

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

BYE-LAWS, RULES AND REGULATIONS

Definitions

In these Bye-laws, Rules and Regulations unless there is something in the subject matter or context inconsistent therewith:

1. "Company" means First Commodities Exchange of India Limited.
2. "Exchange" means the premises and/or the system (1) for executing transactions in forward contracts in commodities that are permitted and/or approved by the Forward Markets Commission and (2) for executing ready delivery contracts in commodities.
3. 'Forward Markets Commission' or 'Commission' shall mean the Forward Markets Commission established by the Government of India or such other appropriate regulatory authority, whether as an autonomous regulatory authority or otherwise, for the purpose of regulating commodity markets, commodity exchanges and commodity Commodities Exchanges in India.
4. "Forward contract" means the forward contract as defined in the Forward Contracts (Regulation) Act, 1952; namely a contract for the delivery of goods and which is not a ready delivery contract.
5. "Ready delivery contract" means a contract as defined in the Forward Contracts (Regulation) Act, 1952, namely a ready delivery contract which provides for delivery of goods and the payment of a price therefor, either immediately or within such period not exceeding eleven (11) days after the date of the contract and subject to such conditions as the Central Government may, by notification in the official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise.
6. Futures Contract means those forward contracts other than specific delivery contract.
7. "Articles" means the Articles of Association of First Commodities Exchange of India Limited and includes any modification or alteration thereof for the time being in force.
8. "Board" means the Board of Directors of First Commodities Exchange of India Limited acting through at least a quorum of their members at a meeting of the Board duly convened and constituted.
9. "Directors" means the Directors of First Commodities Exchange of India Limited for the time being.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

10. "Chairman" means the Chairman of the Board of Directors of First Commodities Exchange of India Limited.
11. "Vice-Chairman" means the Vice-Chairman of the Board of Directors of First Commodities Exchange of India Limited.
12. "Chief Executive Officer" means the Chief Executive officer of the Exchange appointed by the Board.
13. "Secretary" means the Secretary of the First Commodities Exchange of India Limited and includes an officiating Secretary.
14. "Bye-laws, Rules and Regulations" mean the Bye-laws, Rules and Regulations of the Exchange and includes any modification or alteration made thereof.
15. "Designated Clearing House" means a Clearing House designated by the Exchange or, the Exchange itself, in the absence of such specific of general designated Clearing House, and includes its premises where and the system by which the claims and liabilities of Clearing Members in respect of forward and other contracts in commodities transacted in the Exchange are received, registered, adjusted and paid.
16. "In House Clearing" shall mean the system by which the claims and liabilities of Exchange members in respect of forward and other contracts in commodities transacted in the Exchange are received, registered, adjusted and paid by the Exchange along with the Clearing bank(s), in the absence of a Designated Clearing House.

In the case of In House Cleaning, The word "Exchange" shall substitute the word "Designated Clearing House" where ever applicable in these byelaws.
17. "Trade Guarantee Fund" shall mean the fund created by the Company to guarantee the trade transacted at the Exchange. Such fund shall be kept in a separate account. The funds so raised shall be invested in liquid assets and shall be used only for the purpose of guaranteeing the trade transacted at the Exchange as per the rules and Regulations in this regard. Any interest received from such investment shall flow to the Trade Guarantee Fund.
18. "Members of the Exchange" shall mean the members of the First Commodities Exchange of India Limited holding share or shares of any class and registered in the share register of the Company and admitted to the Exchange in accordance with the Bye-laws, Rules and Regulations. Members of the Exchange shall include trading members, trading-cum-clearing members and institutional clearing members.
19. "Clearing member" means a trading-cum-clearing member or an institutional clearing member of the Exchange who has the right to clear transactions in contracts in

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

commodities that are executed in the trading ring of the Exchange according to the bye-laws, rules and regulations of the Exchange and the Designated Clearing House.

20. "Trading member" shall mean a member who has the right to directly execute transactions in the trading ring of the Exchange and the right to have contracts in commodities executed in the trading ring of the Exchange. A Trading Member shall have no participation in the Share Capital of the Exchange..
21. "Trading-cum-clearing member" shall mean a member who has the right to directly execute transactions in the trading ring of the Exchange, the right to have contacts in commodities executed in the trading ring of the Exchange and the right to directly clear transactions in contracts in commodities that are executed in the trade ring of the Exchange according to the rules and regulations of the Exchange and the designated clearing house.
22. "Institutional Clearing member" shall mean a member who has the right to clear transactions in contracts in commodities according to byelaws, rules and regulations of the Exchange and the Designated Clearing House that are executed in the trading ring of the Exchange by the trading members and trading cum clearing members of the Exchange. An institutional Clearing member shall not have the right to have contracts in commodities executed in the trading ring of the Exchange.
23. "Authorised representative of a member" means a person authorised by a member to represent and act on behalf of that member and registered as such under the Articles of Association and the Bye-laws, Rules and Regulations.
24. Registered non-member shall mean a client or a customer of a trading member or trading-cum-clearing member registered with the Exchange. Registered non-member shall have the right to have contracts in commodities executed in the trading ring of the Exchange only through the trading members and/or trading-cum-clearing members of the Exchange. Registered non-member shall not have the right to directly execute transactions in the trading ring of the Exchange.
25. "Trading ring" means such spaces, systems and networks as the Company may from time to time determine and which shall be notified by the Board as reserved for trading in contracts in commodities.
26. "Standing Committee" means a committee constituted by the Board under the Articles of Association and the Bye-laws, Rules and Regulations for the management of the business affairs of the Exchange, and the establishment of policies of the Exchange and administration of policies of the Exchange in accordance with the Bye-laws, Rules and Regulations. The four Standing Committees are Membership Committee; Trading Committee; Clearing House Committee; and Arbitration and Vigilance Committee.
27. "Bank" means a scheduled commercial bank licensed to carry on the business of a bank in India by the Reserve Bank of India.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

28. "Clearing bank" means a bank that is designated or appointed to provide banking and other facilities to the Exchange, the Designated Clearing House of the Exchange and members of the Exchange.
29. "Contract" means a contract executed in the Exchange to buy or sell commodities for delivery as specified in the contract.
30. Margin means a deposit or payment to establish or maintain a position in a contract. Margin includes initial margin, special margin, ordinary margin, additional margin, variation margin and delivery margin.
31. "Initial margin" means the margin deposit required from the contracting parties to establish a position in a contract. Initial margin includes special margin and ordinary margin.
32. Special margin means the margin deposit that is required from the contracting parties to establish a position in the contract as specified by one or more standing committees and/or as suggested by the Forward markets Commission. The Special margin so imposed for the time being shall be 1% of the contract value.
33. "Ordinary margin" means the margin deposit that is required from the contracting parties to establish a position in a contract.
- (a) "Delivery margin" means the margin brought in by members between the 10th and the 19th days of the contract ending month. Members shall bring in delivery margin as follows-
- Members havening a short position on the 10th of the Contract Month - 15%
- Members havening a long position of the 10th of the Contract Month - 15%
- Members havening a long position on the 15th of the Contract Month - 10% (ie on an aggregate 25%)
34. "Additional margin" means the margin deposit as specified by the Forward Markets Commission from time to time, that is required from the contracting parties to establish and/or to maintain a position in a contract.
35. "Variation margin" means the difference between the contractual monetary value of a contract and the monetary value of the contract determined at the settlement price.
36. "Settlement price" for a contract and a contract month means the price of a contract for the purpose of payment of differences (or dues) pertaining to outstanding transactions that remain to be settled. Settlement price shall be determined periodically and shall be based on price quotations of transactions executed in accordance with the Bye-laws, Rules and Regulations.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

37. "Delivery order rate"/ "Due rate" means the rate fixed by the Trading Committee in respect of transactions in forward contracts in commodities.
38. "Spot Rate" ordinarily means the market rate of the day for ready Coconut oil and Copra and other commodities fixed by the Trading Committee and or Clearing and Settlement Committee.
39. "Contract month" means that month in which contractual obligations in respect ;of forward contracts in commodities are due for fulfillment by the parties to the contract.
40. "Open interest of the market for a contract month" means the number of transactions in a contract in a commodity for a contract month, which remain to be settled. Open interest of the market is equal to either the number of long positions which remain to be settled or the number of short positions which remain to be settled in that contract for the contract month.
41. "Gross open position for a contract month" in a contract in a commodity, means the sum of the long positions and the short positions which remain to be settled in that contract for the contract month.
42. "Gross open interest" of a commodity means the sum of the open interest of the market aggregated over all contract months pertaining to that commodity.
43. "Net open position" in a contract in a commodity for a contract month means a) the number of long positions that remain to be settled less the number of short positions that remain to be settled if the long positions exceed the short positions and (b) the number of short positions that remain to be settled less the number of long positions that remain to be settled if the short positions exceed the long positions.
44. "Net open interest" means the sum of the net open positions aggregated over all contact months pertaining to a commodity without any netting of the positions of one contract month with another contract month.
45. "Certified Warehouse" mean a warehouse approved and designated by the Trading Committee for making deliveries to and taking deliveries from in respect of contractual obligations resulting from transactions in commodities.
46. "Certified warehouse receipt" means a receipt issued under the authority of the Exchange by a certified warehouse evidencing proof of ownership of a stated quantity of a commodity of a stated grade by the beneficial owner or the holder of the certified warehouse receipt.
47. "Day of tender" means the day on which relevant delivery documents and/or certified warehouse receipts are presented to the Clearing House of the Exchange.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

48. "First notice day" means the day specified by a trading committee in a contract month on which delivery documents and/or certified warehouse receipts may be presented to the Clearing House of the Exchange.
49. "Delivery" means the tender and receipt of deliver orders or certified warehouse receipts in settlement of a contract in a commodity.
50. "Last day of trading" means the day on which trading ceases for a particular contract month. All contracts that have not yet have been offset by the end of trading on the last day of trading must thereafter be settled by delivery of the underlying commodity of such contracts.
51. Arbitration means one of the ways of redressing the disputes through the mechanism provided under Chapter 12 of the Bye-laws.
52. "Buying in" means buying commodities on account of the seller who has failed to tender or whose tender has been rejected and in which case the buyer shall receive from the seller the difference. If any, between the rate
55. "Notice Board" means each and all of the notice boards of the Exchange a) at the registered office of the Company, (b) in the trading ring of the Exchange where ever the same may be and (c) in the website(s) of the Exchange.
56. "Working day" means a day on which the Exchange permits the sale and purchase of contracts.
57. "Trading session" of a working day means a session in which the Exchange permits the sale and purchase of contracts.
58. "Financial year" means year commencing from 1st April and ending with 31st March.
59. "Month" means a month reckoned according to the English calendar.
60. "Hours" refer to Indian Standard Time (IST).
61. Words importing the singular number shall include the plural number and vice-versa.
62. Words importing the masculine gender shall include the feminine or the neuter gender, as the case may be.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

CHAPTER I

Management of the Exchange

101. (a) The Government of India and the Forward Markets Commission shall, as provided for in the Forward Contracts (Regulation) Act, 1952 and the Forward Contracts (Regulation) Rules, 1954, or as provided for in any other statute for the time being, have the power to direct and effect any amendments to these Bye-laws, Rules and Regulations so as to facilitate the smooth and proper functioning of the Exchange in the interest of the public and the farmers, traders and exporters of commodities listed and traded in the Exchange;
- (b) The Board of Directors of the Company shall be responsible for execution of all the Byelaws, Rules and Regulations of the Exchange. Only the members of the Company shall have the power to make fresh byelaws or alter or amend the existing byelaws subject to the approval of Forward Markets Commission. The Board shall have the power to make alter or amend rules and regulations which are necessary for the proper conduct of trade at the Exchange.
- (c) The Boards decisions, rulings and regulations and construction of the Rules and Regulations in any matter regarding the management and functioning of the Exchange shall be final and binding on all members of the Exchange and parties to transactions on the Exchange except as provided and required otherwise by these byelaws, Rules and Regulations.
102. (a) The management of the Exchange in accordance with the objects of the Company shall be vested with the Board. The election and nomination of the Directors to the Board shall be governed by the Articles of Association of the Company; and
- (b) The management of the business affairs of the Exchange, the establishment of policies of the Exchange and administration of policies of the Exchange in accordance with Articles of Association and these Bye-laws, Rules and Regulations shall be the responsibility of the Standing Committees and other committees constituted by the Board for the purpose of management of the Exchange. The nomination of the members to Standing Committees of the Exchange shall be governed by the Articles of Association and Bye-laws, Rules and Regulations of the Exchange.
103. The management of the Exchange shall be by the Board and through such delegation by the Board to the Standing Committees. The management ;of the Exchange shall be in accordance with the Forward Contracts (Regulation) Act, 1952, the Forward Contracts (Regulation) Rules, 1954 and other statutes. The Board shall make all such decisions and take all such action as it considers necessary in its discretion to carry out the objects of the Exchange; to protect the integrity of the Exchange; to promote the interests of farmers, traders and exporters of commodities; and to promote the interests of the public.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

104. All decisions and actions of the Board regarding the management of the Exchange shall require the vote of a majority of the Directors present at the time of the vote, provided a quorum in accordance with Articles of Association is present at such time, unless otherwise provided by the Forward Contracts (Regulation) Act, 1952 and these Bye-laws, Rules and Regulations. Every elected Director voting at such meeting shall be a member of the Exchange in accordance with these Bye-laws, Rules and Regulations.
105. Any decision or action required or permitted to be made or taken by the Board regarding the management of the Exchange may be made or taken without a meeting of the Board if the required majority of the Directors of the Board for such decision or action consent in writing to the adoption of a resolution authorising the decision or action. The resolution and the written consents thereto by the Directors shall be filed with the minutes of the proceedings of the Board.
106. One or more of the Directors may participate in a meeting of the Board by means of a communication equipment that allows all Directors participating in the meeting to hear each other simultaneously. Participation by such means shall constitute presence in person at the meeting.
107. At the first meeting of the Board after each annual election, or as soon as possible thereafter, the Board shall constitute the following Standing Committees as per Article 140:
- (a) Membership Committee;
 - (b) Trading Committees;
 - (c) Clearing House Committee; and
 - (d) Arbitration and Vigilance Committee.
108. In addition to the Standing Committees, the Board may constitute any other committees and sub-committees to assist the Board or to assist one or more of the four Standing Committees. The Size and constitution of the Standing Committees shall be governed by Article 140. The Size and constitution of the other committees and sub-committees shall be at the discretion of the Board.
109. The Membership Committee shall have jurisdiction over the following:
- (a) Applications and applicants for membership and registration of non-members;
 - (b) Scrutiny and endorsement of applications received by the Exchange;
 - (c) Advice and make recommendation to the Board on all matters regarding membership privileges of the Exchange including the withdrawal of membership privileges of the Exchange after recording the reasons thereof;

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

The Board shall normally accept the advice and recommendation of the Membership Committee if such advice and recommendation are in accordance with the Bye-laws, Rules and Regulations.

The board may reject, by a simple majority, the advice and recommendation of the Membership Committee if such advice and recommendation are not in accordance with the Bye-laws, Rules and Regulations.

The board may reject, by a two-thirds majority of at least one-half of the total number of Directors of the Board present and voting, the advice and recommendation are in accordance with the Bye-laws, Rules and Regulations.

Bye-law 308 shall govern the acceptance and rejection by the Board of endorsements by the Membership Committee in respect of applications for membership of the Exchange.

