

Do's

A. Dealing in Commodity Futures

- ☑ Read, understand and be updated about the guidelines and circulars of the Exchange and of the Forward Markets Commission.
- ☑ Refer and understand all the provisions of Forward Contracts (Regulations) Act, 1952 dealing with futures trading in commodities and amendments thereof from time to time, including provisions and rates relating to the sales tax, value added tax, APMC Tax, ss and Tax, octroi, excise duty, stamp duty, etc., applicable on the underlying commodity of any contracts offered for trading by NCDEX/MCX.
- ☑ Read the commodity contracts circulars issued by NCDEX/MCX and carefully note the contract specifications of the commodity which you wish to trade. The contract specifications are subject to change from time to time.
- ☑ Before entering into buy and sell transactions please be aware of all the factors that go into the mechanism of pricing, trading and clearing.
- ☑ Read the product note of the commodity in which you wish to deal to understand the commodity and parameters that impact on the trading and settlement of the commodity.
- ☑ Understand the Delivery & Settlement Procedures of the commodity that you wish to deal in the futures market.
- ☑ Study historical and seasonal Price Movements of the commodity that you wish to deal in the futures market.
- ☑ Keep track of Governments' Policy announcements from time to time of the commodity that you wish to deal in the futures market.
- ☑ Apply your own prudent judgment for investments in commodity futures and take informed decisions.
- ☑ Comply with Taxation and other Central Government/State Governments regulatory issues.
- ☑ Go through all Rules, Bye Laws, Regulations Circulars and directive issued by NCDEX/MCX.
- ☑ Since the investment is based on various types of margins, be aware of the risks associated with your positions in the market and margin calls made from time to time.
- ☑ Collect/Pay Mark- Market margins on your futures positions on a daily basis from/to your member.
- ☑ Be aware of your risk taking ability and fix stop-loss limits. Liquidate your positions at such levels to reduce further losses, if any.
- ☑ In case of any doubt/problems, contact Exchange's Help Desk or email at askus@NCDEX.com

Don'ts

- ☒ Do not fall prey to market rumours.
- ☒ Do not go by any explicit/implicit promise made by analysts/advisors/experts/market intermediary until convinced.
- ☒ Do not deal based on Bull/Bear run of commodity markets sentiments.
- ☒ Do not go by the reports/predictions made in various print and electronic forms without verification.
- ☒ Do not trade on any product without knowing the risk and rewards associated with it.

Do's

B. Dealing with Members

- ☑ Trade only through registered members of the Exchange. Check with the Exchange to see whether the member is registered with the Exchange.
- ☑ Insist on filling up a standard 'Know Your Client (KYC) form and on getting a Client Id.
- ☑ Insist on reading and signing standard 'Risk Disclosure Agreement'.
- ☑ Cross check the genuineness of trades carried out at NCDEX through the trade verification facility available on NCDEX website. The trades can be verified online at www.NCDEX.com/marketdata/hist_trade_verification.aspx where trade information is available up to 3 working days from the trade date.
- ☑ While trading through an authorized person ensure that a duly signed contract note has been issued by the member or its authorized persons for every executed trade, highlighting the details of the trade along with your unique Client-Id.
- ☑ Obtain receipt for collaterals deposited with the member towards margins.
- ☑ Go through the Rules, Bye-laws, Regulations, Circulars, directives, notifications of the Exchange as well as of the Regulators, Governments and other authorities and details of Client-Trading Member Agreement to know your rights and duties vis-à-vis those of the member.



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- ☑ State clearly who will be placing orders on your behalf. Give precise and clear instructions while placing, modifying or canceling orders.
- ☑ Ask all relevant questions and clear your doubts with your member before transacting.
- ☑ Ensure that the Contract Note contains all the relevant information such as Member Registration Number, Order No., Order Date, Order time, Trade No., Trade rate, Quantity, Arbitration Clause.
- ☑ Insist on receiving the bills for every settlement.
- ☑ Insist on periodical statements of your ledger account.
- ☑ Scrutinize minutely both the transaction as well as the holding statements that you receive from your Depository Participant.
- ☑ Keep Delivery Instruction Slips (DIS) book issued by DPs in safe possession.
- ☑ Pay required margins in time and only by Cheque and ask for receipt thereof from the member.
- ☑ Deliver the commodities in case of sale or pay the money in case of purchase within the time prescribed.
- ☑ Ensure that the DIS numbers are preprinted and your account number (Client- Id) is mentioned in the DIS book.
- ☑ Freeze your Demat account in case of your absence for longer duration or in case of not using the account frequently.

