

**INDIA INTERNATIONAL BULLION EXCHANGE IFSC LIMITED**

**EXCHANGE 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 Regulations of India International Bullion Exchange IFSC Limited**” and are for the sake of brevity and convenience, herein referred to as “**these Regulations**” or “**the Regulations of the Exchange**”.
2. These Regulations shall come into force with effect from such date as the Board of the Exchange 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/or 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 IFSCA from time to time.
4. In case of difference between the provisions of any Regulations of the Exchange 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 Exchange.

## **CHAPTER II**

### **APPLICABILITY**

These Regulations shall be applicable to all Bullion Trading Members and Constituents of India International Bullion Exchange IFSC Limited. They shall be subject to jurisdiction of the Courts of Gandhinagar.

## **CHAPTER III**

### **DEFINITIONS**

1. **“Approved office”** means the registered office of a Bullion Trading Member including such premises or offices from which the Bullion Trading Member is allowed by the Exchange to trade on the Trading System and carry out back office works and other related works.
2. **“Approved Workstation”** refers to such trading workstation of a Bullion Trading Member/Constituents comprising of computer terminal(s) and all associated equipment installed and connected to the Trading System and used by the Bullion Trading Member/Constituents for the purpose of market inquiry, execution of orders/trades and settlement of its trades on the Trading System, and all other actions associated with the trading and settlement on the Trading System.
3. **“Authorised Person”** means and includes any person who is appointed as such by a Bullion Trading Member upon the approval of the Exchange and on such terms and conditions as may be imposed / directed by the Exchange from time to time, for providing access to the trading platform of the Exchange, as an agent / representative of the Bullion Trading Member of the Exchange, appointed in terms of the Regulations, Bye-Laws and Rules of the Exchange.
4. **“Beneficial Owner”** shall have the meaning assigned to the term in the Bullion Exchange Regulations of IFSCA.
5. **“Board” / “Governing Board”** means board of directors of the Exchange constituted in terms of the Bullion Exchange Regulations.
6. **“Books of accounts, records and documents”** include books of accounts, records and documents which are required to be maintained under Chapter VIII of the Regulations of the Exchange and records maintained in a computer or in any digital/ magnetic form.
7. **“Branch office”** in relation to a Trading Member means :-
  - (i) any establishment described as a branch, or
  - (ii) any establishment carrying on either the same or substantially the same activity as that carried on by the head office, or
  - (iii) any place where a trading terminal is provided by the Bullion Trading Member to an Authorised Person, or
  - (iv) any other place which the Exchange may notify.
8. **“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.

9. **“Bullion Clearing Member”** means a person having clearing rights on any Bullion Clearing Corporation and as such registered with the IFSCA as per the Bullion Exchange Regulations of IFSCA.
10. **“Bullion Contract”** means a contract for the purchase and sale of Bullion, Bullion Depository Receipts or such other Bullion products, including derivatives on Bullion, bullion spot delivery contracts, 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 Exchange may notify Bullion Contracts available for trading on the Exchange, from time to time.
11. **“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;
12. **“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.
13. **“Bullion Exchange”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, established, recognised for the purpose of assisting, regulating and controlling Bullion Contracts in an IFSC and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
14. **“Bullion Exchange Regulations”** shall mean the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020.
15. **“Bullion Market”** includes the Bullion Exchanges, Bullion Clearing Corporations, Bullion Depositories, Vaults, Bullion Contracts dealt therein, and any other persons involved therein, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time;
16. **“Bullion Trading Member”** means a person having trading rights on the Exchange in terms of the Bullion Exchange Regulations of IFSCA and shall have the meaning assigned to term,

as amended from time to time.

17. **“Bye-Laws”** shall mean the bye-laws of the Exchange, as amended from time to time.
18. **“Constituent”** or **“constituent”** or **“investors”** shall mean all the constituents / clients of the Bullion Trading Member which use the trading platform of the Exchange for trading in Bullion Contracts and include Consumers, Depositors, investing public, investors, persons whether resident in India or outside India, and any other similar persons as the case may be, who are permitted to trade on the India International Bullion Exchange IFSC Limited for Bullion Contracts/Bullion Depository Receipt.
19. **“Consumer”** means a constituent of a Bullion Trading Member and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
20. **“Depositor”** shall have the meaning assigned to the term in the Bullion Exchange Regulations.
21. **“Exchange”** means the Bullion Exchange operated by India International Bullion Exchange IFSC Limited (IIBX).
22. **“Market Type”** shall be referred to as and shall mean different markets in which trading is permitted on the Trading System by the Exchange.
23. **“Member-Authorised Person agreement”** is an agreement which is executed between a Bullion Trading Member and its Authorised Person as per the Exchange requirements.
24. **“Member-Constituent agreement”** is an agreement which is executed between a Bullion Trading Member and its constituent as per the Exchange requirements.
25. **“Notification”** **“Notice”** or **“Communication”** refers to any such intimation/communication that can be served by the Exchange to the Bullion Trading Member at ordinary business address and/or ordinary place of residence and/or last known address of the party in any one or more or all of the following ways:-
  - (i) delivering it by post;
  - (ii) sending it by registered post;
  - (iii) sending it under certificate of posting;
  - (iv) sending it by express delivery post / courier services;
  - (v) sending it by telegram;
  - (vi) affixing it on the door at the last known business or residential address;
  - (vii) 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;
  - (viii) sending a message through the Trading System;

- (ix) an electronic mail or fax;
- (x) by hand delivery; or
- (xi) any other mode permissible as per applicable laws for such purposes.

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

- 26. **“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 of January, 2022.
- 27. **“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.
- 28. **“Relevant Authority”** means the Board or such other authority / committee of the Exchange, as specified by the Board from time to time as relevant for a specified purpose.
- 29. **“Risk Disclosure Document”** refers to the document to be issued by all Bullion Trading Members, to all potential investors before registering them as Constituents, detailing the basic risks involved in the trading of Bullion Contracts.
- 30. **“Rules”** shall mean the rules of the Exchange, as amended from time to time.
- 31. **“Securities Laws”** shall mean all applicable laws governing the Exchange, 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, Securities and Exchange Board of India (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. **“Trading System of the Exchange”** or **“Trading System”** means a system which makes available to Bullion Trading Members, Constituents, and the investing public, by whatever method, quotations in Bullion / Bullion Contracts and disseminates information regarding trades effected, volumes, etc. and such other notifications as may be placed thereon by the Exchange.
- 33. **“Trade Type”** is the type of trade as may be permitted by the Exchange from time to time for each Market Type.

34. “**User**” / “**Approved User**” means a person employed or engaged by a Bullion Trading Member of the Exchange in his/their own exclusive arrangement with the permission of the Exchange for trading in the Trading System or any other trading system approved by the Exchange and as approved by the Exchange in accordance with Chapter IV of these Regulations.

*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 Exchange.*



## **CHAPTER IV**

### **DEALINGS ON THE EXCHANGE**

#### **1. Trading System**

- 1.1. The Exchange shall provide an electronic trading system for all the Bullion Contracts admitted for dealings on the Exchange. Such a system shall hereinafter be referred to as the **“Trading System of the Exchange”** and/or the **“Trading System”**.
- 1.2. Trading on the Exchange shall be allowed only through Approved Workstation(s) located at approved locations of a Bullion Trading Member.
- 1.3. Each Bullion Trading Member shall have a unique identification number which shall be provided by the Exchange and which shall be used to log on (sign on) to the Trading System.
- 1.4. A Bullion Trading Member shall have a non-exclusive permission to use the Trading System as provided by the Exchange in the ordinary course of business as Bullion Trading Member
- 1.5. A Bullion Trading Member shall not have any title, rights or interest with respect to Trading System, its facilities, software and the information provided by the Trading System.
- 1.6. The Trading System
  - (i) shall be made available to the Bullion Trading Member for trading subject to such terms and conditions as the Relevant Authority may determine from time to time including, *inter alia*, payment of such charges as may be specified from time to time and taking up the clearing membership or having arrangements with professional Bullion Clearing Member of the Bullion Clearing Corporation;
  - (ii) access shall be withdrawn or restricted by the Relevant Authority for non-compliance with any of these regulations.
- 1.7. The Bullion Trading Member shall use such equipment and software as specified by the Exchange/ IFSCA from time to time for the purpose of accessing the Trading System.
- 1.8. The Exchange shall have the right to inspect equipment and software used for the purpose of accessing the Trading System.
- 1.9. The cost of equipment and software supplied by the Exchange, installation and maintenance of the equipment shall be borne by the Bullion Trading Member.
- 1.10. A Bullion Trading Member shall not, permit itself or any other person(s) to:

- (i) use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange;
  - (ii) use the software provided by the Exchange on any equipment other than the Approved Workstation;
  - (iii) copy, alter, modify or make available to any other person the software provided by the Exchange;
  - (iv) use the software in any manner other than the manner as specified by the Exchange;
  - (v) attempt directly or indirectly to decompile, disassemble or reverse engineer the same.
- 1.11. The Bullion Trading Member shall adopt such security procedures pertaining to connection to the Trading System as may be specified by the Exchange/ IFSCA from time to time.
- 1.12. A Bullion Trading Member shall not, by himself or through any other persons on his behalf, publish, supply, show or make available to any other person other than IFSCA and other statutory authorities as may be specified from time to time, or reprocess, retransmit, store or use the facilities of the Trading System or the information provided by the Trading System except with the explicit approval of the Exchange and in the ordinary course of business to complete the transactions on the Exchange.
- 1.13. The Exchange shall provide its services on a best effort basis. However, the Exchange shall not be liable for failure of the Trading System or for any loss, damage, or other costs arising in any way out of:
- (i) Telecom network or system failures including failure of ancillary or associated systems, or fluctuation of power, or other environmental conditions or destruction of any data;
  - (ii) Accident, transportation, neglect, misuse, errors, frauds of the Bullion Trading Member or its Authorised Persons or the agents or any third party;
  - (iii) Any fault in any attachments or associated equipment (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the Approved Workstation installation;
  - (iv) Act of God, force majeure event, natural calamity, disaster, fire, flood, war, act of violence, epidemic, pandemic or any other similar occurrence;
  - (v) Any incidental, special or consequential damages including without limitation of loss of profit.
- 1.14. Without prejudice to anything contained in Regulation 1.13 above, such failure shall not reduce, alter or affect the liability of the Bullion Trading Member in respect of any trades

to which it is a party.

