

**ANNEXURES for BUSINESS RULES**

ACE DERIVATIVES & COMMODITY EXCHANGE LIMITED

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## 1. Annexure - A - Member - Client Agreement

### Member - Client Agreement

This agreement is made at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and between \_\_\_\_\_, a company/firm/individual or any other body duly formed and registered under the Relevant Act, hereinafter called MEMBER OF THE EXCHANGE, having its registered office address at \_\_\_\_\_, and \_\_\_\_\_, a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called CLIENT, having its registered office address at \_\_\_\_\_.

Witnessth:

Whereas the member is registered as member of the Exchange of Ace Derivatives and Commodity Exchange Limited (hereinafter called ACE).

Whereas the client is desirous of trading in those contracts admitted for dealing on the ACE as defined in the Bye-Laws, Rules and Business Rules of ACE.

Whereas the CLIENT has satisfied itself of the capability of the MEMBER OF THE EXCHANGE to deal in those contracts admitted for dealing on the ACE and wishes to execute his orders through him and the CLIENT shall continue to satisfy him of such capability of the MEMBER OF THE EXCHANGE before executing any orders through him.

Whereas the MEMBER OF THE EXCHANGE has satisfied and shall continuously satisfy himself about the genuineness and financial soundness of the CLIENT and trading objectives relevant to the services to be provided.

Whereas the MEMBER OF THE EXCHANGE has taken steps and shall take steps to make the CLIENT aware of the precise nature of the MEMBER liability for business to be conducted, including any limitations on that liability and the capacity in which it acts.

In consideration of your handling derivatives transactions carried out on the ACE, I agree that

- 1) I have read the Risk Disclosure Document appended hereto and understand the trading & risks involved in the trading these instruments and am fully responsible for my dealings in these instruments.
- 2) I shall be bound by the Bye-Laws, Rules, Business Rules and Customs of the Ace Derivatives and Commodity Exchange Limited and the Clearing House of the Exchange
- 3) I shall deposit with you monies, Warehouse Receipts or other property, which may be required to open and/or maintain my account or maintain my position
- 4) I shall not, acting alone or in concert with others, directly or indirectly, hold and control excess number of permitted futures contracts as fixed from time to time by the Exchange
- 5) I shall not exercise a long or short position where, acting alone or in concert with others, directly or indirectly I will have exercised in excess of the number of permitted futures contracts as may be fixed from time to time by the Exchange.
- 6) All monies, Warehouse Receipts or other property, which you may hold on my account, shall be held subject to a general lien for the discharge of my obligations to you under this agreement.
- 7) I hereby authorize you at your discretion, should you deem it necessary for your protection to buy, sell or close out any part or all of the derivative contracts held in my account with you. I will reimburse any or all such incidental expenses incurred by you.

Now, THEREFORE, in consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the terms and conditions, as follows:

1. The agreement entered into between the Member and the CLIENT shall stand terminated by mutual consent of the parties by giving at least one-month notice to each other. Such termination shall not have any effect on the transactions executed before the date of notice of termination and the parties shall enjoy same rights and shall have same obligations in respect of such transactions.
2. In the event of the death or insolvency of the CLIENT or his otherwise becoming incapable of receiving and paying for or delivering or transferring Commodities which the CLIENT has ordered to be bought or sold, the Member may with the approval of the Exchange, close out the transaction of the CLIENT and the CLIENT or his legal representative shall be liable for any losses, costs and be entitled to any surplus which may result there from.
3. All trades, transactions and contracts are subject to the Rules, Bye Laws and Business Rules of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into

and to be performed in the city of MUMBAI for the purpose of giving effect to the provisions of the Rules, Bye - Laws and Business Rules of the Exchange.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

SIGNED for and on behalf of

THE Member: \_\_\_\_\_

By : \_\_\_\_\_

Signature : \_\_\_\_\_

Title : \_\_\_\_\_

Witness : \_\_\_\_\_

SIGNED for and on behalf of

THE Client: \_\_\_\_\_

By : \_\_\_\_\_

Signature : \_\_\_\_\_

Title : \_\_\_\_\_

Witness : \_\_\_\_\_

**2. Annexure - B - Contract Note**

**Contract Note**

(Subject to exclusive jurisdiction of the courts in Mumbai only)

Name of the Proprietor/Partner/  
Authorized Signatory  
Tel No. / Fax no.

