

INDIA INTERNATIONAL BULLION EXCHANGE IFSC LIMITED**CLEARING REGULATIONS****ARRANGEMENT OF CHAPTERS**

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CHAPTER I**PREAMBLE**

The India International Bullion Exchange IFSC Limited makes the following Regulations, namely:

1. These Regulations shall be known as “**The Clearing Regulations of India International Bullion Exchange IFSC Limited**” and are for the sake of brevity and convenience, herein referred to as “**these Regulations**”.
2. These Regulations shall come into force with effect from such date as the Board of the **India International Bullion Exchange IFSC Limited** may notify in that behalf.
3. These Regulations shall be in addition to the provisions of the International Financial Services Centres Authority Act, 2019 (hereinafter referred to as “**the IFSCA Act**”) and rules and regulations made thereunder by the International Financial Services Centres Authority (hereinafter referred to as “**the IFSCA**” or “**IFSCA**”) and the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 (hereinafter referred to as “**the Bullion Exchange Regulations**”) and circulars or guidelines or directions issued by the IFSCA thereunder. These Regulations shall at all times be read subject to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder, as amended from time to time and the directives, orders, guidelines, norms and circulars issued by the Government of India and/or IFSCA from time to time.
4. In case of difference between the provisions of these Regulations, Bye-Laws or Rules of the **India International Bullion Exchange IFSC Limited** and the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder, the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder, shall prevail over the relevant Regulations of the **India International Bullion Exchange IFSC Limited**.

CHAPTER II**APPLICABILITY**

These Regulations shall be applicable to and binding on the Bullion Clearing Members of India International Bullion Exchange IFSC Limited and their Constituents/ Clients, Clearing Banks, Bullion Depository, and all other participants rendering services or operating on or through the India International Bullion Exchange IFSC Limited in respect of their rights and obligations relating to Clearing and Settlement of Deals on the trading platforms of the Bullion Exchange through the clearing and settlement mechanisms and systems of the India International Bullion Exchange IFSC Limited, unless the context requires otherwise or unless otherwise specified by the Relevant Authority from time to time.

CHAPTER III

DEFINITIONS

1. “**Articles of Association**” shall mean the articles of association of the **India International Bullion Exchange IFSC Limited**, as amended from time to time.
2. “**Beneficial Owner**” shall have the meaning assigned to the term in the Bullion Exchange Regulations.
3. “**Board**” / “**Governing Board**” / “**Board of Directors**” means board of directors of the **India International Bullion Exchange IFSC Limited** constituted in terms of the Bullion Exchange Regulations and in accordance with the provisions of the Articles of Association of the **India International Bullion Exchange IFSC Limited**.
4. “**Books of Accounts, Records and Documents**” include books of accounts, records and documents which are required to be maintained under Chapter XIII of the Clearing Regulations of the **India International Bullion Exchange IFSC Limited** and records maintained in a computer or in any electronic form or physical form.
5. “**Bullion Clearing Corporation**” means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, recognised by the IFSCA under the Bullion Exchange Regulations, to offer clearing and settlement functions in the Bullion Market, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time. As permitted by IFSCA the functions of the Exchange and the Clearing Corporation may be performed by a unified single entity for an initial period of 3 years. Thus, for the time being and till further advised **Clearing Department** of **India International Bullion Exchange IFSC Limited** shall do such Clearing functions as usually associated with Bullion Clearing Corporation. Further, anywhere in this document where the words Bullion Clearing Corporation appear, these would mean the Clearing Department of India International Bullion Exchange IFSC Limited.
6. “**Bullion Clearing Member**” means a person having clearing rights and is a member of the **India International Bullion Exchange IFSC Limited** and includes all categories of clearing members as may be admitted as such by the **India International Bullion Exchange IFSC Limited** and are registered with the IFSCA.
7. “**Bullion Clearing Member in Default**” shall have the meaning ascribed to it in Chapter IX of these Regulations.
8. “**Bullion Contract**” means a contract for the purchase and sale of Bullion, Bullion Depository Receipts or such other Bullion products, including derivatives on Bullion, and such other contracts as may be permitted by the IFSCA, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time. The **India International Bullion Exchange IFSC Limited** may notify Bullion Contracts for which clearing and settlement will be done by the

Clearing Department of India International Bullion Exchange IFSC Limited.

9. **“Bullion Depository”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, recognised by the IFSCA under the Bullion Exchange Regulations, to carry on depository business in Bullion in an IFSC and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time;
10. **“Bullion Depository Receipt (BDR)”** means a receipt issued in electronic form with underlying Bullion by a Bullion Depository, under the Bullion Exchange Regulations, to a Depositor on receipt of Bullion for storage by an empanelled Vault, which can be traded on the Bullion Exchange, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
11. **“Bullion Exchange”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, established and recognised for the purpose of assisting, regulating and controlling Bullion Contracts in an IFSC, dealings on which may be admitted to be Cleared and Settled by the **Clearing Department of India International Bullion Exchange IFSC Limited** subject to such terms and conditions as may be specified from time to time by the Relevant Authority.
12. **“Bullion Exchange Regulations”** shall mean the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020.
13. **“Bullion Trading Member”** means a person having trading rights in any Bullion Exchange and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
14. **“Bye-Laws”** means the Clearing Bye-Laws of the **India International Bullion Exchange IFSC Limited** for the time being in force and shall be in addition to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder.
15. **“Clearing and Settlement”** or **“Cleared and Settled”** or **“Clearing and Settling”** means clearing or settlement or clearing and settlement of deals in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.
16. **“Clearing Bank(s)”** is/are such bank(s) as the **India International Bullion Exchange IFSC Limited** may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through **India International Bullion Exchange IFSC Limited** and any other funds movement between Bullion Clearing Members and **India International Bullion Exchange IFSC Limited** and between Bullion Clearing Members as may be directed by **India International Bullion Exchange IFSC Limited** from time to time.
17. **“Client” / “Constituent”** means a person, on whose instructions and on whose account the Bullion Clearing Member clears and settles Deals. For this purpose, the term “Client” shall include all registered constituents of Bullion Trading Members of Bullion Exchange.
Explanation 1: The terms ‘Constituent’ and ‘Client’ are used interchangeably in the Bye-Laws, Rules

& Regulations and shall have the same meaning assigned herein.

Explanation 2: The term ‘Constituent’ in relation to trades shall also include a Bullion Trading Member where such trades done on the Bullion Exchange are Cleared and Settled on his behalf by a Bullion Clearing Member

18. **“Committee(s)”** means the Committee(s) of the **India International Bullion Exchange IFSC Limited** formed in accordance with Chapter III of the Bye-Laws.
19. **“Constituent”** means a person, on whose instructions and on whose account the Bullion Clearing Member clears and settles Deals.
Explanation: The term ‘Constituent’ in relation to trades shall also include a Bullion Trading Member where such trades done on the Bullion Exchange are Cleared and Settled on his behalf by a Bullion Clearing Member.
20. **“Deals”** means, unless the context indicates otherwise, trades executed on **India International Bullion Exchange IFSC Limited** which are admitted to be Cleared and Settled through its Clearing Department.
21. **“Depositor”** shall have the meaning assigned to the term in the **Bullion Exchange Regulations**.
22. **“IFSC”** shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.
23. **“IFSCA”** shall have the meaning as ascribed to it in Paragraph 3 of the Preamble to these Regulations.
24. **“India International Bullion Exchange IFSC Limited”** means Bullion Exchange, operated by India International Bullion Exchange IFSC Limited (IIBX).
25. **“Inspecting Authority”** shall have the meaning ascribed to it in Chapter XIV of these Regulations.
26. **“Notification, Notice or Communication”** refers to any such intimation/ communication that can be served at ordinary business address and/or ordinary place of residence and/or last known address of the party in any one or more or all of the following ways:
 - (a) delivering it by post;
 - (b) sending it by registered post;
 - (c) sending it under certificate of posting;
 - (d) sending it by express delivery post / courier services;
 - (e) sending it by telegram;
 - (f) affixing it on the door at the last known business or residential address;
 - (g) advertising it at least once in any prominent daily newspaper having circulation in the area where the last known business or residential address of an addressee is situated;
 - (h) sending a message through the trading system and/or the clearing system;
 - (i) an electronic mail or fax;

- (j) by hand delivery; or
- (k) any other mode permissible as per applicable laws for such purposes.

Any communication sent by the India International Bullion Exchange IFSC Limited to any party shall be deemed to have been properly delivered or served, even if such communication is returned to the India International Bullion Exchange IFSC Limited as unclaimed/ refused/ undelivered, if the same is sent to the ordinary business address and/ or ordinary place of residence and/ or last known address of the party, in any one or more of the ways mentioned hereinabove.

27. **“Qualified Jewellers”** means qualified jewellers as notified by IFSCA permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Limited (IIBX) in terms of DGFT notification No.49/2015-2020 dated the 5th January, 2022.
28. **“Relevant Authority”** means the Board or such other authority/ committee of the **India International Bullion Exchange IFSC Limited**, as specified by the Board from time to time as relevant for a specified purpose.
29. **“Records and Documents”** include records or documents maintained in physical form or as an electronic record as defined under clause (t) of sub section (1) of section (2) of the Information Technology Act, 2002 or in such other form as may be specified by the Authority.
30. **“Rules”** shall mean the rules of the Clearing Rules of **India International Bullion Exchange IFSC Limited**, as amended from time to time.
31. **“Securities Laws”** shall mean all applicable laws governing the **India International Bullion Exchange IFSC Limited**, its activities, Bullion Contracts, and include Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, SEBI Act, 1992 and rules, regulations, directions or guidelines thereunder, SEBI (International Financial Services Centres) Guidelines, 2015, IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder.
32. **“Settlement Guarantee Fund”** means a fund established by the **India International Bullion Exchange IFSC Limited** in terms of the Bullion Exchange Regulations to guarantee the settlement of trades executed on the Bullion Exchange and maintained in accordance with the relevant provisions of the Bye-Laws.