- 1.15. The Exchange may also permit common pool facility to Bullion Trading Members as per the norms as may be specified by it in case of failure of terminal of Bullion Trading Member.
- 1.16. No Bullion Trading Member shall trade or have access to the Trading System or related facilities through another Bullion Trading Member or on behalf of another Bullion Trading Member, without prior approval of the Exchange in writing.
- 1.17.
  - (i) A Bullion Trading Member shall not deal with other Bullion Trading Members of the Exchange either for proprietary trading or for trading on behalf of Clients, except with the prior permission of the Exchange granted on the request of such Bullion Trading Member.
  - (ii) The Exchange, while giving permission under clause (i) above, shall consider the reasons stated by the Bullion Trading Member and after carrying out due diligence allow such Bullion Trading Member to deal with only one Bullion Trading Member of the Exchange.

## **2. Bullion Trading Members, Users, Authorised Persons**

- 2.1. Bullion Trading Members and their Constituents shall be entitled to appoint, subject to such terms and conditions as may be specified by the Relevant Authority from time to time, with the approval of the Exchange:
  - (i) Authorised Persons for accessing the Trading System;
  - (ii) Users to operate the Approved Workstation(s) subject to payment of such approval fee as may be specified by the Relevant Authority from time to time.
- 2.2. No person shall be approved as an Authorised Person if:
  - (i) he is an individual under 18 years of age;
  - (ii) he is already an authorised person of any other Bullion Trading Member;
  - (iii) any disciplinary action has been taken against him by the Exchange or any other exchange/ stock exchange;
  - (iv) he is in the employment of any other Bullion Trading Member.
- 2.3. No partnership firm, or a body corporate, as defined under the Companies Act, 2013 or a limited liability partnership or any other person shall be eligible to be appointed as an Authorised Person unless:
  - (i) all the partners of the firm or limited liability partnership or all the directors of the company / body corporate comply with all the eligibility criteria listed out in

Regulation 2.2 above;

- (ii) the provisions of the partnership deed of the firm or limited liability partnership or the objects of the company / body corporate enable the firm, the LLP or the company/ body corporate, as the case may be, to undertake the business of trading in Bullion Contracts;
- (iii) complies with such other requirements prescribed under the applicable laws including Securities Laws, for such appointment.

- 2.4. Every Authorised Person shall have the necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the activities on behalf of the Bullion Trading Member. The Bullion Trading Member shall certify that the Authorised Person is compliant with the Rules, Bye-Laws and Regulations while forwarding its application to the Exchange.
- 2.5. The Exchange may prescribe such other additional conditions and/or modify / waive / relax eligibility conditions with regard to the appointment of the Authorised Person as it may deem fit from time to time and the Bullion Trading Members shall be bound to comply with the same.
- 2.6. Authorised Person(s) shall comply with the Rules, Bye-laws, Regulations and circulars of the Exchange. The Bullion Trading Member shall ensure that every Authorised Person appointed by it complies with the Rules, Bye-laws, Regulations and circulars of the Exchange as also with the requirements laid down by IFSCA/ the Exchange, on an ongoing basis.
- 2.7. The Authorised Person shall not receive nor pay any money and/or Bullion Contract in its own name or account. All receipts and payments of Bullion Contract and funds shall be in the name or account of the Bullion Trading Member with whom it is affiliated.
- 2.8. The Authorised Person may receive its remuneration, whether by way of fees, charges, commission, salary etc., for its services, only from the Bullion Trading Member and it shall not charge any amount to the Constituents of such Bullion Trading Member.
- 2.9. Authorised Person cannot collect any commission or any amount directly from the Clients he introduces to the Bullion Trading Member, who appointed him. However, he may receive a commission or any such amount from the Bullion Trading Member who appointed him.
- 2.10. The Bullion Trading Member and the Authorised Person shall enter into written agreement(s) in the form(s) approved or specified by the Relevant Authority from time to time.

### **Withdrawal of approval granted to Authorised Persons**

2.11. The Exchange shall have a right at any time to withdraw approval granted to an Authorised Person or suspend approval of an Authorised Person temporarily. However, the Relevant Authority, at its discretion, may afford an opportunity of being heard to such Authorised Person before or after such suspension.

Provided however, where no such opportunity of being heard is afforded, the Relevant Authority shall record the reasons for the same. Such suspension may be conditional and may be revoked on fulfillment of condition(s) specified, if any, to the satisfaction of the Exchange.

2.12. Without prejudice to the generality of Regulation 2.11 above, the Exchange may withdraw any approval granted to such Authorised Person after giving an opportunity, if:

- (i) he fails to abide by the Bye-laws, Rules, Regulations of the Exchange and the guidelines or circulars thereunder;
- (ii) he violates / contravenes any applicable law or the rules or regulations made thereunder;
- (iii) the Exchange is satisfied that the continuation of Authorised Person is detrimental to the interest of investors or the Bullion Market;
- (iv) if such Authorised Person, subsequent to the approval granted by the Exchange, becomes ineligible to continue as such in accordance with the criteria laid down in the Rules, Bye-Laws and Regulations;
- (v) on receipt of a request from the Bullion Trading Member or the Authorised Person through the Bullion Trading Member, subject to compliance with the requirements as may be prescribed by the Exchange from time to time;
- (vi) without prejudice to the above, the Exchange may take disciplinary action against the Authorised Person under the provisions of Rules, Bye-Laws, Regulations, circulars, directions of the Exchange and also refer/ report the matter to IFSCA /Exchange for appropriate action.

2.13. Notwithstanding anything contained in Regulations 2.11 and 2.12 above, an Authorised Person shall cease to be so, ipso facto:

- (i) if the Bullion Trading Member to whom he is attached ceases to be a Bullion Trading Member; or
- (ii) on the expiry/ cessation of his contract of employment with such Bullion Trading Member;
- (iii) on occurrence of such factors / fulfilment of such conditions, as may be notified by the Exchange/ IFSCA from time to time.

**2.14. Approved Users:**

- (i) Only persons who are registered as Bullion Trading Members and their Constituents in accordance with provisions of the Bye-laws, Rules and Regulations of the Exchange and/or the agents of Bullion Trading Members, for whom an application has been made to the Exchange by the Bullion Trading Members in accordance with the format specified by the Relevant Authority of the Exchange from time to time, may be approved as Users.
- (ii) No person shall be admitted as a User against whom any disciplinary action has been taken by the Exchange or any other exchange/ stock exchange.
- (iii) No Bullion Trading Member shall, without permission of the Exchange, take into his employment a former Bullion Trading Member or User of such Bullion Trading Member, as a User, if such Bullion Trading Member or User is one against whom any disciplinary action has been taken by the Exchange or any other exchange/ stock exchange.
- (iv) The person admitted as a User may pass the certification programme conducted by the Exchange or such other institution as determined by the Exchange from time to time. The certification obtained should be valid for the period specified by the Exchange from time to time. On the certification becoming invalid due to any reason, the User ID shall stand terminated. It shall be the responsibility of the User to inform the Exchange of the expiry of the certification, if any. The detailed circular regarding this shall be issued in due course.

2.15. The Exchange may prescribe such other additional conditions and/or modify / waive / relax eligibility conditions with regard to the appointment of the User as it may deem fit from time to time and the Bullion Trading Members shall be bound to comply with the same.

2.16. No application shall be made by any Bullion Trading Member under Regulation 2.14 (i) above, if such a person for whom such an application is made, is already a User for any other Bullion Trading Member.

2.17. Each Bullion Trading Member shall be permitted to appoint such number of Users as may be notified from time to time by the Exchange.

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

2.19. Each User shall be given a unique identification number (“**User ID**”) through which he shall have access to the Trading System.

2.20. A User can access the Trading System through a password and can change such password from time to time. A Bullion Trading Member or its Users thereof shall maintain complete

secrecy of its password. A User shall be required to change his password at the end of the password expiry period.

### **Change in User ID**

- 2.21. A Bullion Trading Member desiring to change the User ID or cancel the authority given to its User to operate the Trading System on its behalf shall intimate the Exchange in writing, in such form and manner as the Exchange may specify, immediately on taking such action and obtain confirmation from the Exchange of having received such intimation, and of the disabling of the particular User by the Exchange. However, the Bullion Trading Member shall continue to be liable for all the activities reported on the basis of such or previous User ID undertaken up to a period of twenty-four hours after his obtaining a confirmation as mentioned above from the Exchange. The Bullion Trading Member shall cancel all his outstanding orders in respect of such User.
- 2.22. A Bullion Trading Member who wants the Exchange to reset his password, has to make a request in writing signed by the Bullion Trading Member indicating his Bullion Trading Member ID and User ID. A Bullion Trading Member shall not make a request for resetting the password of any other Bullion Trading Member.
- 2.23. Where a User of the Bullion Trading Member ceases to act in such or any capacity with the Bullion Trading Member, such Bullion Trading Member shall inform the Exchange, within 24 hours of the name and other particulars of such User.
- 2.24. The Exchange shall notify different levels of the Users for each workstation provided. These levels shall define the access to the Trading System by the Users and shall include a provision for inquiry only on the terminal, provision for order entry and trading, or such others as may be specified by the Exchange.
- 2.25. The Exchange may change the status of the User of the Bullion Trading Member from trader to a mode for inquiry only where circumstances warrant and intimate to such Bullion Trading Member any reasons thereof.
- 2.26. The Bullion Trading Member shall not access the Trading System using a different Bullion Trading Member or User ID other than the one allotted to him.
- 2.27. A User shall not attempt to aid in or access the Trading System using the Bullion Trading Member code from a location other than the Bullion Trading Member's Approved office, unless he has the prior approval of the Bullion Trading Member for whom he is a User.

### **3. Trading Days**

- 3.1. The Exchange shall operate on all such days as specified by the Exchange from time to time.
- 3.2. The Exchange may close the market on days other than or in addition to scheduled holidays



or open the market on days originally declared to be holidays under Regulation 3.1 above, to be called unscheduled opening or closing of the markets and the decision of the Exchange in this matter shall be final and binding.