Contract No:

Name of the TCM  
Dealing Office address  
Tel No/ Fax no.  
Address of the TCM / Code No. of the TCM:

To,  
Client Name/ Code No./ Order Ref. No.

Sir/ Madam,

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

Order No.	Trade No.	Trade Time	Contract	Bought for you					Sold for you								
				Qty	Price	Value	Brokerage	Amt	Contract	Qty	Price	Value	Brokerage	Amt			
						(Rs.)	(Total)	(Rs.)				(Rs.)	(Total)	(Rs.)			

**OTHER LEVIES, IF ANY:**

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

This contract is subject to the Rules, Bye- Laws and Business Rules and usages of Ace Derivatives and Commodity Exchange Limited, Mumbai.

Date:

Yours faithfully

For.....  
Authorised Signatory

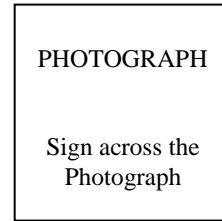
(1) All claims, differences or disputes between the TCMs inter se and between TCMs and Clients arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Business Rules of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Bye-Laws and Business Rules.

(2) In all dealings, contracts and transactions, which are made or deemed to be made subject to the Bye-Laws, Rules and Business Rules of the Exchange, the provisions relating to arbitration as provided in these Bye-Laws and Business Rules shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Bye-Laws and Business Rules.

(3) All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the Relevant Authority to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the period of six months.

(4) Save as otherwise specified by the Exchange, the seat of ARBITRATION shall be at Mumbai.

**3. Annexure - C - Client Registration Form: Individual Client**



(Name of Member)  
Membership Registration Number  
Address of Member

Dear Sir

We request you to register me as your client and in this regard the following information is furnished:

Full Name	
	<i>(First Name)                      (Middle Name)                      (Last Name)</i>
<b>Office Details</b>	
Correspondence Address	
City	
State	
Pin Code	
Telephone No.	
Fax No.	
Email Address	
<b>Residence Details (refer point iii below)</b>	
Address	
City	
State	
Pin Code	

Telephone No.	
Fax No.	
Email Address	
Date of Birth	
Sex	
Occupation	
Nationality	
Residential Status	Resident Indian/Non-resident Indian/Others
<b>Bank Account Details (refer point iv below)</b>	
Name of the Bank	
Branch with Address & Telephone Number	
Account Type	
Account Number	
Annual Income during the last one year	
<b>Investment/Trading Experience</b>	
No Prior Experience	
___years in commodities	
___years in other investment related fields	
PAN	
Whether declaration by the client as per the format prescribed (in case the applicant is not having PAN)? Yes / No	
<b>Sales Tax Registration Details (Details of all states wherever registered)</b>	
<u>Local Sales Tax</u>	
State Registration No.	
Validity Date	
<u>Central Sales Tax</u>	
Registration No.	
Validity Date	

<b>Depository Account Details</b>	
Depository ID	
DP ID	
Client ID	
Details of any action taken by SEBI/FMC/Stock Exchange/Commodity Exchange/other authority:	
Whether registered with other member/Commodity Exchange	Yes/No
If Yes, Broker Name	
Broker Code	
If Yes, Commodity Exchange Name	
<b>Introduction Details</b>	
Name of Introducer	
Address of Introducer	
Relation of introducer with member	Client/director/employee of trading member/any other person (please specify)
Signature	

The information furnished above is true to the best of my knowledge and belief, and I undertake to inform you of any change therein immediately in writing. I am agreeable to enter into an agreement to abide by your terms and conditions.

Place: \_\_\_\_\_ Signature of the client: \_\_\_\_\_

Date: \_\_\_\_\_ Name of the client \_\_\_\_\_

Notes:

1. Each client has to use one registration form. In case of joint names/family members please submit separate form for each person.
2. The documents submitted by the client should be self certified. Copies of documents submitted, to be verified with the original documents at the time of submission of application.
3. The information given above would be confidential. However, if the information is required by the exchange, any regulatory authority or any government agency, it may be provided to them.