110. The Board may constitute a Trading Committee for a commodity or a group of commodities. Trading committees shall have jurisdiction over the following.
- (a) The design of the contracts in a commodity or a group of commodities for which a Trading Committee was constituted, including forward and ready delivery contracts, for specification by the Board in respect of contracts that are transacted in the Exchange including the types of contracts in a commodity or a group of commodities that are transacted; the opening or listing of contracts; the closing of contracts; the basis grades ;of commodity underlying the contracts; the periodicity and maturity of the contracts; delivery terms and delivery notices; and the delivery, payment and settlement of contracts in that commodity.
 - (b) The manner in which contracts in commodities, including forward and ready delivery contracts, are transacted in the Exchange including the working hours of the Exchange; the working hours of the Exchange in an emergency; procedures, facilities and systems for trading; facilities and systems for reporting, recording and dissemination of delivery order rates; and the determination or computation and dissemination of daily rates;
 - (c) The transaction fees that are to be paid by members of the Exchange and customers in respect of forward and ready delivery contracts;
 - (d) The appointment of quality and quantity certification agencies and certification of delivery points, godowns and/or warehouses as designated warehouses and/or certified warehouse receipts by members of the Exchange; the fees for certification as a certified warehouse; the annual fees to be paid by certified warehouses to the Exchange; the security deposit to be posted by certified warehouses with the Exchange; the guidelines for payment of rent by beneficial owners of commodities stored in certified warehouses to the certified warehouses; and the renewal and withdrawal of such certification; and

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

- (e) The procedures pertinent to inspection, sampling, weighing and certification of commodities; the procedures pertinent to issue, honouring, extinguishing and reissue of delivery orders and/or certified warehouse receipts; and the procedures including the premiums and discounts pertinent to deliveries of commodities from different delivery points pursuant to contractual obligations entered into in the Exchange and cleared, registered and settled by the designate clearing house.

The Board shall normally accept the advice, recommendation or decision of a Trading Committee if such advice, recommendation or decisions are within the jurisdiction of that Trading Committee and in accordance with Bye-laws, Rules and Regulations.

The Board may reject, by a simple majority, the advice, recommendation or decision of a Trading Committee if such advice, recommendation or decision are not within the jurisdiction of that Trading Committee or are not in accordance with the Bye-laws, Rules and Regulations.

The Board may reject, by a two-thirds majority of at least one-half of the total number of Directors of the Board present and voting, the advice, recommendation or decision of a Trading Committee even if such advice, recommendation or decision are within the jurisdiction of that Trading Committee and in accordance with the Bye-laws, Rules and Regulations after recording the reasons thereof.

111. The Clearing House Committee shall have jurisdiction over the following:
- (a) The manner in which contracts in commodities are cleared, registered and settled by the Exchange;
 - (b) The working hours of the Clearing bank(s); the method(s) for determining the settlement price(s); the working of the Clearing bank(s) in an emergency; the procedures, facilities and systems for clearing ; the reporting of cleared transactions and open positions;
 - (c) The agreements entered into by clearing members of the Exchange for the provision of clearing, registering and settlement services to members of the Exchange;

The Board shall normally accept the advice, recommendation or decision of the Clearing House Committee if such advice, recommendation or decisions are within the jurisdiction of the Clearing House Committee and in accordance with the Bye-laws, Rules and Regulations.

The Board may reject, by a simple majority, the advice, recommendation or decision of the Clearing House Committee if such advice, recommendation or decision are not within the jurisdiction of the Clearing House Committee or are not in accordance with the Bye-laws, Rules and Regulations.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

The Board may reject, by a two-thirds majority of at least one-half of the total number of Directors of the Board present and voting, the advice, recommendation or decision of the Clearing House Committee even if such advice, recommendation or decision are within the jurisdiction of the Clearing House Committee and in accordance with the Bye-laws, Rules and Regulations.

112. Trading Committees and the Clearing House Committee shall jointly have the following jurisdiction:
- (a) The Specification of margins and deposits to be posted by members of the Exchange in respect of contracts in commodities that are transacted in the Exchange;
 - (b) The specification of price limits for each contract month within which forward contracts in commodities shall be transacted in the Exchange, the suspension of trading in once or more forward contracts in commodities when pre-set price limits are breached, and the conditions for the relaxation or tightening of price limits along with the new limits when necessary after recording the reasons thereof;
 - (c) The specification of position limits for each contract month within which forward contracts in commodities shall be transacted and held by members of the Exchange and customers, the conditions for the realization or tightening of position limits along with the new limits when necessary, and the conditions under which exemptions or concessions may be granted to members of the Exchange uniformly or selectively;
 - (d) The action to be taken in the event of a default by members of the Exchange after examining the desirability of transferring any part or all of the open positions cleared and registered by the Designated Clearing House and the desirability of closing out any part or all of the open positions cleared and registered by the Designated Clearing House;
 - (e) Determination of losses, damages and penalties resulting from any defaults including delivery defaults, and
 - (f) The action to be taken against defaulting members of the Exchange.

The board shall normally accept the recommendation or decision made jointly by trading Committees and the Clearing House Committee ;if such recommendation or decision are within the joint jurisdiction of Trading Committees and the Clearing House Committee and in accordance with the Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House.

The Board may reject, by a simple majority, the recommendation or decision made jointly by the Trading Committee and the Clearing House Committee; if such recommendation or decision are not within the joint jurisdiction of the Trading

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

Committee and the Clearing House Committee or are not in accordance with the Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House.

The Board may reject, by a two-thirds majority of at least one-half of the total number of Directors of the Board present and voting, the recommendation or decision made jointly by the Clearing House Committee and any Trading Committee even if such recommendation or decision are within the joint jurisdiction of the Trading Committee and the Clearing House Committee and in accordance with the Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House.

113. The Arbitration and Vigilance Committee shall have the following jurisdiction:
- (a) The manner in which disputes regarding trading and clearing of contracts between members of the Exchange are resolved. Arbitration shall be governed by the Arbitration Rules of the Exchange; and
 - (b) The orderly functioning of the Exchange in accordance with the Bye-laws, Rules and Regulations.
114. (a) The Arbitration and Vigilance Committee shall have the power to investigate into violations by any member of the Exchange ;of any provisions of Bye-laws, Rules, Regulations, order or instructions issued there under and under the Forward Contracts (Regulation) Act, 1952 on its own initiative or on receipt of complaints ;of such violations or upon the instructions of the Board; and
- (b) The Arbitration and Vigilance Committee may also make recommendations to the Board regarding disciplinary action as provided in the Bye-laws, Rules, and Regulations of the Exchange after recording; the reasons thereof.

The Board shall normally accept the advice and recommendation of the Arbitration and Vigilance Committee if such advice and recommendation are in accordance with the Bye-laws, Rules and Regulations.

The Board may reject, by a simple majority, the advice and recommendation of the Arbitration and Vigilance Committee if such advice and recommendation are not in accordance with the Bye-laws, Rules and Regulations.

The Board may reject, by a two-thirds majority of at least one-half of the total number of Directors of the Board present and voting, the advice and recommendation of the Arbitration and Vigilance Committee even if such advice and recommendation are in accordance with the Bye-laws, Rules and Regulations.

115. The jurisdiction of the Standing Committees of the Exchange shall be governed by the Bye-laws, Rules and Regulations. The Board may delegate other responsibilities to the Standing Committees and other committees as may be deemed fit from time to time.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

116. The nomination of the committee members to the Standing Committees and other committees shall be governed by the Bye-laws, Rules and Regulations.
117. (a) The Standing Committees and the other committees shall function under the supervision of the Board;
- (b) The Board shall be accountable and responsible for the conduct, the decisions and the actions of every committee, including those of Standing Committees;
- (c) Each committee including the Standing Committees shall have the power to make rules governing its conduct and proceedings that are in accordance with these Bye-laws, Rules and Regulations;
- (d) The quorum for every committee including the standing committees shall be as per Clause 141 of the Articles of Association of the Company.
- (e) The vote of a majority of the members of a committee present at any meeting shall be required for any decision made by that committee including the Standing Committees; and
- (f) The Board shall have supervening power over the committees including the Standing Committees.
118. (a) The Board shall appoint a Chief Executive Officer, who shall neither be a member of the Exchange nor be a Director, to conduct and provide for the day-to-day affairs of the Exchange on such terms and conditions as the Board deems fit; and
- (b) The Chief Executive Officer so appointed shall be the convenor of the Standing Committees of the Exchange.
119. (a) It shall be the duty of the Chief Executive Officer to carry out the policies of the Board and the policies of the Standing Committees as may be delegated to the Standing Committees by the Board; and
- (b) The Chief Executive Officer shall, under the supervision of the Board and upon the recommendation of the Standing Committees, make all such decisions and take all such action as may be considered necessary to carry out the objects of the Exchange; to protect the integrity of the Exchange; to promote the interests of farmers, traders and exporters of commodities; and to promote the interests of the public.
120. (a) The Chief Executive Officer may convene individual and joint meetings of the Standing Committees as deemed necessary with such notice period as deemed necessary to carry out the objects of the Exchange and the policies of the Board;

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (b) The quorum for joint meetings of the Standing Committees shall be the aggregate of the respective quorum for the individual Standing Committees convened jointly after allowing for common membership of the Standing Committees; and
- (c) The vote of a majority of the committee members of the Standing Committees present at the joint meeting shall be required for any decision made jointly by the Standing Committees.

121. The Board may, at its discretion, remove the Chief Executive Officer after such notice as deemed necessary from office by a majority decision. The Board shall fill the post of the Chief Executive Officer within two calendar months of the date of a vacancy in the office of the Chief Executive Officer.

The termination and appointment of CEO should be with the prior concurrence of the Forward Markets Commission.

122. The Chief Executive Officer may appoint and remove other professional managers, who are neither members of the Exchange nor Directors, to assist the Chief Executive Officer in the day-to-day management of the Exchange on such terms and conditions as may be approved by the Board.

123. (a) The Board shall appoint a Secretary to perform all duties, imposed on the Secretary either by these Bye-laws, Rules and Regulations or by the Forward Contracts (Regulation) Act, 1952 or by the Forward Contracts (Regulation) Act, 1952 or by the Forward Contracts (Regulation) Rules, 1954;

- (b) The Secretary shall function under the supervision of the Chief Executive Officer;

- (c) The duties of the Secretary may be performed by an Assistant Secretary, and in the absence of either or both, by a person designated by the Chairman; the Chief Executive Officer may perform the duties of the Secretary if so designated by the Chairman;

- (d) The Board may, at its discretion, remove the Secretary after such notice as deemed necessary from office by a majority decision and

The termination and appointment of Secretary should be with the prior concurrence of the Commission.

- (e) The Board shall fill the post of the Secretary within two calendar months of the date of any vacancy in the office of the Secretary.

124. (a) Every Standing Committee shall consist of at least five persons and not more than nine persons;

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (b) Every Standing Committee shall have, at least, a Director as a committee member. Such Director who is a committee member shall have an alternate committee member as per the provisions of Bye-law 130;
 - (c) The Designated Clearing House of the Exchange or in the case of in-house clearing, the Clearing bank(s) shall nominate at least two members to the Clearing House Committee of the Exchange.
 - (d) The Board shall nominate other members of the Standing Committees from the membership of the Exchange according to the provisions of Bye-law 126 and the Chairman of standing Committees shall be nominated by members of the respective standing Committees;
 - (e) The Designated Clearing House of the Exchange shall nominate at least two members to Clearing House committee of the Exchange;
 - (f) A person may be a member of more than one Standing Committee.
125. (a) The Board shall appoint as an Alternate Director for a Director (hereinafter called the Original Director) during the Original Director's absence for a period of not less than two weeks. Such person in this behalf shall have been recommended by the Original Director;
- (b) An Alternate Director so appointed shall not hold office for a period longer than that permissible; to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns from the period of absence; and
 - (c) An alternate Director while holding office as such shall be entitled to notice of meetings of the Standing Committee and to attend and vote thereat accordingly.
126. (a) The Board may nominate one trading member each to the Membership Committee, Trading Committee, Clearing House Committee and Arbitration and Vigilance Committee;
- (b) The Board may nominate one Trading-cum-clearing member each to the Membership Committee, Trading Committee, Clearing House Committee and Arbitration and Vigilance Committee;
 - (c) The Board may nominate one institutional clearing member each to the Membership Committee, Trading committee, Clearing House Committee and Arbitration and Vigilance Committee;
 - (d) The members so nominated under the above bye-laws may include Directors also.
 - (e) The Board shall also nominate other members of the committees.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

127. A Director shall ipso facto cease to be a member of any committee or sub-committee if one or more of the following conditions are met;
- (a) The Director fails to be re-elected or re-nominated to the Board;
 - (b) The Director or his firm or the member of the Exchange he represents ceases to be a member of the Exchange;
 - (c) The Director or his firm or the member of the Exchange he represents becomes insolvent, or suspends payment, or compounds with his or its creditors, or goes into liquidation voluntarily or by order of Court;
 - (d) The Director is found to be or becomes of unsound mind or incapable of efficient attention to the functions and responsibilities of the committee or sub-committee;
 - (e) The Director resigns from the Board by giving notice in writing;
 - (f) The Director absents himself from the meetings of the committee continuously for a period of three months or three consecutive meetings, whichever period is longer, without leave of absence from the committee;
 - (g) The Director becomes disqualified for membership in the committee upon his connection with the member of the Exchange being severed; or
 - (h) The Director or his firm or the member of the Exchange he represents is suspended or expelled from the membership of the Exchange.
128. A member of the Exchange or a representative of a member of the Exchange shall ipso facto cease to be a member of any committee or sub-committee if one or more of the following conditions are met:
- (a) The member of the Exchange or his firm or the member of the Exchange he represents ceases to be a member of the Exchange;
 - (b) The member of the Exchange or his firm or the member of the Exchange he represents becomes insolvent, or suspends payment, or compounds with his or its creditors, or goes into liquidation voluntarily or by order of Court;
 - (c) The member of the committee is found to be or becomes of unsound mind or incapable of efficient attention to the functions and responsibilities of the committee or sub-committee;
 - (d) The member of the committee absents himself from the meetings of the committee continuously for a period of three months ;or three consecutive meetings, whichever period id longer, without leave of absence from the committee;

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (e) The member of the committee becomes disqualified for membership in the committee upon his connection with the member of the Exchange being severed; or
 - (f) The member of the Exchange; or his firm or the member; of the Exchange he represents is suspended or expelled from the membership of the Exchange.
129. Elected and nominated Directors of the Board may receive such compensation as determined by the Board for services rendered regarding the management of the Exchange.
130. No Director shall be disqualified from participating in any meeting or proceeding of the Board by reason of being or having been a member of a committee except as otherwise provided by the Bye-laws, Rules, Regulations.
131. Any decision or action required or permitted to be made or taken by a Standing Committee regarding the management of the Exchange as delegated by the Board under these Bye-laws, Rules, Regulations may be made or taken only if the Director of the Board who is one of the members of the Standing Committee or the Alternate Director of such Director and the Chief Executive Officer or the alternate to the Chief Executive officer are present at the meeting of the Standing Committee. Other members of the Standing Committee may consent in writing to the adoption of a resolution authorising such decision or action. The resolution and the written consents thereto by the members of the Standing Committee shall be filed with the minutes of the proceedings of the Standing Committee.
132. One or more of the members of a Standing Committee may participate in a meeting of the Standing Committee by means of a communication equipment that allows all members of the Standing Committee participating in the meeting to hear each other simultaneously. Participation by such means shall constitute presence in person at the meeting.
133. Elected and nominated members of a Standing Committee may receive such compensation as determined by the Board for services rendered regarding the management of the Exchange.
134. No member of a Standing Committee shall be disqualified from participating in any meeting or proceeding of the Standing Committee by reason of being or having been a member of another committee except as otherwise provided by the Bye-laws, Rules, Regulations.