#### **4. Trading Hours**

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

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

#### **5. Trading Parameters**

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

5.2. Every Bullion Trading Member will be required to specify the buy or sell orders.

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

5.4. The Exchange shall specify from time to time the types of orders that can be placed for any or all Bullion Contracts traded on the Exchange.

5.5. The Exchange shall specify from time to time the lot size in which orders can be placed for any or all Bullion Contracts traded on the Exchange.

5.6. The Exchange shall specify from time-to-time price steps in which orders shall be entered on the Trading System of the Exchange.

5.7. The Exchange shall or may lay down position limits in respect of each Bullion Contract from time to time.

5.8. The Exchange shall specify the daily price ranges for each Bullion Contract.

#### **6. Trade Types/ Transaction Types**

6.1. The Exchange shall permit and notify different kinds of trades in permitted Bullion Contracts.

6.2. The Exchange shall specify from time-to-time different market types, trade types that shall be permitted to Bullion Trading Members or Their Constituents for dealings in Bullion Contracts.



6.3. The Bullion Clearing Corporation shall prescribe from time-to-time different settlement cycles / periods that will be permitted to the Bullion Trading Members and the same will be in consultation with the Exchange, if required. All trades executed on the Exchange shall be cleared and settled by the Bullion Trading Members either by themselves as Bullion Clearing Members or through professional Bullion Clearing Members in accordance with the bye-laws, rules and regulations of the Bullion Clearing Corporation as may be notified by it from time to time.

6.4. The Exchange shall allow from time-to-time different Transaction Types.

## **7. Failure of Bullion Trading Members' Terminal**

In the event of failure of Bullion Trading Members'/Their Constituents' workstation and / or the loss of access to the Trading System, the Exchange may at its discretion undertake on behalf of the Bullion Trading Member (although not guarantee) to carry out the necessary functions which the Bullion Trading Member is eligible on a valid request from such Bullion Trading Member subject to such terms and conditions which the Exchange may deem necessary to be imposed. The Exchange shall entertain such request only if such request is made in writing in a clear and precise manner by the Bullion Trading Member and in a manner as specified by the Exchange. The Bullion Trading Member shall be accountable for the functions executed by the Exchange on their behalf and shall indemnify the Exchange against any losses or costs arising out of the above situation.

## **CHAPTER V**

### **DEALINGS IN BULLION CONTRACTS**

#### **1. Dealings in Bullion Contracts**

- 1.1. Dealings shall be permitted on the Exchange in Bullion Contracts in accordance with the provisions of the Rules, Regulations and Bye-Laws of the Exchange and for such categories of Bullion Trading Members/ their Constituents in such market types, trade types and trading hours as the Exchange may specify from time to time.
- 1.2. All Bullion Contracts specifications will be notified by the Exchange from time to time.
- 1.3. The Exchange may at its discretion suspend trading in Bullion Contracts, *inter alia*, on the following grounds:
  - (i) for protection of the interests of the investors or in the interest of the Bullion Market;
  - (ii) for the purpose of maintaining a fair and orderly market.
- 1.4. The Relevant Authority may discontinue trading in a particular Bullion Contract if there are no open positions in such a contract.
- 1.5. The Exchange may also revoke suspension of trading in Bullion Contracts at any time. If trading has been suspended or halted in particular or all Bullion Contracts, the Exchange may determine in its absolute discretion when trading in the respective Bullion Contracts may be resumed.
- 1.6. Bullion Trading Members may trade on the Trading System in Bullion Contracts, either on behalf of their Constituents or on their own account unless otherwise specified by the Relevant Authority and trading shall be subject to such conditions as the Exchange may specify from time to time.
- 1.7. For the purpose of this regulation, for transactions entered into on behalf of the director or an employee of the Bullion Trading Member or for transactions in which the director or employee has beneficial interest, such director or employee shall be considered as a Constituent of the Bullion Trading Member and margins shall be collected from each such constituent separately.
- 1.8. The Exchange may, at any time restrict conditionally or unconditionally a Bullion Trading Member from dealing in a specified Bullion Contract.
- 1.9. The Bullion Trading Member shall continue to be liable for all trades executed on the Trading System for orders entered on its behalf. The Bullion Trading Member shall be responsible for all the actions of their Authorised Persons / Users.

- 1.10. Without prejudice to Regulation 0(iii) and (iii)(v)(iv) of Chapter VI of these Regulations, a Bullion Trading Member shall be responsible for all the actions including trades originating through or with the use of all following variables - Trading Member ID and User ID. However, if the Bullion Trading Member satisfies the Exchange that the action(s) and/or trade(s) took place due to fraud or gross misrepresentation by any other person other than his Authorised Person(s) and that the action(s) and/or trades did not originate from any of his Approved Workstations, the Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so effected.
- 1.11. When a Bullion Trading Member enters an order on behalf of a Constituent, then such a Trading Member shall at the time of entering orders on behalf of such Constituent, enter the Unique Client Code in respect of such Constituent in such format and with effect from such date as may be notified by the Exchange. Every Bullion Trading Member shall be responsible to furnish particulars of Unique Client Codes of each of his Constituents to the Exchange in such form, manner, at such intervals and within such time as may be specified by the Exchange from time to time.
- 1.12. Every Bullion Trading Member shall comply with the Securities Laws and ensure that his Constituents comply with the aforementioned.

## **2. Trade Operations**

- 2.1. Bullion Trading Members shall ensure that appropriate confirmed order instructions are obtained from the Constituents before placement of an order on the Trading System and shall keep relevant records or documents of the same and of the completion or otherwise of these orders thereof.
- 2.2. The Bullion Trading Member shall make available to its Constituent, the Trading System generated order number and copies of the order/trade confirmation slip/modification slip wherever applicable.
- 2.3. The Bullion Trading Member shall disclose to the Exchange at the time of order entry that the order is on his own account or on behalf of Constituents and also specify orders for buy or sell.
- 2.4. The procedures and conditions for amendment or cancellation of orders would be subject to such conditions and as specified by the Exchange from time to time.
- 2.5. Bullion Trading Members shall be solely responsible for the accuracy of orders entered into the Trading System including orders entered on behalf of its Constituents.
- 2.6. Trades generated on the Trading System are irrevocable and 'locked in'. The Exchange may annul/ cancel the trades in accordance with the provisions of the Rules, Bye-Laws and

the Regulations.

### **Cancellation of Trades**

- 2.7. Where a trade cancellation is permitted and Bullion Trading Member wishes to cancel a trade, it may be done only with the approval of the Exchange and in the following manner:
- (i) The Bullion Trading Member wishing to cancel the trade shall initiate a cancellation request to the Exchange. The counter Bullion Trading Member to the trade, too, shall have to put in its cancellation request separately.
  - (ii) Where a Bullion Trading Member initiates such request the onus shall be on the Bullion Trading Member to ensure that it receives a written request from the Constituent.
  - (iii) Where a trade cancellation request comes to Exchange from only one party to trade and is pending with the Exchange as a result of it being not confirmed by the counter party to such trade till such time as may be notified by the Exchange, such request may be cancelled at the discretion of the Exchange.
  - (iv) The Exchange shall not consider any request for a trade cancellation after such period after the market close on a trading day as may be notified by the Exchange from time to time.
  - (v) The Exchange shall not give the reasons for rejection or approval of any such trade cancellation request.
  - (vi) The Exchange may cancel a trade suo moto without any request by either of the parties to the trade at any time without giving any reason thereof which cancellation shall be final and binding upon the parties to the trade. In the event of such cancellation, Bullion Trading Member shall be entitled to cancel relative contract(s) with its Constituents.
  - (vii) Without prejudice to the decision taken with regards to annulment/Cancellation of trades(s), the Relevant Authority shall also be entitled to take such other suitable disciplinary action(s) against the Bullion Trading Members under the Rules, Bye-Laws and Regulations of the Exchange.
  - (viii) The procedure to be followed for annulment/Cancellation of trades(s) shall be such as specified by the Exchange from time to time and every Bullion Trading Member shall comply with the same including payment of prescribed fees.
- 2.8. The Trading Member shall make available to its Constituent the Trading System generated trade number and copies of the trade cancellation slip wherever applicable.

### **3. Order Management**

#### **3.1. Order Type**

The Exchange shall stipulate from time to time, the kinds of orders that a Bullion Trading Member can place in the Trading System as well as the order attributes that it could place thereon.

#### **3.2. Order Attributes**

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

#### **3.3. Modification and Cancellation of Orders**

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

#### **3.4. Order Validation**

Orders entered into the Trading System by Bullion Trading Members shall be subject to various validation requirements as specified by the Exchange from time to time including trading parameters, turnover limits, exposure limits, etc. Orders that do not meet the validation checks shall not be accepted by the Trading System.

#### **3.5. Matching Rules**

- (i) The Exchange shall specify from time to time the kinds of order books that shall be maintained on the Trading System, the order matching algorithms and the matching rules and parameters that shall be followed therein.
- (ii) The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so.
- (iii) Where the Exchange feels that it is in the interests of the market to do so, it may at any time make unavailable any particular order books or forms of matching, in the case of a particular Bullion Contract or Bullion Trading Member or to the market as a whole.
- (iv) Without prejudice to the generality of the above, the order matching rules would

include the following:

- (a) Orders in the normal market shall be matched on price-time priority basis.
- (b) The best buy order shall match with the best sell order. For trading on price, the best buy order would be the one with the highest price and the best sell order would be the one with the lowest price;
- (c) such other factors, as may be prescribed by the Exchange from time to time

#### **4. Contract Note**

- 4.1. Every Bullion Trading Member shall issue a contract note to its Constituents for trades executed in such format as may be prescribed by the Exchange from time to time with all relevant details as required therein to be filled in and issued in such manner and within such time as specified by the Exchange.
- 4.2. A contract note shall be signed by a Bullion Trading Member or his authorised signatory or constituted attorney.
- 4.3. Contract note shall be time stamped with the time of receipt of order and the time of execution of order.
- 4.4. The contract notes shall be numbered with unique running serial number commencing from one which shall be reset only at the beginning of every financial year (viz. April to March). In case separate series are maintained in respect of different dealing offices of the Bullion Trading Member, then the dealing office name or code shall be pre-fixed to the serial number.
- 4.5. Notwithstanding anything contained hereinabove, a contract note may also be issued by a Bullion Trading Member in electronic form, in such format as may be prescribed by the Exchange from time to time, duly authenticated by means of a digital signature as specified in the Information Technology Act, 2000 and the rules made thereunder.