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**For Office Purpose**

Unique Client Code:\_\_\_\_\_

Verified By:\_\_\_\_\_ Authorised By:\_\_\_\_\_  
(Name) (Name)

**Note:**

**Documents to be submitted along with Client Registration Form:**

i. Self certified copy of PAN card of the client / Client not holding PAN, declaration in lieu of PAN card as required by FMC in the prescribed form

ii. **Identity Proof:**

If copy of valid PAN is not provided, then self certified copy of any one of the following to be submitted-

- Valid Passport
- Voter's ID Card
- Valid Driving License

iii. **Proof of address**

Self certified copy of any one of the following is to be submitted:

- Valid Passport
- Voter's ID Card
- Valid Driving License
- Bank Statement / Pass Book with entries not older than three months (having address of the client)
- Depository account Statement with entries not older than three months (having address of the client)
- Ration Card
- Landline telephone Bill not older than three months
- Electricity Bill not older than three months
- Registered Leave and License Agreement
- Registered Agreement for Sale/Sale Deed

iv. **Proof of Bank Account**

Copy of Bank Statement / Pass Book (with entries not older than three months)

## Client Registration Form: Non - Individual Client

To  
(Name of Member)  
Membership Registration Number  
Address of Member

Dear Sir

We request you to register us as your client and in this regard the following information is furnished:

Name of the Constituent	
Constituent Profile	(Producer/Trader/Consumer)
<b>Office Details</b>	
Correspondence Address	
City	
State	
Pin Code	
Telephone No.	
Fax No.	
Email Address	
<b>Registered Office Details (refer Annexure II, point 3)</b>	
Address	
City	
State	
Pin Code	

Telephone No.	
Fax No.	
Email Address	

Date of Incorporation	
Date of Commencement of Business	
Details of Partners of the firm/Designated Partners /Directors of Company/ Promoters of the Company/ Karta of HUF/ Trustees/Person authorized to deal in commodities on behalf of the company/firm/others	<b>Annexure I</b>
Copy of latest annual report	

<b>Bank Account Details (refer Note below)</b>	
Name of the Bank	
Branch with Address & Telephone Number	
Account Type	
Account Number	
Annual Income during the last one year	

<b>Investment/Trading Experience</b>	
No Prior Experience	
___years in commodities	
___years in other investment related fields	

PAN	
Whether declaration by the client as per the format prescribed (in case the applicant is not having PAN)?	
Yes / No	

<b>Sales Tax Registration Details (Details of all states wherever registered)</b>	
<u>Local Sales Tax</u>	
State Registration No.	
Validity Date	

<b>Central Sales Tax</b>	
Registration No.	
Validity Date	
<b>Depository Account Details</b>	
Depository ID	
DP ID	
Client ID	
Details of any action taken by SEBI/FMC/Stock Exchange/Commodity Exchange/other authority:	
Whether registered with other member/Exchange	Yes/No
If Yes, Broker Name	
Broker Code	
If Yes, Exchange Name	
<b>Introduction Details</b>	
Name of Introducer	
Address of Introducer	
Relation of introducer with member	Client/director/employee of trading member/any other person (please specify)
Signature	

The information furnished above is true to the best of my knowledge and belief, and I undertake to inform you of any change therein immediately in writing. I am agreeable to enter into an agreement to abide by your terms and conditions.

Place: Signatures of the Authorised signatory/ies with seal:

Date: Name of the client & Authorised signatory/ies:

Notes:

1. The documents submitted by the client should be self certified. Copies of documents submitted, to be verified with the original documents at the time of submission of application.

2. The information give above would be confidential. However, if the information is required by the exchange, any regulatory authority or any government agency, it may be provided to them.