CHAPTER 2

Membership: Classes, Rights and Privileges

201. (a) There shall be three classes of members of the Exchange: (1) trading members, (2) trading-cum-clearing members, and (3) institutional clearing members selected from amongst the various panel as prescribed in clause (e) of the Article of Association;
- (b) A member shall not be included in more than one class of membership of the Exchange at a given instant.
202. Parties to transactions in contracts in the trading ring of the Exchange who are not trading members, trading-cum-clearing members, or institutional clearing members shall be known as registered non-members or clients or customers.
203. Trading members and trading-cum-clearing members shall alone have the right to directly execute transactions in commodity contracts in the trading ring of the Exchange.
204. (a) Trading-cum-clearing members and institutional clearing members shall alone have the right to clear transactions in commodity contracts that are executed in the trading ring; and
- (b) The right of trading-cum-clearing members and institutional clearing members to clear transactions in commodity contracts that are executed in the trading ring shall be subject to the provisions of Bye-laws, rules and regulations of the Designated Clearing House.
205. (a) In respect of transactions in commodity contracts, a trading member shall have the right to directly execute the (i) own-account transactions of that trading member and (ii) own-account transactions of registered non-members, other trading members in the trading ring provided that trading member has an agreement with a trading-cum-clearing members or an institutional clearing member.
- (b) A trading member shall also have the right to have own-account transactions ;of that trading member to be executed by another trading member or a trading-cum-clearing member in the trading ring;
- (c) In respect; of own-account transactions of a trading member that are executed by another trading member or a trading-cum-clearing member pursuant to clause (b) of this Bye-law, the transactions of the trading member shall be treated as if they are transactions of a registered non-member; and

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

- (d) A trading member shall have the right to solicit and/or to execute transactions of customers and other members of the Exchange.
206. (a) In respect of transactions in commodity contracts, a trading-cum-clearing member shall have the right to directly execute the (i) own-account transactions of that trading-cum-clearing member and (ii) own-account transactions of registered non-members, trading members, trading-cum-clearing members and customers in the trading ring:
- (b) A trading-cum-clearing member shall also have the right to have own-account transactions of that trading-cum-clearing member to be executed by another trading-cum-clearing member in the trading ring;
- (c) In respect of own-account transactions of a trading-cum-clearing member that are executed by another trading-cum-clearing member pursuant to clause (b) of this Bye-law, the transactions of the trading-cum-clearing member shall be treated as if they are transactions of a registered non-member; and
- (d) A trading-cum-clearing member shall have the right to solicit and/or to execute transactions of customers and other members of the Exchange.
207. A trading-cum-clearing member shall have the right to clear transactions in commodity contracts of registered non-members, trading members and customers. A trading-cum-clearing member shall not have the right to clear a transaction of another trading-cum-clearing member if such a transaction is not executed by that trading-cum-clearing member in the trading ring.
208. (a) In respect of transactions in contracts, a registered non-member shall have the right to have the own-account transactions of that registered non-member executed by any trading member or any trading-cum-clearing member in the trading ring of the Exchange;
- (b) A registered non-member shall not have the right to directly execute transactions in the trading ring of the Exchange; and
- (c) A registered non-member shall not have the right to solicit and/or to execute transactions of customers and other members of the Exchange.
209. An institutional clearing member shall have the right to clear transactions in commodity contracts of trading members, trading-cum-clearing members, registered non-members and customers if such transactions in commodity contracts are executed by a trading member or a trading-cum-clearing member in the trading ring.
210. An institutional clearing member shall not have the right to execute any transaction in commodity contracts in the trading ring. An institutional clearing member shall not have

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

the right to have any transaction in commodity contracts executed by a trading-cum-clearing member or a trading member in the trading ring.

211. The Articles of Association, the Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House in force for the time being shall govern (i) the rights and obligations of the members of the Exchange in relation to all matters regarding their membership of; the Exchange and (ii) the rights and obligations resulting from contracts in commodities transacted by the members of the Exchange at that time and all members of the Exchange shall act accordingly and fulfill the same.
212. Every member of the Exchange shall be bound to promote to the best of his or its ability the objects and interests of the Exchange.
213. Every member of the Exchange shall maintain such books of accounts, records of transactions and other documents as specified by the Membership Committee. The Books and documents to be maintained shall include all the transactions conducted in the exchange on own account and client account, margins paid to the clearing house and or exchange, orders received from clients, copy of contract notes issued to clients, profits and loss in terms of transactions in the exchange on own account and client's account transactions. The books of accounts and records could be in electronic format also. The books of accounts, records of transactions and other documents shall be preserved for a period of at least three financial years and shall be subject to inspection at all reasonable times by one or more of the Standing Committees and the Commission.

CHAPTER 3

Membership: Application, Election and Admission

301. Any individual, firm, joint stock company, joint Hindu family, commercial bank licensed by the Reserve Bank of India, co-operative society or corporation having a place of business in India; intending to carry on business in growing, trading or exporting of commodities and/or intending to clear transactions in commodity contracts may apply to the Board for admission to the membership of the Exchange in the form prescribed from time to time by the Board. The Board of the Exchange shall determine the eligibility of applicants according to the Articles, Bye-laws, Rules and Regulations. The applicant shall state the class of membership in which the applicant desires to be included. The applicant shall agree to comply with the Bye-laws, Rules and Regulations that may be for the time being in force and as amended from time to time.
302. Every applicant for membership of the Exchange must be of good character and financial standing. The applicant shall have such general knowledge as the Board may from time to time deem necessary for admission and inclusion in the class of membership desired by the applicant.
303. Upon receipt of an application for membership of the Exchange, the Secretary shall place the application before the Membership Committee for scrutiny.
304. The name of the applicant shall be posted on the notice board of the Exchange or in such media as decided by the Membership Committee for seven calendar days so that any member of the Exchange may submit objections, if any, to the Board in writing against the election of the applicant.
305. After the expiration of seven calendar days from the posting of the applicant's name on the notice board or in any other media, the Membership Committee shall scrutinise the application and assess the written objections so received. Every applicant shall present to the Membership Committee such additional facts and details, in such form and within such time as the Membership Committee may require towards scrutinising the application and assessing the written objections.
306. Thereafter, the Membership Committee shall endorse an application "Recommended for election" or "Disapproved" and then place the endorsed application before the Board.
307. The Board shall act upon endorsed applications at any meeting of the Board at which there are present a majority of the Directors of the full or entire Board as provided in the Articles of Association.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

308. (a) The favourable vote of a simple majority of the total strength of the Board of Directors as provided in the Articles of Association shall be necessary to elect/register an applicant who/that has been endorsed "Recommended for election" by the Membership Committee; or
- (b) The favourable vote of two-thirds of the total strength of the Board of Directors as provided in the Articles of Association shall be necessary to elect an applicant who/that has been endorsed "Disapproved" by the Membership Committee.
309. Candidates for admission, if required by the Board and/or by the Membership Committee, shall appear personally before any meeting of the Board and/or the Membership Committee, or any committee thereof, and shall answer all questions that may be put to them.
310. An applicant for membership of the Exchange who/that has been rejected by the Board shall have the right to appeal to the Board within fourteen calendar days for reconsideration of such decision. The Board shall have the right to seek such material facts that may be necessary for the reconsideration.
311. No individual under twenty-one years of age shall be eligible for election to the membership of the Exchange. An applicant who is incompetent to enter into a contract; or has been convicted for financial impropriety; or who/that is declared a defaulter by any commodity exchange or stock exchange or clearing house; or who/that has compounded with his/its creditors or is an adjudicated insolvent; or whose registration with any regulatory authority has been suspended or revoked shall not be elected as a member of the Exchange.
312. Upon the election by the Board to admit an applicant to the membership of the Exchange, the applicant shall be known as a member-elect. The Secretary shall forthwith notify the member-elect in writing and post on the notice board of the Exchange a notice of the election.
313. A member-elect shall seek and obtain the registration with the Forward Markets Commission if required by the Forward Markets Commission as per the procedure of the Forward Markets Commission as per the procedure of the Forward Markets Commission.
314. Upon being registered with the Forward Markets Commission, if so required by the Forward Markets Commission, the member-elect shall procure by purchase from the Company or by transfer from another member of the Exchange in accordance with the Articles, within six calendar months, the required number of equity shares.
316. A trading-cum-clearing member elect (i) shall have qualified for membership in accordance with the Articles of Association, (ii) shall have subscribed to and hold at least five equity shares, face value of Rs. 10,000 each, of the Company and (iii) shall have complied with the membership requirements of the Designated Clearing House (iv) shall have paid the specified admission fees before being admitted as a trading-cum-clearing

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

member and (v) shall have contributed to the Trade Guarantee Fund a minimum of Rs. 40,000/- for the time being (as on 31.03.2004) which may be enhanced by the Board of Directors from time to time. Provided that in the case of a partnership firm, the qualification shares for membership shall be held by the one single partner or by the managing partner, if there is any.

317. Institutional Clearing members shall consist of commercial banks licenced by the Reserve Bank of India. An institutional Clearing member-elect (i) shall have qualified for membership in accordance with the Articles of Association, (ii) shall have subscribed to and hold at least five equity shares, face value of Rs. 10,000 each, of the Company, and (iii) shall have complied with the membership requirements of the Designated Clearing House (iv) shall have paid the specified admission fees before being admitted as an institutional clearing member and (v) shall have contributed to the Trade Guarantee Fund a minimum of Rs. 2,50,000/- for the time being (31.03.2004) which may be enhanced by the Board of Directors from time to time.
318. (a) The admission fee payable by all classes of Exchange members shall, for the time being, be Rs. 25,000; Annual subscription payable by all classes of Exchange members shall, for the time being, be Rs. 2,500 and shall be paid before April 15th of every financial year. Annual subscription shall become applicable from financial year 2001 - 2002. Any members admitted to the membership of the Exchange during a financial year shall pay annual subscription for the year of admission.
- (b) The Security Deposit paid by trading members and trading-cum-clearing members shall, for the time being, be Rs. 5,000;
- (c) A registered non-member shall pay trading members and trading-cum-clearing members shall, for the time being, be Rs. 5,000;
319. The admitted members shall pay or post the margins and deposits as may be specified by the Board or one or more of the Standing Committee from time to time before exercising the rights and privileges of membership of the Exchange.
320. The admission fee and annual subscription paid by a member of the Exchange shall not be refundable by the Exchange.
321. The security deposit paid by a member of the Exchange shall be refundable by the Exchange to the member on termination of the membership by that member.
322. It shall be deemed a violation of the Bye-laws, Rules and Regulations for a member to make a false statement or misstatement in or upon a material point in the application for membership or in any statement or document made or given in connection with the application. Whenever it appears to the Membership Committee falsification or misstatement has been made, the Membership Committee shall report the same to the Board for disciplinary action.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

323. The Board may upon the report and the advice of the Membership Committee withdraw the personal permission given to the member of the Exchange to exercise the rights and privileges attached thereto.

CHAPTER 4

Membership : Business Rules

401. Every member of the Exchange shall be issued a certificate regarding his/its membership and class of membership of the Exchange by the Exchange. The certificate shall be signed by two Directors of the Board and countersigned by the Secretary. If any such certificate be lost, destroyed or defaced, a duplicate certificate shall be issued on payment of such fees as may be prescribed by the Membership Committee from time to time.
402. The Membership Committee shall cause to be kept and maintained a register and index of trading members, trading-cum-clearing members, institutional clearing members and registered non-members at the Registered Office of the Company and shall cause to be accessible to all members. The register shall also contain particulars of the class, constitution and address of the members of the Exchange; including in or *karta*; in the case of a bank or company or corporation, the name and address of its chairperson and managing director; in the case of a co-operative society, the name and address of its secretary or chairperson; and in the case of a partnership firm, the name and address of its managing partner. Every member of the Exchange shall promptly notify the Membership Committee in writing of any change affecting any of the entries in the register.
403. A member of the Exchange, who has or has been elected to be admitted into any particular class of membership of the Exchange and then been admitted as such to the membership of the Exchange, shall not be permitted to apply for change from that class to which the application for change is made. All applications for change shall be made to the Membership Committee. An application for change shall not be made more than once during a year and provided also that no, such change shall be permitted within three months before the general meeting.
404. However, if there is prima facie evidence that a member of the Exchange suffers from erosion of financial net worth that is not in the interests of the Exchange, the Membership Committee shall have the right to issue show-cause notice as to why the member of the Exchange should not be re-classified appropriate to the financial net worth of the member of the Exchange. After due process of verification and if the Board deems it necessary to cause a re-classification, the Board shall cause such a change in the membership class and the Board's decision shall be final. In such an event, no part of the admission fee paid by the member of the Exchange shall be refundable by the Exchange.
405. Every Exchange Member shall be entitled, as per Article 18, to nominate Authorised Representative(s) who has/have full authority to conduct the business of the Exchange Member. If the Exchange Member does not so nominate an Authorised Representative, the Exchange Member shall be deemed to have nominated himself. The Exchange Member shall cause the name of the nominated Authorised Representative(s) to be included in the Register of Authorised Representatives maintained by the Exchange. The name of the Authorised Representative(s) shall be notified to the members of the Exchange whose transactions the Exchange Member has agreed to clear, register and

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

settle. An Exchange Member may nominate two Authorised Representatives with the written permission of the Membership Committee.

406. A firm, being a member of the Exchange, shall not cease to be a member of the Exchange by reason of a change in the constitution of the firm, occasioned by the admission, retirement or death of a partner, provided the business of the firm is continued in the conventional name and trading style in which such firm was elected a member of the Exchange.
407. Every member of the Exchange shall forthwith intimate to the Exchange any changes in the constitution of the company, partnership or the joint Hindu family, and changes in name or address. No changes in the constitution of the partnership or joint Hindu family shall become operative so far as the Exchange and members of the Exchange are concerned unless and until such changes are notified to the Exchange in accordance with the conditions laid down by the Board from time to time.
408. A Firm, Joint Hindu family, Company, Commercial bank, Co-operative society or Corporation shall not ipso facto cease to be a member of the Exchange upon any change being made in the constitution or conventional/corporate name of the said firm, joint Hindu family, company, commercial bank, co-operative society or corporation respectively unless the Membership Committee, if the Membership Committee thinks fit, recommends otherwise. If the Board acting upon the recommendation of the Membership Committee decides and directs otherwise, the continuance of the membership of such firm, joint Hindu family, company, commercial bank, co-operative society or corporation shall be on such terms as may be recommended by the Membership Committee and decided by the Board including a fresh application for membership or any fresh admission fee.