Any of the capitalised terms used herein and not defined shall have the meaning as assigned to those terms in the Bye-Laws or the Rules of the India International Bullion Exchange IFSC Limited.

CHAPTER IV**CLEARING SEGMENT****1. Regulations covering Clearing and Settlement functions**

The Relevant Authority shall, from time to time, prescribe the process for the functioning and operations of **India International Bullion Exchange IFSC Limited** and to regulate the functioning and operations of the Clearing of **India International Bullion Exchange IFSC Limited** for the Clearing and Settlement of Deals. These prescriptions shall also cover the matters relating to the Clearing Segments that the **India International Bullion Exchange IFSC Limited** shall facilitate in respect of the Exchange.

2. Clearing Functions of the India International Bullion Exchange IFSC Limited

The Clearing Department of India International Bullion Exchange IFSC Limited shall be responsible for Clearing and Settlement of all Deals executed on the Exchange for settlement, margin deposits, collateral and risk management functions.

3. Categories of Bullion Clearing Members

The following categories of Bullion Clearing Members are specified as under (the India International Bullion Exchange IFSC Limited may amend/ notify changes to the following from time to time or introduce new class of members and notify the specifications of such changes):

3.1. Trading cum Self-Clearing Member

Self-Clearing Member means a Bullion Trading Member of the Exchange, admitted by the Relevant Authority on the India International Bullion Exchange IFSC Limited as a Bullion Clearing Member, who may Clear and Settle Deals executed on its own account or on account of its Clients. A Self- Clearing Member shall not be allowed to Clear and Settle Deals of any other Bullion Trading Member of the Exchange.

3.2. Trading-cum-Clearing Member

Trading-cum-Clearing Member means a Bullion Trading Member of the Exchange, admitted by the Relevant Authority on the India International Bullion Exchange IFSC Limited as a Bullion Clearing Member, who may Clear and Settle the following Deals:

- (i) Deals executed on its own account or on account of its Clients; and
- (ii) Deals executed by other Bullion Trading Members of the Exchange, who does not have Clearing and Settlement rights on the India International Bullion Exchange IFSC Limited, on their own account or on account of their Clients.

3.3. Professional Clearing Member

Professional Clearing Member is a Bullion Clearing Member who is admitted by the Relevant Authority on the India International Bullion Exchange IFSC Limited and who may Clear and Settle Deals executed by its Constituents. A Professional Bullion Clearing Member cannot be a Bullion Trading Member of the Exchange.

CHAPTER V

MARGIN AND CLEARING/ EXPOSURE LIMITS

1. Margin

The India International Bullion Exchange IFSC Limited shall from time to time specify margin requirements for the Bullion Clearing Members including initial margin on open positions through risk based algorithms. The Bullion Clearing Members shall furnish and maintain such margins in such form and within such time as specified by the India International Bullion Exchange IFSC Limited. Every Bullion Clearing Member has a continuing obligation to maintain margins at the level and for the period stipulated by the India International Bullion Exchange IFSC Limited from time to time.

2. Mode of payment of Margin

The Bullion Clearing Member shall be required to furnish margins in the form of cash or cash equivalents. The Relevant Authority may at its discretion accept bank deposit receipts, guarantee of a bank(s) approved by the Relevant Authority or Bullions approved by it or such other mode as may be approved and subject to such terms and conditions as the Relevant Authority may impose from time to time.

3. Types of Margin

The Relevant Authority shall from time to time specify the type of margin required to be maintained by a Bullion Clearing Member, which may include the following and any other margins as specified by the Relevant Authority from time to time:

- 3.1. **Initial Margin**: A Bullion Clearing Member shall be required to deposit such minimum initial margin as may be specified by the Relevant Authority.
- 3.2. **Daily Margin**: The daily margins payable by the Bullion Clearing Members may consist of value at risk margin, extreme loss margin and/or market to market margin.
- 3.3. **Any Other Margin**: The Relevant Authority may decide on any other margins as deemed fit from time to time

4. Withholding of Margin

The India International Bullion Exchange IFSC Limited shall at its discretion withhold/release any margin furnished by the Bullion Clearing Member to for any period required as specified by the Relevant Authority; If such a Bullion Clearing Member has open positions, it must continue to pay any further margin or other obligations without taking into account any margin so withheld by the India International Bullion Exchange IFSC Limited.

5. Additional Margin(s)

If in the opinion of the India International Bullion Exchange IFSC Limited, sudden fluctuations are apparent on the Exchange, the India International Bullion Exchange IFSC Limited may call

for additional margin. Additional margin shall be payable in the manner and within such time as may be specified from time to time.

6. Margin from Constituents and affiliated Bullion Trading Members of the Exchange

- 6.1. The Bullion Clearing Members shall demand from its Clients and affiliated Bullion Trading Members of the Exchange the margin monies which the Bullion Clearing Member has to provide under these Regulations in respect of Deals undertaken to be Cleared and Settled by the Bullion Clearing Members.
- 6.2. The Bullion Clearing Members shall Clear and Settle Deals on behalf of the Clients and affiliated Bullion Trading Members of the Exchange only on the receipt of such minimum margin as the India International Bullion Exchange IFSC Limited may decide from time to time, unless the Clients already has an equivalent credit with the Bullion Clearing Member.
- 6.3. The Bullion Clearing Member as and when required shall inform the India International Bullion Exchange IFSC Limited, specifically the amount deposited as margin on behalf of its Clients.
- 6.4. The Bullion Clearing Member shall not allow the utilisation of margin monies paid by one Client to the margin money dues of his own account or of other Clients.

7. Payment of Margins

The India International Bullion Exchange IFSC Limited shall treat all the margin and other monies paid by the Bullion Clearing Member as having been paid by and on his own behalf and appropriate the same accordingly for such purposes as it may deem fit under the Bye-laws and the Regulations;

Provided that, the Bullion Clearing Member may identify and segregate margin payments made by it to India International Bullion Exchange IFSC Limited as to whether it is on his own account or on account of its Clients.

8. Clearing/Exposure Limit

- 8.1. The India International Bullion Exchange IFSC Limited may at any time in its absolute discretion prescribe clearing/ exposure limit either in quantity or value or as a percentage of the margin deposits of the Bullion Clearing Member or a combination of any of the above or such other method as may be decided from time to time for all or any of the Bullion Clearing Members;
- 8.2. The India International Bullion Exchange IFSC Limited may at any time impose, increase, reduce or remove any clearing/exposure limits pursuant to the above Regulations by notifying the relevant Bullion Clearing Member(s). Any imposition, removal or change in clearing/exposure limits so notified shall take effect as stipulated in such notification.
- 8.3. The India International Bullion Exchange IFSC Limited may at its discretion allow Bullion Clearing Members to increase their clearing/exposure limit on deposit of additional margin deposits with the India International Bullion Exchange IFSC Limited. The India

International Bullion Exchange IFSC Limited shall specify from time to time the method of calculation of additional margin deposits and mode of deposit of additional margin deposits.

9. Exceeding clearing/exposure limits

- 9.1. If the Bullion Clearing Member exceeds any clearing/exposure limit imposed, the India International Bullion Exchange IFSC Limited shall require the Bullion Clearing Member to close out open positions or take such other measures as may be specified from time to time, which may in the opinion of the India International Bullion Exchange IFSC Limited result in the Bullion Clearing Member complying with the clearing/exposure limits;
- 9.2. If the Bullion Clearing Member fails to comply with any requirement of the India International Bullion Exchange IFSC Limited, the India International Bullion Exchange IFSC Limited may close out such open positions on the Bullion Clearing Member's behalf or take such other measures required to comply with the clearing/exposure limits including initiating withdrawal of trading and/or clearing facility.

CHAPTER VI

DEALS AND SETTLEMENT OF DEALS

1. Deals, Transactions and Dealings

For the purpose of these Regulations, the terms “Deals”, “transactions”, and “dealings” shall have one and the same meaning unless the context indicates otherwise.

2. Cleared Deals

Cleared Deals shall relate to Deals executed on the Exchange and admitted for Clearing and Settlement by the India International Bullion Exchange IFSC Limited or as may be specified for the Clearing and Settlement by the Relevant Authority and subject to such conditions as may be specified from time to time.

3. Extension or Postponement of Deals by the Relevant Authority

Notwithstanding anything to the contrary contained in these Regulations, the Relevant Authority may, for reasons to be recorded from time to time, extend or postpone the time for performance of Deals, whenever in its opinion such action is called for in public interest or by just and equitable principles of trade or when circumstances beyond the control of either or both the buyer and seller make such action desirable.

Notwithstanding anything to the contrary contained in these Regulations, the Relevant Authority may, in its discretion, extend or postpone in any particular case the time for the Clearing and Settlement of a Deal from any one clearing session to the ensuing clearing session or to an earlier clearing session.