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**For Office Purpose**

Unique Client Code: \_\_\_\_\_

Verified By: \_\_\_\_\_ Authorised By: \_\_\_\_\_  
(Name) (Name)

**Annexure I:**

**Details of Partners of the firm/Designated Partners /Directors of Company/ Promoters of the Company/ Karta of HUF/ Trustees/Person authorized to deal in commodities on behalf of the company/firm/others**

Please affix  
and sign across  
the photograph

Full Name	
Designation	
<b>Residential Details</b>	
Address	
City	
State	
Pin Code	
Telephone No.	
Fax No.	
Email Address	
PAN	
Nationality	
Residential Status	Resident Indian/Non Resident Indian/Others
Designated Partners Identification Number (DPIN)	
Directors Identification Number (DIN)	

Place:

Signature:

Date:

Name:

*\* Please use separate copy of this form for each person*

**Annexure II: List of documents to be obtained along with Client Registration Form**

1. Self certified copy of PAN card of the client / Client not holding PAN, declaration in lieu of PAN card as required by FMC in the prescribed form – Refer Note below
2. Address Proof – Refer Note below
3. Bank Account Proof - Copy of Bank Statement / Pass Book (with entries not older than three months).
4. Copy of Latest Annual Report
5. Copy of Certificate of Incorporation (For Companies and Limited Liability Partnership)
6. Copy of Memorandum of Association and Articles of Association (For Companies)
7. Copy of partnership deed / trust deed (For Partnership firms / Trusts)
8. Copy of certificate of registration (For Partnership Firms, Co-operative Societies and Trusts)
9. Board resolution / Resolution of the managing body of the foundation/association/firm to open and operate account and Board Resolution / Resolution of the managing body of the foundation/association/firm authorising the official to execute all the deeds/ operations with the Exchange on behalf of the entity

**Notes:**

1. In case of HUF / Trust if copy of valid PAN is not provided, then copy of **any one** of the below mentioned documents should be provided as **proof of identity of Karta / proof of identity of the trustees**

- Valid Passport
- Voter's ID Card
- Valid Driving License

*(In addition to these documents in such cases ration card may also be accepted as Address Proof for Karta of HUF)*

2. The following documents shall be accepted as address proof (**any one of the below**):

- Bank Statement / Pass Book (with entries not older than three months (having address of the client)
- Depository account Statement [with entries not older than three months [(having address of the client)]
- Landline telephone Bill (not older than three months)
- Electricity Bill (not older than three months)
- Registered Leave and License agreement
- Registered agreement for Sale / Sale Deed

**Annexure -III**

**DECLARATION**

**Form of declaration to be filled by a person who does not have a permanent account number and who wants to transact in commodity exchanges.**

1. Full name and address of the declarant

.....  
.....  
.....

2. Occupation .....

3. Reasons for not having Permanent Account Number.....

4. Details of documents being produced in support of address in Column 1

.....

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**DECLARATION**

I,....., do hereby declare that what is stated above is true to the best of my knowledge and belief.

Date .....

Place .....

\_\_\_\_\_  
**Signature of Declarant**

Name:-

**We have employed necessary checks and confirm that the above**

**information is true and correct.**

Date .....

Place .....

---

**Signature of Authorized Signatory of Member**

Name:-

Designation:-

#### 4. Annexure - D - RISK DISCLOSURE DOCUMENT

##### RISK DISCLOSURE DOCUMENT

**THIS DOCUMENT SHOULD BE READ BY EACH AND EVERY PROSPECTIVE CONSTITUENT/ CLIENT BEFORE ENTERING INTO COMMODITY FUTURES CONTRACTS/ DERIVATIVES MARKET/ TRADING AND SHOULD BE READ IN CONJUNCTION WITH CLIENTS'/ CONSTITUENTS'/ INVESTORS' RIGHTS & OBLIGATIONS, BYE LAWS, RULES AND BUSINESS RULES OF THE ACE DERIVATIVES AND COMMODITY EXCHANGE LIMITED (ACE).**

ACE/Forward Markets Commission (FMC) does not singly or jointly, expressly or impliedly, guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure documents nor has ACE/FMC endorsed or passed any merits of participating in the Commodity Derivatives market/trading. This brief statement does not disclose all of the risks and other significant aspects of trading. You should, therefore, study derivatives trading carefully before becoming involved in it.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the contractual relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that investment in commodity futures contracts/ derivatives or other instruments traded on the Commodity Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/ limited investment and/ or trading experience and low risk tolerance. You should, therefore, carefully consider whether such trading is suitable for you in the light of your financial condition. In case, you trade on ACE and suffer adverse consequences or loss, you shall be solely responsible for the same and ACE its Clearing House and/ or Forward Markets Commission shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take the plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned member. The Constituent/ Client shall be solely responsible for the consequences and no contract can be rescinded on that account.