CHAPTER 5

Membership : Nomination, Termination and Re-admission

501. The rights and privileges of a member of the Exchange who cease to be a member of the Exchange under Article 16, which under any rule for the time being in force is forfeited to and is vested with the Exchange, shall belong absolutely to the Exchange free of all rights, claims, and interest of others including a member of the Exchange. The Board shall be entitled to deal with or dispose of the said rights and privileges of membership of the Exchange as recommended by the Membership Committee.
502. On the death of a member of the Exchange, or in the case of a firm or company or corporation or co-operative society or commercial bank or joint Hindu family on its dissolution or on its going into liquidation, the rights and privileges of membership of the Exchange shall cease and then vest in the Exchange. Thereafter, the Exchange shall not be liable for any liabilities of the deceased, dissolved or liquidated member of the Exchange.
503. The legal representatives of a deceased member of the Exchange may with the recommendation of the Membership Committee and the sanction of Board nominate one of themselves or any other person eligible under the Bye laws, Rules and Regulations in force for admission to membership of the Exchange as a candidate for admission in place of the deceased member of the Exchange.
504. An Exchange member may resign from the Exchange by complying to the clauses under Article 17.
505. Every member of the Exchange shall be entitled to nominate another person as his successor to the membership of the Exchange subject to the conditions and restrictions set forth in Article 19 and Article 20.
506. The Board, upon the recommendation of the Membership Committee, shall have the power to expel, suspend, fine, warn, reprimand and declare as a defaulter any member of the Exchange or his or its employee or representative.
- (a) If it shall appear to the Membership Committee or the Arbitration and Vigilance Committee that any particular member has not conformed to Bye-laws, Rules and Regulations or that any member has been guilty of any conduct likely to reflect detrimentally on the Exchange, the Board may upon the recommendation of the Membership Committee take appropriate action against the member of the Exchange after giving the member an opportunity to represent before the Board; or
- (b) If the Membership Committee Board has reason to believe that financial weakness of any member of the Exchange can be detrimental to the Exchange and the other members of the Exchange, the Board may upon the recommendation of the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

Membership Committee take appropriate action against that member of the Exchange after giving the member an opportunity to represent before the Board.

- (c) Any member of the Exchange, who shall for any reason cease to be a member, shall nevertheless remain liable for and shall pay to the Exchange all moneys due to the Exchange but such member shall not be entitled to refund of any subscription, donations, or fee paid in advance; and
- (d) Any member of the Exchange who has been expelled from the membership of the Exchange for any reason other than a default in meeting obligations to that Exchange and/or other members of the Exchange shall not be eligible for re-election until after the expiration of one year from the date of expulsion and provided that not less than three members of the Exchange in addition to the two members of the Exchange who propose and second the proposal for re-admission.

507. A member against whom disciplinary action as mentioned in the preceding clauses ;is taken shall be liable to pay to the Exchange all fines, subscriptions and other moneys due or to become due from him to the Exchange or to any member of the Exchange.

508. A member of the Exchange shall cease to be a member and his or its name shall be removed from the register of members:

- (a) If he or it is declared a defaulter or becomes or is adjudicated an insolvent or becomes a lunatic or of unsound mind or is wound up except for the purpose of reconstruction or suspends payment;
- (b) If he is pronounced guilty of a criminal offence which in the opinion of the Board amounts to an act or conduct in contravention of the Articles or Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House or to the detriment of the Exchange; or
- (c) If he resigns from the Exchange in a manner provided in the Articles and/or other Bye-laws.

509. When a member of the Exchange, upon the recommendation of the Membership Committee, is declared a defaulter by the Board or is expelled by the Exchange or when a member of the Exchange is adjudicated an insolvent or is dissolved or has gone into liquidation, the rights of membership of the Exchange and all the rights and privileges as a member of the Exchange shall be forfeited to and become the property of the Exchange, but any liability of any such member to the Exchange or to the Designated Clearing House or to any other member of the Exchange shall continue and remain unaffected. The security deposit, margin, and/or any other fund of a member of the Exchange who has been declared as defaulter under the Bye-laws, Rules and Regulations shall be charged according to Article 11(a).

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

510. Re-admission of a declared defaulter shall be according to the Article 23. A defaulter may be re-admitted in any class of membership that is recommended by the Membership Committee and approved by the Board.

CHAPTER 6

General Rules Regarding Trading in Forward Contracts

601. The Board shall be the contract specification authority in respect of forward contracts in commodities for which the Exchange has obtained permission from the Forward Markets Commission.
602. The Forward Markets Commission shall be the contract approval authority in respect of all forward contracts in commodities. The basis grades for the forward contracts in commodities shall have the permission of the Forward Markets Commission prior to listing for trading.
603. Members of the Exchange shall execute and clear transactions only such forward contracts in commodities whose grade is specified by the Board and approved by the Forward Markets Commission.
604. All forward contracts in commodities shall be made only on the forms approved by the Exchange.
605. Any forward contract made on the approved official forms of contracts issued by the Exchange to the members concerned in this behalf shall subject to these Bye-laws, be valid and shall not be cancelled except with the authority of the Board of Directors of the Exchange and/or of the Designated Clearing House.
606. All forward and other contracts in commodities transacted in the Exchange shall be cleared, registered and settled through the designated clearing house or in the case of 'in house clearing' through the clearing bank(s). The Exchange shall guarantee the performance of contracts in the commodities through the Trade Guarantee Fund of the Exchange.
607. All forward and other contracts in commodities transacted in the Exchange shall be presented to the Clearing House or in the case of 'in house clearing' through the clearing bank(s), for clearing, registering and settlement.
608. An Exchange member who is not an Institutional Clearing Member shall have the right to execute transactions in forward and other contracts in commodities as approved by the Forward Markets Commission on the floor or trading ring provided the Exchange Member is a Clearing Member or has an agreement with an Institutional Clearing Member or a Trading-cum-Clearing Member for clearing the executed transactions. The Exchange Member for such transactions ;in the Exchange shall give to the Exchange and to the Clearing House a copy of the agreement.
609. An Institutional Clearing Member of the Exchange may have an agreement to clear, register and settle transactions in forward and other contracts in commodities, as approved by the Forward Markets Commission, of any Exchange Member who has

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

trading rights in the Exchange. An Institutional Clearing Member of the Exchange shall not clear, register and settle contracts without a valid agreement with the Exchange Members. The Exchange Member for such transactions in the Exchange shall give to the Exchange and to the Clearing House a copy of the agreement.

610. A Trading-cum-Clearing Member of the Exchange may have an agreement to clear, register and settle the transactions in forward and other contracts in commodities, as approved by the Forward Markets Commission, of Trading Members. A trading-cum-Clearing Member of the Exchange shall not clear, register and settle contracts without a valid agreement with Trading Members. The Exchange Member for such transactions in the Exchange shall give to the Exchange and to the Clearing House a copy of the agreement.
611. Only contracts entered into and signed in the prescribed forms will be recognised as valid, provided the Clearing Member has paid to the Designated Clearing House adequate security and margin deposits. Clearing Members who clear contracts shall pay adequate security, margin deposits and variation margins for their respective outstanding transactions to remain valid. Exchange Members and registered non-members whose contracts are cleared by Clearing Members shall pay adequate margin deposits and variation margins for their respective outstanding transactions to remain valid.
612. Contract forms will be supplied by the Exchange to the members on payment of such price as may be determined by the Board from time to time. Contract forms may be in the form of computer software to establish link with trading ring of the Exchange.
613. Rates and/or prices for the forward contracts in a commodity shall be quoted in accordance with Bye-laws specified for that commodity and they shall be for the basis grades prescribed in the clauses of specified Bye-laws of that commodity. For example, forward contracts in coconut oil and copra shall be according to the bye-laws specified in Chapter 10.
614. The Board shall, upon the recommendation of the Trading Committee constituted for a commodity or a group or commodities, have the right to determine, specify and modify the basis for the forward contracts in that commodity or group of commodities from time to time. The basis for the forward contracts in all commodities shall have the approval of the Forward Markets Commission.
615. The Trading Committee for a commodity or a group of commodities shall have the right to determine, specify and modify the number, and the commencement and expiration cycles of the forward contracts in for that commodity or group of commodities. The number, and the commencement and expiration cycles of all the forward contracts in commodities shall have the approval of the Board.
616. (a) All outstanding transactions in forward contracts in a commodity shall be for delivery as prescribed in the Chapter pertinent to forward contracts in that commodity.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

- (b) All outstanding transactions in forward contracts in commodities shall in general be for delivery at any one or more deliver points and/or warehouses approved, certified and designated by the Trading Committee.
617. The Trading Committee, constituted for a commodity or a group of commodities, shall have the right to determine, specify and modify the terms and manner of delivery, of that commodity or group of commodities resulting from outstanding transactions in forward contracts in that commodity or group of commodities. The terms and manner of delivery of commodities resulting from outstanding transactions in forward contracts in commodities shall have the approval of the Board.
618. Trading Committees shall have the right to determine, specify and modify the terms regarding quantity, packing, place of delivery, certification and quotation for bids and offers.
619. (a) Members of the Exchange may enter into only such forward contracts that are forward contracts in commodities for which the Exchange is granted recognition under the Forward Contracts (Regulation) Act, 1952 and trading is permitted by the Commission;
- (b) Members shall enter into a contract before trading therein has been commenced in accordance with the Bye-laws, Rules and Regulations. Trades shall be executed only during the trading hours on trading days.
- (c) No member shall enter into a contract before trading therein has been commenced in accordance with the Bye-laws, Rules and Regulations. Trades shall be executed only during the trading hours on trading days.
- (d) No member shall enter into a contract in which price of the underlying commodity is not within the price range fixed for that commodity.
620. Any member of the Exchange transacting in any contracts and basis grades that are not specified by the Board shall be liable to be dealt with under disciplinary Bye-laws.
621. Members shall maintain a record of all their transactions in all contracts approved by the Board. Members shall have separate records of all their own account transactions and that of registered non-members including orders from registered non-members for execution of transactions in forward contracts in commodities. Members shall preserve the records of registered non-members for execution of transactions in forward contracts in commodities. Members shall preserve the records of registered non-member with the time and date ;of receipt of order, details of executed transactions for each registered non-member and books of accounts relating to the same for a period of three years for production whenever required by the Board of Directors of the Exchange and/or the Designated Clearing House and/or any committees and/or by the Forward Markets Commission.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

622. Transactions in contracts in commodities that are not permitted by the Forward Markets Commission are prohibited. Any member who infringes or attempts to infringe or who assists in any infringement or attempted infringement of this Bye-law shall be liable to suspension and/or expulsion from membership of the Exchange. Trades done other than specified above and in sub-clauses (a), (b), (c) and (d) of the Bye-law 619 shall be illegal in terms of Section 15(3) of the Forward Contracts (Regulation) Act, 1952.
623. Indian law will apply to the contracts entered between the members of the Exchange.
624. The death of any party to a contract made subject to the Bye-laws, Rules and Regulations shall not discharge the right of any other party to such contract or legal representatives of the deceased to refer any dispute or differences to Arbitration under these Bye-laws, Rules and Regulations and in such event, the right to refer any dispute or differences to Arbitration shall be exercised by or against the legal representative of the deceased.
625. The exercise of authority by a Trading Committee pursuant to Bye-law 110 shall not be construed as the making of fresh Bye-laws, Rules and Regulations. The exercise of authority by a Trading Committee pursuant to Bye-law 110 shall not be construed as the amendment of existing Bye-laws, Rules and Regulations.
626. Any dispute with regard to trade in the Exchange shall be settled by the Arbitration and Vigilance Committee whose decision shall be binding on the parties in the dispute, subject to the right of appeal to the Exchange's Board. A deposit of Rs. 2000 shall be made by the complainant before making the complaint. The deposit will be refunded, if the decision is in favor of the complainant. The member responsible for the dispute shall pay a fine of Rs. 2000/-

A member can directly make a complaint to the Board for settlement without payment of any fees.

CHAPTER 7

BYE-LAWS RELATING TO CLEARING

701. The Designated Clearing House shall receive and maintain margin deposits, monitor open positions and margins, and transmission of documents, payments, settlements etc., between the contracting parties including Members of the Exchange who are not clearing members and Clearing Members.
702. The Designated Clearing House/Clearing bank(s) shall remain open during the hours of trading of contracts in the Exchange is scheduled by the Board.

In the absence of a designated clearing house, the Exchange shall provide 'In House' Clearing to its members. For the purpose of clearing, the Exchange shall enter into an agreement with any bank(s) which shall act as the clearing bank(s).

The Exchange along with the clearing bank(s) shall be responsible for receiving and maintaining margin deposits, monitoring open positions and margins and the transmission of documents, payments, settlements etc, between the contracting parties.

703. Delivery Orders, instruments forms, account balance sheets, vouchers and other paper and documents used for the purpose of clearing shall be in the forms prescribed and/or provided by the Exchange in computerized printouts containing the prescribed details and shall be in English.
704. All contracts transacted in the Exchange shall be subject to daily settlements through the Designated Clearing House/ clearing bank(s) except on holidays when there is no trading. Settlement of differences due on outstanding contracts and of other liabilities shall be made through the Designated Clearing House/ Clearing bank(s) by, Trading members through Trading-cum-clearing members or Institutional Clearing members, registered non-members through Trading Members or trading-cum-clearing members.
705. The Board and/or the Designated Clearing House of the Exchange, in consultation with and the approval of the Forward Markets Commission shall have the power to fix floor and/or ceiling for prices of contracts trade in the Exchange. There shall be a special clearing in commodity contracts whenever the market touches the floor and/or ceiling for prices from the previous settlement price or opening rate of such contract on the first day the contract is traded in the Exchange. It shall be competent for the Board and/or the Designated Clearing House to order continuance or closure of the market or closing out of the contracts or fixing of ceiling rates following such special clearing or a consecutive second clearing on such conditions as it may deem fit in the interest of the trade in consultation with the Forward Markets Commission provided that closing out of the contracts or market or fixation of floor and/or ceiling is decided with the concurrence of the Forward Markets Commission.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (i) Notwithstanding anything contained in any of the trading Bye-laws, Rules and Regulations, it shall be competent for the Board and/or the Designated Clearing House with the concurrence of the Forward Markets Commission, to prohibit the trading of contracts in any commodities during any day at price(s) higher or lower than the closing rate of the previous business day plus or minus any sum, either in absolute terms or in percent terms, as may be fixed by the Board from time to time.
 - (ii) Provided that the sum fixed must be by a majority of at least two-thirds of the directors of the Exchange present and voting and must be concurred in by the Forward Markets Commission.
 - (iii) Provided further that the Board may vary any sum so fixed in a like manner as in Bye-law 705 (i) above.
 - (iv) Notwithstanding anything contained in these Bye-laws, Rules and Regulations, the Board and/or the Designated Clearing House may with the concurrence of the Forward Markets Commission, prohibit trading during any day in contracts for any contract month, at price(s) higher or lower than the closing price of the previous trading day or of such other trading day as may be decided by the Board plus or minus such sum(s) as may be prescribed by the Board. Different sum(s) may be prescribed at different levels of the contract price. The Board may with the concurrence of the Forward Markets Commission vary any sum(s) so prescribed from time to time.
 - (v) The Forward Markets Commission may exercise the powers specified in clause (i) above, where in the opinion of the Commission it is expedient so to do.
706. Payments by or to a Member in respect of differences on transactions in commodity contracts shall be made daily through the Designated Clearing House/Clearing bank(s). Payments by or to an Exchange member who is not a clearing member in respect of differences on transactions in commodity contracts shall be made daily through the respective Trading-cum-clearing member or Institutional Clearing member.
707. All contracts entered into on each day shall be included in that day's settlement. There shall be a daily settlement price in respect of each commodity and contract month.
708. In case of contracts coming under settlement for the first time, the difference shall be calculated between the contract rate and the settlement price, in the case of contracts coming under subsequent settlements, difference shall be calculated between settlement prices.
709. In preparing accounts for clearing, no interest shall be allowed or calculated.
710. Purchases and sales to the same person, firms, companies of the same quantity of a commodity for the same month or months of delivery after appearing on one clearing shall be deemed "Closed Contracts" only upon receipt of written instruction by the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

Designated Clearing House and shall not be shown in any subsequent settlement thereafter.