#### **5. Brokerage**

- 5.1. All the orders entered on the Trading System shall be at prices exclusive of brokerage.
- 5.2. Bullion Trading Members shall charge brokerage at rates not exceeding such scale as the Exchange may specify from time to time.
- 5.3. The Bullion Trading Member shall charge brokerage separately to their Constituents and this shall be indicated separately from the price, in the contract note.

## **6. Turnover Limits**

The Exchange has a right to impose limits with or without reasons on turnover position of Bullion Trading Members.

- (i) The Exchange shall set turnover limits for each Bullion Trading Member.
- (ii) The Exchange shall use the total consideration for the trade to maintain this limit.
- (iii) The turnover figure for each Bullion Trading Member would include the next possible potential match (i.e., the next trade to be executed).

## **7. Margin from Bullion Trading Members**

- 7.1. Subject to the provisions as contained in the Exchange Bye-laws, Bullion Clearing Corporation Bye-laws and such other regulations as may be in force, every Bullion Trading Member shall in respect of trades in which he is a party, deposit a margin with Exchange / Bullion Clearing Member, in the manner and to the extent specified by the Exchange.
- 7.2. The Exchange shall specify from time-to-time Bullion Contracts, the settlement periods and trade types for which margin would be attracted.
- 7.3. The Exchange / Bullion Clearing Member shall levy initial margin and such other margins on Bullion Contract of such amounts and in such manner as may be specified from time to time by the Relevant Authority.
- 7.4. The margin shall be deposited with the Exchange within such time as may be notified by the Exchange from time to time.
- 7.5. The Exchange shall specify from time to time such categories of Bullion Contracts that would be eligible for a margin deposit as also the method of valuation and number of securities that would be required to be so deposited against the margin amount.
- 7.6. The procedure for refund/adjustment of margins shall be such as may be notified by the Exchange from time to time.
- 7.7. The Exchange shall from time to time, impose upon any particular Bullion Trading Member or category of Bullion Trading Member any special or other margin requirement.

## **8. Margin from the Constituents**

- 8.1. The Bullion Trading Members must demand from its Constituents the margin deposit which the Bullion Trading Member has to provide under the Rules, Bye-Laws and Regulations in respect of the business done by the Bullion Trading Members for such Constituents.

- 8.2. The Bullion Trading Members shall buy and/or sell Bullion Contracts on behalf of the Constituent only on the receipt of margin of minimum such percentage as the Relevant Authority may decide from time to time, on the price of the Bullion Contracts proposed to be purchased, unless the Constituent already has an equivalent credit with the Bullion Trading Member. The Bullion Trading Member may collect higher margins from Constituents, as it deems fit.
- 8.3. The Bullion Trading Member shall obtain a written undertaking from the Constituents that the latter shall when called upon to do so forthwith from time to time provide a margin deposit and/or furnish additional margin as required under the Rules, Bye-Laws and Regulations in respect of the business done for the Constituent by and/or as agreed upon by Constituent with the Bullion Trading Member concerned.
- 8.4. The Bullion Trading Member shall demand from its Constituents the amounts arising in respect of daily settlement in accordance with the bye-laws, rules and regulations of the Bullion Clearing Corporation for business done by the Bullion Trading Members on behalf of such Constituents or such higher amounts, as the Bullion Trading Member deems fit. The Bullion Trading Member may, if so desire, for administrative convenience, maintain the daily settlement margin balance upto a pre-agreed balance level to avoid collecting and paying daily settlement amount on a daily basis, which may be referred to as maintenance margin.
- 8.5. The Bullion Trading Member may act as per instructions of the respective constituents for the unutilised margin deposits of its Constituents. No interest will be paid to Constituents on the unutilized margin deposits.

## **9. Composition of additional capital and margins**

The Relevant Authority may specify the requirements of additional capital and margins for the Bullion Trading Members and the liquid assets that may be placed by them for meeting such requirements. The minimum cash component of such additional capital and margins shall be as specified by the Relevant Authority from time to time and the cash component may be in the form of cash or cash equivalents in the form and manner and subject to such conditions and restrictions as may be specified by the Relevant Authority from time to time. The non-cash component shall be placed in such form and manner as may be specified by the Relevant Authority from time to time.

## **10. Bullion Trading Member in Default**

The period within which a Constituent shall close out its contracts shall be as specified by the Exchange from time to time; Provided however, if the Constituent has not effected the close out as specified, it shall be deemed to have closed out at the highest price of the said Bullion Contract deliverable to it from the date of trading till the period specified for closing and loss or damage referred in the Bye-Law/ Rules/ Regulations/ circulars issued by the Exchange, shall be ascertained accordingly.



## **11. Constituent(s) in default**

- 11.1. In case of non-payment of daily settlement by the Constituents within the next trading day, the Bullion Trading Member shall be at liberty to close out transactions by selling or buying the Bullion Contracts, as the case may be, unless the Constituent already has an equivalent credit with the Bullion Trading Member. The loss incurred in this regard, if any, shall be met from the margin money of the Constituent.
- 11.2. In case of open purchase position undertaken on behalf of Constituents, the Bullion Trading Members shall be at liberty to close out transactions by selling Bullion Contracts, in case the Constituent fails to meet the obligations in respect of the open position within next trading day for the execution of the full contract or within next trading day of the contract note having been delivered, unless the Constituent already has an equivalent credit with the Bullion Trading Member. The loss incurred in this regard, if any, shall be met from the margin money of the Constituent.
- 11.3. In case of open sale position undertaken on behalf of the Constituents, the Bullion Trading Member shall be at liberty to close out transactions by effecting purchases of Bullion Contracts if the Constituent fails to meet the obligation in respect of the open position within next trading day of the transaction having been executed on the Exchange for the concerned settlement period. Loss on the transaction, if any, shall be deductible from the margin money of the Constituent.

## **12. Power of Relevant Authority to prescribe mode, manner, method or form for certain aspects**

The Relevant Authority may from time to time prescribe:

- (a) in which the margins shall be collected by the Bullion Trading Member from the Constituent;
- (b) the manner or form in which and the time within which the Constituent shall give exercise notice to the Bullion Trading Member;
- (c) the manner or form in which and the time within which the Bullion Trading Member shall assign exercise notice to its Constituent's account; and
- (d) the mode, method of exercise, for different Bullion Contracts.

## **13. Collection, verification and uploading of Tax IDs**

The Bullion Trading Members shall –

- (a) collect copies of Permanent Account Number (PAN) cards, GST and/or Tax IDs or any other identity documents issued by their Home Jurisdiction to their existing as well as new Constituents by the Income-tax Department and maintain the same in their record after verifying with the original;
- (b) cross check the aforesaid details collected from their Constituents with the details on the website of the Income tax Department; and
- (c) upload the details of PAN/ Tax ID so collected to the Exchanges as part of Unique Client Code.

Provided that nothing contained in this Regulation shall apply in case the Constituent's details are taken by the Bullion Trading Member from the database of a central KYC Registration

Agency or any other KYC Registration Authority registered with IFSCA.

#### **14. Margin trading facility**

Every Bullion Trading Member of the Exchange who desires to provide Margin Trading Facility to its Constituents may be permitted by the Exchange to do so subject to such norms, guidelines, eligibility criteria as may be prescribed by IFSCA or the Exchange from time to time.

For the purpose of this Regulation ‘Margin Trading Facility’ means and refers to the facility pursuant to which part of the transaction value due to the Exchange, at the time of purchase of Bullion Contracts, shall be paid by the Bullion Trading Member on behalf of the Constituent on Constituent’s request, subject to the norms and the guidelines prescribed by IFSCA or the Exchange from time to time and on such terms and conditions as may be mutually agreed between the Bullion Trading Member and the Constituent.

## **CHAPTER VI**

### **CONDUCT OF BUSINESS BY TRADING MEMBERS**

#### **1. Office Related Procedure**

- 1.1. No member shall carry on in any office or premises any activity connected with or pertaining to its operations as a Bullion Trading Member of the Exchange unless it has intimated to the Exchange the full address of such office or premises with details of the activity proposed to be so carried on therein and the person in whose supervision and control it is to be so carried on.
- 1.2. Each office, department for trading on the Exchange, shall be under the supervision and control of the Bullion Trading Member establishing it and of the personnel delegated such authority and responsibility in this regard.
- 1.3. Every Bullion Trading Member shall ensure that all persons acting in its behalf on the Trading System shall subscribe at all times to high standards of professional expertise and integrity.
- 1.4. Each Bullion Trading Member shall at all times maintain such infrastructure, staff, communication facilities and records so as to be able to service its Constituents satisfactorily and as per the requirements enumerated in Bye-laws, Rules and Regulations of the Exchange and Securities Laws including the Bullion Exchange Regulations.
- 1.5. Where the Exchange feels it necessary, in the public interest or Bullion Market to do so, it may at its own instance or on receiving a complaint from another Bullion Trading Member or Constituent, seek explanation from the Bullion Trading Member regarding the level of service or professional conduct of the Bullion Trading Member or any of its staff where such service or conduct has been found unsatisfactory or contrary to principles enumerated in the Bye-laws, Rules and Regulations of the Exchange, or notifications, directions or circulars issued thereunder.

#### **2. Supervision/Audit**

##### **2.1. Procedures to be followed**

- (i) Each Bullion Trading Member shall establish, maintain, and enforce procedures to supervise/audit its business and to supervise the activities of its employees, agents, representatives that are reasonably designed to achieve compliance with the Bye-laws, Rules and Regulations of the Exchange and any notifications, directions, etc. issued thereunder as well as the Securities Laws. Such procedures to supervise/audit its business and to supervise/audit the activities of its employees, agents, representatives, shall be in compliance with the manual of supervisory procedure, if any, provided by the Exchange.