4. Settlement regulations form part of Bullion Contracts

The Regulations issued or as modified or as amended from time to time and the circulars, notices, etc. issued thereunder and the directions and decisions of the Relevant Authority issued from time to time and in force at any given time and relating to, among others, the procedure for Clearing and Settlement of Deals on the trading platforms of the Exchange shall deem to be a part of the terms and conditions of settlement of the Bullion Contracts.

5. Contracts subject to change in settlement procedure

The Relevant Authority may at any time through a notice or direction bring into effect any substitution of or any additions to, deletions from or variations, alterations or amendments in any settlement procedure or in any clearing process or in the timelines or the forms prescribed therefor.

6. Reporting of Deals

All Deals executed by Bullion Clearing Members shall be reported to the India International Bullion Exchange IFSC Limited in such manner and form and within such time as may be prescribed from time to time by the Relevant Authority.

7. Settlement Obligations of Bullion Clearing Members

Clearing and Settlement of any or all Deals may be on a netted basis or gross basis or trade for trade basis or any other basis as may be specified by the Relevant Authority from time to time.

Any obligations of Bullion Clearing Members arising therefrom for effecting delivery and paying and receiving funds shall also constitute the settlement obligations of the Bullion Clearing Member.

The Bullion Clearing Members giving and receiving delivery and paying and receiving funds as provided under the Bye-Laws and Regulations shall be deemed, notwithstanding that no direct contact exists between them, to have made a contact with the India International Bullion Exchange IFSC Limited through full novation as sellers and buyers and between themselves as delivering and receiving Bullion Clearing Members.

8. Settlement Types

Deals may be categorised by Bullion Contract specifications of the Exchange, its kind, basis, mode and manner of settlement into different settlement types by the Relevant Authority from time to time.

9. Settlement of Deals

India International Bullion Exchange IFSC Limited shall generate and provide to each Bullion Clearing Member obligations statements pertaining to Deals admitted for Clearing and Settlement. The India International Bullion Exchange IFSC Limited shall undertake to guarantee the financial settlement of all admitted Deals irrespective of default, insolvency or failure of any Bullion Clearing Member. The India International Bullion Exchange IFSC Limited shall guarantee funds pay out and shall guarantee financial compensation (to make good losses of non-defaulting party) in case of default (in delivery of the underlying or funds). The settlement of Deals shall be done by the India International Bullion Exchange IFSC Limited as under:

- 9.1. **Fund Settlement:** Fund settlement shall be done by effecting debit/ credit transactions in the designated accounts of the Bullion Clearing Members through the Clearing Banks; provided however that the Relevant Authority may specify different mode of payment of funds for all or any of the Bullion Clearing Members.
- 9.2. **Bullion Depository Receipt Settlement:** Bullion Depository Receipt (BDR) settlement shall be based on settlement instructions given by the India International Bullion Exchange IFSC Limited to the Depository and shall be settled in the manner and form as decided by the Depository. BDRs may be settled either directly in the Demat accounts of the Buyers or in the Demat accounts of the Buyers through the Demat accounts of the Clearing Members.

10. Change in Settlement Procedure

It shall be competent of the Relevant Authority to order any changes in settlement procedure at any time that any/all Deals entered or to be entered into shall be settled by any suitable process as deemed fit.

11. Settlement cycle

The Relevant Authority may from time to time specify the settlement cycle in accordance with the directions. If any, issued in this behalf by the IFSCA or IIBX, as the case may be.

12. Clearing and Settlement Process

The Relevant Authority may specify different process and procedures for clearing and settlement for any or all Bullion Clearing Members and for any or all Deals from time to time.

13. Clearing Days and Scheduled Times

The Relevant Authority shall from time to time fix the various clearing days, the pay-in and pay-out days and the scheduled time to be observed in connection with the clearing and settlement operations of any or all Deals. The Relevant Authority may specify different schedules for any or all Bullion Clearing Members from time to time.

14. Alteration of Clearing and Clearing Days and Times

The Relevant Authority may at any time curtail, extend, alter or postpone from time to time to any other date or dates the entire clearing or any or all of the various clearing days in respect of any or all of the Deals.

In case of multiple settlements on a single day because of intervening holidays or otherwise, the Deals shall be Cleared and Settled on a sequential basis i.e. the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement/s. The cash/ Bullion Depository Receipt pay-out from the first settlement shall be made available to the Bullion Clearing Members for meeting their pay-in obligations for the subsequent settlement/s.

15. Delivery and Payment for the Clearing**15.1. Delivery through the Bullion Depository**

Delivery in respect of settlement obligation of deals shall be through the Bullion Depository.

15.2. Payment through the Clearing Bank

Payment in respect of settlement obligations of Deals for the clearing shall be through the Clearing Bank(s).

16. Settlement Obligations Statements

The India International Bullion Exchange IFSC Limited shall generate and provide to each Bullion Clearing Member, a Settlement Obligations Statements showing different kinds of Deals made by the Bullion Clearing Member for which deliveries are to be given and/or taken and the funds payable or receivable by the Bullion Clearing Member. The Settlement Obligations Statement shall be deemed to be confirmation by the Bullion Clearing Member of the different kinds of Deals for which deliveries are to be given and/or taken and of the funds to be debited and/or credited to his account as specified in the Settlement Obligations Statements.

17. Mode of Funds Payment

Unless otherwise prescribed for a Bullion Clearing Member regarding the mode of payment, as on the time specified by the Relevant Authority, Bullion Clearing Members shall have clear balance of funds in their clearing account to the extent of funds to be debited to its account and on pay-in day, the Clearing Bank(s) shall debit the Bullion Clearing Member's clearing account to the extent of his funds obligation as per the instructions of the India International Bullion Exchange IFSC Limited .

18. Receipt of Bullion Depository Receipt

Bullion Depository Receipt which is to be received by a Bullion Clearing Member / Clients shall be delivered to it in the Bullion Depository clearing system in respect of depository deals on the respective pay-out day as per instructions of the India International Bullion Exchange IFSC Limited.

19. Receipt of Funds

On the pay-out day, unless otherwise prescribed for a Bullion Clearing Member regarding the mode of payment, the Clearing Bank shall credit the clearing accounts of the Bullion Clearing Member who are due to receive funds as per the instructions of the India International Bullion Exchange IFSC Limited. All funds due to a Bullion Clearing Member shall normally be credited to its account unless (a) the Bullion Clearing Member has not delivered Bullion Depository Receipt on pay-in day as per final settlement obligations or (b) the full extent of funds obligation of the Bullion Clearing Member was not available with the Clearing Bank for funds pay-in or (c) it is otherwise ordered by the Relevant Authority.

20. Clearing Charges

Bullion Clearing Members shall charge clearing charges at rates not exceeding such scale as the Exchange may specify from time to time.

CHAPTER VII

CLEARING BANKS AND SETTLEMENT PROCEDURE

1. India International Bullion Exchange IFSC Limited to Regulate

The Relevant Authority shall from time to time decide on the criteria that it may apply to identify and decide on the banks that it may appoint as its Clearing Banks in order to meet one or more of the functions related to the Clearing and Settlement activities of the India International Bullion Exchange IFSC Limited. The Regulations relating to the Clearing Banks shall be deemed to form a part of any settlement process so provided.

2. Functions of Clearing Bank

The Clearing Bank(s) so appointed shall act as an agent for funds settlement, for the collection of margin money for all Deals entered into through the trading platform of the Exchange, any funds movement between Bullion Clearing Members and the India International Bullion Exchange IFSC Limited and such other transactions as may be directed by the Relevant Authority from time to time.

The Relevant Authority shall specify from time to time the processes, procedures and operations that every Bullion Clearing Member shall be required to follow for the participation, functioning and operations of the Clearing Banks. The Regulations relating to the Clearing Banks shall be deemed to form a part of any settlement process so provided.

3. Bullion Clearing Members to have Account with the Clearing Bank

Every Bullion Clearing Member of the India International Bullion Exchange IFSC Limited shall open and maintain a settlement and clearing account(s) with designated Clearing Bank branch(es) as the India International Bullion Exchange IFSC Limited may specify from time to time. Bullion Clearing Members shall operate the clearing account(s) only for the purpose of settlement of Deals entered through the India International Bullion Exchange IFSC Limited, for the payment of margin money and for any other purpose as may be specified by the Relevant Authority from time to time. The Bullion Clearing Member shall not operate the clearing account(s) for any other purpose unless otherwise specified by the Relevant Authority.

4. Clearing Bank to act as per the instructions of the India International Bullion Exchange IFSC Limited

The India International Bullion Exchange IFSC Limited shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement between Bullion Clearing Members. The Clearing Bank shall act as per the instructions received from the India International Bullion Exchange IFSC Limited for the funds movement. Instructions of the India International Bullion Exchange IFSC Limited as to debits and credits to a Bullion Clearing Member's settlement account shall be deemed to be final, irrevocable, confirmed and binding.

5. Clearing Bank to inform the India International Bullion Exchange IFSC Limited of default in funds settlement

If there is any funds shortage or default arising out of the instructions received from the India International Bullion Exchange IFSC Limited, the Clearing Bank shall inform the India International Bullion Exchange IFSC Limited immediately.

6. Bullion Clearing Members to authorise Clearing Bank

Bullion Clearing Member shall authorise the Clearing Bank to access their clearing account for debiting and crediting their accounts as per the instructions received from the India International Bullion Exchange IFSC Limited and to report balances and other credit information to the India International Bullion Exchange IFSC Limited.

7. Clearing Account(s) of India International Bullion Exchange IFSC Limited in the Clearing Bank

The India International Bullion Exchange IFSC Limited will maintain its settlement account with each of the Clearing Bank and all monies received from the Bullion Clearing Members towards pay-in/ pay-out activities or margins, shall be used appropriately for the concerned settlement.