711. Each trading day shall be a settlement day unless it is declared not as one at the discretion of the Board and/or the Designated Clearing House.
712. Exchange Members who are not clearing members shall on that day receive from their respective Clearing Members during their business hours balance / account sheets of their accounts; Clearing Members shall on that day receive from the Designated Clearing House their balance / account sheets. Balance / accounts sheets shall be received in electronic format or such other format as prescribed by the Exchange and / or the Designated Clearing House from time to time.
713. Balancesheet shall, in respect of transactions carried out in the Exchange, be prepared and sent by the Designated Clearing House and in the absence of a designated Clearing House, by the Clearing banks, to the Clearing members on all working days. Clearing members shall prepare and send balance sheets to Exchange members whose contract they have cleared. Clearing members whose balance sheet show debit balance shall pay into the "Settlement Account" maintained by the Designated Clearing House / Clearing Banks. Clearing members whose balance sheet show credit balance shall be paid the sums due to them the next working day. Exchange members shall receive from and make payments to their respective clearing members through the clearing bank(s).
714. Payments into the designated banks or Clearing Banks shall be made by paying the amounts into the settlement accounts maintained by the Exchange in such form and manner as prescribed by the Exchange from time to time.
715. Not with standing anything contained in these Bye-laws the Board shall have power at any stage and from time to time to postpone or alter to a fixed date or dates, settlement Days, inward payment days, outward Payment days, dates for fixation of settlement rates etc.
716. All members shall pay attention to and obey notices issued by and on behalf of the Board or by the Chief Executive Officer or the Secretary or other official of the Exchange regarding the working of the Exchange and/or the Designated Clearing House and the Board are hereby empowered to impose a fine not exceeding Rs. 500 in case of neglect of or disobedience to such notice, or for the errors or omissions or illegibility in marking up of instruction forms, records and other documents that may be submitted to the Board or the Designated Clearing House from time to time. The Board may, by a resolution, authorise the Chairman, any Committee and/or the Secretary, to deal with and impose fines for breach of these Bye-laws.
717. Any dispute arising out of Designated Clearing House shall be settled by the Clearing House Committee that may be jointly appointed by the Exchange and by the Designated Clearing House for the purpose, whose decision shall be binding on the parties in the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

dispute, subject to the right of appeal to the Exchange's Board on payment of the appeal fees of Rs. 500.

718. A fee not exceeding Rs. 500 may be charged by the Clearing House Committee for deciding disputes and it will be competent to the Clearing House Committee to decide what amount of fees shall be paid by each party.
719. In the event of any difficulty arising out of any matter relating to the Designated Clearing House, the Board shall have powers to decide the same in a manner deemed proper by them.
720. Every Institutional Clearing Member and Trading - Cum - Clearing Member of the Exchange entitled to and making use of Designated Clearing House shall at all times abide by the Rules and Regulations laid down by the Exchange and any other directions of the Clearing House Committee.
721. Every Member of the Exchange making use of the clearing, registering and settlement services of a Clearing Member of the Designated Clearing House as required under Bye-laws 607 or Bye-law 608 or Bye-law 609 shall at all times abide by the Rules and Regulations laid down by the Exchange and any other directions of the Clearing House Committee.
722. The Board or the Chairman thereof, if the Board shall have delegated the power to him as they are hereby authorised so to do, and acting upon the request of the Designated Clearing House, shall have power for the purpose of verifying or checking any statement submitted by a Clearing Member and / or to call for any explanation from any Exchange Members and / or registered non-members. An Exchange Member failing or neglecting to submit any such statement or to produce any such books or to give any such books or to give any such explanation shall be dealt with under the Bye-laws relating to disciplinary action.
723. In the case of failure or suspension of payment or insolvency of an Exchange Member who has made a tender or to whom a tender has been made, the following shall be observed:
- i. If an Exchange Member has failed, suspended payment or become insolvent, the Member who has cleared his contracts as per Bye-laws 607 or Bye-law 608 or Bye law 609 shall immediately notify to the Exchange/Designated Clearing House the amount payable by or to the Exchange Member and cause the out standing positions to be closed out. Any obligation resulting from the difference in the delivery order rate and the price at which the contract price is closed out shall be borne by the defaulting Exchange Member or by the respective clearing member.
 - ii. The posting of a notice stating the default of the Exchange Member as a defaulter and such declaration thereof by the Clearing Member shall be deemed to be sufficient notice for submitting particulars required by sub-clause (i) of this rule.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

724. An Exchange member who fails to pay differences in respect of his outstanding position or any other sum due and payable under these Bye-laws shall be treated as having failed to meet his liabilities. Thereupon the Exchange may declare the Exchange member a defaulter and close out all outstanding positions. Such close out shall be effected only on the trading ring of the Exchange.
725. A Clearing Member who fails to pay the differences in respect of all or any contracts cleared by him shall be declared a defaulter under the Rules and Regulations of the Designated Clearing House and shall forfeit all the rights and privileges of Clearing Membership including those conferred on him the Bye-laws of the Exchange and he shall as from the date of such declaration cease to be a Clearing Member and his name shall as from the date of such declaration be struck off from the Register of Members.
726. Trading Members and clearing members shall however continue to be liable for and shall fulfill all their outstanding obligations to the Exchange, and to any Exchange Member at the date of their being declared defaulters.
727. The Clearing Member in respect of default by Exchange Members and the Designated Clearing House in respect of default by Clearing Members shall close out the outstanding contracts of the defaulting Exchange Members or the Clearing Members, as the respective case may be, in all the deliveries and also fix the closing rate or the rates on the day of declaration as a defaulter as the rate or rates at which the defaulting members outstanding transactions shall be deemed to be closed out. Designated Clearing House may close out the positions of a clearing member who is in default through the trading ring of the Exchange on account of the clearing members who is in default or through any other member's account with the written consent of that member whose services are availed for closing out the positions.
728. Every member of the Board or of the Clearing House Committee shall be indemnified out of the funds of the Exchange and the Designated Clearing House, in equal parts, for the purpose of or in relation to the Designated Clearing House against all costs, expenses, losses or claims which the Board or any members of the Board or the Clearing House Committee may incur or become liable for by reasons of any act or things done or omitted by any servant or agent of the Board or of such Committee in or concerning the affairs of the Designated Clearing House, provided such member was not himself a party to such act or omission.
729. Any of the parties may appeal to the Board against the decision given by the Clearing House Committee within 48 hours from the time of the receipt of information of the said decision on payment of Rs.500 as appeal fee. A meeting of the Board shall be called within 24 hours from the time of receipt of such application. The decision of the Board on it shall be final and binding. If in such a meeting of the Board called in the manner afore said, the quorum is not present within 30 minutes, the said meeting shall be adjourned to the third day and the Board may proceed without quorum at such an adjourned meeting. But the notice of such meeting shall be given to all the Directors of the Board.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

730. The Designated Clearing House and in the absence of the Designated Clearing House, the Exchange shall be deemed to guarantee the financial obligations to Clearing members resulting from the outstanding positions that have been cleared by the clearing members and registered by the Designated Clearing House/Exchange. Such guarantee by the Exchange shall be governed by the Rules and Regulations of the Exchange in that regard.
731. No liability shall attach either to the Exchange or the Board or to any member of the Board or of the members nominated by the Exchange to the Clearing House Committee by reason of anything done or omitted to be done by the Designated Clearing House in the course of its operation nor shall the Exchange or the Board or any Director of the Board be liable to answer in any way for the title, ownership, genuineness, regularity of any goods or documents passing through the Designated Clearing House nor shall any liability attach to the Exchange, the Board or any Director of the Board in any way in respect of such goods or documents.
732. No liability shall attach to any member of the Exchange for any delay on the part of the Designated Clearing House, as the case may be, in the course of their operations.

CHAPTER 8

Margins

801. The Exchange and/or the Designated Clearing House shall specify the amount of margins to be deposited by exchange members and the method of calculating the margin requirements. Margin requirements specified may include initial margin, special margins, additional margins and/or such other amounts. Such margin amounts shall be specified in respect of commodities and contract months.
802. Clearing members of the Exchange shall post margins at such rates and at such times specified by the Designated Clearing House. Amount of such margin deposits shall be according to the methodology applied by the Designated Clearing House.
803. Exchange Members entering into contracts in their own account shall post margin at the rate specified by the Exchange and/or the Designated Clearing House under the bye-law 801 from time to time.
804. An Exchange Member entering into contracts on behalf of registered non-members shall collect a margin deposit from such registered non-members at the rate specified by the Exchange and/or the Designated Clearing House from time to time and shall maintain such amounts in a segregated manner specified by the Exchange and/or the Designated Clearing House.
805. In respect of contracts in commodities transacted in the Exchange and cleared, registered and settled by the Designated Clearing house or the Clearing Bank(s), margin deposits calculated against the open positions shall be deposited in advance at such rates as may be specified according to byelaw 801 from time to time. Any violation to the above shall be deemed to be a violation of Bye law. The Board shall have the power to impose such penalty as decided upon depending upon the nature and period of violation. Penalty for the purpose include fines and suspension from trading at the Exchange.
- (i) A Clearing Member shall adhere to the Bye-laws, Rules and Regulations of the Designated Clearing House in respect of margins and shall not directly or indirectly enter into any arrangement with Exchange Members and registered non-members or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye-laws, Regulations or orders issued thereunder.
- (ii) An Exchange Member, who has an agreement with a Clearing Members under Bye-law 608 or Bye-law 609, shall not directly or indirectly enter into any arrangement with his Clearing Member and registered non members or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye-laws, Rules and Regulations or orders issued thereunder.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (iii) Exchange Members shall not accept orders from registered non-members for new positions unless the minimum margin is deposited by the customer or is forthcoming within a reasonable time, unless the previously existing position complies with the margin requirements specified by the Designated Clearing House and unless the previously existing position is not in excess of any position limit imposed by the Board or the Forward Markets Commission.
- (iv) Every account of registered non-members must be marked to market daily by the Exchange members and further margin should be called when necessary to maintain the minimum margin.
- (v) An Exchange Member may close out an open position of a registered non-member when the call for further margin or any other payment due to the Exchange Member is not complied with by the registered non-member.
- (vi) An Exchange Member shall accept margin deposits from registered non-members only in such form as may be permitted and/or required by the Board, the Clearing Member and the Designated Clearing House.
- (vii) Margin deposits received from registered non-members in any form shall be accounted for and maintained separately in segregated accounts and shall not be used for the benefit of other registered non-members or for the Exchange Member's own account positions.
- (viii) The margin account of registered non-members shall be utilised only for setting the registered non-member's dues to the Exchange Member upon marking-to-market or for fulfilling the obligations resulting from the registered non-member's open positions.
- (ix) An Exchange Member shall furnish registered non-members in writing at least once in a month a statement of all transactions executed for the registered non-member, the margin status, profit or loss resulting from marking margin account to market and closing out of positions, and unrealised profit or loss in respect of open positions with explanatory notes, transactions and price information.

CHAPTER 9

Delivery

901. For the fulfillments of contracts in commodities transacted in the Exchange at maturity, the commodity concerned shall be tendered by Delivery Orders only. In respect of fulfillment of such outstanding contracts maturing at the end of the contract month, commodity shall be tendered by Delivery Orders through the respective Clearing Members to the Designated Clearing House.
902. All contracts outstanding at the end of the last trading day of the contract month of the maturing contract shall be fulfilled by holders of short positions by tendering Delivery Order, with or without the certified warehouse receipt as specified by the trading committee appointed for the particular commodity, before the end of the office hours on the last trading day of the contract month followed by delivery at designated warehouse(s) or certified warehouses or specified delivery points as the case maybe, and by holders of long positions by payment upon assignment followed by taking delivery from the designated warehouse(s) or certified warehouse or delivery point or on receipt of documents entitling the transfer of ownership of the commodity.
903. Every delivery Order shall be issued for the lot size specified for the commodity or multiples thereof and the same shall be issued at the Delivery Order Rate. A seller who issues Delivery Order shall receive from or pay to the Designated Clearing House through the respective Clearing Member the difference between the immediately preceding trading day's settlement price and the Delivery Order Rate, registered non-members shall receive and pay, as the case may be, through their respective exchange members.
904. An Exchange Member desiring to tender goods against an open short position in the maturing contract shall send to the Designated Clearing House through his Clearing Member before the closing time on the appointed dates, as prescribed for a commodity. The Delivery Order Forms duly signed by the Exchange Member and the sellers or sellers representative holding open short positions giving the following particulars in addition to the particulars specified for each commodity:
- 1) The quality and quantity of goods to be delivered.
 - 2) Name of the seller issuing the Delivery Order.
 - 3) Period of delivery.
 - 4) The address or addresses of the warehouse(s) where the goods are kept and the quantity thereof at each warehouse.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

- 5) The name and address of the seller's representative who should be contracted by the buyer for taking delivery.
905. The Board of Directors and/or the trading committee appointed for a commodity or a group of commodities shall on the last day of the maturing contract and if that day happens to be holiday, then on the previous working day, fix the Delivery Order Rate, after taking into account the Spot Market Rate for the last three (3) days at Kochi and at different centres and after taking into account any other relevant circumstance which they may in their discretion deem fit. When appropriate and with the approval of the Forward Markets commission, the Board of Directors may cause the Delivery Order Rate to be determined through any methodology designed and processed by the Designated Clearing House provided that under no circumstances the delivery order rate/due rate shall be a price which is beyond the price range fixed for the particular contract month.
906. Delivery Orders shall be passed on only from Non-clearing Members to the Designated Clearing House through the Clearing Members and vice versa. The Exchange members themselves or their agents shall be entitled to take or give delivery of the goods covered by such Delivery Order, Registered non-members shall give or take delivery through Exchange members who have executed their transactions.
907. Delivery orders issued by the seller of a contract transacted in the Exchange shall be to the full extent of his outstanding short open position. At the time of issuing the Delivery Order, the seller of such contract must satisfy his Clearing Member that he owns and holds in his possession or his agent's possession adequate stocks of the required quantity and quality of the commodity in which he has open position to make delivery in the specified manner to cover the commitments included in the Delivery Order.
908. Members making delivery at a designated place other than in Kochi or from a centre other than in Kochi shall compensate the buyer by a discount for the extra freight expenses incurred by the buyer or receive a premium from the buyer for any savings in freight expenses. The premium and the discount shall be specified by the Board from time to time.
909. Holders of short positions shall send to the Designated Clearing House, through the respective Clearing Members or the exchange member if the seller is a registered non-member, signed Delivery Orders for the quantity outstanding in their name and every such Delivery Order shall be for the unit or in multiples of trading lot size specified for the commodity under the Chapter specified for the commodity.
910. The Designated Clearing House shall assign Delivery Orders among the Clearing Members who have cleared the outstanding open long positions. Such assignment of Delivery Orders among the Clearing Members by the Designated Clearing House shall be accepted by the Clearing Members without any equivocation on any ground whatsoever including the fact that there was no direct contract between them.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

The Clearing Members shall in turn assign the full quantity of goods covered by the Delivery Orders to their constituent Members holding outstanding long positions; the constituent members shall in turn assign the full quantity of goods covered by the Delivery Orders to themselves and/or to the registered non-members holding outstanding long positions. Neither the Constituent Members nor the registered non-members shall reject such assignment on any ground whatsoever including the fact that there was no direct contract between them. Clearing Members and Constituent Members shall submit to the Exchange a written statement of assignment of goods covered by the Delivery Orders.