Don'ts

- ☒ Do not start trading before reading and understanding the Risk Disclosure Agreement and entering into the prescribed agreement with the Member.
- ☒ Do not deal with unregistered intermediaries even if their charges are lower and/or margins are lesser.
- ☒ Do not undertake off-market transactions in commodities with a member of the Exchange, unless such member records in the agreement for sale, note or memorandum that he is selling/purchasing the goods as the case maybe, for his own account and obtains a consent from you in respect thereof as required u/s 15 (4) of the Forward Contracts (Regulation) Act, 1952.
- ☒ Do not neglect to set out in writing, orders for higher value given over phone.
- ☒ Do not accept unsigned/duplicate contractnote/confirmation memo.
- ☒ Do not accept contract note/confirmation memo signed by any unauthorized person.
- ☒ Do not delay payment/deliveries of commodities to member.
- ☒ Do not get carried away by luring advertisements, rumours, hot tips, promise of unrealistic returns, etc.
- ☒ Do not forget to take note of risks involved in the investments.
- ☒ Do not sign blank Delivery Instruction Slips (DIS) while furnishing securities deposits and/or keep them with Depository Participants (DP) or broker to save time.

C. Rights of a Client:

In case of any disputes with the Member regarding the trades done on the Exchange platform, the client could contact the Exchange for suitable redressal as per Bye laws of the Exchange including use of mediation/arbitration mechanisms of the Exchange. The clients would be required to produce copies of the agreements entered into by them with their member, for obtaining relief through the process of arbitration. Hence, clients are advised to obtain copies of signed agreement from members and keep such copies with them. Further, all copies of all correspondence to and from members may be preserved for producing them to the arbitrators, if required.

All rights as per the Rules, Bye Laws and Regulations of the Exchange are available to a client in respect of all transactions traded on the Exchange and for which the clients have a contact note duly issued by the member.

In case of any disputes in respect of the trades on the Exchange or in the contract notes or any complaint against the member, take up the issue with member directly. In case of nonresolution, file written complaint against the member with the Exchange within 6 months from the date of cause of action. (Details and Format are available in Regulation 21.4.2 of the Regulations and Chapter 11, Clause 4, Part A, Bye Laws of the Exchange.

The details are available respectively on NCDEX's web site –

<http://www.ncdex.com/Aboutus/regulation.aspx>

<http://www.ncdex.com/Aboutus/byelaws.aspx#>

The details are available respectively on MCX web site www.mcxindia.com



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To

KELLTON COMMODITY & DERIVATIVES PRIVATE LIMITED
Plot No: 41, Sagar Society
Road No: 2, Banjara Hills
Hyderabad - 500034.
Phone No: 040 - 44333000

Dear Sir,

Subject: My/Our request for trading in commodity forward contracts/commodity derivatives on NCDEX as your client

I/We, the undersigned, have taken cognizance of circular no. NCDEX/TRADING- 114/2006/247 dated September 28, 2006 issued by the National Commodity & Derivatives Exchange Limited (NCDEX) on the guidelines for calculation of net open positions permitted in any commodity and I/we hereby undertake to comply with the same.

I/We hereby declare and undertake that we will not exceed the position limits prescribed from time to time by NCDEX or Forward Markets Commission and such position limits will be calculated in accordance with the contents of above stated circular of NCDEX as modified from time to time.

I/We undertake to inform you and keep you informed if I/any of our partners/directors/karta/trustee or any of the partnership firms/companies/HUFs/ Trusts in which I or any of above such person is a partner/director/karta/trustee, takes or holds any position in any commodity forward contract/commodity derivative on NCDEX through you or through any other member(s) of NCDEX, to enable you to restrict our position limit as prescribed by the above referred circular of NCDEX as modified from time to time.

I/We confirm that you have agreed to enter orders in commodity forward contracts/commodity derivatives for me/us as your clients on NCDEX only on the basis of our above assurances and undertaking.

Yours faithfully,

For _____



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Sole Proprietor/Partner/Director/Karta/Trustee*

* Strike off which is not applicable