You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a commodity derivatives being traded on ACE.

It must be clearly understood by you that your dealings on ACE through a member shall be subject to your fulfilling certain formalities set out by the member, which may, *inter alia*, include your filing the know your client form, client registration form, execution of an agreement etc. and are subject to Rules, Byelaws and Business Rules of the ACE and its Clearing Corporation/Clearing House, guidelines prescribed by FMC from time to time and circulars as may be issued by ACE or its Clearing Corporation/Clearing House from time to time. ACE does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any member of the ACE and/ or third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same. In

considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

## **1. Basic Risks involved in the trading of Commodity Futures Contracts and other Commodity Derivatives Instruments on the Ace Derivatives and Commodity Exchange Limited (ACE)**

### **i. Risk of Higher Volatility**

- a. Volatility refers to the dynamic changes in price that commodity derivative contracts undergo when trading activity continues on the Commodity Exchange. Generally, higher the volatility of a commodity derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded commodity derivatives contracts than in actively traded commodities/ contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in real losses.

### **ii. Risk of Lower Liquidity**

- a. Liquidity refers to the ability of market participants to buy and/ or sell commodity derivative contract expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/ or sell commodity derivatives contracts swiftly and with minimal price difference and as a result, investors are more likely to pay or receive a competitive price for commodity derivative contracts purchased or sold. There may be a risk of lower liquidity in some commodity derivative contracts as compared to active commodity derivative contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be execute at all.
- b. Buying/ Selling without intention of giving and/ or taking delivery of certain commodities may also result into losses, because in such a situation, commodity derivative contracts may have to be squared-off at a low/ high prices, compared to the expected price levels, so as not to have any obligation to deliver/ receive such a commodities.

### **iii. Risk of Wider Spreads**

- a. Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a commodity derivative and immediately selling it or *vice versa*. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid commodities/ commodity derivatives contracts. This in turn will hamper better price formation.

### **iv. Risk-reducing orders**

- a. Most of the Exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such orders (e.g. “stop loss” orders or “limit” orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- b. A “market” order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that while the customer may receive a prompt execution of a “market” order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that commodity derivatives contract.

- c. A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the constituent/client received price protection, there is a possibility that the order may not be executed at all.
- d. A stop loss order is generally placed "away" from the current price of a commodity derivatives contract, and such order gets activated if and when the contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the contract approaches pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

**v. Risk of News Announcements**

- a. Traders/Manufacturers make news announcements that may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/ commodity derivatives contract.

**vi. Risk of Rumours**

- a. Rumours about the price of a commodity at times float in the market through word of mouth, newspaper, websites or news agencies, etc., the investors should be wary of and should desist from acting on rumours.

**vii. System Risk**

- a. High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.
- b. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in execution of order and its confirmation.
- c. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.

**viii. System/ Network Congestion**

- a. Trading on ACE is in electronic mode, based on satellite/ leased line communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

**2. As far as Futures Commodity Derivatives are concerned, please note and get yourself acquainted with the following additional features:-**

**i. Effect of "Leverage" or "Gearing":**

- a. The amount of margin is small relative to the value of the commodity derivatives contract so the transactions are 'leveraged' or 'geared'. Commodity Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in commodity derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in commodity derivatives contracts and also trade with caution while taking into account one's circumstances, financial resources, etc.
- b. Trading in Futures Commodity Derivatives involves daily settlement of all positions. Every day the open positions are marked to market based on the closing price. If the closing price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading on the next day.
- c. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Member of the Exchange may liquidate/square-up a part of or the whole position. In this case, you will be liable for any losses incurred due to such square-up/ Close Outs.
- d. Under certain market conditions, an Investor may find it difficult or impossible to execute the transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
- e. Steps, such as, changes in the margin rate, increase in the cash margin rate etc. may be adopted in order to maintain market stability. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.
- f. You must ask your Member of the Exchange to provide the full details of the commodity derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

**3. General**

**ii. Deposited cash and property:**

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm become insolvent or bankrupt. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member of the Exchange, the same shall be subject to arbitration as per the Rules, Bye-laws and Business Rules of the Exchange.