Upon receipt of the written statement of such assignment, the Exchange shall advise the registered non-members from which designated warehouse(s) or certified warehouse(s) or delivery points, as the case may be, the deliveries have to be taken, along with the names of registered non-members who would give delivery at the designated warehouse(s) or certified warehouse(s) or delivery points. A statement showing the apportionment or assignment of the Delivery Orders shall be put on the notice board of the Exchange.

911. The Clearing Member who has been assigned deliveries to be taken by buyers shall deposit with the Designated Clearing House on the forenoon of last trading of the delivery month, i.e., contract month, an amount equivalent to 100% of the value of the goods at the Delivery Order Rate before the Clearing Member is handed over the Delivery Orders.

The amount deposited by the Clearing Member with the Designated Clearing House shall be paid to the Clearing Member who has cleared the seller's transaction as soon as the goods tendered through the Delivery Order are delivered by the seller at the specified designated warehouse(s) or certified warehouse(s) or delivery points or by the delivery of the documents in proof of transfer of ownership of the commodity specified in the delivery order. The 100% deposit would not be refundable to the Clearing Member to whom delivery is assigned if delivery is made by the seller according to the specifications and the deposit would be the final and full payment towards contracted goods taken delivery of. The deposit would be refunded if the seller who has tendered the Delivery Order fails to make the delivery according to the specifications.

912. A seller of commodity shall deliver the quantity covered by his Delivery Order during the period specified in the Chapter for the particular commodity. For example delivery period pertinent to Coconut oil and Copra contracts are specified in the Chapter 10.
913. Exchange Members, who are not clearing members, failing to comply with any of the provisions of Bye-laws shall be declared a defaulter by his clearing member within 24 hours of such non-compliance and shall intimate the Board immediately. Upon such declaration, defaulted member shall forfeit all the rights and privileges of membership including those conferred on him by these Bye-laws and he shall as from the date of such declaration cease to be a member and his name shall be struck off the Register of Membership, but he shall continue to be liable for and shall fulfil all his obligations to the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

Exchange and the Designated Clearing House or to any member outstanding at the date of his being declared as defaulter. The Clearing Member shall close out the outstanding contracts of such defaulted Ordinary Member in all the deliveries and also fix the closing rate or rates as notified by the Designated Clearing House on the day of default as the rate or rates at which the defaulter member's outstanding transactions shall be deemed to be closed out.

914. In the event of default by a Clearing Member, of the goods covered by Delivery Orders of that Clearing Member who has been declared as a defaulter, the Designated Clearing House or any other Member so nominated by the Designated Clearing House shall buy in or sell out in the open market on account and at the risk of the defaulting Clearing Member and all liability resultant thereby shall be of the defaulting Clearing Member concerned.
915. The Exchange shall appoint an independent agency or agencies for the purpose of quality and quantity certification of commodities tendered through delivery orders. The Exchange shall intimate the agency or agencies of the places from where the samples are to be drawn and the results shall be intimated to the Exchange which in turn will be passed on to the buyer concerned who shall take delivery of the certified lot within 48 hours thereof. The charges for the quality and quantity certification shall be borne by the buyer or seller as prescribed for a commodity or group of commodities. However, if any lot fails the certification test, the expenses incurred will have to be borne by the seller. The maximum size of the single lot shall be prescribed for each commodity in the Chapter specified for the commodity.
916. The seller shall be deemed to have defaulted after close of business on the last day of delivery period if he fails to complete the delivery of the goods in terms of the Delivery Orders issued by him.
917. Complaints regarding non-receipt of Delivery Orders or issue of Delivery Orders without goods should be made in writing to the Exchange within 24 hours of the time fixed for receipt of delivery Orders or delivery, as the case may be. The Trading Committee appointed for the particular commodity shall then make the necessary enquiries and report to the Board and if the complaint proves to be substantiated, the seller shall be proceeded against as per the provisions of the Bye-laws.
918. The Board shall have the power to extend the period of delivery or provide for a longer period of delivery in the Delivery Orders itself if in the opinion of the Board such an extension of time has become necessary due to force majeure or labour strike or for any other reason as the Board deems fit, the reasons for which shall be recorded and the Board shall advise the Designated Clearing House of such exercise of power

CHAPTER 10

Forward Contracts in Coconut Oil and Copra

1001. The basis for the forward contracts in Coconut Oil contracts transacted in the Exchange shall be of the grade with the following specifications

Description	Coconut Oil shall be the product obtained by expression from Copra and shall be free from admixture with any other oil or substance. It shall be clear and free from suspended and other foreign matters, separated water as per these specifications. It shall have a sweet taste and characteristic odour of Coconut Oil. It shall free from rancidity.
Colour on lovibond scale 1” coll expressed as Y+5R (not deeper than)	a. when colour shall not be deeper than 4 (four) units b. if colour is above 4 units, the buyer shall have the option to reject
Specific Gravity at 30 degree Celsius	0.915 to 0.920
Refractive Index at 40 degree Celsius	1.448 to 1.449
Saponification value (not less than)	Minimum of 250
Iodine value (Wij’s method)	7.5 to 9.00
Unsaponifiable matter (not more than percent)	0.5
FFA “as Oleic acid”(in percent)	a. FFA shall not be exceed 1.2 % b. If FFA exceeds 1.2 percent; buyer shall have the option to reject
Polenske value (not less than)	13.00
Moisture (percent; weight maximum)	a. The moisture shall not exceed 0.25 percent b. If the moisture exceeds above 0.25 percent the buyer shall have the option to reject

1002. The basis for the forward contracts in Copra contracts transacted in the Exchange shall be of the grade with the following specifications

- a. Copra shall be of Fair Average Quality (FAQ) ; Breakup of inferior quality and

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

chips not more than 15%

- b. Copra shall be clean, fully matured cups, smooth and hard, free from infestation mould growth (fungus), powder extraneous and defective matter;
 - c. Moisture content on machine verification shall not exceed six (6) percent;
 - d. Oil content shall not be below 64 percent in mechanical extraction.
 - e. Copra Delivery in Gunny bags of Standard 50 Kg. weight at FCEI godown or Buyer's godown. Weight of Gunny bag should not be more than 1 Kg.
1003. (a) There shall be twelve contracts each in Coconut Oil and Copra in a year;
- (b) All the twelve calendar months shall be the twelve commencement months; and
 - (c) All the twelve calendar months shall be the twelve contract months.
 - (d) Timings with regard to trading in coconut oil and copra shall be decided by the Board and notified to the members by Circular.
 - (e) All contracts in Coconut Oil shall be of One ton (1000 kilogram) and multiples thereof.
 - (f) All contracts in Copra shall be of One ton (1000 kilogram and multiples thereof.
 - (g) Price quotes for coconut oil and copra contracts shall be in Indian Rupees per 100 kilogram (one quintal) and shall be ex-tax.
 - (h) All prices shall be ex-Kochi.
 - (i) Minimum price movement for Coconut Oil and Copra contracts shall be Re.1 per 100 kilogram.
 - (j) Pursuant to Bye-laws 705 (i) the daily price limit shall be fixed, for the time being, at Rs.100 per quintal (100 kg) for both coconut oil and copra contracts.
 - (k) Pursuant to Bye-law 801 all members and clients shall pay an Ordinary margin of Rs.3000 per lot of One ton for coconut oil and Rs. 2000 per lot of One ton for copra contracts. Margin rules shall be as specified by the designated clearing house.
 - (l) The maximum gross open position that can be held at any point of time by a trading member shall not exceed 400 tons for, each for coconut oil and copra contracts, further that the maximum open position that can be held by a trading member shall not exceed 100 tons for a single (each) contract month.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- (m) The duration of the forward contracts in Coconut Oil and Copra between the commencement month and the contract month shall not exceed four months. Transactions in Coconut Oil and Copra contracts may commence four months before each contract month for the respective contracts (For example, a contract commencing on January 20th of the current year shall not continue beyond May19th of current year)
 - (n) Trading fee: Members shall pay to the exchange a composite trading fee of Rs.7.50 and clearing fee of Rs.5 per lot of copra and coconut oil for the time being. The Board of Directors shall have the power to reimburse the Clearing fee paid by the members. Five (5) percent of the trading fee collected shall be allocated for trade development activities and utilization of such funds shall be in consultation with the commission.
 - (o) Trading shall be screen based for five hours on week days as decided upon by the Board of Directors with the approval of Forward markets Commission.
1004. The transactions of contracts in Coconut Oil and Copra contracts (i) shall commence from the 20th calendar day of the commencement month or next working day if 20th calendar day of the commencement is a holiday, (ii) shall continue up to the last trading day of the contract month; and The last trading day of the contract month shall normally be the nineteenth calendar day of the contract month or the working day immediately preceding the nineteenth calendar day of the contract month if the nineteenth calendar day of the contract month is a holiday.
1005. Delivery shall be made from anywhere in Kerala provided the seller compensates the buyer for extra freight expenses and taxes incurred by the buyer including Central Sales Tax or other taxes (excluding KGST) if the delivery was made from a place which is more than 80 (eighty) kilometers away from Kochi.
1006. All expenses incurred up to the loading in a truck or lorry, including the loading charges, shall be to the account of the seller.
1007. Delivery period shall begin on the next working day after the last trading day of the contract month and shall continue up to next five working days which includes the first two days for settlement on mutual understanding.
1009. The seller shall be responsible for arranging the commodities underlying the delivery order for drawing of samples. The seller shall bear all the charges pertinent to quality certification and packing.
1010. Failure of tendering/taking delivery, assigned by the exchange and/or clearing house, by a member shall be considered as default by that member. The defaulting members shall be liable to pay 2 percent of the delivery order rate as penalty to the exchange. Exchange may pass on the amount collected to the designated clearing house to take care of the resultant liability of such default.

CHAPTER 11

Conduct of Business in the Exchange

1101. Every member of the Exchange shall be bound to promote to the best of his ability the objects and interests of the Exchange and to protect and safeguard the interests of buyers and sellers of contracts transacted in the Exchange. The following shall constitute good business practices; a member shall be liable to expulsion, suspension and/or to payment of a fine for any violation of good business practices:
1. Buyers and sellers of contracts transacted in the Exchange shall be furnished with a written statement containing in an appropriate and simple language the benefits and risks of contracts in commodities;
 2. Buyers and sellers shall be permitted to transact only after the written statement is read and acknowledged in writing;
 3. Buyers and sellers shall be given a copy of these Bye-laws, Rules and Regulations and Bye-laws, Rules and Regulations of the Designated Clearing House;
 4. Members of the Exchange shall not encourage, abet nor allow buyers and sellers of contracts transacted in the Exchange to evade margin requirements;
 5. Buyers and sellers shall be furnished in writing all information pertinent to contracts, contract months, commencement months, and deliveries; and
 6. Members shall explain the role of the Designated Clearing House of the Exchange and the scope and benefits of the same to the customers of the Exchange.
1102. Every member of the Exchange shall be bound to promote to the best of his ability, the objects and interests of the Exchange and to abide by the resolutions of the Company or of the Board and shall observe all the Bye-laws, Rules and Regulations of the Exchange and the Designated Clearing House of the Exchange in force from time to time. Any member shall be liable to expulsion, suspension and/or to payment of a fine for any of the following acts or omissions:
- a) Refusal to abide by awards: For neglecting or refusing to submit to abide by an carry out any award or decision or order of any arbitrators or any Standing Committee or of the Board, made in conformity with these Bye-laws, Rules and Regulations.
 - b) Unbecoming conduct: For acting in any manner detrimental to the interest of the Exchange or unbecoming of a member.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

- c) **Misconduct:** For any misconduct in his dealing with or relations to the Exchange or any member or members thereof or for any disreputable or fraudulent transactions with any person whether a member or not of which complaint is made to the Chief Executive, any Standing Committee or the Board by one or more members or customers.
 - d) **Disobedience:** For knowingly violating, disobeying or disregarding any Bye-laws or any enactment, order, ordinance or notification issued by the State or The Union Government in respect of trading in any commodities, or the provisions of the Forward Contracts (Regulation) Act, 1952, and the Rules made thereunder and any directions issued by the Forward Markets Commission.
 - e) **Misinformation:** For knowingly publishing or permitting to be published in any newspapers, circulars, or otherwise, any misrepresentation relating to the trade in any commodities calculated to mislead the members and/or the public.
 - f) **Indifference and wilful negligence:** For not complying with any notice or request made to him by or on behalf of the Chief Executive, any Standing Committee or the Board requiring him to attend any meeting of the Board or of any Standing Committee or to produce any books, documents, correspondence or other paper in his possession, power or control, or for refusing or neglecting to answer any question put to him by the Chief Executive, any Standing Committee or the Board, as the case may be, relevant to any business at any such meeting.
 - g) **Failure to pay any dues:** For failure to pay any amount due under these Bye-laws and bye-laws, rules and regulations of the Designated Clearing House of the Exchange and/or arbitration fees when due or for non-payment of any fine imposed on him pursuant to these Bye-laws or for failure to pay any other amount due by him under these Bye-laws or under any order of the Chief Executive, any Standing Committee or the Board within ten days after the same shall become payable.
 - h) **Action detrimental to the Exchange:** For any misconduct, in the sense of sub-sections referred to above inclusive as below, in his dealing with or relations to the Exchange.
1103. Whenever the President or the Chief Executive Officer or any of the Standing Committees shall consider either by reason of complaint made to them in writing by one or more members of the Exchange or by reason of any knowledge or information that there is sufficient reason for inquiring as to whether there has been any act or omission on the part of a member of the Exchange rendering him liable to expulsion, suspension and/or payment of a fine, the Membership and Finance Committee may give notice in writing to such member or to any other member requiring him to appear before the membership and Finance Committee or the Board.
1104. The Board shall hear the member with regard to whom it is proposed to pass any resolution for expulsion, suspension and or imposition of a fine under these Bye-laws,

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

and hear the evidence or statements of himself or any witnesses present on his behalf at any such meeting.

1105. (a) Whenever two-thirds of the members of the Board present and at least six Directors of the Board voting for expulsion at any meeting of the Board shall be of opinion that a member of the Exchange has become liable to expulsion, the Board may by a resolution passed at such meeting, expel such member permanently from all rights of membership, except the right to go to arbitration or survey in respect of matters prior to such expulsion. Such resolution shall be final and binding. The Board shall not be called upon to give any explanation or reason thereof; and
- (b) Whenever a majority of the members of the Board present and voting at any meeting of the Board shall be of opinion that a member has become liable to suspension and/or payment of a fine, the Board may by a resolution passed by a majority or their members present and voting at such meeting, may suspend him for any term not exceeding six calendar months from all rights of membership except the right to go to arbitration. Such resolution shall be final and binding and the Board shall not be called upon to give any explanation or reason thereof.
1106. A suspended member shall during the period of suspension be deprived of and excluded from all the rights and privileges of membership except in respect of transactions outstanding at the time of suspension which he shall be bound to fulfill and in regard to which he shall be subjected to all the obligations and have all the rights thereof and of these Bye-laws including the obligation and right to go to arbitration; and he shall be liable to pay all fines, calls, subscriptions, and other moneys due or to become due from him during his suspension in the same manner as if he had not been suspended.
1107. A member expelled by a resolution of the Board shall forfeit all the rights and privileges of membership including those conferred on him by these Bye-laws and he shall as from the date of the resolution cease to be a member and his name shall be taken off the register of membership, but he shall continue to be liable for and fulfill and his obligations to the Exchange or to any other member outstanding at the date of his expulsion and for these purposes shall have the right and be under obligation to go to arbitration under these Bye-laws.