Unless otherwise prescribed in respect of any Deals as may be specified by the Relevant Authority, no Bullion Clearing Member or any person claiming through it shall have or be deemed to have any right, title or interest in any monies in the Clearing Account or other account(s), as the Relevant Authority may from time to time prescribe, of the India International Bullion Exchange IFSC Limited with the Clearing Bank.

The Relevant Authority may specify from time to time the Deals in respect of which all sums of monies paid into the Clearing Account or other account(s), as the Relevant Authority may from time to time prescribe, of the India International Bullion Exchange IFSC Limited on account of any Bullion Clearing Member entitled thereto, shall be held by the India International Bullion Exchange IFSC Limited as agents and in trust for such Bullion Clearing Member. In such cases, the making of such payment or credit entry shall be deemed and taken to be a payment or credit to such Bullion Clearing Member.

8. Operational Procedures

The operational procedures issued and in force or as modified from time to time by the India International Bullion Exchange IFSC Limited relating to functioning of the settlement account, pay-in and pay-out activities and the exact time schedule in order to maintain financial discipline shall be adhered to by the Bullion Clearing Members and Clearing Banks.

9. Lien on Bullion Clearing Member's deposits and deliveries:

The India International Bullion Exchange IFSC Limited shall have a lien on deposits, margins, and delivery entitlements/ documents of a member, who is liable to pay monies to the Exchange. Such deposits or the delivery entitlements/ documents shall be under lien and first charge of the

India International Bullion Exchange IFSC Limited, irrespective of the fact whether such assets, margins or deposits belong to the Bullion Clearing Member or its Constituents/ Clients. No Constituent/ Client or any other person can claim any charge or right on any such deposit, margin or delivery entitlements/ documents under any circumstances.

10. Delivery and payment through Clearing Banks and Bullion Clearing Members

The India International Bullion Exchange IFSC Limited shall specify from time to time, list of Clearing Banks, Bullion Depository and other service providers which are approved by the Relevant Authority which may act for and assist the Bullion Clearing Members and their Constituents in giving and taking delivery of Bullion Depository Receipt in terms of the Bullion Contract specifications of the Exchange.

11. Liability of the India International Bullion Exchange IFSC Limited

The guarantee of the India International Bullion Exchange IFSC Limited shall only relate to financial settlement of Deals to the extent of the Settlement Guarantee provisions provided under the Bye-Laws of the India International Bullion Exchange IFSC Limited. No liability shall attach either to the India International Bullion Exchange IFSC Limited, its officials, or to the Relevant Authority by reason of anything done or omitted to be done by the India International Bullion Exchange IFSC Limited in the course of its operations nor shall the India International Bullion Exchange IFSC Limited, its officials, or the Relevant Authority be liable to answer in any way for the title, ownership, genuineness, quality, quantity or validity of any delivery or any other documents passing through the India International Bullion Exchange IFSC Limited nor shall any liability attach to the India International Bullion Exchange IFSC Limited, its officials, the Relevant Authority in any way, in respect of such delivery and any other documents.

12. False or misleading statements

The India International Bullion Exchange IFSC Limited may fine, and/or suspend and/or expel a Bullion Clearing Member who makes any false or misleading statement in the clearing forms/ documents required to be submitted in conformity with the India International Bullion Exchange IFSC Limited requirements or any resolutions, orders, notices, directions and decisions of the Clearing Corporation.

13. Event of disruption

In the event of disruption in the office or administrative services of the India International Bullion Exchange IFSC Limited or the designated Clearing Banks or any of the other service providers due to technical reasons including computer system breakdown or due to absence, non-attendance and/or strike by the employees or due to any unforeseen circumstances or due to natural or other calamities such as earthquake, out-break of war, general strike or any such circumstance of a force majeure nature, the daily clearing may be suspended for such days and period till normalcy is restored. The office of the India International Bullion Exchange IFSC Limited shall notify all the Bullion Clearing Members about the suspension and/or postponement or preponement of the daily clearing settlement as also about the restoration or return of normalcy and resumption of daily Clearing and Settlement work. If the circumstances so demand, the Relevant Authority of the India International Bullion Exchange IFSC Limited may take necessary measures in accordance with the Bye-laws and under the Securities Laws to deal with the abnormal situation.

CHAPTER VIII**NON DELIVERY AND NON PAYMENT****1. Notice of Non-Delivery and Non-Payment**

Each Bullion Clearing Member shall send to the India International Bullion Exchange IFSC Limited an intimation of non-delivery in respect of each failure to deliver Bullion Depository Receipt and a notice to the India International Bullion Exchange IFSC Limited of non-payment in respect of failure to pay any or all of the funds which are due to be paid in such forms as may be prescribed in this regard by the Relevant Authority from time to time.

2. Failure to Deliver

Without prejudice to the provisions contained elsewhere in this regard, if a Bullion Clearing Member fails to deliver on the pay-in day the Bullion Depository Receipt deliverable by the Bullion Clearing Member, the India International Bullion Exchange IFSC Limited shall be, without further notice or intimation to the member, entitled to withhold all funds due to the Bullion Clearing Member and/or to debit the account of the Bullion Clearing Member by an amount equivalent to the Bullion Depository Receipt not delivered valued at such valuation price as the Relevant Authority may specify from time to time in this regard.

3. Buying-In on failure to deliver

If a Bullion Clearing Member fails to deliver on the pay-in day the Bullion Depository Receipt deliverable by the Bullion Clearing Member, the India International Bullion Exchange IFSC Limited shall be entitled to buy-in such Bullion Depository Receipt in accordance with the Bye Laws and Regulations relating to closing-out.

4. Bullion Depository Receipt on hold or selling-out on failure to pay

If a Bullion Clearing Member fails to pay on pay-in day for the Bullion Depository Receipt to be received by him, the India International Bullion Exchange IFSC Limited shall be, without further notice or intimation to the member, entitled to withhold the Bullion Depository Receipt due to the member or sell-out any/all of such Bullion Depository Receipts in accordance with the Bye-Laws and Regulations relating to closing-out.

5. Declaration of default

A Bullion Clearing Member failing to deliver the Bullion Depository Receipt due from him or pay the amount due by him may be declared a defaulter as provided in these Bye Laws and Regulations.

6. Deliveries due to the defaulter

The India International Bullion Exchange IFSC Limited shall reserve the right to dispose off the Bullion Depository Receipt to make good non-payment of funds or non-delivery of Bullion Depository Receipts by the defaulting Bullion Clearing Member in such manner it deems necessary.

7. Penalty for failure to give or take delivery

The Relevant Authority may impose on a Bullion Clearing Member failing to give or take delivery of all or any of the Bullion Depository Receipt and/or funds according to his obligation, such penalty and other charges as it may prescribe from time to time. Such penalty and other charges shall be in addition to any loss such member may suffer on account of closing-out and shall be in addition to the commission chargeable in that behalf.

8. Withholding of Bullion Depository Receipt and Funds

Notwithstanding anything contained in these Regulations, the Relevant Authority may withhold, for such period(s) as the Relevant Authority may decide from time to time, pay-out of any Bullion Depository Receipt and any funds including Bullion Depository Receipt and funds constituting margins, if (a) the Bullion Clearing Member has not delivered the required Bullion Depository Receipt on pay-in day or (b) there are no adequate funds in the clearing account of the Bullion Clearing Member to meet the funds pay-in obligation on the pay-in day or (c) the Bullion Clearing Member fails to satisfy the margin requirements or (d) the Relevant Authority, otherwise, deems fit.

9. Withholding of Bullion Depository Receipt for shortages

The Relevant Authority may withhold the Bullion Depository Receipt pay-out due to the Bullion Clearing Member and/or withdraw his clearing facility in case of any pay-in shortages by the Bullion Clearing Member for such amount as the Relevant Authority may deem fit.

The Relevant Authority may, on recovery of such shortages as it may deem fit, release the pay-out and/or restore the clearing facility and permit the Bullion Clearing Member to clear and settle subject to such terms and conditions as the Relevant Authority may impose.

10. Withheld Bullion Depository Receipt and Funds-How Dealt With

The Bullion Depository Receipt and funds withheld pursuant to Para 8 and Para 9 above shall be dealt with the Relevant Authority at such times and in such manner as it may deem fit, which may include appropriating the withheld funds for the purpose of fulfilling the obligations of the Bullion Clearing Member, closing out of the withheld Bullion Depository Receipt or registering the withheld Bullion Depository Receipt in the name of the India International Bullion Exchange IFSC Limited or any other entity as decided by the India International Bullion Exchange IFSC Limited. The funds received out of closing out of withheld or registered Bullion Depository Receipt may be dealt with by the India International Bullion Exchange IFSC Limited at such time and in such manner as it may deem fit.

CHAPTER IX

CLOSING OUT OF CONTRACTS

1. Closing-Out

1.1. Closing-out when effected

Any Deal made subject to the Rules, Bye-Laws and these Regulations of the India International Bullion Exchange IFSC Limited may be closed-out against a Bullion Clearing Member on its failure to comply with any of the provisions relating to delivery, payment and settlement of Deals or on any failure to fulfill the terms and conditions subject to which the Deal has been made.

For the purpose of this Chapter, a Bullion Clearing Member who has failed to comply with any of the provisions relating to delivery, payment and settlement of Deals or any failure to fulfill the terms and conditions subject to which the deal has been made shall be referred to as “**Bullion Clearing Member in Default**”.

