Corporation.
 - (d) Record of all statements received from the settling agencies and record of all correspondence with them.
 - (e) Order Book of Constituents reflecting the following:
 - i. Identity of person receiving the order
 - ii. Date and time of order received
 - iii. Name of the person placing the order
 - iv. Name of Constituent, description and value of currency derivatives contracts to be bought and sold
 - v. Terms and conditions of the order stating particularly price/rate limit or price / rate related instructions and time limit on the order (if any).
 - vi. The Trading order number as per the USE Trading system the Exchange.
 - vii. Any modification or cancellation thereof including cases when it is cancelled by the system or cancelled due to maturity of the contract.
 - viii. If executed, the price/rate at which it is executed and to the extent feasible, the time of execution or cancellation and trade number as per the USE Trading system of the Exchange.
 - ix. Reference number of the contract issued in case of executed orders.
 - x. Orders entered pursuant to the exercise of discretionary power shall be so designated.

- xii. Entries of orders shall be serially numbered.
 - xiii. Details of upfront deposits collected by member for each constituent describing the form and value, mentioning appropriate haircuts.
 - xiv. Risk disclosure documents executed by each constituent approved to trade in currency derivatives,
 - xv. Margin call made and met.
- (f) Order book in respect of Trading Member's own orders
- (g) Every Trading Member shall preserve the following reports produced from the USE Trading system for a period of five years.
- i. Activity Log
 - ii. Orders Cancelled Today
 - iii. New Orders Today
 - iv. Outstanding Orders Today
 - v. Trades done Today
- (h) Copies of all instructions obtained in writing from constituents including Participants for an order placement, order modification, order cancellation, trade cancellation, etc.
- (i) Records in respect of interest received on securities of constituents, monies borrowed and loaned including monies received.
- (j) Records in respect of brokerage collected separately from constituents.
- (k) A Register of transaction (or other records of original entry) executed by Trading Members on behalf of Constituents containing an itemized daily record of all purchases and sales of securities, showing for each such transaction effected, contract specifications, value of currency derivatives contracts, expiration dates of currency derivatives contracts, rates both gross and net of brokerage and name of constituents.
- (l) Register of transactions for trades executed by the Trading Member on his own behalf containing such particulars as may be specified by the Exchange
- (m) Every Trading Member shall keep such records and books of accounts, as may be necessary, to distinguish constituent's contracts from its own contracts. These should be maintained on a Pro & Client basis where Pro stands for Proprietary (indicates trade carried on his own account) and Client stands for trade carried out for constituents. This is necessary to determine the amounts of brokerage and margins to be recovered from the constituents. Such records for constituent's contracts shall inter-alia, provide for the following :
- i. Contracts held in custody by the Trading Member as security deposit/margin, etc. Proper authorization from constituent for the same shall be obtained by Trading Member;
 - ii. Fully paid for constituent's securities registered in the name of Trading Member, if any, towards margin requirements, etc.
 - iii. Trading members should maintain records in respect of charges collected from constituents.
 - iv. Record of the Long and Short position of the Trading Member as well as that of each of his constituents.

- (n) Margin book for constituents and for Trading Members' own account trades containing the particulars relating to the amount of margins deposited by each constituent and the amount of margin released to each constituent.

6.1.5 Trading Members shall maintain and preserve for a period of seven years a mapping of client IDs used at the time of order entry in the USE Trading system with those unique client IDs along with client name, address and other particulars given in the Know your Client form .

1.

- (a) Every Trading Member shall keep for a period of three years such books of accounts, as shall be necessary, to show and distinguish in connection with his business as a Trading Member and also to comply with Rule 15 of Securities Contracts (Regulation) Rules, 1957 :

- i. The moneys received from or on account of and moneys paid to or on account of each of his constituents; and,

- ii. The moneys received and the moneys paid on Trading Member's own account. (b) It shall be compulsory for all Trading Members to keep the money of the constituents in a separate account and their own money in a separate account. No payment for transaction in which the Trading Member is taking a position as a principal shall be allowed to be made from the constituent's account.

- (c) Every Trading Member shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity not exceeding three months (Calendar quarter) within a month of the expiry of the said period. The Statement shall also state that the client shall report errors, if any, in the Statement within 30 days of receipt thereof to the Trading Member.