CHAPTER 12

Arbitration

1201. A party to the reference who has been declared a defaulter under the Bye-laws, Rules and Regulations of the Exchange and/or designated Clearing House of the Exchange shall continue to exercise all the rights and privileges relating to arbitration so far as may be applicable to him and discharge all the obligations arising from the Bye-laws, Rules and Regulations of the Exchange and/or Designated Clearing House of the Exchange.
1202. All transactions and contracts, which are subject to the bye-laws, shall be deemed to be made in India. The place of arbitration shall be Kochi. Arbitration proceedings shall be conducted in English.
1203. In respect of all claims, differences and disputes required to be referred to arbitration under these Bye-laws, Rules and Regulations, the Arbitration and Vigilance Committee shall appoint every year at one of its meetings a panel of eight or more arbitrators.
1204. Each party to the dispute shall nominate one arbitrator from the panel of arbitrators constituted under the above Rule. In case both parties to the dispute agree on a common name there will be only one arbitrator. In case the two parties to the dispute nominate different arbitrators, the two nominated arbitrators shall choose a third arbitrator from the panel of arbitrators prior to the hearing of the dispute who shall act as the presiding arbitrator. In case the two arbitrators cannot agree on the selection of the presiding arbitrator within thirty (30) days from the date of their appointment, the Chief Executive Officer or in his absence, the President, or in their absence, the Vice-President, shall choose the presiding arbitrator.
1205. The arbitrators shall make their award within ten days of their first meeting, but the Arbitration and Vigilance Committee shall have the power, upon receiving an application in writing from the arbitrators acting in the matter, to extend such period as may be deemed necessary. An award shall be deemed to have been made on the date when the arbitrator or the presiding arbitrator shall have first recorded their decision in writing.
1206. The parties to the reference shall abide by and forthwith carry into effect the award of the arbitrator or the presiding arbitrator, as the case may be. The award shall be binding upon the parties and their representative(s) notwithstanding the death of any party before or after the making of the award and such death shall not operate as the revocation of any reference.
1207. A member of the Exchange shall not function as an arbitrator in any arbitration proceedings in which he is directly or indirectly interested.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

1208. During arbitration hearing, a party to a reference may with the permission of the arbitrator or the presiding arbitrator, as the case may be, appear by counsel, attorney, advocate or a duly authorised adviser or representative. Where one party is so permitted, a similar privilege shall be afforded to the other party if he so desires.
1209. On receipt of an application for arbitration along with a statement of the case and the name of the arbitrator, the Arbitration and Vigilance Committee shall forward the notice or notices ;of reference to both parties and also send a copy of the statement of the papers from the party to the dispute. The other party shall within ten days of receipt of the papers from the Arbitration and Vigilance Committee or within such longer time as may be prescribed by the Arbitration and Vigilance Committee forward to the Arbitration and Vigilance Committee and the other side, a detailed reply or defence statement, along with the name of the arbitrators nominated by him.
1210. The Arbitration and Vigilance Committee shall give notice to parties of the date fixed for the first hearing after fixing the date in consultation with the arbitrator.
1211. In conducting the arbitration proceedings, the arbitrators should provide opportunity to the parties to produce evidence.
1212. The arbitrator or the presiding arbitrator, as the case may be, may proceed with the reference notwithstanding any failure to file a reply or written statement within due time and may also proceed with the reference in the absence of any or all the parties who being entitled to appear fail, neglect or refuse to attend at the appointed time and place. Before proceeding with the hearing, the arbitrator or the presiding arbitrator, as the case may be, shall satisfy themselves that the notice of hearing was duly posted or despatched or published in time to both the parties in the manner provided in these Bye-laws.
1213. If a member of the Exchange or a registered non-member or a customer is called upon to give evidence or produce papers or account books and if he does not carry out the said order, his name may be posted by the Arbitration and Vigilance Committee on the notice board of the Exchange and no member of the Exchange or a registered non-member or a or customer shall transact, clear, register or settle any business with him or through him directly or indirectly for such period as may be specified by the Arbitration and Vigilance Committee.
1214. The arbitrator or the presiding arbitrator, as the case may be, may adjourn the hearing from time to time at their own instance or upon the application of any of the parties.
1215. There shall be no objection to an award of the arbitrator or the presiding arbitrator, as the case may be, on the grounds that the proceeding was adjourned from time to time or that the inquiry was not completed at one meeting.
1216. The parties to the reference and any witness on behalf shall at the appointed times:

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

- (i) Submit to be examined by the arbitrator or the presiding arbitrator, as the case may be, on oath in relation to the matter in dispute; and
- (ii) Produce before the arbitrator or the presiding arbitrator, as the case may be, all books, deeds, papers, accounts, writings, documents and other records in their possession or power which may be required or called for.

1217. If in the opinion of the arbitrator or the presiding arbitrator, as the case may be, a reference raises difficult or doubtful questions of law, a request may be made to the Arbitration and Vigilance Committee for the appointment of an assessor and thereupon the Arbitration and Vigilance Committee may appoint counsel or advocate or attorney or any other suitable person to act as such assessor on such remuneration as is deemed proper. The remuneration of such assessor shall be paid by the parties to the reference as directed in the award in such proportion as specified by the arbitrator or the presiding arbitrator, as the case may be, or equally if it is not specified so. If so desired the assessor shall be present throughout the further hearing of the reference and shall tender advice on all matters of law evidence practice or procedure and the arbitrator or the presiding arbitrator, as the case may be, shall be at liberty to accept or reject such advice.

1218. If in spite of the intimation of time for hearing the dispute being given, any party fails to remain present in time or fails to send his representative with the necessary papers or account books, the arbitrator or the presiding arbitrator, as the case may be, may impose a penalty on such party to the extent of Rs 1000 and may give him one more opportunity to carry out the orders. However, if any party does not remain present or fails to produce the papers or account books called for then the arbitrator or the presiding arbitrator, as the case may be, shall submit a report to the Arbitration and Vigilance Committee in that behalf and the Arbitration and Vigilance Committee shall be competent to take necessary steps.

1219. The following fees shall be payable for arbitration:

- (i) For arbitration before the arbitrators, Rs 10 for every total value of Rs 1000 or part thereof of the claim;
- (ii) Half of the fee shall be payable to the arbitrators;
- (iii) If a matter is referred to a presiding arbitrator, such presiding arbitrator shall be paid one-eighth of the fees; and
- (iv) In all cases half the fees should be credited to the Exchange.

In all cases the entire amount of fees shall be paid along with the application of arbitration sent to the Arbitration and Vigilance Committee. The prescribed fees shall in the first instance be deposited by the party soliciting the arbitration, but ultimately the same shall be borne in such manner and in such proportion as may be specified in the award or decision.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

1220. The Chief Executive shall be the convenor of the arbitration proceedings. The Chief Executive shall give attested copies of the documents on payment of fees, which may be prescribed by the Arbitration and Vigilance Committee from time to time.
1221. The arbitrator or the presiding arbitrator, as the case may be, may:
- (i) Retain or return any or all of the books, documents or papers produced in any proceedings, and may direct, at any time that the books, documents or papers produced be returned to the parties or any of them on such terms and conditions as may in the absolute discretion of the arbitrators, or the presiding arbitrator, as the case may be, be deemed proper;
 - (ii) Administer oath or affirmation to the parties or witnesses appearing and giving evidence;
 - (iii) Admit such evidence only as may in the absolute discretion of the arbitrator or the presiding arbitrator, as the case may be, be deemed proper, necessary and/or relevant;
 - (iv) Administer to any party to the reference such interrogatories as may be necessary in the opinion of the arbitrator or the presiding arbitrator, as the case may be;
 - (v) Make an interim award or awards;
 - (vi) Make any award conditional; and
 - (vii) Correct in an award any clerical mistake or error arising from any accidental slip or omission.
1222. The arbitrator or the presiding arbitrator, as the case may be, may with the permission of the Arbitration and Vigilance Committee, at any time or times before making the final award consult and obtain the advice of counsel, attorney or advocate upon any question of law, evidence, practice or procedure arising in the course of the reference. The remuneration of such counsel, attorney or advocate shall be paid in advance by the parties to the reference and it shall be borne by them in the proportion stated in the award. At any time during the hearing the parties may be called upon to deposit such amount as may be directed by the arbitrator or the presiding arbitrator, as the case may be, to cover such costs.
1223. The costs of reference and award including costs, charges fees, stamp charges and other expenses shall be in the discretion of the arbitrator or the presiding arbitrator, as the case may be, who may decide and direct in the award as to, by whom, in what manner and in what proportion such costs, charges, fees and other expenses or any part there of shall be borne and paid by the parties and may fix and settle the amount to be so paid or any part thereof. Failing any direction in the award the costs, charges, fees and other expenses shall be borne equally by the parties incurring the same.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

1224. Unless the Arbitration and Vigilance Committee specifically permits, no person other than the staff of the Exchange shall be present to assist the arbitrator or the presiding arbitrator, as the case may be, in a ministerial or any other capacity during the hearing or determination of a reference under these Bye-laws.
1225. After making an award, the arbitrator or the presiding arbitrator, as the case may be, shall sign such award and a notice shall be given to the parties of the making and signing of the award.
1226. No party shall bring or prosecute any suit or proceedings whatsoever against the Exchange, the Designated Clearing House of the Exchange, the Board, the President, the Vice-President or the Chief Executive Officer or the Secretary or any member of the Arbitration and Vigilance Committee or any employee(s) of the Exchange acting within authority or against the arbitrator or the presiding arbitrator, as the case may be, or any member of the Exchange thereof for or in respect of any matter or thing done or purporting to be done under these Bye-laws, Rules and Regulations.
1227. When a party to an arbitration dies during the arbitration and before a final award is made and published, the authority of the arbitrator or the presiding arbitrator, as the case may be, shall not thereby be revoked but the proceedings shall be continued by or against the legal representatives of the deceased.
1228. The exercise of authority by the Arbitration and Vigilance Committee pursuant to Bye-laws 118 and 119 shall not be construed as the making of fresh Bye-laws, Rules and Regulations. The exercise of authority by the Arbitration and Vigilance Committee pursuant to Bye-laws 118 and 119 shall not be construed as the amendment of existing Bye-laws, Rules and Regulations.

CHAPTER 13

Emergencies and Powers to Handle Emergencies

1301. Whenever a Trading Committee, constituted for a commodity or a group of commodities, considers that there is an emergency corner or crisis, or wherever it appears to a Trading Committee that the contracts are transacted for the purpose of inducing a false or artificial appearance of activity or upsetting the price equilibrium or that the business is being conducted in a manner prejudicial to the interest of the trade or the interest and welfare of the Exchange, the Chief Executive Officer, upon the recommendation of the Trading Committee, may direct the Clearing House Committee to effect special clearance of outstanding contracts that have been registered.
1302. (a) The Chief Executive Officer shall have power at any time and from time to time to call upon all or any member to submit detailed statement in duplicate, one copy for the use of the Exchange and the other for the use of the Forward markets Commission, giving information relating to contracts entered into by a member in such form and in such manner as may be prescribed:
- (b) In particular and without prejudice to the generality of the foregoing power, such information may relate to the following matters:
- (i) Transactions entered into by a member with another member on his own-account and transactions entered into by a member on behalf of others: and
- (ii) Open positions of a member and of others on whose behalf the member has entered into transactions, stocks of commodities held by a member, and export commitments and export orders on hand in respect of a member.
- (c) The Chief Executive Officer shall have power for the purpose of verifying or checking any statement submitted by a member of the Exchange under these Bye-laws, to call for the production of the books of any member and/or call for explanation from any member. A member failing or neglecting to submit any such statement or to produce any such books to give any such explanation shall be liable to be dealt with under the disciplinary Bye-laws.
1303. (a) Where the Forward Markets Commission considers it expedient so to do, it may call for periodical statements relating to contracts entered into by the members in such form or manner as may be prescribed.
- (b) Without prejudice to the generality of the foregoing power, the information may relate to the following matters:
- (i) Transactions entered into by a member with another member on his own-account.
- (ii) Transactions entered into by a member on behalf of others.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

1304. (a) If, in the opinion of a Trading Committee, constituted for a commodity or a group of commodities, an emergency has arisen or exists, or it is expedient in the general interest of the trade so to do, Trading Committee concerned may pass, by a simple majority at a meeting specially convened in this behalf, a resolution prohibiting as from the date specified in the resolution:
- (i) Transactions in forward contracts in one or more commodities and one or more contract months at a rate or rates above a maximum and/or below a minimum as may be specified; or
 - (ii) All transactions in forward contracts in one or more commodities and in one or more contract months for a specified period or until further notice as may be specified.
- (b) A Trading Committee may from time to time pass by a simple majority a resolution extending or reducing the period during which the prohibition imposed under item (i) or item (ii) of clause 1304 (a) shall be in force, or varying the maximum or minimum rate or rates specified under item (i) of clause (a) above.
- (c) A resolution passed under clause (a) or (b) above shall take effect only after it is concurred in by the Forward Markets Commission.
- (d) The powers specified in clause (a) and (b) above may be exercised by the Forward Markets Commission, in any case, where in the opinion of the Forward Markets Commission it is expedient in the interest of the trade or the public interest so to do.
1305. If the Forward Markets Commission is of the opinion that continuation of transactions in any commodity forward contracts in any contract month is detrimental to the interest of the trade or to the public interest or to the larger interest of the economy of India and so notifies the Chief Executive Officer, then notwithstanding anything to the contrary contained in these Bye-laws or any contract made subject to these Bye-laws, every transaction relating to any contract month notified under this Bye-law and entered into between a member and a member or between a member and a customer then outstanding shall be deemed closed out at such rate or rates, appropriate to such contract or contracts and with effect from such date as shall be fixed by the Forward Markets Commission or the Commission may take necessary action as prescribed under Section 14 of the FC(R) Act.
1306. The joint exercise of authority by any Trading Committees and the Clearing House Committee pursuant to Bye-law 117 shall not be construed as the making of fresh Bye-laws, Rules and Regulations. The joint exercise of authority by any Trading Committees and the Clearing House Committee pursuant to Bye-law 117 shall not be construed as the amendment of existing Bye-laws, Rules and Regulations.