1.2. Closing-out in specific cases

Without prejudice to the generality of the provision contained as above, closing-out may be effected in cases specified in the relevant Regulations or in such other cases as the Relevant Authority may from time to time specify in addition thereto or in modification thereof.

2. Closing Out for Deals settled through the India International Bullion Exchange IFSC Limited / Bullion Depository Clearing System

In respect of Deals settled through the India International Bullion Exchange IFSC Limited/ Bullion Depository clearing system, Exchange shall be entitled to close out deals against the Bullion Clearing Member in Default for the benefit of the receiving/delivering Bullion Clearing Member or itself as the case may be. In such cases no notice of closing- out shall be given to the Bullion Clearing Member in Default against whom the closing- out is to be effected.

2.1. Closing-out without notice

Without prejudice to the generality of the provisions contained as above, closing-out without notice may be effected in cases specified in the relevant Regulation or in such other cases as the Relevant Authority may from time to time specify or deem necessary in addition thereto or in modification or substitution thereof.

3. Closing Out of Deals settled outside Depository Clearing System

A Bullion Clearing Member shall be entitled to make an application to the India International Bullion Exchange IFSC Limited for closing-out of depository Deals agreed to be settled outside the Depository Clearing System against the Bullion Clearing Member in Default within such time from the date of default as the Relevant Authority may decide from time to time, failing which the Bullion Clearing Member shall forfeit all further right of recourse against the other Bullion Clearing Member unless such Bullion Clearing Member proves that he has not exercised

his right on the written request of the other.

4. Closing-Out Deals with Bullion Clearing Member in Default

If a Bullion Clearing Member is declared a defaulter, the India International Bullion Exchange IFSC Limited shall determine all outstanding Deals by closing-out against it in accordance with the Bye-Laws and these Regulations relating to default.

5. Compliance Before Closing-Out

If the Bullion Clearing Member against whom closing-out is to be effected tenders compliance in accordance with the provisions of the Bye Laws and these Regulations relating to delivery, payment and settlement of settlement obligations or the terms and conditions subject to which the Deal has been made at any time before the Deals have been actually closed out, the Relevant Authority may accept the same in fulfillment of his obligations. This will not relieve the Bullion Clearing Member in Default of the obligation to pay any resulting damages and other penalties and interest charges imposed by the India International Bullion Exchange IFSC Limited on such default.

6. Closing-Out How Effected

Closing out shall be effected against the Bullion Clearing Member by the India International Bullion Exchange IFSC Limited in any of the following manners:

- (a) by buying-in or selling-out against the Bullion Clearing Member through an auction initiated by the India International Bullion Exchange IFSC Limited ;
- (b) by declaring a closing-out at such prices as may be decided by the Relevant Authority;
- (c) by buying-in or selling-out against the Bullion Clearing Member by placing order in the Exchange;
- (d) in any other manner as the Relevant Authority may decide from time to time.

7. Closing-Out Bullion Clearing Member's Responsibility

Save as otherwise provided, the Bullion Clearing Member against whom the closing out is effected by the India International Bullion Exchange IFSC Limited shall be responsible for the Deal made and no liability or responsibility shall attach to the India International Bullion Exchange IFSC Limited or its employees for any Deal made in pursuance of such closing-out.

8. Bullion Depository Receipt when not Bought-In

When the Relevant Authority is satisfied that in spite of the best efforts the Bullion Depository Receipt cannot be bought-in except at an arbitrary price or at such other instances as the Relevant Authority may decide from time to time, the Deals shall be deemed to be closed-out at such price as the Relevant Authority may decide from time to time.

9. Deferment by the Relevant Authority

The Relevant Authority may defer closing-out in any particular case if in its opinion a fair market to close-out is not available or if it determines that the default is due to the existence of a special situation but no such deferment shall relieve the Bullion Clearing Member in default of the obligation to pay for any resulting damages or free the intermediate parties of their liabilities.

10. Suspension or Postponement of Closing-Out

The Relevant Authority may suspend or postpone closing out in respect of any Deals and from time to time extend or postpone the period of such suspension or postponement when circumstances appear in its view to make such suspension or postponement desirable in the general interest. The liability of intermediaries in respect of Deals in such Bullion Depository Receipt settled through the Depository Clearing System, as the case may be, shall continue during the period of such suspension or postponement.

11. Bullion Depository Receipt Bought-In but Undelivered

If Bullion Depository Receipt is bought-in but not delivered as per the schedule for buying-in, it will be deemed as if the buying-in did not go through and the Deals shall be deemed to be closed-out at such price as the Relevant Authority may decide from time to time.

12. Closing-Out against Defaulter

When closing-out is effected as provided above and the Bullion Clearing Member concerned is declared a defaulter, the difference arising from closing-out shall be recovered from the said Bullion Clearing Member or distributed in accordance with the Bye Laws and these Regulations relating to default.

13. Charges for Closing-Out

When closing-out is effected on the advice of the India International Bullion Exchange IFSC Limited, the Bullion Clearing Member against whom the closing-out takes place shall pay to the India International Bullion Exchange IFSC Limited such closing out charges as the Relevant Authority may from time to time prescribe.

14. Loss Arising from Closing-Out

When closing-out is effected on the advice of the India International Bullion Exchange IFSC Limited against a Bullion Clearing Member failing to give or take delivery of all or any of the Bullion Depository Receipt or funds according to its obligation, the resulting difference (between the money value of Bullion at the valuation price and the closing out price) due by such Bullion Clearing Member shall be paid by it forthwith to the India International Bullion Exchange IFSC Limited .

15. Profit Arising from Closing-Out

When closing-out is effected on the advice of the India International Bullion Exchange IFSC Limited against a Bullion Clearing Member failing to give or take delivery of all or any of the Bullion Depository Receipt or funds according to its obligation, any profit (between the money value of Bullion at the valuation price and the closing out price) shall be credited to the account of the Settlement Guarantee Fund and such other funds as may be set up by the Relevant Authority from time to time to be held by the India International Bullion Exchange IFSC Limited for such purposes as may be prescribed by the Relevant Authority.

16. Default if Closing-Out Loss and Damage not paid

If any Bullion Clearing Member, against whom a deal is closed-out under the provisions of these Regulations, fails to make payment of the loss arising out of the closing-out and of the damages, if any, within such time as may be stipulated by the Relevant Authority from time to time, he may

be declared a defaulter.

17. Closing-out in Case of Bankruptcy

A Clearing Member may close-out all open transactions on account of a Constituent who becomes bankrupt or insolvent or makes or attempts to make a composition with his/its creditors or with any of them or who shall have given any admission or intimation or indication of the fact that he/it will be unable to fulfill his/its obligations.

CHAPTER X**MEMBERSHIP OF INDIA INTERNATIONAL BULLION EXCHANGE IFSC
LIMITED AS CLEARING MEMBER****1. Application procedure for seeking a new membership**

- 1.1. Admission to the membership of the India International Bullion Exchange IFSC Limited shall be in accordance with Chapter V of the Clearing Rules of the India International Bullion Exchange IFSC Limited and such other conditions as may be specified by the India International Bullion Exchange IFSC Limited from time to time.
- 1.2. An Applicant seeking membership of the India International Bullion Exchange IFSC Limited shall submit an application to the India International Bullion Exchange IFSC Limited in the specified format. The Applicant is also required to furnish documents and all relevant information as may be specified by the India International Bullion Exchange IFSC Limited / IFSCA from time to time.
- 1.3. The India International Bullion Exchange IFSC Limited shall have absolute discretion to modify and / or cancel any of the terms and conditions related to membership specified by it at the time of granting the membership.
- 1.4. Every Bullion Clearing Member shall make payment of fees/ charges as may be specified by the Relevant Authority and /or IFSCA from time to time.
- 1.5. Each Bullion Clearing Member should ensure that it shall:
 - a. abide by the circulars and notifications issued by IFSCA and the India International Bullion Exchange IFSC Limited from time to time;
 - b. appoint such officers as may be specified by the India International Bullion Exchange IFSC Limited
 - c. have necessary infrastructure, viz., adequate office space, equipment, manpower and such other infrastructural facilities, which the India International Bullion Exchange IFSC Limited may have specified from time to time, to effectively discharge the activities.
- 1.6. A Bullion Clearing Member will undertake business as mentioned in Rules, Bye-Laws and Regulations of India International Bullion Exchange IFSC Limited and/ or under the Securities Law.
- 1.7. A Bullion Clearing Member on admission shall not be entitled to exercise any of the rights or privileges of membership until it shall have paid in full the non-refundable admission fee and any other fee or deposit as may be decided by the Relevant Authority for the specific category of membership to which he has sought the admission. Where such Bullion Clearing Member fails to make such payment within such number of days of receipt of the intimation

of his admission, as may be decided by the India International Bullion Exchange IFSC Limited from time to time, his admission shall be deemed to have been cancelled ab initio and the amount remitted, if any, to the India International Bullion Exchange IFSC Limited shall be forfeited unless approved by the Relevant Authority.

2. Fee and Deposit Structure:

The Fees and Deposits (as applicable) and other fees / charges, applicable to the applicant / Bullion Clearing Member shall be as specified by the India International Bullion Exchange IFSC Limited / IFSCA from time to time.

2.1. Admission fee

The admission fee paid by an applicant Bullion Clearing Member is non-refundable.