2 The transfer from constituent's account to Trading Member's account shall be allowed under circumstances enumerated below :

- i. **Obligation to pay money into "Constituents account"**: Every Trading Member who holds or receives money on account of a constituent shall forthwith pay such money to current or deposit account at bank to be kept in the name of the Member in the title of which the word "Constituents" shall appear (hereinafter referred to as "Constituents Account"). Trading Member may keep one consolidated constituents account for all the constituents or accounts in the name of each constituent, as he thinks fit; provided that when a Trading Member receives a cheque or draft representing in part money belonging to the constituent and in part money due to the Trading Member, he shall pay the whole of such cheque or draft into the constituents account and effect subsequent transfer as laid down below in Para (iii.b).

- ii. **Money to be paid into "constituents account"**: No money shall be paid into constituents account other than –
 - a. money held or received on account of constituents;
 - 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. a cheque or draft received by the Trading Member representing in part money belonging to the constituent and in part money due to the Trading Member.
 - iii. **Money to be withdrawn from “constituents account”:** No money shall be drawn from constituents account other than -
 - a. Money properly required for payment to or on behalf of constituents for or towards payment of a debt due to the Trading Member from constituents or money drawn on constituent’s authority, or money in respect of which there is a liability of constituents 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 each constituent;
 - b. Such money belonging to the Trading Member as may have been paid into the constituent account under Para (ii.b) and (ii.d) above;
 - c. Money which may by mistake or accident have been paid into such account.
 - iv. **Right to lien, set-off etc., not affected:** Nothing in this Para 1 shall deprive a Trading Member of any recourse or right, whether by way of lien, set-off, counter-claim charge(s) or otherwise against moneys standing to the credit of constituents account.
- 6.1.6 Every Trading Member shall maintain permanently copies of agreements executed with each of its constituent in accordance with the Exchange requirements.
- 6.1.7 Every Trading Member shall maintain permanently copies of agreements and documents executed with each of the settling agencies or banks.
- 6.1.8 Every Trading Member shall maintain records of all relevant particulars of persons which are approved as Approved Users by the Exchange .
- 6.1.9 Every Trading Member shall maintain originals of all communications received and copies of all communications sent by such Trading Member (including inter-office memo and communications) relating to its business as such.
- 6.1.10 Every Trading Member shall maintain all guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account and copies of resolutions empowering an agent to act on behalf of such Trading Member.
- 6.1.11 Every Trading Member shall maintain all written agreements and documents (or copies thereof) entered into by that Trading Member relating to its business as such, including agreements with respect to any account.
- 6.1.12 Every Trading Member shall preserve for a period of not less than five years after the closing of any constituent’s account any records which relate to the terms and conditions with respect to the opening and maintenance of such account, date of entering into agreement with the constituent, date of modification thereof, date of termination and representatives of such constituent who signed in each case.

- 6.1.13 A Trading Member shall intimate to the Exchange the place where these records are kept and available for audit /inspection.
- 6.1.14 The above requirements relating to maintenance of records shall apply not only to records of the Trading Member's principal office but also to those of any branch office and to any nominee company owned or controlled by the Trading Member for the purpose of conducting the business of the Trading Member.
- 6.1.15 Each Trading Member shall keep and preserve a record of all written complaints of its constituents showing the reference number of constituent, date, constituent's name, particulars of the complaints, action taken by the Trading Member, if the matter is referred to arbitration to the Exchange then the particulars thereof and record of resolution of the complaint by the Trading Member.
- 6.1.16 Every Trading Member shall maintain details of securities which are the property of the Trading Member showing with whom they are deposited and if held otherwise than by the Trading Member, whether they have been lodged as collateral security for loans or advances.
- 6.1.17 Every Trading Member shall keep copies/duplicates of Contract Notes issued by the Trading Member and details of any statements which are required by these Regulations to appear on Contract Notes.
- 6.1.18 For the purpose of Regulation Nos. 6.1.4, 6.1.5.1 and 6.1.12, the term of 5 years or 3 years, as the case may be, shall be reckoned from the date of closure of account or termination of contract of a Constituent or after the final settlement or adjudication of the dispute where there is a dispute between the Trading Member and the Constituent.
- 6.1.19 Notwithstanding anything contained hereinabove, every Trading Member of the Exchange shall preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of their investigation till the trial is completed.

6.2 ANNUAL ACCOUNTS AND AUDIT

- 6.2.1 Each Trading Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised to the Exchange.
- 6.2.2 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.
- 6.2.3 Each Trading Member shall furnish to the Exchange, 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, provided that when the Exchange

is satisfied that circumstances warrant an extension of time necessary to furnish such report, it may grant an extension of such time as it may deem fit.