CHAPTER 14

Confidentiality of Information

1401. (a) No employee of the Company or Exchange shall:
- (i) Engage directly or indirectly in trading of contracts that are transacted in the Exchange and cleared, registered and settled by the Designated Clearing House of the Exchange: or
 - (ii) Directly or indirectly make unauthorised disclosure of any confidential, financial, or other information that may come into his possession as a result of his functions as an employee of the Company or the Exchange.
- (b) Employee who violate the above restriction in Bye-law 1401(a) shall be subject to immediate dismissal by the Board upon the recommendation of the Chief Executive or any of the Standing Committees.
1402. No employee of the Company or the Exchange shall maintain directly or indirectly any employment with any member of the Exchange or any person, firm, or corporation which is engaged in activities related to trading in contracts of the Exchange whether such employment involves or does not involve any compensation, whether periodic or otherwise, Employees who violate this Rule shall be subject to immediate dismissal by the Board upon the recommendation of the Chief Executive or any of the Standing Committees.
1403. Members of the Exchange including clearing members who cause or attempt to cause employees of the Exchange or the Company to violate or who participate with employees in violating Rules 1401(a) and 1402 shall be guilty of improper conduct and shall be liable to immediate suspension from the Exchange and the withdrawal of membership privileges.
1404. No Director of the Board or any member of a Standing Committee or any other committee shall directly or indirectly make unauthorised disclosure or improper use of any information that may come into his possession as a result of his official position or former official position in the Exchange which if generally known might reasonably be expected to affect materially the price of contracts traded in the Exchange. Failure to comply with this Bye-law shall be a major offence.
1405. No Director of the Board or any member of a Standing Committee or any other committee shall directly or indirectly make unauthorised disclosure or improper use of any information that may come into his possession as a result of his official position or former official position in the Exchange to derive direct or indirect advantage for himself or any other person. Failure to comply with this Bye-law shall be a major offence.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

1406. No employee of the Designated Clearing House or designated clearing bank(s) shall (i) directly or indirectly make unauthorised disclosure of any information that may come into his possession as a result of the function of the bank as the clearing bank, (ii) engage directly or indirectly in trading of contracts that are traded in the Exchange and (iii) directly or indirectly maintain employment with any member of the Exchange or any person, firm, or corporation which is engaged in activities related to contracts traded in the Exchange whether such employment involves or does not involve any compensation whether periodic or otherwise. The designated clearing bank(s) would be responsible for the activities of all its/their employees and any violation by its employees shall be subject to disciplinary action taken by the Exchange.

CHAPTER 15

Trade Guarantee Fund & In House Clearing

Management and Utilization of Trade Guarantee Fund

1501. The Exchange shall maintain a Trade Guarantee Fund towards strengthening the financial integrity of the Exchange. The Trade Guarantee Fund shall be utilized solely for the purpose of guaranteeing the trade transacted at the Exchange in commodities permitted to be traded by the Forward Markets Commission. The initial Contribution to the Guarantee fund shall be made from the appropriation of the fees generated from the trade carried out at the Exchange and the reserves of Exchange and from contribution by the Trading-cum-clearing members and Institutional Clearing members. Each member shall in order to become a Trading-Cum-Clearing member, contribute a minimum of Rs.40000/- to the said Fund. Institutional Clearing members shall contribute a minimum of Rs. 2,50,000/- to the said Fund.

The Trading cum clearing members and Institutional Clearing members shall for the purpose of this Chapter be referred to as 'Clearing members' of the Exchange.

1502. The Trade Guarantee Fund shall be invested in Marketable Government of India Securities and other approved securities, as specified by the Board from time to time and shall be used upon the recommendation of the Board exclusively to meet the financial obligations of the Exchange with regard to the trade being carried out in the trade ring of the Exchange by the trading members and trading cum clearing members.

1503. All contribution to the Trade Guarantee Fund shall be accounted separately in respect of each Clearing member but shall at all times be non-refundable to the Clearing members. Contribution to the Trade Guarantee Fund shall not at any time be included in determining the voting rights nor for paying dividends. A clearing member may make voluntary contributions to the Trade Guarantee Fund from time to time in addition to the minimum requirement fixed. Additional contributions or part of such additional contributions shall be refundable once in every three months on specific request to the Board on such dates as may be specified by the Board but shall not be eligible for any interest payment by the Exchange.

1504. The contribution to the Guarantee Fund shall be transferred to the account of the nominated successor of the resigning Clearing Member or to the nominated successor of a deceased Clearing member if, the application of the nominee is accepted by the Board.

1505. Any income, subject to taxation, including capital gains arising from the investments made from the Trade Guarantee Fund shall be used only towards augmenting the Trade Guarantee Fund. Such income shall be apportioned periodically but at least once a year to the Trade Guarantee Fund account of each Clearing member based on the ratio of the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

product of amounts contributed by that Clearing member and the number of days during which Clearing member's contribution is effective over the relevant period of apportionment. The apportioned income, if any shall be deemed to be a contribution by the clearing member.

1506. In respect of the financial obligations arising out of transactions cleared and registered under the Articles, Byelaws, Rules and Regulations of the Exchange, the Exchange shall have unilateral right to use any part or all of the Trade Guarantee Fund contribution of the defaulting Clearing member(s) to settle such or those obligations of the defaulting Clearing member(s) in the following order-

(a) First to the Exchange, being-

- * The loss sustained in the market on squaring up of positions of the defaulting clearing member in the trade ring.
- * The financial damage incurred by the Exchange in the market with regard to the satisfaction delivery obligation of the defaulting clearing member on open market purchase/sale of the commodity.
- * Other incidental charges including legal, fees to arbitrators, expenses with regard to the open market purchase/sale.

(b) Second to other Clearing members on a pro rata basis.

(c) Third on a pro rata basis to the trading members of the Exchange who are not trading-cum clearing members with whom the defaulting Clearing member has an agreement to provide for Clearing, registering and settlement services and who have not defaulted in respect of any and all margin requirements and any dues to the Clearing member and

1507. The liability of the Exchange shall be confined to the contractual obligations resulting from the transactions that have been cleared by the Clearing members of the Exchange and registered with the Exchange. The contractual obligations of the Exchange shall not exceed the monetary value of the transactions that have been cleared by the Clearing members and registered with the Exchange. The Exchange shall not be liable for obligations of a member of the Exchange to any participant who is not a member of the Exchange or for obligations of a clearing member to any participant who is no a member of the Exchange.

1508. The liability of a defaulting Clearing member to a member who is not a clearing member, with whom the clearing member has an agreement to clear the trade transacted by the trading member and who has not defaulted in respect of any and all of the margin requirements and any dues to the Exchange, shall be limited to the defaulting clearing member's margins in cash, security deposits, contribution to the Trade Guarantee Fund

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

standing in his name and the shares of the Exchange held by the defaulting clearing member.

1509. In respect of the liability of the Exchange to the members of the Exchange who are not Clearing members only the obligations to the members of the Exchange with whom the Clearing members have an agreement shall be recognized as valid obligations.

Management of In House Clearing Operations

1510. The Trading-cum-clearing members and the Institutional Clearing members shall alone be eligible to clear the trade transacted in the Trading Floor of the Exchange. Trading-cum-clearing members and the Institutional Clearing members shall be known as the "Clearing members". Clearing privileges endowed by the Exchange on the Clearing members shall include the privilege to provide clearing, registering and settlement services through the clearing banks of the Exchange.
1511. An Institutional Clearing member may provide clearing registering and settlement services to any member of the Exchange who has trading rights. A Trading-Cum-Clearing member shall clear, register and settle those trades executed in his or for his own account and in the account of the Trading members with whom he has an agreement to clear transactions executed by the trading member.
1512. Every Trading Cum Clearing member on becoming the member of the Exchange shall be deemed to have agreed into an agreement with the Exchange for clearing the trade done by the Trading Cum Clearing member.
1513. Every Trading member shall enter into an agreement with a Trading Cum Clearing member or Institutional Clearing member for clearing the trade of the trading member transacted at the Exchange through the clearing bank(s).
1514. The aggregate clearing limit including own trade for a Trading-Cum-Clearing member shall be an open position of 50 units for each contract month for each commodity upon a minimum contribution of Rs.40000/- to the Trade Guarantee Fund. The clearing limit shall be proportionately increased based on the additional contribution made by the Trading-Cum-Clearing member to the Trade Guarantee Fund. The trading limit shall be subject to the provision of Byelaws 1003 (1)

Clause 1514 shall be for the purpose of defining the clearing limit of clearing members.

1515. The Clearing limit for an Institutional Clearing member shall be an open position of 300 units for each contract month aggregating 1200 units, with regard to all the trading members with whom the Institutional Clearing member shall have an agreement to clear, on the initial contribution of Rs.250000/-. The clearing limit shall be proportionately increased based on the additional contribution made by the Institutional Clearing member to the Trade Guarantee Fund. The Institutional clearing member shall have no right to trade.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

1516. Every Trading member and Trading-Cum-Clearing member shall maintain such banking arrangements with the Clearing Bank(s) specified by the Exchange so as to permit the transfer of funds and to maintain margins in a segregated manner as required by the Exchange. Failure by any member to maintain the prescribed banking arrangements shall lead to the withdrawal of Clearing privileges to the respective members.
1517. The Clearing function shall be exercised by the Trading cum clearing members and Institutional Clearing members only with regard to the transactions in forward contracts in commodities as approved by the Forward markets Commission in the trading floor of Exchange.
1518. The Clearing members shall clear, register and settle transactions in forward and other contracts in commodities as approved by the Forward Markets Commission for a fee mutually agreed upon the writing from time to time by the Trading cum clearing member/Institutional Clearing members and the Trading Member, subject to and without prejudice to the financial and other requirements that may be imposed on the Trading members of the Exchange by the Clearing members.
1519. The clearing privileges shall at all times be exercised by the Clearing members in the best interest of the Exchange and its members. The clearing privileges shall at all times be exercised by the Clearing members in the best interest of other clearing members.
1520. The trading member shall report at the close of trade, every day, the open positions held by him in respect of all the contracts to the Clearing member(s) with whom the trading member is having an agreement to clear transactions executed by the trading member.
1521. The Clearing member shall notify the Exchange in writing of all members of the Exchange with whom it has an agreement to provide Clearing, registering and settlement services. Clearing members shall submit a copy of the agreement to the Exchange. Any changes in the list of members of the Exchange for whom trades are cleared, registered and settled shall be notified as soon as any addition to or deletion from the list takes place.
1522. A clearing member shall not provide clearing, registering and settlement services to a trading member of the Exchange (i) if the clearing member does not have an agreement with the trading member of the Exchange (ii) if the copy of the agreement has not been submitted to the Exchange (iii) if the Trading Member of the Exchange has a guarantee agreement with another clearing member.
1523. A clearing member may at its discretion disqualify any trading member of the Exchange with whom the clearing member has an agreement to provide clearing, registering and settlement services. The Clearing member shall communicate the disqualification in writing along with the reasons for such disqualification, to the Trading member of the Exchange. Upon exercising such right of disqualification, the Clearing member shall notify the Exchange in writing and forward a request to the Exchange to post a notice of such disqualification on the Notice Board of the Exchange.

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

No disqualification shall be effective without showing a valid reason for the disqualification. The disqualification shall become effective as soon as the Clearing member notifies the Exchange. The Clearing member who exercises the right to disqualify a member of the Exchange shall include in the notification to the Exchange, the reasons for the disqualification of the member of the Exchange.

1524. Every Trading member shall adhere to the margin requirements specified by the Exchange. The Clearing member shall ensure and guarantee the payment of various margins, on the trade transacted by the Trading-cum-Clearing Member and the Trading member with whom the Clearing member is having an agreement to clear and register the trade as per the Byelaws, Rules and Regulations of the Exchange. Such margin payment shall have been made at the time the transactions are presented or caused to be presented by the Clearing Member to the Exchange for clearing and registering.
1525. Every Clearing member shall cause to be remitted by the Trading members of the Exchange, with whom it has an agreement to provide clearing, registering and settlement services, initial margin including ordinary, special and delivery margins as specified by the Exchange on the transactions presented by the Trading members of the Exchange for clearing and registering transactions.
1526. Clearing member or its authorized representative shall before the opening of trade each day satisfy themselves that all the required margins are paid by the Trading Member at all times during each trading session.
1527. Clearing member shall report to the Exchange before opening of trade each day, any shortfall in the payments of any a margins including ordinary margin, special margin, variation margin, delivery margin and additional margin, by the Trading Member with whom the Clearing member is having an agreement to clear and register the trade.
1528. The Clearing member, in respect of a Trading Member with whom it has an agreement holding a short position to be delivered, shall within the time prescribed for the relevant contract and contract month, tender to the Exchange the completed delivery order signed by the Trading member and counter signed by the Clearing Member, in such multiples of quantities specified by the Exchange in the form prescribed by the Exchange. All other required delivery documents must be submitted with the delivery order.
1529. A Trading Member desiring to tender goods against an open short position in the maturing contract shall send to the Exchange through the Clearing member before the closing time on the appointed dates, as prescribed for a commodity, the delivery order forms duly signed by the Trading Member and counter signed by the Clearing member, giving the particulars specified for each commodity in the Clause 904 of the Byelaws of the Exchange.
1530. The Exchange shall on the basis of the report from the Clearing member with regard to the shortfall in margin payment or other dues with regard to the trade by the Trading Member declare the Trading Member a `defaulter' and there upon the positions of the

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED
Bye-laws, Rules and Regulations

Trading Member shall be offset by the Clearing member in the trading floor of the Exchange.

The Clearing member, upon receipt of written instruction from the Exchange for effecting an offset trade shall, clear the offsetting trade without collecting further margin on the offsetting trade.

1531. The Clearing member shall submit or cause to be submitted all trades executed on the trading floor by members of the Exchange with whom it has an agreement to provide clearing, registering and settlement services for their trades thereof, within the Exchange.
1532. Trades executed in the trading floor shall be submitted by the Trading Member to the Clearing member immediately after execution of such trades or within the time limit specified by the Exchange from time to time.
1533. A Clearing Member shall be deemed to be defaulted if it (i) fails to meet the margin requirements for any of its contracts and (ii) is unable to pay the dues to the Exchange as they fall due in the ordinary course of business. Such an insolvent Clearing member shall be deemed to be automatically suspended from the Clearing Privileges.
1534. The Exchange shall upon the recommendation of the Clearing House Committee, transfer the open positions of the Trading Members who are having an agreement to clear with the defaulting Clearing Member to one or more Clearing members. When the positions are so transferred to one or more Clearing Members, the margins deposited thereon and settlements due or collected shall be delivered to the Exchange to be deposited in the name of the Clearing members to whom all such positions have been transferred.
1535. The Clearing member shall notify the Exchange of any incident concerning the Trading Member with whom it has entered into an agreement, which may endanger the Trading Member's financial strength or interfere with the Trading Members ability to conduct its business in a normal manner and in the best interests of the Exchange.
1536. The Trading Member shall on request by the Clearing member submit itself to audit and investigation and submit all books, records, files and such other information with regard to the trades transacted by it.
1537. The Clearing member shall upon the order of the Exchange or the Forward markets Commission conduct the audit of the accounts of the Trading Member and report to the Exchange or the Forward Markets Commission as the case may be, its findings. The Trading Member shall submit itself to audit and investigation by the Trading cum clearing member and submit all books, records, files and such other information with regard to the trades transacted by it to the Clearing member.
1538. The Clearing member shall furnish to the Exchange accounts of its business and that of the Trading Member's with whom it has entered into an agreement, with in three months

FIRST COMMODITIES EXCHANGE OF INDIA LIMITED

Bye-laws, Rules and Regulations

of the end of its financial year or within such longer period as may be permitted in writing by the Exchange.

1539. Each Clearing member shall at every half year ended submit to the Exchange, the total fees collected by it by way of clearing the trade of Trading Members with whom it is having an agreement along with the figures of trade cleared by it.