2.2. Initial Security Deposit

A Bullion Clearing Member shall be required to deposit such minimum Initial Security Deposit as may be specified by the Relevant Authority from time to time, as a condition for admission of such Bullion Clearing Member on the India International Bullion Exchange IFSC Limited.

2.3. Minimum Liquid Net-worth (LNW)

A Bullion Clearing Member is required to comply with the requirement of Minimum Liquid Net worth as may be specified from time to time by the India International Bullion Exchange IFSC Limited / IFSCA. This liquid net worth will be blocked from the margin deposits of the Bullion Clearing Member.

2.4. Annual subscription

The India International Bullion Exchange IFSC Limited shall specify the amount to be paid by the Bullion Clearing Member towards annual subscription. A Bullion Clearing Member is required to pay annual subscription in advance or latest by April 30 of every financial year. Where a Bullion Clearing Member fails to pay the annual subscription on or before due dates specified, the India International Bullion Exchange IFSC Limited may at its discretion debit the settlement account of the respective Bullion Clearing Members after the close of business hours of the respective due dates. In case of inadequacy/insufficiency of funds in the settlement accounts, the balance amount may be recovered from the Bullion Clearing Member's deposits failing which interest per annum on the balance payable till the time such default continues shall be charged as decided by the Authority

2.5. Change in Bullion Clearing Member profile/ record:

The India International Bullion Exchange IFSC Limited shall issue criteria and guidelines for the following changes in Bullion Clearing Member profile/record and Bullion Clearing Members will be required to obtain prior approval, wherever applicable, from India International Bullion Exchange IFSC Limited / IFSCA before effecting such changes:

- a. Dominant shareholders
- b. Designated Director /Designated Partner / Managing Partner/ Partner / Director
- c. Designated Email ID

- d. Conversion of Membership/ in Status / Constitution
- e. Name
- f. Category or Type of Membership, etc.

2.6. The guidelines issued by the India International Bullion Exchange IFSC Limited/ IFSCA from time to time shall be applicable.

2.7. Submission of Annual Returns/Audited Accounts/Financial Strength details/Half Yearly Net-worth Certificate and Computation of Net worth

The Bullion Clearing Members are required to submit Annual Returns/Audited Accounts/Financial Strength details/ Half Yearly Net-worth Certificate/ Computation of Net worth and/or such other documents as may be specified by the India International Bullion Exchange IFSC Limited/IFSCA within the timelines and strictly in the format specified from time to time. Actions for non-compliance shall be as specified by the India International Bullion Exchange IFSC Limited / IFSCA from time to time.

2.8. Code of Advertisement

A Bullion Clearing Member desirous of issuing an advertisement shall adhere to the Advertisement Code specified by the Exchange / India International Bullion Exchange IFSC Limited / IFSCA from time to time.

2.9. Surrender of membership

- (a) A Bullion Clearing Member desirous of surrendering its membership shall comply with relevant requirements, make an application for surrender of membership to the India International Bullion Exchange IFSC Limited along with necessary documents, the description and format as may be specified by India International Bullion Exchange IFSC Limited from time to time. The application for surrender of membership, once filed, is irrevocable and irreversible unless allowed by the Relevant Authority authorized upon being satisfied with the reasons for such revocation.
- (b) Upon receipt of unequivocal request for surrender, the India International Bullion Exchange IFSC Limited would not levy any charge such as annual fees, etc. to the Bullion Clearing Member from such date of receipt of surrender. However, Bullion Clearing Members would be required to settle any outstanding bills raised by the India International Bullion Exchange IFSC Limited and / or any service provider for the services rendered during their membership with the India International Bullion Exchange IFSC Limited. Any other dues, penalties, fines, etc. which may arise after receipt of surrender request and which has not been crystallized would be applicable and payable by the Bullion Clearing Member.
- (c) Upon receipt of the application, the membership will get deactivated.
- (d) India International Bullion Exchange IFSC Limited may prescribe any additional conditions for surrender of membership.
- (e) Refund of Deposits is as follows:
 - (i) after satisfactory redressal of all complaints / Arbitration (if any) against the Bullion Clearing Member and after completion of all formalities and when the application is considered as eligible for surrender by the India International Bullion Exchange IFSC Limited, the application will be forwarded to IFSCA for its approval. Further refund to

Bullion Clearing Member shall be made subject to withholding period as decided by the Authority.

- (ii) Upon receipt of approval from IFSCA / the India International Bullion Exchange IFSC Limited may refund the excess deposit(s) of the Bullion Clearing Member and other monies lying with the India International Bullion Exchange IFSC Limited subject to fulfilment of all dues/compliances under Bye-Laws, Rules and Regulation of the India International Bullion Exchange IFSC Limited / IFSCA and circulars issued thereunder. However, the said deposit(s) may be retained, if there are any unfulfilled obligations including arbitration claims, complaints, other grievances/claims, disciplinary action, etc., against the Bullion Clearing Member which comes to notice of the India International Bullion Exchange IFSC Limited, before the date of release of deposit(s).
- (iii) The guidelines issued by India International Bullion Exchange IFSC Limited / IFSCA from time to time shall be applicable.
- (f) The Bullion Clearing Member however shall be required to replace/renew the maturing noncash component of the deposit suitably till the release of the same by the India International Bullion Exchange IFSC Limited.

2.10. **Loss of membership**

Any Bullion Clearing Member of the India International Bullion Exchange IFSC Limited shall cease to be a Bullion Clearing Member of the India International Bullion Exchange IFSC Limited on the happening of any one or more of the following instances:

- (a) by surrender of clearing membership in accordance with such procedure and subject to such terms and conditions as may be specified by the India International Bullion Exchange IFSC Limited;
- (b) by expulsion in accordance with the provisions contained in the Bye-Laws, Rules and regulations;
- (c) by being declared a defaulter in accordance with the Bye-Laws, Rules and Regulations;
- (d) by winding up/ bankruptcy/dissolution of the Bullion Clearing Member;
- (e) by violating any Securities Law which warrant the cessation of the membership right
- (f) Cancellation of certificate of registration with IFSCA;

CHAPTER XI

CONDUCT OF BUSINESS BY BULLION CLEARING MEMBERS

1. Office Related Procedure

- 1.1. Every Bullion Clearing Member shall ensure that all persons acting on its behalf shall subscribe at all times to high standards of professional expertise and integrity.
- 1.2. Each Bullion Clearing Member shall at all times maintain such infrastructure, staff, communication facilities and records so as to be able to service his Constituents satisfactorily and as per the requirements enumerated in the India International Bullion Exchange IFSC Limited Bye-Laws, Rules and Regulations, or notifications, directions or circulars issued thereunder.
- 1.3. Where the India International Bullion Exchange IFSC Limited feels it necessary, in the public interest to do so, it may at its own instance or on a complaint from Trading Member / Client, seek explanation from the Bullion Clearing Member regarding the level of service or professional conduct of the Bullion Clearing Member or any of his staff where such service or conduct has been found unsatisfactory or contrary to principles enumerated in the India International Bullion Exchange IFSC Limited Bye Laws, Rules and Regulations, or notifications, directions or circulars issued thereunder.

2. Supervision

2.1. Procedures to be followed

- (a) Each Bullion Clearing Member shall establish, maintain, and enforce procedures to supervise its business and to supervise the activities of its employees that are reasonably designed to achieve compliance with the India International Bullion Exchange IFSC Limited Bye-Laws, Rules and Regulations and any notifications, directions etc. issued thereunder as well as the relevant Securities Law.
- (b) The Bullion Clearing Member shall maintain an internal record of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective. Such record shall be preserved by the Bullion Clearing Member for a period of not less than five years.
- (c) Every Bullion Clearing Member shall specifically authorise in writing person or persons, who may be authorised to transact on behalf of the Bullion Clearing Member and to do such acts which the Bullion Clearing Member may wish to delegate to such person and make available a copy of such power of attorney to the India International Bullion Exchange IFSC Limited before such person transacts any business on the India International Bullion Exchange IFSC Limited.
- (d) A Bullion Clearing Member shall maintain such records and make available to inspection by any person authorised in this behalf by the India International Bullion Exchange IFSC Limited, the information related to such Bullion Clearing Member's financial condition as prescribed by the India International Bullion Exchange IFSC Limited for this purpose.

- (e) The Bullion Clearing Member shall pay such fees, charges and other sum as the India International Bullion Exchange IFSC Limited may notify from time to time, in such time and manner as required by the India International Bullion Exchange IFSC Limited.
- (f) The Bullion Clearing Member must inform the India International Bullion Exchange IFSC Limited of any change in the status and constitution, operation, activities of the Bullion Clearing Member's entity.

2.2. Internal Audit

Each Bullion Clearing Member shall conduct a review/Internal Audit, at least annually, of the business in which it engages, which shall be reasonably designed to assist in detecting and preventing violations of and achieving compliance with Bye-Laws, Rules and Regulations.

2.3. Written Approval

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

3. Relation with the Constituents

- 3.1. When establishing a relationship with a new Client, Bullion Clearing Members must take appropriate KYC to assess the background, genuineness, financial soundness of such person, and his objectives.
- 3.2. A Bullion Clearing Member shall make the Constituent aware of the precise nature of the Bullion Clearing Member's liability for business to be conducted, including any limitations on that liability and the capacity in which the Bullion Clearing Member acts and the Constituents liability thereon.
- 3.3. The Bullion Clearing Member shall provide extracts of relevant provisions governing the rights and obligations of Constituents as Constituents of Bullion Clearing Members as prescribed in the Bye-Laws, Rules and Regulations, relevant manuals, notifications, circulars any additions or amendments thereto, etc. of the India International Bullion Exchange IFSC Limited , or of any regulatory authority, to the extent it governs the relationship between Bullion Clearing Members and Constituents, to the Constituents at no extra cost. The Bullion Clearing Member shall also bring to the notice of its Constituents, any indictments, penalties, etc. imposed on it by the India International Bullion Exchange IFSC Limited or any other regulatory authority.