7, INSPECTION

7.1 INSPECTION AUTHORITY

- 7.1.1 Where it appears to the Exchange so to do, it may appoint one or more persons as inspecting authority to undertake inspection of books of accounts, other records and documents of the Trading Members and Constituents for any of the purposes specified in regulation 7.1.2.
- (a) The Inspecting authority appointed by the Exchange under Regulation 7.1.1 may be either its own officials or such authorized person as the Board may appoint from time to time.
 - (b) When the Exchange appoints outside professionals as an inspecting authority, it shall notify the Trading Member the names and addresses of the professionals or firms so appointed as an inspecting authority at the time of inspection.
 - (c) When outside professionals are appointed as an inspecting authority in respect of a Trading Member and such professionals are already related in any other capacity with the Trading Member then such Trading Member shall forthwith inform the Exchange of such relationship.
 - (d) Where after appointment of any outside professional as an inspecting authority in respect of a Trading Member, the Trading Member or any of its associates engages such inspecting authority for its services in any other capacity, then such inspecting authority shall not engage itself in such other professional capacity with the Trading Member or any of its associates, without prior consent of the Exchange.
- 7.1.2 The purposes referred to in regulation 7.1.1. shall be as follows, namely :
- (a) To ensure that the specified records, books of accounts and other books are being maintained in the manner required;
 - (b) To ensure that the provisions of SEBI Act, Rules and Regulations framed there under are being complied with;
 - (c) To ensure that provisions of the Securities Contracts (Regulation) Act and the Securities Contracts (Regulation) Rules are being complied with;
 - (d) To ensure that various provisions of USE Rules, Bye-laws and Regulations and any directions or instructions issued there under are being complied with;
 - (e) To investigate into the complaints received from investors, other members of the Exchange or any other person on any matter having a bearing on the activities of the Trading Member;
 - (f) To investigate suo-motto, for any reason where circumstances so warrant an inspection, into the affairs of the Trading Member;
 - (g) To examine whether any notices, circulars, instructions or orders issued by the Exchange from time to time relating to trading and other activities of Trading Members are being complied with;
 - (h) To comply with any of the directives issued in this behalf by any regulating authority including Government of India.

7.2 NOTICE

- 7.2.1 Before undertaking any inspection under regulation 7.1.1, the Exchange shall give a reasonable notice to the Trading Member for that purpose.

7.2.2 Notwithstanding anything contained in sub regulation 7. 2. 1 , where the Exchange is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Trading Member be taken up without such notice.

7.2.3 The inspecting authority appointed by the Exchange shall undertake inspection and the Trading Member against whom an inspection is being carried out, shall be bound to discharge his obligations as provided under regulation 7. 3.

7.3 OBLIGATIONS OF A TRADING MEMBER ON INSPECTION

7.3.1 It shall be the duty of every director, officer and employee of the Trading Member, who is being inspected, to produce to the inspecting authority such books, records and other documents in his custody or control or arrange to produce such books, records and other documents which are in any other person's custody or control and furnish such statements and information within such time as the said inspection authority may require.

7.3.2 The Trading Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerized data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant . Such copies or materials shall be retained by the Inspecting Authority as the property of the Exchange.

7.3.3 The inspecting authority, in the course of inspection shall be entitled to examine or record statements of any member, director, officer and employee of the Trading Member or of any associate of such Trading Member .

7.3.4 It shall be the duty of every director , officer and employee of the Trading Member or where an associate is examined , such associate , to give to the inspecting authority all assistance in connection with the inspection which the Trading Member may be reasonably expected to give .

7.3.5 The inspecting authority shall be entitled to examine the records relating to the Trading Member's financial affairs held with its bankers or any other agency which the inspecting authority may find relevant .

7.3.6 The inspecting authority shall have access to the accounts and other records relating to the Trading Member or such access as authorized by the Exchange to the accounts and other records relating to any associate of the Trading Member as are within the power of the Trading Member to provide .

7.4 SUBMISSION OF REPORT

7.4.1 The inspecting authority shall submit an inspection report to the Exchange, within such time as the Exchange may specify in this regard.

7.4.2 (a) The Exchange shall after consideration of the Inspection Report, communicate the findings to the Trading Member to give him an opportunity of being heard before any action is taken by the Exchange on the findings of the Inspecting Authority.