- (ii) The Bullion Trading Member shall maintain an internal record of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective. Such record shall be preserved by the Bullion Trading Member for such period as may be required under the Bullion Exchange Regulations and/or as may be specified by IFSCA/ Exchange from time to time.
- (iii) Every Bullion Trading Member shall specifically authorise in writing, person or persons who may be authorised to transact on behalf of the Bullion Trading Member and to do such acts which Bullion Trading Member may wish to delegate to such person and make available a copy of such power of attorney to the Exchange before such person transacts any business on the Exchange.
- (iv) A Bullion Trading Member shall maintain such records and make available for inspection by any person authorised in this behalf by the Exchange, the information related to such Bullion Trading Member's financial condition as specified by the Exchange for this purpose.
- (v) The Bullion Trading Member shall pay such fees, charges and other sum as the Exchange may notify from time to time, in such time and manner as required by the Exchange.
- (vi) The Bullion Trading Member must inform the Exchange of any change in the status and constitution, operation and activities of the Bullion Trading Member, which change shall be effected only subject to receipt of such approvals and/or following such procedure as may be specified by the Exchange.

## **2.2. Internal Inspections/Audit**

Each Bullion Trading Member shall conduct an audit, at least annually, of the business in which it engages, its operations, systems and processes, which shall be reasonably designed to assist in detecting and preventing violations of and achieving compliance with the Bullion Exchange Regulations, Securities Laws and the Bye-Laws, Rules and Regulations of the Exchange.

## **2.3. Written Approval**

Each Bullion Trading Member shall establish procedures for the 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 or execution of any transaction.

## **2.4. Qualifications Investigated**

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

### 3. Relation with Constituents

- 3.1. Every Bullion Trading Member shall enter into an agreement with such of its Constituents, before accepting or placing orders on the Constituent's behalf, as may be specified by the Exchange from time to time. Such agreement, shall include provisions specified by the Exchange in this behalf and shall be in such format as may be prescribed by the Exchange from time to time. The Exchange may categorise Constituents into such types as may be necessary for the above purpose and specify the clauses to be included in agreements to be entered into by the Bullion Trading Member depending on the category of such Constituent.
- 3.2. When establishing a relationship with a new Constituent, the Bullion Trading Members must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and his investment objectives by obtaining from the new Constituent a 'constituent registration form' which shall be in such format as may be prescribed by the Exchange from time to time. The Bullion Trading Member shall also obtain from all constituents other than individual constituent an approved copy of the board resolution/ relevant corporate authority/ such other documents and authorisations as may be prescribed by the Exchange from time to time, permitting trading in Bullion Contract.
- 3.3. Prior to registering Constituents, every Bullion Trading Member is required to identify his Constituents and to ensure 'in-person' verification of the Constituents / or in such other manner, as per guidelines as may be prescribed by the Exchange/ IFSCA from time to time.
- 3.4. The Bullion Trading Members shall give, free of charge, a copy of all the documents executed by his Constituent with him within such time, from the date of such execution, as may be prescribed by the Exchange/ IFSCA from time to time and shall obtain Constituent's acknowledgement on receipt of the same.
- 3.5. A Bullion Trading Member shall evolve policies and procedures for such matters pertaining to dealings with the Constituent and the treatment of the Constituent, as may be specified by IFSCA and/or the Exchange and shall disclose the same to the Constituent or display the same in such manner as may be specified.
- 3.6. The Bullion Trading Member shall make the Constituent aware of the particulars of registration number, employee primarily responsible for the Constituent's affairs, the precise nature of the Bullion Trading Member's liability for business to be conducted, the risk associated with business in Bullion Contract trading including any limitations on that liability and the capacity in which the Bullion Trading Member acts and the Constituent's liability thereon by issuing to the Constituent a copy of the model 'Risk Disclosure Document' which shall be in such format as may be prescribed by the Exchange from time to time. The Bullion Trading Member shall furnish a copy of the Risk Disclosure Document to all his Clients.

- 3.7. The Bullion Trading Member shall provide extracts of relevant provisions governing the rights and obligations of Constituents as Constituents of Bullion Trading Members (including their Constituents/Authorised Persons as specified in the Bye-laws, Rules and Regulations), relevant manuals, notifications, circulars any additions or amendments thereto etc. of the Exchange, or of any regulatory authority, to the extent it governs the relationship between Bullion Trading Members and constituents, to the constituents at no extra cost.
- 3.8. The Bullion Trading Member shall also bring to the notice of its Constituents, including their Constituents, any indictments, penalties, etc. imposed on it/him by the Exchange or any other regulatory authority.
- 3.9. Further responsibilities of the Bullion Trading Member:
- (i) A Bullion Trading Member shall make adequate disclosures of relevant material information in his dealings with its Constituents.
  - (ii) No Bullion Trading Member or person associated with the Bullion Trading Member shall guarantee a Constituent against a loss in any transactions effected by the Bullion Trading Member for such Constituent.
  - (iii) The Bullion Trading Members who maintain their own websites, shall display the set of standard documents required in connection with Constituent registration and may allow secure online access to their Constituents to such trading and settlement related information pertaining to them in such manner as may be specified by IFSCA and/or the Exchange.
  - (iv) A Bullion Trading Member shall evolve policies and procedures for such matters pertaining to dealings with the Constituent and the treatment of the Constituent, as may be specified by IFSCA and/or the Exchange and shall disclose the same to the Constituent or display the same in such manner as may be specified.

#### **4. Guidelines governing relationship between Bullion Trading Member and Constituent**

- 4.1. The Bullion Trading Member shall not recommend to the Constituent a sale or purchase of Bullion Contracts traded on the Trading System, unless it/he has reasonable grounds to believe that such recommendation is suitable for the Constituent on the basis of facts, if any, disclosed by the Constituent, whether in writing or orally, regarding the objectives, Constituent's holdings of Bullion Contracts and underlying Bullion, financial soundness and investment.
- 4.2. The Bullion Trading Member shall make adequate disclosures of relevant material information in its/his dealing with it/his Constituent including the current best price of trade and trade or order quantities on the Trading System, as also any allocation policy inter se Constituents, any relevant announcement from the Exchange relating to margin, trading restrictions as to price, quantity or where the Bullion Trading Member is the counter party

to a trade executed on the Trading System with the Constituent.

- 4.3. Where the Bullion Trading Member manages a discretionary account for or on behalf of the Constituent, it should abide by the rules/ regulations/ circulars/ notifications/ guidelines/ directions issued by IFSCA / Exchange or under the Securities Laws from time to time.
- 4.4. The Bullion Trading Member shall not furnish any false or misleading information or advice with a view to inducing the Constituent to do business in particular Bullion Contracts and which shall enable the Bullion Trading Member to earn a gain thereby.
- 4.5. The Bullion Trading Member shall explain the Trading System and order matching process to the Constituent before accepting any orders from him.
- 4.6. Bullion Trading Members shall inform their Constituents whether they do client based trading or pro-account/ own account trading. Bullion Trading Members shall disclose the aforesaid information:
  - (i) to their existing Constituents within such period as specified by the Exchange;
  - (ii) to their new Constituents upfront at the time of entering into Bullion Trading Member- Client agreement;
  - (iii) to their Constituents before carrying out any pro-account trading, in case they presently do not do pro-account trading, but choose to do so at a later date.
- 4.7. Where the Constituent requires an order to be placed or any of his orders to be modified after the order has entered the system but has not been traded, the Bullion Trading Member may, if it so desires, obtain order placement / modification details in writing from the Constituent. The Bullion Trading Member shall accordingly provide the Constituent with the relevant order confirmation / modification slip or copy thereof, forthwith, if so required by the Constituent.
- 4.8. Where the Constituent requires any of its orders to be cancelled after the order has been entered in the Trading System but has not been executed, the Bullion Trading Member may, if it so desires, obtain the order cancellation details in writing from the Constituent. The Bullion Trading Member shall accordingly provide the Constituent with the relevant order cancellation slip, forthwith, if so required by the Constituent.
- 4.9. The Bullion Trading Member may, if it so desires, obtain in writing, the delivery and payment requirement in any instructions of an order that it receives from the Constituents. Where a Bullion Trading Member receives a request for order modification or order cancellation from the Constituents, it shall duly bring it to their notice that if the order results in a trade in the meantime, the requests for modification or cancellation cannot be executed.
- 4.10. The Bullion Trading Member shall not accumulate or withhold the Constituent's



order/unexecuted balances for Bullion Contracts. The Bullion Trading Member shall place forthwith all orders.

- 4.11. The Bullion Trading Member shall act promptly in accordance with the instructions provided by the Constituent, unless it has discretion as to the timing relating to entering and/or execution of the order, in which case it must exercise its judgment as to the best moment for entering that order in the Trading System.
- 4.12. The Bullion Trading Member shall provide Constituent with a copy of the trade confirmation slip as generated on the Trading System, forthwith on execution of the trade, if so desired by the Constituent and with a contract note for the trade executed.
- 4.13. In addition to the guidelines issued by IFSCA / Exchange relating to the regulation of transactions between Constituents and the Bullion Trading Member shall at all times keep the money of the Constituent in a separate bank account. The bank will not be able to access the Constituents account to meet the defaults in anyway unless specified by the Constituent.
- 4.14. Where the Bullion Trading Member is required to pay margin money on transactions executed on behalf of the Constituent, he shall collect the same from the Constituent in such form and manner as may be specified by the Exchange/ IFSCA.
- 4.15. Where the Constituent requires an executed trade to be cancelled, the Bullion Trading Member shall obtain a written request for trade cancellation from the Constituent. In all instances of trade cancellation requests, the Bullion Trading Member shall explain to the Constituent that the right to approve or reject such trade cancellation requests rests with the Exchange.
- 4.16. The Bullion Trading Member shall make payouts of funds or delivery of Bullion Depository Receipt, as the case may be, to the Constituent within one working day of receipt of the payout from the Exchange.  
Provided, however, that in case the Constituent has given specific authorization for retaining funds and Bullion Depository Receipt, payout of such funds or delivery of such Bullion Depository Receipt, as the case may be / may not be made within one working day from the receipt of payout from the Exchange, subject to such terms and conditions as may be prescribed by the Exchange from time to time.  
Provided further, a Bullion Trading Member may maintain a running account, if specifically so authorised by the Constituent, subject to such conditions as may be specified by IFSCA and/or the Exchange from time to time.
- 4.17. Further responsibilities of Bullion Trading Members:
  - (i) The Bullion Trading Member shall not make payment in cash to the Constituents and shall not receive payment in cash from the Constituents.