4. Recommendations to the Constituents

- 4.1. A Bullion Clearing Member shall make adequate disclosures of relevant material information in its dealing to its Constituents.
- 4.2. No Bullion Clearing Member or person associated with the Bullion Clearing Member shall guarantee a Constituent against a loss in any transactions effected by the Bullion Clearing Member with or for such Constituent.

CHAPTER XII**CODE OF CONDUCT FOR BULLION CLEARING MEMBERS****1. General Principles****1.1. Professionalism**

A Bullion Clearing Member in the conduct of his business, shall observe high standards of commercial honour of just and equitable principles of trade. A Bullion Clearing Member shall have and employ effectively the resources and procedures which are needed for the proper performance of its business activities.

1.2. Adherence to Clearing Practices

Bullion Clearing Members shall adhere to these Regulations, Rules, and Bye-Laws of the India International Bullion Exchange IFSC Limited and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable from time to time.

1.3. Honesty and Fairness

In conducting its business activities, a Bullion Clearing Member shall act honestly and fairly, in the best interests of his Constituents.

2. Settlement Principles

2.1. Bullion Clearing Members shall ensure that the fiduciary and other obligations imposed on them and their staff by the Securities Laws, Bye-Laws, Rules and these Regulations are complied with.

2.2. Bullion Clearing Members shall ensure that employees are adequately trained in the practices of the India International Bullion Exchange IFSC Limited in which they deal, clear and settle, are aware of their own, and the India International Bullion Exchange IFSC Limited's responsibilities as well as the applicable law governing the Bullion Clearing Member, the Rules, Bye-Laws and Regulations of the India International Bullion Exchange IFSC Limited including any additions or amendments thereof.

2.3. When entering into transactions on behalf of Constituents, the Bullion Clearing Members shall ensure that they abide by the Code of Conduct and regulations as enumerated in these Regulations.

2.4. No Bullion Clearing Member or person associated with a Bullion Clearing Member shall make improper use of Constituents funds.

2.5. When entering into or arranging transactions, Bullion Clearing Members must ensure that at all times great care is taken not to misrepresent the nature of the transaction in any way.

2.6. No Bullion Clearing Member shall exercise any discretionary power in a Client's account unless such Client has given prior written authorisation to a stated individual or individuals and the account has been accepted by the Bullion Clearing Member, as evidenced in writing by the Bullion Clearing Member.

3. General Guidelines

A Bullion Clearing Member shall desist from the following practices while conducting business on the India International Bullion Exchange IFSC Limited:

3.1. Shielding or Assisting

No Bullion Clearing Member shall shield or assist or omit to report any Bullion Clearing Member whom he has known to have committed a breach or evasion of any Rules, Bye-Laws or Regulations of the India International Bullion Exchange IFSC Limited or of any resolution, order, notice or direction thereunder of the Governing Board or the Managing Director or of any committee or Officer of the India International Bullion Exchange IFSC Limited authorised in that behalf.

3.2. Use of Information obtained in Fiduciary Capacity

A Bullion Clearing Member who in the capacity of paying agent, transfer agent, trustee, or in any other similar capacity, has received information as to the ownership of Bullion, shall under no circumstances make use of such information for the purpose of soliciting business except at the request and on behalf of the Client.

CHAPTER XIII**RECORDS, ANNUAL ACCOUNTS & AUDIT****1. Records**

- 1.1. Every Bullion Clearing Member shall comply with all applicable law including Securities Laws relating to maintenance of accounts and records.
- 1.2. In additions to the requirements as stated above, every Bullion Clearing Member shall comply with the following requirements and such other requirements as the India International Bullion Exchange IFSC Limited may from time to time notify on this behalf relating to books of accounts, records and documents in respect of its membership to the India International Bullion Exchange IFSC Limited.
- 1.3. Every Bullion Clearing Member of the India International Bullion Exchange IFSC Limited shall maintain the following records relating to its business for a period as may be specified by IFSCA from time to time
 - (a) Statements of fund and delivery obligations received from India International Bullion Exchange IFSC Limited;
 - (b) Record of all statements received from the settling agencies and record of all correspondence with them;
 - (c) Copies of all instructions obtained in writing from Constituents;
 - (d) Records in respect of Bullion Depository Receipt of Constituents.
 - (e) Records in respect of clearing charges collected separately from Constituents;
 - (f) A register of transaction (or other records of original entry) containing an itemized daily record of all purchases and sales of Bullion, showing for each such Deal cleared, value of the Bullion, clearing charges and name of Constituents.
- 1.4. Every Bullion Clearing Member shall keep such records and books of accounts, as may be necessary, to distinguish Client's Bullion Depository Receipt from its own Bullion Depository Receipt Such records for Client's Bullion shall inter-alia, provide for the following:
 - (a) Bullion Depository Receipts fully paid for, pending delivery to Clients;
 - (b) Bullion Depository Receipt received for transfer or sent for transfer by the Bullion Clearing Member, in the name of Client or his nominee(s);
 - (c) Bullion Depository Receipts that are fully paid for and are held in custody by the Bullion Clearing Member as security / margin, etc. Proper authorisation from Client for the same shall be obtained by Bullion Clearing Member;
 - (d) such other records as the Relevant Authority may prescribe from time to time.

- 1.5. Every Bullion Clearing Member shall keep such books of accounts, as will be necessary, to show and distinguish, in connection with its business as a Bullion Clearing Member:
- (a) The moneys received from or on account of and moneys paid to or on account of each of his Clients; and
 - (b) The moneys received and the moneys paid on Bullion Clearing Member's own account.
 - (c) It shall be compulsory for all Bullion Clearing Members to keep the money of the Clients in a separate account and their own money in a separate account. No payment for transaction in which the Bullion Clearing Member is taking a position as a principal will be allowed to be made from the Client's account.
- 1.6. Notwithstanding anything contained hereinabove, every Bullion Clearing Member shall preserve the originals of the documents, copies of which have been collected by enforcement agencies, during the course of their investigation till the trial is completed.

2. Transfers to and from Client Accounts

The transfer from Client's account to the Bullion Clearing Member's account shall be allowed under circumstances provided herein in the relevant Regulations:

2.1. Obligation to pay money into Clients' Account

Every Bullion Clearing Member who holds or receives money on account of a Client shall forthwith pay such money to current or deposit account at a bank to be kept in the name of the Bullion Clearing Member in the title of which the word "Clients" shall appear (hereinafter referred to as "Client's Account"). A Bullion Clearing Member may keep one consolidated Clients' Account for all the Clients or accounts in the name of each Client, as it thinks fit; provided that when a Bullion Clearing Member receives a cheque or draft representing in part money belonging to the Client and in part money due to the Bullion Clearing Member, the Bullion Clearing Member shall pay the whole of such cheque or draft into the Clients' Account and effect subsequent transfer as laid down in the relevant Regulation herein.

2.2. Monies to be paid into Clients Account

No money shall be paid into Clients Account other than –

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

2.3. Monies to be withdrawn from Clients Account

No money shall be drawn from Clients Account other than –

- (a) money properly required for payment to or on behalf of Clients for or towards

payment of a debt due to the Bullion Clearing Member from Clients or money drawn on Client's authority, or money in respect of which there is a liability of Clients to the Bullion Clearing Member, provided that money so drawn shall not in any case exceed the total of the money so held for the time being for each such Client.

- (b) such money belonging to the Bullion Clearing Member as may have been paid into the Client Account;
- (c) money which may by mistake or accident have been paid into such account.

3. **Right to Lien, Set-Off not affected**

Nothing in this Chapter shall deprive a Bullion Clearing Member of any recourse or right, whether by way of lien, set-off, counter-claim charge(s) or otherwise against monies standing to the credit of Clients Account.

4. **Record Maintenance**

- 4.1. Every Bullion Clearing Member shall maintain permanently copies of agreements executed with each of its Constituent in accordance with the India International Bullion Exchange IFSC Limited requirements.
- 4.2. Every Bullion Clearing Member shall maintain permanent copies of agreements executed with each of the settling agencies, Clearing Banks, IIBX etc.
- 4.3. Every Bullion Clearing Member shall maintain originals of all communications received and copies of all communications sent by such Bullion Clearing Member (including inter-office memos and communications) relating to its business as such.
- 4.4. Every Bullion Clearing Member shall maintain all guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account, and copies of resolutions empowering an agent to act on behalf of a Bullion Clearing Member.
- 4.5. Every Bullion Clearing Member shall maintain all written agreements (or copies thereof) entered into by that Bullion Clearing Member relating to its business as such, including agreements with respect to any account.
- 4.6. Every Bullion Clearing Member shall preserve, for a period of not less than five years after the closing of any Client's account, any records which relate to the terms and conditions with respect to the opening and maintenance of such account, date of entering into agreement with the Constituent, date of modification thereof, date of termination and representatives of such constituent who signed in each case.
- 4.7. A Bullion Clearing Member shall intimate to the India International Bullion Exchange IFSC Limited the place where these records are kept and available for audit/inspection.
- 4.8. The above requirements relating to maintenance of records shall apply not only to records

of the Bullion Clearing Member's principal office but also to those of any branch offices and to any nominee company owned or controlled by a Bullion Clearing Member for the purpose of conducting the business of the Bullion Clearing Member.