- (b) On receipt of the explanation, if any, from the Trading Member the Exchange may call upon Trading Member to take such measures as the Exchange may deem fit in the public interest.
- (c) Notwithstanding anything contained in sub regulation 7.4.2 (a), where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving the Trading Member any opportunity of being heard.

7.4.3 The Exchange may, at its discretion, require from the constituents of the Trading Member or any other persons dealing with the Trading Member submission of such documents, records, statement of accounts or any other information as it may deem fit.

7.5 COLLECTION AND DISSEMINATION OF INFORMATION

7.5.1 The Exchange may call upon the Trading Members to furnish such information and / or explanation with regard to any constituent, dealings, settlement, account and/or other related matters.

7.5.2 The Exchange shall maintain the details of the clients of the Trading Members in confidence and it shall not disclose to any person /entity such details of the client as mentioned in the client registration form or any other information pertaining to the client except as required under the law or by any authority.

7.5.3 Notwithstanding anything contained in any of the regulations, the Exchange may at its discretion disseminate to other stock exchanges or regulatory authorities or to the general public, any information including information relating to any trades, dealings, settlement of dealings, accounting, disciplinary action initiated/taken against Trading Members and/or other matters relevant for enforcement or regulatory purposes.

ANNEXURE 1: APPROVED USER APPLICATION

Guidelines for Application of User ID Creation/Change or Cancellation

- Print the application form on the letter-head of Trading Member.
- Fill-up all blanks in the Application form (Please do not leave any column blank)
- Kindly tick the appropriate column for mode of connectivity viz. VSAT/MPLS-Leased Line.
- The application form should be signed by Authorised Signatories (i.e. designated director in case of company / proprietor/ managing partner in case of Partnership firm.
- Submit the User ID undertaking on Non-Judicial Stamp Paper of Rs. 300/- along with the application.
- Trading Members are requested to obtain the signature of the authorised signatories and affix rubber stamp on each and every page of the undertaking.
- For Cancellation of User ID, kindly arrange to send the application by fax to be followed by courier.
- Note that any incomplete application/ request which is not properly filled will not be entertained by the Exchange.
- A Trading Member who does not own or has not paid for a VSAT/MPLS-Leased Line shall be entitled to get only one Approved User registered without the payment of any charge. Such trading member shall not be entitled to get additional Approved User registered until the Trading Member obtains a VSAT/ MPLS-Leased line.
- Exchange reserves the right to allow/disallow any request by the Trading Member.
- In case of any query/doubt kindly contact our customer support department.

Note: Trading Members are advised that the Internet connectivity should not be provided to their clients. Trading Members willing to extend this facility to their client/s are required to adhere to the SEBI circular SMDRP/POLICY/CIR-06/2000 of January 31, 2000.

(On the Letterhead of the Trading Member)

**APPLICATION FOR APPROVAL AS APPROVED USER IN CURRENCY DERIVATIVES
SEGMENT**

To : Membership Department
United Stock Exchange of India Limited
6&7, 2nd Floor, C-Wing, Laxmi Towers
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Dear Sir,

I/We _____(Name of Trading Member) do hereby communicate to you that Mr. / Ms. _____(Name of User) has been appointed by us as an Authorised Person at our trading office situated at _____where we have the VSAT / MPLS-Leased Line connectivity. We further desire that Mr. / Ms. _____be granted permission to act as our Approved USER at the above said office for our trading terminals in the Currency Derivatives Segment.

Following are the details of the office where the terminal is located / intended to be located along with other relevant details:

1. SEBI Registration No. :
2. Our Registered Office address as on date :
3. Status and Address of the office where terminal is Located : Registered / Head / Branch office
Office Address :
4. Name of and designation of the person in-charge of the above office :

DETAILS OF THE PROPOSED USER

5. Name of the person for whom this application for allotment of User is made (*expand all initials*) :
6. Date of birth :

7. Father's name :
8. Permanent Address :
9. Present Address :
10. Qualification
11. Type of User : Trader / Inquiry / Privilege
12. Registration No. of the Derivatives certification test (copy enclosed) :
13. Validity Date of Derivatives certificate : ___/___/_____(in dd/mm/yyyy)
14. PAN of Approved user or Copy of Application for PAN
15. Relationship of the proposed USER with the Trading Member (i.e. an employee, agent on commission basis, trainee, others (pls. specify) and Period from which the relation commenced :
16. Mode of connectivity for trading from the said premises : VSAT ID _____
(from where the proposed User would operate) MPLS-Leased Line ID _____
17. No. of existing terminals at the above VSAT / LL Id :

We hereby confirm that the required Computer systems, networking systems, etc. as prescribed by the Exchange have already been installed for the new Trader Workstation, for which this facility is being sought.