Payments and receipts between the Bullion Trading Member and Constituents shall



- be made by adopting such mode, method and manner as may be specified by the Relevant Authority from time to time. The Bullion Trading Member shall ensure that giving / taking delivery of Bullion Depository Receipts (BDR) in ‘demat mode’ should be done directly to / from the beneficiary owner accounts of the Constituents.
- (ii) A Bullion Trading Member shall make adequate disclosure of the relevant material information of its dealings with its Constituents.

## **5. Code of Conduct for Bullion Trading Members**

### **5.1. Adherence to Code of Conduct**

The Bullion Trading Member shall at all times adhere to the Code of Conduct as may be specified by IFSCA and/ or Exchange from time to time.

### **5.2. General Principles**

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

### **5.3. Trading Principles**

- (ii) Bullion Trading Members and their Constituents shall ensure that the fiduciary and other obligations imposed on them and their staff by the various statutory acts, rules and regulations are complied with.
- (iii) Bullion Trading Members and their Constituents shall ensure:
  - (a) that any employee who commits to a transaction has the necessary authority to do so;

- (b) that employees are adequately trained in operating in the Bullion Market, are aware of their own, and their organization's responsibilities as well as the relevant statutory acts governing the Bullion Trading Member, the Rules, Regulations and Bye-laws of the Exchange including any additions or amendments thereof.
- (iv) Without prejudice to Regulation 1.9 and 1.10 of Chapter IV of these Regulations, a Bullion Trading Member shall be responsible for all the actions including trades originating through or with the use of all following variables - Bullion Trading Member ID and User ID, at that point of time. However, if the Bullion Trading Member satisfies the Exchange that the action(s) and/or trade(s) took place due to fraud or misrepresentation by any other person other than its Authorised Person(s) and that the action(s) and/or trades did not originate from any of its Approved Workstations, the Exchange may issue such directions as it considers just and reasonable. The directions may include referring the matter to arbitration and/or annulment of trade(s) so effected.
- (v) When entering into transactions on behalf of Constituents, the Bullion Trading Members shall ensure that they abide by the Code of Conduct and regulations as enumerated in these Regulations.
- (vi) No Bullion Trading Member or person associated with a Bullion Trading Member shall make improper use of Constituent's Bullion/ Bullion Contracts.
- (vii) No Bullion Trading Member shall publish and circulate or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service or communication of any kind which purports to report any transaction as a purchase or sale of any Bullion Contracts unless such Bullion Trading Member can establish if called for, that such transaction was a bonafide purchase or sale of such Bullion Contract; or which purports to quote the purchase/sale price for any Bullion Contract unless such Bullion Trading Member can establish if called for that such quotation represents a bonafide order of such Bullion Contract.
- (viii) When entering into or arranging transactions, Bullion Trading Members must ensure that at all times great care is taken not to misrepresent in any way, the nature of transaction.
- (ix) No Bullion Trading Member shall exercise any discretionary power in a Constituent's account unless such Constituent has given prior written authorisation to a stated individual or individuals and the account has been accepted by the Bullion Trading Member, as evidenced in writing by the Bullion Trading Member.
- (x) A Bullion Trading Member shall not act as a principal or enter into any agreement or arrangement with a Constituent or Constituent's agents, employees or any other person connected to the constituent, employee or agency, whereby special or unusual rates are given with an intent to give special or unusual advantage to such

Constituent for the purpose of securing its business.

- (xi) The Bullion Trading Member shall not disclose the name and beneficial identity of a Constituent to any person except to the Exchange as and when required by it.
- (xii) The facility of placing orders on 'Pro-account/ Own account' through trading terminals shall be availed by the Bullion Trading Members at the location of the Bullion Trading Members as specified / required by the Trading Members. Any trading terminal located at a place other than the aforementioned location shall have a facility to place order only for and on behalf of a Constituent by entering client code details as required/specified by the IFSCA / Exchange. In case any Bullion Trading Member requires the facility of using 'Pro-account/ Own account' through trading terminals from more than one location, such Bullion Trading Member shall request the Exchange stating the reason for using the 'Pro-account/ Own account' at multiple locations and the Exchange may, on a case-to-case basis after due diligence, consider extending the facility of allowing use of 'Pro- account/ Own account' from more than one location.

#### 5.4. General Guidelines

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

- (i) **Shielding or Assisting:**  
No Bullion Trading Member shall shield or assist or omit to report any Bullion Trading Member whom he has known to have committed a breach or evasion of any Rules, Bye-Laws or Regulations of the Exchange or of any resolution, order, notice or direction thereunder of the Governing Board or the Managing Director or of any committee or officer of the Exchange authorised in that behalf.
- (ii) **Suspended Bullion Contracts**  
Except with the permission of the Exchange, business shall not be transacted by the Bullion Trading Member in Bullion Contracts which have been suspended from official quotation.
- (iii) **Misleading Transactions**  
A Bullion Trading Member shall not –
  - (a) make bids and/or offers for Bullion Contracts with an intention of creating a false or misleading appearance with respect to the market for, or the price of any Bullion Contracts or;
  - (b) make a transaction or give an order for the purchase or sale of Bullion Contracts, the execution of which would involve no change of beneficial ownership, unless the Bullion Trading Member had no knowledge that the transaction would not involve a change in the beneficial ownership of Bullion Contracts.
- (iv) **Use of information obtained in Fiduciary Capacity**  
A Bullion Trading Member who in the capacity of paying agent, transfer agent,

trustee, or in any other similar capacity, has received information as to the purchase/sale of Bullion Contracts, shall under no circumstance make use of such information for the purpose of soliciting purchases/sales.

## **6. Unfair Trading Practices**

6.1. No Bullion Trading member shall buy, sell or deal in Bullion Contracts in a fraudulent manner or indulge in any unfair trade practices including market manipulation.

6.2. Without prejudice to generality of the provisions contained in the above clause, no person shall indulge in market manipulation, namely:

- (a) effect, take part in or enter into either directly or indirectly Transactions in Bullion Contracts, which are likely to have the effect of artificially raising or depressing or stabilising the price of Bullion Contracts; or
- (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the Bullion Market or, results in reflection of prices of Bullion Contracts based on transactions, which are not genuine trade transactions ; or
- (c) purchase or sell Bullion Contract not intended to effect transfer of beneficial ownership but as a device to maintain, inflate, depress, or cause fluctuations in the market price of Bullion Contracts; or
- (d) pay, offer or agree to pay or offer, directly or indirectly, to any person to purchase or sell Bullion/ Bullion Contracts with the sole object to maintain, inflate, depress, or cause fluctuations in the market price of Bullion Contracts.

6.3. No person shall make a statement, or disseminate information which is misleading in a material particular which is likely to induce the sale of Bullion Contracts by other persons or is likely to have the effect of maintaining or stabilising the market price of Bullion Contracts if, when he makes or disseminates the information:

- (a) he is not concerned whether the statement or information is true or false;
- (b) he knows or ought to reasonably know that the statement or information is false or misleading in material.

6.4. No Bullion Trading Member shall:

- (a) engage in any act, practice in course of its business, which would operate as a fraud or deceit upon any person in connection with the purchase or sale of any Bullion Contracts; or
- (b) buy, sell or deal in Bullion Contracts on its own behalf or on behalf of a person associated with it pending the execution of the order of its Constituent or of its company or director for the same Bullion/ Bullion Contracts; or
- (c) delay the transfer of Bullion Contracts in the name of the transferee which results in the price of the Bullion/ Bullion Contracts increasing; or
- (d) indulge in falsification of his books, accounts and records for the purpose of market manipulation; or
- (e) when acting as an agent execute a transaction with a Constituent at a price other than

- the price at which it was executed on the Exchange or other than the price it was off-set against the transaction of another Constituent; or
- (f) either take opposite position to an order of a Constituent or shall execute opposite orders which he is holding in respect of two constituents except in the manner laid down by the Exchange.

## **CHAPTER VII**

### **CONSUMER GRIEVANCE REDRESSAL MECHANISM AND ARBITRATION**

#### **A. Consumer Grievance Redressal Mechanism**

##### **1. Complaint**

- 1.1. A Consumer/ Client shall submit his complaint against any Bullion Trading Member of the Exchange in writing through such complaint redressal system as may be specified by the Exchange/ IFSCA from time to time.
- 1.2. Upon receipt of the complaint, the Exchange shall forward the complaint to the concerned Bullion Trading Member(s) through email/letter/ through Exchange specified software to reply/settle the complaint.
- 1.3. The Exchange shall ensure that all complaints are resolved. In case additional information is required from the complainant, the same shall be sought. In case the matter does not get resolved, the same shall be referred to Arbitration as provided under Part B of this Chapter.
- 1.4. The correspondence with the Bullion Trading Member and the Consumer / Client (who is the Client of the Bullion Trading Member) may be done on the email, if the email id of the Consumer/ Client is available in the database or on the email ID from which the Consumer/ Client has been corresponding with the Exchange.
- 1.5. The Bullion Trading Members are required to provide a dedicated e-mail ID for the correspondence with the Consumer Grievance Redressal Department of the Exchange either through a letter/ email or through any other software of the Exchange, as may be directed by the Exchange. The Exchange shall communicate the complaints received from the Consumer/ Client to the Bullion Trading Member concerned on the dedicated e-mail id provided by the Bullion Trading Member.
- 1.6. On receipt of the complaint, the Bullion Trading Member shall immediately act upon the same and revert with the details of redressal to the Exchange through Exchange specified software/ letter/ email.

##### **2. Records**

- 2.1. The Bullion Trading Members to maintain record of all the complaints addressed/ redressed. If complaint is not resolved, then the reason for non-redressal in given time frame also to be recorded.