**iii. Commission and other charges:**

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

- iv. For rights and obligations of the clients, please refer to *Appendix 1 enclosed with this document*.

- v. The term 'Constituent' shall mean and include a Client, a Customer or an Investor, who deals with a member for the purpose of trading in the commodity derivatives through the mechanism provided by the ACE.
- vi. The term 'member' shall mean and include a Trading Member or a Broker, who has been admitted as such by ACE and got a Unique Member Code from FMC.

I hereby acknowledge that I have received and understood this risk disclosure statement and **Appendix 1** containing my rights and obligations.

Client's Signature

(If Partner, Corporate, or other Signatory, then attest with firm/ company seal.)

Date: ..... (dd/mm/yyyy)

Station:

***Appendix – 1***  
**INVESTORS' RIGHTS AND OBLIGATIONS**

1. You should familiarize yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the commodity derivatives market or the member becomes insolvent or bankrupt.
2. Please ensure that you have a documentary proof of having made the deposit of such money or property with the member, stating towards which account such money or property deposited.
3. Before you begin to trade, you should obtain a clear idea from your member of all brokerage, commissions, fees and other charges which will be levied on you for trading. These charges will affect your net cash inflow or outflow.
4. Furnish all such details in full as are required by the member as required in "Know Your Clients" form, which may also include details of PAN or Passport or Driving License or Voters Id, or Ration Card, bank account and depository account, or any such details made mandatory by the Exchange at any time, as is available with the investor.
5. Execute a Member-Client agreement in the form prescribed by the Exchange.
6. Ensure that a contract note is issued to you by the member in the prescribed format which contains the details of transaction(s). Verify that the contract note contains details of order number, trade number, trade time, trade price, trade quantity, and client code allotted to you and showing the brokerage separately. Contract notes are required to be issued by the member to the investors within 24 hours from the close of trading hours when the trade is executed. Member may also issue digitally signed contract note in electronic form at your request subject to the compliance of all the provision of IT Act, 2000 or in hard copy.
7. Ensure that payment/ delivery of warehouse receipts is given well in advance to the member prior to the date of pay-in announced by the Exchange or its Clearing Corporation/Clearing House. Payment should be made only by account payee cheque in favor of the member and receipt or acknowledgement towards what such payment is made and receipt/ acknowledgement for warehouse receipts delivered to the member, be obtained from the member. Delivery of warehouse receipts in demat, is made to the pool account of the member rather than to the beneficiary account of the member. In case payout of money is not received within 48 hours after pay-out announced by Exchange or its Clearing House/ Clearing Corporation, please follow-up with the concerned member for its release. In case, pay-out is not released as above from the member within five working days, ensure that you lodge a complaint immediately with the Investor Grievances Division of the ACE.
8. Every member is required to send a complete periodical 'Statement of Accounts', for both funds and commodities settlement to each of his/her/its clients, at such period as may be prescribed from time to time. You should report errors, if any, in the Statement immediately but not later than 30 calendar days of receipt thereof, to the member. In case, the error is not rectified or there

is a dispute, ensure that you refer such matter to the Investor Grievances Division of the ACE without delay.