I/We hereby agree and bind myself/ourselves to be responsible for all acts, quotations made and transactions done, trades made, or effected by Mr. / Ms. _____ as our Approved User on the Trading System on the Currency Derivatives Segment of the United Stock Exchange of India Limited. I/We shall ensure that he/she will not execute any order on his/her own account or on account of anyone without such order having my/our prior approval in writing. I/We shall ensure that the proposed Approved User Mr. / Ms. _____ will not function / place orders / deal on the trading system in any manner that would represent that the trades have been placed as a sub-broker unless he is a SEBI registered sub-broker. In case of Mr./Ms. _____ ceasing to be associated with me/us as _____, I/we shall communicate to you and seek the disablement of the User ID so allotted against this application. I/ We am/are also aware that the Derivatives certificate has a validity of _____ years and accordingly the User IDs so allotted would be withdrawn by the Exchange on the expiry of such period unless the said certification is revalidated. I / We certify that I/we have not applied for any

other User ID in the name of Mr. / Ms. _____ on the same segment for which this ID is now being applied for. The User ID so allotted would be utilized by Mr. / Ms. _____ only to access the Exchange trading system.

Date: _____

Place: _____

Stamp & Signature of the Trading Member

UNDERTAKING FROM THE PROPOSED USER

I hereby declare that I am aware about the Rules, Regulations and Bye-laws and Circulars issued thereunder by the Exchange. I agree to become a User of M/s _____ (name of Trading Member). I would intimate the Exchange on ceasing to be an employee / User of M/s _____ (name of the trading member). I hereby agree to abide by the Rules, Regulations and Bye-laws and Circulars issued by the Exchange that may be in force from time to time and understand that appropriate action may be initiated by the Exchange in case of violation of the Rules, Regulations and Bye-laws and Circulars issued by the Exchange. I certify that I have not applied for any other User ID on the same segment for which this ID is now being applied for. I will not allow anybody else to access / use the Exchange Trading System using the User ID so allotted to me.

Date:

Name and signature of User

Place:

ANNEXURE 2: UNDERTAKING FOR USER ID

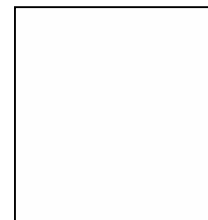
(on a non-judicial stamp paper of Rs.100/-)

Whereas at our request made through M/s. _____, (Member ID NO _____) who is a member of United Stock Exchange of India Limited (hereinafter referred to as "Exchange" or "the Exchange") has agreed to provide additional user ID/s to me/us and we hereby confirm that the terms and conditions of the undertaking for trading been read and understood by me/us and I/we hereby undertake to comply with the same. I/We further undertake that I/we shall be responsible for all transaction done by me/us using facility provided by the Exchange or for any risk arising out of use of facilities and shall not hold the Exchange responsible for any loss or risk arising from the trading.

Further, I/we _____(Name of the member) confirm that Mr/Ms. _____(Name of user) is not debarred/declared defaulter/suspended by SEBI/stock exchanges/other authorities.

I/we further confirm that I/we shall inform to the Exchange immediately whenever there is a change in our trading status/constitution due to above reasons.

Member Code _____	Approved User Code _____
Member Name _____	Approved User Name _____
Member Signature _____	Approved User Signature _____
Member Address _____	Approved user Address _____
_____	_____
_____	_____



(Approved User Photograph)

ANNEXURE 3: CANCELLATION OF APPROVED USER

(On Members Letter-Head)

Application for Cancellation of Approved User

Member ID No.: _____

To,

Membership Department

United Stock Exchange of India Limited
6&7, 2nd Floor, C-Wing, Laxmi Towers
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Dear Sir,

Sub: Application for cancellation of User ID

One of our users, _____(Name of the user) having user ID no _____, provided by United Stock Exchange of India Limited, is no more associated with us for _____ (reason). We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades made, or affected by him on the Trading System.

We request you to cancel the above said user ID with effect from ____/____/____(Date).