## **B. ARBITRATION**

All claims, differences or disputes, arising between Bullion Trading Members inter se and between Bullion Trading Members and Constituents or between such other parties as specified by the Relevant Authority from time to time, arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have entered into shall be referred to and decided by arbitration, mediation and other dispute resolution mechanisms offered by such International Arbitration Centres in IFSC as specified by the Relevant Authority from time to time.

## **CHAPTER VIII**

### **RECORDS, ANNUAL ACCOUNTS & AUDIT**

#### **1. Records**

- 1.1. Every Bullion Trading Member shall comply with all relevant Securities Laws and the requirements of and under any notifications, directives and guidelines issued by the IFSCA and any statutory body or local authority or any body or authority acting under the authority to maintenance of accounts and records.
- 1.2. In additions to the above requirements, every Bullion Trading Member of the Exchange shall comply with the following requirements and such other requirements as the Exchange may from time to time notify on this behalf relating to books of accounts, records and documents in respect of his membership and trading on the Exchange.
- 1.3. Where a Bullion Trading Member holds membership of any other recognised stock exchange(s), then such a Bullion Trading Member shall maintain separate books of accounts, records and documents for trades executed on each recognised stock exchange.
- 1.4. Every Bullion Trading Member of the Exchange shall maintain the following records relating to its business for such period as may be prescribed under the Bullion Exchange Regulations or as may be specified by the Exchange/ IFSCA from time to time:
  - (i) Order confirmation slips, order modification slips as obtained from the trading system of the Exchange;
  - (ii) Trade confirmation slips as obtained from the trading system of the Exchange;
  - (iii) Statements of obligations received from the Bullion Clearing Corporation;
  - (iv) Record of all statements received from the settling agencies and record of all correspondence with them;
  - (v) Order Book of Constituents reflecting the following:
    - (a) identity of person receiving the order;
    - (b) date and time of order received;
    - (c) name of the person placing the order;
    - (d) name of Constituent, description and value of Bullion Contracts to be bought and sold;
    - (e) terms and conditions of the order stating particularly price/rate limit or price / rate related instructions and time limit on the order (if any);



- (f) the order number as per the Trading System of the Exchange or Bullion Trading Member order number as the case may be;
  - (g) any modification or cancellation thereof including cases when it is cancelled by the Trading System or cancelled due to maturity of the Bullion Contract;
  - (h) if executed, the price/rate at which it is executed and to the extent feasible, the time of execution or cancellation and trade number as per the Trading System of the Exchange;
  - (i) reference number of the Bullion Depository Receipt issued in case of executed orders;
  - (j) orders entered pursuant to the exercise of discretionary power shall be so designated;
  - (k) entries of orders shall be serially numbered;
  - (l) details of upfront deposits collected by member for each Constituent describing the form and value, mentioning appropriate haircuts;
  - (m) Risk Disclosure Documents executed by each constituent approved to trade in Bullion Contracts; and
  - (n) Margin call made and met.
- (vi) Order book in respect of Bullion Trading Member's own orders;
- (vii) Every Bullion Trading Member shall preserve the following reports produced from the Trading System for such period as may be prescribed under the Bullion Exchange Regulations or as may be specified by the Exchange/ IFSCA from time to time:
  - (i) Activity Log;
  - (ii) Orders cancelled on a particular day;
  - (iii) New orders received on such day;
  - (iv) Outstanding orders of such day;
  - (v) Trades done on such day;
  - (vi) Copies of all instructions obtained in writing from Constituents including Their Constituents for an order placement, order modification, order cancellation, trade cancellation, etc.;
  - (vii) Records in respect of receipt and payment of Bullion Depository Receipts of Constituents, and monies received and paid;
  - (viii) Records in respect of brokerage collected separately from Constituents;
- (viii) A register of transaction (or other records of original entry) executed by Bullion Trading Members on behalf of Constituents containing an itemised daily record of all purchases and sales of Bullion, showing for each such transaction effected, Bullion Contract specifications, value of Bullion Contracts, rates both gross and net of brokerage and name of Constituents;
- (ix) Register of transactions for trades executed by the Bullion Trading Member on their own behalf containing such particulars as may be specified by the Exchange;
- (x) Every Bullion Trading Member shall keep such records and books of accounts, as may be necessary, to distinguish Constituent's contracts from its own contracts. Such

record and books of accounts maintained separately shall indicate trade carried on the Bullion Trading Member's account, and trade carried out for Constituents. This is necessary to determine the amounts of brokerage and margins to be recovered from the constituents. Such records for Constituent's contracts shall *inter-alia*, provide for the following:

- (a) Bullion Depository Receipts held in custody by the Bullion Trading Member as deposit/margin, etc. Proper authorisation from Constituent for the same shall be obtained by Bullion Trading Member;
  - (b) Bullion Trading Members should maintain records in respect of charges collected from Constituents;
  - (c) Record of the Long and Short position of the Bullion Trading Member as well as that of each of its Constituents.
- (xi) Margin book for Constituents and for Bullion Trading Members' own account trades containing the particulars relating to the amount of margins deposited by each Constituent and the amount of margin released to each Constituent.

- 1.5. Bullion Trading Members shall maintain and preserve for such period as may be prescribed under the Bullion Exchange Regulations or as may be specified by the Exchange/ IFSCA from time to time, a mapping of client IDs used at the time of order entry in the Trading System with those unique client IDs along with client name, address and other particulars given in the Know Your Client form.
- 1.6. Every Bullion Trading Member shall keep for such period as may be prescribed under the Bullion Exchange Regulations or as may be specified by the Exchange/ IFSCA from time to time, such books of accounts, as shall be necessary, to show and distinguish in connection with its business as a Bullion Trading Member and also to comply with the Securities laws.
- 1.7. It shall be compulsory for all Bullion Trading Members to keep the money of the Constituents in a separate account and their own money in a separate account. No payment for transaction in which the Bullion Trading Member is taking a position as a principal shall be allowed to be made from the Constituent's account.
- 1.8. Every Bullion Trading Member shall send a complete 'Statement of Accounts' for both funds and Bullion Depository Receipts in respect of each of its clients in such periodicity as specified by the Relevant Authority from time to time. The Statement shall also state that the client shall report errors, if any, in the Statement within thirty days of receipt thereof to the Bullion Trading Member.
- 1.9. The transfer of money from Constituent's account to Bullion Trading Member's account shall be allowed under circumstances enumerated below:
- (i) **Obligation to pay money into Constituent's account:** Every Bullion Trading Member who holds or receives money on account of a Constituent shall forthwith pay such money to current or deposit account at bank to be kept in the name of the Bullion Trading Member (hereinafter referred to as **"Constituents' Account"** /

**“Constituent’s Account”**). The Bullion Trading Member may keep one consolidated Constituents’ Account for all the Constituents or accounts in the name of each Constituent, as he thinks fit.

Provided that when a Bullion Trading Member receives a cheque or draft representing in part money belonging to the Constituent and in part money due to the Bullion Trading Member, he shall pay the whole of such cheque or draft into the Constituents account and effect subsequent transfer as laid down in these Regulations.

- (ii) Money to be paid into “Constituent’s Account”: No money shall be paid into Constituent’s Account other than –
  - (a) money held or received on account of Constituents;
  - (b) such moneys belonging to the Bullion Trading Member as may be necessary for the purpose of opening or maintaining the account;
  - (c) money for replacement of any sum which may by mistake or accident have been drawn from the account;
  - (d) a cheque or draft received by the Bullion Trading Member representing in part money belonging to the Constituent and in part money due to the Bullion Trading Member.
- (iii) Money to be withdrawn from “Constituent’s Account”: No money shall be drawn from Constituent’s Account other than -
  - (a) money properly required for payment to or on behalf of constituents for or toward payment of a debt due to the Bullion Trading Member from Constituents or money drawn on constituent’s authority, or money in respect of which there is a liability of Constituents to the Bullion Trading Member. Provided that money so drawn shall not in any case exceed the total of the money so held for the time being for such each Constituent;
  - (b) such money belonging to the Bullion Trading Member as may have been paid into the constituent account in accordance with these Regulations;
  - (c) money which may by mistake or accident have been paid into such account.
- (iv) Right to lien, set-off etc., not affected: Nothing in this Regulations shall deprive a Bullion Trading Member of any recourse or right, whether by way of lien, setoff, counter-claim charge(s) or otherwise against moneys standing to the credit of Constituent’s account.

#### 1.10.

- (i) The Bullion Trading Members shall keep the dematerialized Bullion Depository Receipts of Constituents in a separate beneficiary account distinct from the beneficiary account maintained for holding their own dematerialized Bullion Depository Receipts. No delivery towards the own transactions of the Bullion Trading Members shall be allowed to be made from the account meant for Constituents. For this purpose, every Bullion Trading Member is required to open a beneficiary account in the name of the Bullion Trading Member exclusively for the Bullion Depository Receipts of the Constituents (hereinafter, to be referred to as **“Constituents Beneficiary Account”**). A Bullion Trading Member may keep one

consolidated Constituents' Beneficiary Account for all its Constituents or different accounts for each of its Constituents as it may deem fit.

- (ii) Bullion Depository Receipts to be delivered into Constituents Beneficiary Account: No Bullion Depository Receipts shall be delivered into Constituents beneficiary account, other than-
  - (a) Bullion Depository Receipts held or received on account of Constituents towards margin or as security deposit;
  - (b) Bullion Depository Receipts for replacement of those which may by mistake or accident have been drawn from the account.
- (iii) Bullion Depository Receipts to be withdrawn from Constituents beneficiary account: No Bullion Depository Receipts shall be drawn from Constituents beneficiary account other than-
  - (a) when they are properly required, for delivery to or on behalf of Constituents; for or towards meeting the Constituents' margin or pay- in obligations;
  - (b) what are drawn under Constituents' authority or in respect of which there is a liability of Constituents to the Trading Member;
  - (c) Bullion Depository Receipts which by mistake or accident have been deposited into the account;

Provided further that the Bullion Depository Receipts so drawn shall not in any case exceed the Bullion Depository Receipts so held for the time being for the respective Constituent.