- 4.9. Each Bullion Clearing Member shall keep and preserve a record of all written complaints of its Constituents showing the reference number of Constituent, date, Constituent's name, particulars of the complaints, action taken by the Bullion Clearing Member and if the matter is referred to arbitration to the India International Bullion Exchange IFSC Limited then the particulars thereof.
- 4.10. Every Bullion Clearing Member shall maintain details of the Bullion which are the property of a Bullion Clearing Member showing with whom they are deposited and if held otherwise than by such member, whether they have been lodged as collateral security for loans or advances.

5. Annual Accounts and Audit

- 5.1. Each Bullion Clearing Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised to the India International Bullion Exchange IFSC Limited by the Relevant Authority.
- 5.2. The assets and liabilities of the Bullion Clearing Member's business shall be brought into account in the balance sheet at such amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the state of affairs of such business as at the date to which it is made up.
- 5.3. Each Bullion Clearing Member shall furnish to the India International Bullion Exchange IFSC Limited, its audited financial statement and such report shall be furnished not later than 3 months after the end of the Bullion Clearing Member's financial year; provided that when the India International Bullion Exchange IFSC Limited is satisfied that circumstances warrant an extension of time is necessary to furnish such report, it may grant an extension of such time as it may deem fit.
- 5.4. Each Bullion Clearing Member shall get the complete internal audit done on a half yearly basis by an independent qualified Chartered Accountant, Company Secretary or Cost and Management Accountant, who is in practice and does not have any conflict of interest and submit the report within such time and in such format as may be prescribed by the India International Bullion Exchange IFSC Limited from time to time.

CHAPTER XIV

INSPECTION

1. Inspection Authority

- 1.1. Where it appears to the India International Bullion Exchange IFSC Limited so to do, it may appoint one or more persons as inspecting authority to undertake inspection of books of accounts, other records and documents of the Bullion Clearing Member including for any of the purposes specified in the relevant Regulation (“Inspecting Authority”).
- 1.2. The Inspecting Authority appointed by the India International Bullion Exchange IFSC Limited may be either its own officials or outside professionals.
- 1.3. When the India International Bullion Exchange IFSC Limited appoints outside professionals as an Inspecting Authority, it shall notify the Bullion Clearing Member the names of the professionals or firms so appointed as an Inspecting Authority at the time of inspection.
- 1.4. When outside professionals are appointed as an Inspecting Authority in respect of a Bullion Clearing Member and such professionals are already related in any other capacity with the Bullion Clearing Member, then such member shall forthwith inform the India International Bullion Exchange IFSC Limited of such relationship.
- 1.5. Where, after appointment of any outside professional as an Inspecting Authority in respect of a Bullion Clearing Member, the Bullion Clearing Member or any of its associates engages the Inspecting Authority for its services in any other capacity, the Inspecting Authority shall not engage itself in such other professional capacity with the Bullion Clearing Member or any of its associates without prior consent of the India International Bullion Exchange IFSC Limited.

2. Reasons for Inspection

The India International Bullion Exchange IFSC Limited may inform a Bullion Clearing Member to be inspected for purposes which may include the following:

- (a) to ensure that the books of accounts and other books are being maintained in the manner required;
- (b) to ensure that the provisions of the Securities Laws are being complied with;
- (c) to ensure that various provisions of the India International Bullion Exchange IFSC Limited’s Bye-Laws, Rules and Regulations and any directions or instructions issued thereunder are being complied with;
- (d) to investigate into the complaints received from Clients, other Bullion Clearing Members of the India International Bullion Exchange IFSC Limited or any other person on any matter having a bearing on the activities of the Bullion Clearing Member;
- (e) to investigate suo moto, for any reason where circumstances so warrant an

inspection into the affairs of the Bullion Clearing Member in public interest;

- (f) to examine whether any notices, circulars, instructions or orders issued by the India International Bullion Exchange IFSC Limited from time to time relating to trading and other activities of Bullion Clearing Members are being complied with;
- (g) to comply with any of the directives issued in this behalf by any regulating authority including Government of India.

3. Notice

Before undertaking any inspection as above, the India International Bullion Exchange IFSC Limited shall give a reasonable notice to the Bullion Clearing Member for that purpose.

Notwithstanding anything contained above, where the India International Bullion Exchange IFSC Limited is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Bullion Clearing Member be taken up without such notice.

The India International Bullion Exchange IFSC Limited officials or the Inspecting Authority who is directed by the India International Bullion Exchange IFSC Limited to undertake the inspection, shall undertake the inspection and the Bullion Clearing Member against whom an inspection is being carried out shall be bound to discharge his obligations as provided in the relevant Regulation hereinbelow.

4. Obligations of a Bullion Clearing Member on Inspection

- 4.1. It shall be the duty of every director, officer and employee of the Bullion Clearing Member, who is being inspected, to produce to the Inspecting Authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said Inspecting Authority may require.
- 4.2. The Bullion Clearing Member shall allow the Inspecting Authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerised data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the Inspecting Authority are relevant.
- 4.3. The Inspecting Authority, in the course of inspection shall be entitled to examine or record statements of any member, director, officer and employee of the Bullion Clearing Member or of any associate of such Bullion Clearing Member.

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

- 4.4. The Inspecting Authority shall be entitled to examine the records relating to the Bullion Clearing Member's financial affairs held with its bankers or any other agency which the Inspecting Authority may find it relevant.
- 4.5. The Inspecting Authority shall have access to accounts and other records relating to the Bullion Clearing Member or such access as authorised by the India International Bullion Exchange IFSC Limited to accounts and other records relating to any associate of the Bullion Clearing Member as are within the power of the Bullion Clearing Member to provide.

5. Submission of Report

- 5.1. The Inspecting Authority shall, as soon as possible submit an inspection report to the India International Bullion Exchange IFSC Limited.
- 5.2. All documents, papers, returns or their copies submitted to the Inspecting Authority may be retained by it on behalf of the India International Bullion Exchange IFSC Limited. It shall maintain complete confidentiality thereof and no disclosure of any information contained therein shall be made to any person, firm, company or authority unless required by any law for the time being in force and without approval of the India International Bullion Exchange IFSC Limited in this regard.
- 5.3. The India International Bullion Exchange IFSC Limited shall after consideration of the inspection report communicate the findings to the Bullion Clearing Member to give him an opportunity of being heard before any action is taken by the India International Bullion Exchange IFSC Limited on the findings of the Inspecting Authority.
- 5.4. On receipt of the explanation, if any, from the Bullion Clearing Member, the India International Bullion Exchange IFSC Limited may call upon the Bullion Clearing Member to take such measures in public interest, as the India International Bullion Exchange IFSC Limited may deem fit.
- 5.5. Notwithstanding anything contained as above, where the India International Bullion Exchange IFSC Limited is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving an opportunity of being heard.

CHAPTER XV**ARBITRATION**

All claims, disputes, differences, arising between Bullion Clearing Members and Constituents or between Bullion Clearing Members inter se or between such other parties as specified by the Relevant Authority from time to time, arising out of or related to deals admitted for clearing and settlement by the India International Bullion Exchange IFSC Limited or with reference to anything done in respect thereto or in pursuance of such deals shall be referred to and decided by arbitration, mediation and other dispute resolution mechanisms as provided in the Rules, Bye-Laws and Regulations of the Bullion Exchange / IFSCA.

CHAPTER XVI**MISCELLANEOUS****Power to provide clarification and decisions binding**

1. In case of any difficulty in implementing the provisions of Rules or in case of a conflict, the India International Bullion Exchange IFSC Limited has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.
2. Further, the decision/directions of the India International Bullion Exchange IFSC Limited / Board / Relevant Authority on the aspects mentioned in these Rules including but not limited to admission, disqualification, removal, suspension of membership, shall be final and binding on all relevant persons and stakeholders.
3. Exchange shall be entitled to issue, from time-to-time notices, circulars, instructions or orders (hereinafter called as “Communiqués”) to Trading Members, Qualified Jewellers, Clients, Clearing Members, Clearing Banks, Depository, Bullion Depositors and Vaults for implementation of and/or clarification on any aspect of Bye-Laws or the Rules and Regulations or on any procedural or operational issue. All such Communiqués shall bind the Trading Members, Qualified Jewellers, Clients, Clearing Members, Clearing Banks, Depository, Bullion Depositors and Vaults with the same force and effect as the Bye-Laws and the Rules and Regulations.

Statutory laws

4. These Rules, including all alterations, amendments and modifications thereto, shall be subject to the rules/ Regulations/ directives/ notifications/ circulars issued by IFSCA from time to time and all such rules/ Regulations/ directives/ notifications/ circulars that are issued by IFSCA for or in relation to India International Bullion Exchange IFSC Limited shall be deemed to be incorporated in the Rules prescribed by the Board/ Relevant Authority/ India International Bullion Exchange IFSC Limited and the Rules shall be deemed to be altered/ amended/ modified to that extent, which amendment/ modification/ alteration shall be effective from the date notified by the IFSCA in that behalf.

Good Faith

5. No claim, suit, prosecution, or other legal proceedings shall lie against the India International Bullion Exchange IFSC Limited or any authorised person(s) acting for the India International Bullion Exchange IFSC Limited, in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the India International Bullion Exchange IFSC Limited under any law or delegated legislation for the time being in force.