We will be responsible to Exchange for clearing any dues for the user.

For (Name of Member)

Approved Signatory
(Designated Director / Managing Partner / Proprietor)

Date:

Place:

Note: User ID's shall be deleted after the Exchange is satisfied that the same can be deleted and at the discretion of the Exchange.

ANNEXURE 4: MAPPING OF MEMBER’S APPROVED USERS TO MODE OF CONNECTIVITY

(On Members Letter-Head)

(Application for Mapping of Member Administrator / Approved Users to the mode of connectivity)

Member ID No.: _____

To,

Membership Department

United Stock Exchange of India Limited
6&7, 2nd Floor, C-Wing, Laxmi Towers
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Dear Sir,

Sub: Mapping of Member Administrator / Approved Users to the mode of connectivity

I/We _____ (Trade name of Member) hereby apply for the mapping of Member Administrator / Approved Users for trading through Internet/VSAT/MPLS-Leased Line connectivity.

We hereby confirm that we intend to access and trade on United Stock Exchange of India Limited as per mode of connectivity chosen below.

Sr. No.	Member ID	User ID	Approved User Name	Mode of Connectivity (VSAT/MPLS-Leased Line)	IP Address

For (Name of the Member)

Approved Signatory
(Designated Director/Managing Partner/Proprietor)

Date:

Place:

ANNEXURE 5: APPLICATION FOR PRO-ACCOUNT ENABLEMENT AT MULTIPLE LOCATIONS

(on Member's Letterhead)

To,

Date:

Membership Department

United Stock Exchange of India Limited
6&7, 2nd Floor, C-Wing, Laxmi Towers
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

I/we, a Trading Member of United Stock Exchange of India Limited, wish to **avail** of the facility of placing orders on "Pro-account" through the following trading terminals.

In this regard, I/we are furnishing the following details: -

Trading Member ID :

Name of Trading Member :

SEBI registration no :

Address of the **Default** location :

Details of **Default** location in respect of which facility of using Pro-account sought: -

Sr. No.	User id	User Name	Branch Id	Vsat Id No. / MPLS-Leased Line Id No.	
				Primary	Dual Locking (if any)

Details of **additional** location(s) in respect of which facility of using Pro-account sought: -

Sr. No.	User id	User Name	Branch Id	Postal Address	Vsat Id No. / MPLS-Leased Line Id No.		Name and designation of the Director (s)/ Partner(s) supervising/ stationed at the location	Reason for availing pro-facility
					Primary	Dual Locking (if any)		

Yours faithfully,

Name of the Trading Member

Name & Designation of the person signed

ANNEXURE 6: UNDERTAKING FOR PRO-ACCOUNT MULTIPLE LOCATIONS FACILITY

I/We _____, an individual /a firm registered under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the Companies Act of 1956 / _____ Act, 19__, and residing at / having our registered office at _____ give this UNDERTAKING on this the ____ day of _____ 20 ____ at _____ IN FAVOUR of United Stock Exchange of India Limited, a company incorporated under the Companies Act of 1956, with its corporate office at 6&7, 2nd Floor, C-Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter called "Exchange" or "the Exchange").

WHEREAS

1. Exchange provides trading software (TWS) to enable its Trading Members to trade and in addition the Exchange also provides Intermittent Message Layer (hereinafter called "IML") facility to Trading Members for order entry, receipt of order and trade confirmation and also for receipt of data relating to its trade quotations.
2. The Exchange, has prescribed that the facility of placing orders on "Pro-account" through trading terminals shall be availed by the Trading Members only at one location of the Trading members as specified / required by the Trading Members; any trading terminal located at a place other than the above location shall have a facility to place order only for and on behalf of a Client by entering client code details as required by the Exchange/ SEBI; and In case any Trading Member requires the facility of using "Pro-account" through trading terminals from more than one location, such Trading Member shall request the Exchange stating the reason for using the "Pro-account" at multiple locations.
3. Exchange has as a precondition to the Undersigned being permitted the facility of using "Pro-account" through trading terminals from more than one location required me/us to furnish the undertaking in the manner and on the terms herein below:-

NOW THEREFORE IN CONSIDERATION OF THE EXCHANGE having agreed to allow me/us at my/our request to avail the Pro-account facility from more than one location, I/we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions:-