- 1.11. Every Bullion Trading Member shall maintain permanently copies of agreements executed with each of its constituent in accordance with the Exchange requirements, including but not limited to the KYC documents.
- 1.12. Every Bullion Trading Member shall maintain permanently copies of agreements and documents executed with each of the settling agencies or banks.
- 1.13. Every Bullion Trading Member shall maintain records of all relevant particulars of persons which are approved as Users/ Authorised Person's by the Exchange.
- 1.14. Every Bullion Trading Member shall maintain originals of all communications received and copies of all communications sent by such Bullion Trading Member (including interoffice memo and communications) relating to its business as such.
- 1.15. Every Bullion Trading Member shall maintain all guarantees of accounts 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 Trading Member.
- 1.16. Every Bullion Trading Member shall maintain all written agreements and documents (or copies thereof) entered into by that Bullion Trading Member relating to its business as such, including agreements with respect to any account.

- 1.17. Every Bullion Trading Member shall preserve for such period as may be prescribed under the Bullion Exchange Regulations or as may be specified by the Exchange/ IFSCA from time to time, after the closing of any Constituent's Account any records which relate to the terms and conditions with respect to the opening and maintenance of such account, date of entering into agreement with the constituent, date of modification thereof, date of termination and representatives of such constituent who signed in each case.
- 1.18. The above requirements relating to maintenance of records shall apply not only to records of the Bullion Trading Member's principal office but also to those of any branch office and to any nominee company owned or controlled by a Bullion Trading Member for the purpose of conducting the business of the Bullion Trading Member.
- 1.19. Each Bullion Trading Member shall keep and preserve a record of all written complaints of its constituents showing the reference number of constituent, date, constituent's name, particulars of the complaints, action taken by the Trading Member, if the matter is referred to arbitration to the Exchange then the particulars thereof and record of resolution of the complaint by the member.
- 1.20. Every Bullion Trading Member shall maintain details of Bullion Depository Receipts which are the property of a Bullion Trading Member showing with whom they are deposited and if held otherwise than by the member, whether they have been lodged as collateral security for loans or advances.
- 1.21. The Bullion Trading Member shall maintain records of collateral so as to ensure proper audit trail of use of Constituent's collateral and such other records relating to his business as may be prescribed by the Exchange from time to time.
- 1.22. Every Bullion Trading Member shall keep copies/duplicates of Contract Notes issued by the Member and details of any statements which are required by these Regulations to appear on Contract Notes.
- 1.23. For the purpose of relevant Regulations of this Chapter, the term of five years or seven years, as the case may be, shall be reckoned from the date of closure of account or termination of contract of a Constituent or after the final settlement or adjudication of the dispute where there is a dispute between the Bullion Trading Member and the Constituent.
- 1.24. Notwithstanding anything contained hereinabove, every Bullion Trading Member of the Exchange shall preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by any enforcement agency during the course of their investigation till the trial is completed.

## **2. Annual Accounts and Audit**

- 2.1. Each Bullion Trading Member shall prepare annual accounts for each financial year ending on 31st March or such other date as advised to the Exchange.
- 2.2. The assets and liabilities of the Bullion Trading Member's business shall be brought into account in the balance sheet at such amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the state of affairs of such business as at the date to which it is made up.
- 2.3. Each Bullion Trading Member shall furnish to the Exchange, its audited financial statement and such report shall be furnished not later than three months after the end of the Bullion Trading Member's financial year, provided that when the Exchange is satisfied that circumstances warrant an extension of time necessary to furnish such report, it may grant an extension of such time as it may deem fit.
- 2.4. Each Bullion Trading Member shall get the complete internal audit done on a half yearly basis or at such other frequency as may be notified by the Exchange / IFSCA by such professionals with eligible conditions as prescribed / notified by the Exchange / IFSCA, from time to time, and submit the report within such time and in such format as may be prescribed by the Exchange/ IFSCA from time to time.

Aforementioned requirement/ conditions in Regulation 2 of this Chapter, may be altered / modified by the Exchange / IFSCA, from time to time.

## **CHAPTER IX**

### **INSPECTION**

#### **1. Inspection Authority**

- 1.1. Where it appears to the Exchange so to do, it may appoint one or more persons as inspecting authority (“**Inspecting Authority**”) to undertake inspection of books of accounts, other records and documents of the Bullion Trading Members and Constituents for any of the purposes specified in Regulation 1.6 below.
- 1.2. The Inspecting Authority appointed by the Exchange under Regulation 1.1 above may be either its own officials or such authorised person as the Board may appoint from time to time.
- 1.3. When the Exchange appoints outside professionals as an Inspecting Authority, it shall notify the Bullion Trading 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 Trading Member and such professionals are already related in any other capacity with the Bullion Trading Member then such member shall forthwith inform the Exchange of such relationship.
- 1.5. Where after appointment of any outside professional as an Inspecting Authority in respect of a Bullion Trading Member, the Bullion Trading 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 Trading Member or any of its associates without prior consent of the Exchange.
- 1.6. The purposes referred to in Regulation 1 shall be as follows, namely ;
  - (i) to ensure that the specified records, books of accounts and other books are being maintained in the manner required;
  - (ii) to ensure that the provisions of Securities Laws, including IFSCA Act, rules and regulations thereunder are being complied with;
  - (iii) to ensure that provisions of the Bullion Exchange Regulations and directions/ guidelines issued thereunder are being complied with;
  - (iv) to ensure that various provisions of Bye-laws, Rules and Regulations of the Exchange and any directions or instructions issued thereunder are being complied with;



- (v) to investigate into the complaints received from investors, other members of the Exchange or any other person on any matter having a bearing on the activities of the Bullion Trading Member;
- (vi) to investigate suo moto, for any reason where circumstances so warrant an inspection, into the affairs of the Bullion Trading Member;
- (vii) to examine whether any notices, circulars, instructions or orders issued by the Exchange from time to time relating to trading and other activities of Bullion Trading Members are being complied with;
- (viii) to comply with any of the directives issued in this behalf by any regulating authority including Government of India.

## **2. Notice**

- 2.1. Before undertaking any inspection under Regulation 1, the Exchange shall give a reasonable notice to the Bullion Trading Member for that purpose.
- 2.2. Notwithstanding anything contained in Regulation 2.1 above, where the Exchange is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Bullion Trading Member be taken up without such notice.
- 2.3. The Inspecting Authority appointed by the Exchange shall undertake inspection and the Bullion Trading Member against whom an inspection is being carried out, shall be bound to discharge his obligations as provided under these Regulations below.

## **3. Obligations of a Trading Member on Inspection**

- 3.1. It shall be the duty of every director, officer and employee of the Bullion Trading Member, who is being inspected, to provide all assistance and produce the Inspecting Authority such books, records and other documents in his custody or control or arrange to produce such books, records and other documents which are in any other person's custody or control and furnish such statements and information within such time as the said Inspecting Authority may require.
- 3.2. The Bullion Trading Member shall allow the Inspecting Authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and 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. Such copies or materials shall/may be retained by the Inspecting Authority as the property of the Exchange.



- 3.3. The Inspecting Authority, in the course of inspection shall be entitled to examine or record statements of any member, director, officer and employee of the Bullion Trading Member or of any associate of such Bullion Trading Member.
- 3.4. The Inspecting Authority shall be entitled to examine the records relating to the Bullion Trading Member's financial affairs held with its bankers or any other agency which the Inspecting Authority may find relevant.
- 3.5. The Inspecting Authority shall have access to the accounts and other records relating to the Bullion Trading Member or such access as authorised by the Exchange to the accounts and other records relating to any associate of the Bullion Trading Member as are within the power of the Bullion Trading Member to provide.

#### **4. Submission of Report**

- 4.1. The Inspecting Authority shall submit an inspection report to the Exchange, within such time as the Exchange may specify in this regard.
- 4.2. The Exchange shall after consideration of the inspection report, communicate the findings to the Bullion Trading Member to give him an opportunity of being heard before any action is taken by the Exchange on the findings of the Inspecting Authority.
- 4.3. On receipt of the explanation, if any, from the Bullion Trading Member, the Exchange may call upon Bullion Trading Member to take such measures as the Exchange may deem fit in the public interest.
- 4.4. Notwithstanding anything contained in Regulation 4.1 above, where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving the Bullion Trading Member any opportunity of being heard.
- 4.5. The Exchange may, at its discretion, require from the constituents of the Bullion Trading Member or any other persons dealing with the Bullion Trading Member submission of such documents, records, statement of accounts or any other information as it may deem fit.

#### **5. Collection and Dissemination of Information**

- 5.1. The Exchange may call upon the Bullion Trading Members to furnish such information and / or explanation with regard to any constituent, dealings, settlement, account and/or other related matters.
- 5.2. The Exchange shall maintain the information, particulars and/or details of the Constituents in confidence and shall not disclose the same to any person /entity. The Exchange shall also not disclose any information that it has received from the Constituent's registration form, provided however that the Exchange shall disclose such particulars, details, information, if

the Exchange is required to do so under any law, pursuant to any order or direction of any court or tribunal, or by any competent authority.

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

## **CHAPTER X**

### **MISCELLANEOUS**

1. Any failure to observe or comply with any requirement of this Bye-Law, or any Bye-Laws, Rules or Regulations, where applicable, may be dealt with by the Relevant Authority as a violation of such Bye-Laws, Rules or Regulations.
2. No claim, suit, prosecution or other legal proceedings shall lie against the Exchange or any authorised person(s) acting for the Exchange, 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 Exchange under any law or delegated legislation for the time being in force.
3. All the records, correspondence, data, information, proceedings, minutes, decisions of the Exchange shall be confidential and the Exchange shall not be required to disclose the same to any party or person, save and except when called upon to do so by IFSCA or by under an order of any competent court/tribunal or any other competent authority.
4. In case of any difficulty in implementing the provisions of Rules, Bye-Laws and Regulations or in case of a conflict, the Exchange has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.
5. 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.
6. The Bye-Laws, Rules and Regulations made or prescribed by the Board/ Relevant Authority/ Exchange, 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 Bullion Exchange shall be deemed to be incorporated in the Bye-Laws, Rules and Regulations prescribed by the Board/ Relevant Authority/ Exchange and the Bye-Laws, Rules and Regulations prescribed by the Board/ Relevant Authority/ Exchange shall 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.