1. That I/we undertake to enter proprietary orders only from the Pro-account terminals permitted by the Exchange and undertake not to misuse the said "Pro-account" facility and state that the proprietary trades on the Pro-account terminals pertain to proprietary trades and not client trades.
2. That I/we state that our Director(s) / Partner(s) is/are based at the location where the "Pro-account" trading terminals are located. The Pro-account facility shall be made available to the Approved Users only after obtaining the prior written consent of the Exchange and subject to such terms and conditions as may be prescribed by the Exchange from time to time.
3. That I/we undertake not to use the "Pro-account" trading terminals for purposes other than the purposes specified herein.
4. That I/we undertake to take all such steps and/or precautions to ensure and keep ensured that the 'Pro-account' facility is not extended to a location other than the location of the trading terminals where the "Pro-account" facility is permitted by the Exchange and IML terminals shall not be extended beyond the location of such permitted trading terminals.

Signature..... (Authorised Signature / Managing Partners / Individual)

Rubber Stamp

Notary (Stamp and Seal)

5. That the Exchange, at its absolute discretion, may make the Pro-account facility available to me / us only from the date of my / our enablement on the Pro-account facility till such time as it may deem fit and further that the Pro-account facility may at any time be withdrawn by the Exchange at its discretion without giving me / us any notice or any reasons whatsoever.
6. That I/we shall execute, sign, and subscribe, to such other documents, papers, agreements, covenants, bonds, and / or undertakings as may be prescribed or required by the Exchange from time to time.
7. That I/we undertake to abide by all the provisions of the Byelaws, Rules, Regulations of the Exchange and Circulars/norms and requirements that may be in force from time to time relating to use and operation of the Trading Software (TWS) (including use of IML software) and that they shall also mutatis mutandis become applicable to the use and operation of the Pro-account facility.
8. That I/we undertake to render all possible assistance and co-operation to the Exchange by providing all information in any form as it may require and shall produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by the Exchange at its discretion.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by,

for and on behalf of Trading member

Signature..... (Authorised Signature / Managing Partners / Individual)

Before me

Rubber Stamp

Notary (Stamp and Seal)

INSTRUCTIONS FOR UNDERTAKING

1. The Undertaking is to be executed on a non-judicial stamp paper worth Rs.100/- if executed in State of Maharashtra. If this Undertaking is executed outside the State of Maharashtra, then it must be executed on a non judicial stamp paper stamped in accordance to the duty as payable in the place of execution or on a non-judicial stamp paper worth Rs. 100/- whichever is higher.
2. Undertaking (including all annexures / schedules) has to be notarised before a Notary Public.
3. All the pages of this Undertaking (including all annexures / schedules) have to be signed in full. The persons signing should also sign in full at all places in the Undertaking where anything has been hand-written / any corrections have been made.

If the Trading Member is an individual, then the Undertaking has to be signed by the individual Trading Member himself.

If the Trading member is a firm, then ALL the partners are required to sign this Undertaking.

If the Trading Member is a corporate, then the Undertaking has to be signed by the Managing Director or any two Directors of the company named as an authorised signatories of the company. If the Trading Member is a corporate, the Undertaking has to be accompanied with a certified copy of the resolution of the Board of Directors of the company authorising the person(s) executing the undertaking to do so. The Common Seal of the company has to be affixed by the company on this Undertaking in the presence of such persons as authorised by the Articles of Association of the company. The Board Resolution should clearly state that the affixation of common seal shall be made in the presence of such persons as authorised by the Articles of Association of the company and should also clearly state the names of such persons. The above persons should sign the undertaking as a token of their presence when the common seal is affixed.

ANNEXURE 7: APPLICATION FOR CANCELLATION OF PRO-ACCOUNT TRADING

(on trading member's letterhead)

To,

Date:

Membership Department

United Stock Exchange of India Limited
6&7, 2nd Floor, C-Wing, Laxmi Towers
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Ref: Trading Member ID - _____, Trading Member Name - _____

I/we, a Trading Member of United Stock Exchange of India Limited wish to **disable** the facility of placing orders on "Pro-account" through the following trading terminal(s):

Sr. No.	User id	User Name

Yours faithfully,

Name of the Trading Member

Name & Designation of the person signed

CONTRACT NOTE

(Currency Derivatives Segment of United Stock Exchange of India Limited)

(Regulation 3.6)

To
Name of the Constituent
Address of the Constituent
Unique Client Code No.
Trading Code No. of the Constituent
PAN of Constituent

CONTRACT NOTE NO.

TRADE DATE

Sir/Madam,

I / We have this day done by your order and on your account the following transactions

Order No.	Order Time	Trade No.	Trade Time	Contract Description	Quantity	Buy / Sell	Gross Rate per contract (Rs)	Total (Rs)	Brokerage * (Total) (Rs)	Service Tax * (Total) (Rs)	Total (inclusive / net of brokerage & service tax) (Rs)

*** OTHER STATUTORY LEVIES (as applicable)**

NET AMOUNT DUE TO US/ YOU – Rs. _____ (in words)

*** Alternatively, these details may be furnished separately as annexure to the Contract Note.**

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the Rules, Bye-laws and Regulations and usages of the United Stock Exchange of India Limited.

In the matters where the Exchange is a party to the dispute, the Civil Courts at Mumbai shall have exclusive jurisdiction and in all other matters, proper courts within the area covered under the Regional Arbitration Centre shall have jurisdiction in respect of the arbitration proceedings falling under or conducted in that Regional Arbitration Centre.

This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me/us, and in the event of any claim (whether admitted or not), difference or dispute in respect of any dealings, and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts have been entered into or not) shall be referred to arbitration as provided in the Rules, Bye-laws and Regulations of the United Stock Exchange of India Limited.

The provisions printed overleaf form part of the contract.

Date :
Trading Member)
Place:
Signatory P.T.O.

Yours faithfully,
For _____ (Name of
Name & Signature of Partner / Proprietor / Authorised

EXTRACTS FROM THE BYELAWS & REGULATIONS PERTAINING TO ARBITRATION

- (1) All claims, differences or disputes between the Trading Members *inter se* and between Trading Members and Constituents arising out of or in relation to dealings, contracts and transactions made subject to the Rules, Bye-Laws and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.
- (2) In all dealings, contracts and transactions, which are made or deemed to be made subject to the Rules, Byelaws and Regulations of the Exchange, the provisions relating to arbitration as provided in these Bye-laws and Regulations shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all

United Stock Exchange of India Limited: Trading Regulations

claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Bye-laws and Regulations.

- (3) All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act 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 six months.
- (4) Save as otherwise specified by the Relevant Authority, the seat of arbitration for different regions shall be as follows:

Seats of Arbitration – REGIONAL ARBITRATION CENTRES (RAC)	STATES & UNION TERRITORIES COVERED BY THE RAC
DELHI	Delhi, Haryana, Uttar Pradesh, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh, Rajasthan
KOLKATA	West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chattisgarh
CHENNAI	Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman & Nicobar, Lakshadweep, Pondicherry
MUMBAI	Maharashtra, Gujarat, Goa, Daman & Diu, Dadra & Nagar Haveli, Madhya Pradesh

- (5) Save as otherwise specified by the Relevant Authority, the criteria for selection of seat of arbitration for a particular matter is as follows:

Parties to Dispute	Place of filing the Application for Arbitration	Place of hearing
TM* V/s TM	a) If the dealing offices of both Trading Members from where the dealing was carried is situated in any one of the states covered by a particular RAC then the Application for Arbitration shall be filed by the Applicant-Trading Member in that RAC. b) If the dealing offices of both Trading Members from where the dealing was carried out are situated in states covered by different RAC then the Application for Arbitration shall be filed in the RAC covering the state in which the Respondent – Trading Member’s dealing office is situated.	The hearing shall be held at the RAC where the Applicant-Trading Member has filed the Application for Arbitration and the Respondent-Trading Member shall attend the hearing in that particular RAC.
TM V/s C* & C V/s TM	The Application for Arbitration shall be filed by the Applicant at the RAC covering the state in which the dealing office of the Trading Member from which the dealing was carried out is situated.	The hearing shall be held in that RAC where the Applicant has filed the Application for Arbitration and the Respondent shall attend the hearing in that particular RAC.

- (6) Unless otherwise specifically agreed in writing between the Trading Member and the Constituent, in respect of any claims, disputes and differences arising out of internet trading between the Constituent and Trading Member, the seat of arbitration shall be the Regional Arbitration Centre within the area in which the Constituent ordinarily resided at the time of relevant trading.
- “TM” stands for “Trading Member” and “C” stands for “Constituent.”
 - For more details please refer to Chapter XIV of the Bye-laws and Chapter 5 of the Currency Derivatives Trading Regulations of the Exchange