9. In case of a complaint against Member, you should address the complaint to the office as may be specified by the ACE from time to time.
10. In case, where a member surrenders his/her/its membership, Member gives a public notice inviting claims, if any, from investors. In case of a claim relating to "transactions executed on the trading system of the ACE, ensure that you lodge a claim with ACE or its Clearing Corporation/ Clearing House within the stipulated period and with the supporting documents.
11. In case, where a member is declared a defaulter or expelled from membership, ACE gives a public notice inviting claims, if any, from investors. In case of a claim, relating to transactions executed on the trading system of the ACE, ensure that you lodge a claim with ACE within the stipulated period and with the supporting documents.
12. Claim against a Defaulter/ Expelled Member found to be valid as per the prescribed relevant Rules/Bye-laws of the Exchange and Guidelines of the Investors' Protection Fund (IPF), the Relevant Authority of the Exchange/Committee will disburse the amount of compensation from the IPF to the extent of maximum amount fixed by the Exchange or the actual claim amount, whichever lower. The balance claim amount if any shall be paid on pro-rata basis out of the amounts realized by the Exchange from the assets vested with the relevant authority/ Committee of the Exchange, if the amount realized from the assets is inadequate.
13. In case of any claim, difference or dispute between you and the member arising out of or in relation to trades, contracts and transactions, the same shall be taken-up with the Member directly for conciliation with or without intervention of the Exchange. If the said claim, difference or dispute persists, you may refer the same to arbitration in accordance with the provisions of the Rules, Bye-laws and Business Rules of the Exchange within 6 months from the date of last transaction or delivery or payment effected between you and the member.

5. Annexure - E -

**Form No- I/IA**  
**Arbitration Application**

To,  
The Arbitration Division  
Ace Derivatives and Commodity Exchange Ltd.,  
4<sup>th</sup> Floor, Building No. 4,  
Infinity Park, General A K Vaidya Marg,  
Off Western Express Highway,  
Malad (East), Mumbai-400097

Sir(s),

I/We, am/are a Member of the Exchange/Constituent of \_\_\_\_\_\*  
(Please mention name of Member). I/We hereby apply for adjudication by arbitration of the claim, difference and dispute within the meaning of the Bye laws, Rules and Business Rules of the Exchange which has arisen and is now pending between me and following person

- a) Name :
- b) Status :
- c) Address :
- d) Registered Office :
- e) Contact Number :
- Office :
- Residence :
- Mobile No :
- Fax No :
- Email :

The amount of claim in the matter is:

- (a) Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only)
- (b) Commodity details:
  - 1. Commodity Name/s \_\_\_\_\_
  - 2. Date of transaction on the Exchange: \_\_\_\_\_

Please find enclosed a cheque/Demand Draft/Pay order No. \_\_\_\_\_ dated \_\_\_\_\_ issued by \_\_\_\_\_ (Bank Name) in favour of Ace Derivatives And Commodity Exchange Ltd, for an amount of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) payable at Mumbai towards Arbitration deposit for defraying costs and expenses of arbitration.

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

**Signature of Applicant**

Date:

Place:

**Notes:**

The Applicant shall put his/her signature on all the pages of the documents submitted along with this form and if the Applicant is a firm/company, the rubber stamp of the firm/company shall be affixed on all the pages.

If the Applicant is a firm/company then the authorized representative of the Applicant has to submit the authority letter/board resolution as the case may be along with this form.

Five names are to be suggested from the list of persons eligible to act as arbitrators.

\* Strike whichever is not relevant.

**Form No- II/IIA**

**In the matter of an Arbitration under the Bye laws, Rules and Business Rules of Ace  
Derivatives And Commodity Exchange Ltd.,**

**Arbitration Matter No. ACE /Legal/**

**BETWEEN**

M/s \_\_\_\_\_

Mr./Mrs./Ms. \_\_\_\_\_ Applicant

Office /Residence Address \_\_\_\_\_  
\_\_\_\_\_

Tel: Office \_\_\_\_\_ Res. \_\_\_\_\_ Fax: Office \_\_\_\_\_  
Mobile No. \_\_\_\_\_

**AND**

M/s \_\_\_\_\_ Respondent

Registered Office address \_\_\_\_\_

Tel: Office \_\_\_\_\_ Res. \_\_\_\_\_ Fax: Office \_\_\_\_\_ Res. \_\_\_\_\_  
Mobile No. \_\_\_\_\_

To,

The Arbitration Division.  
Ace Derivatives and Commodity Exchange Ltd.,  
4<sup>th</sup> Floor, Building No. 4,  
Infinity Park, General A K Vaidya Marg,  
Off Western Express Highway,  
Malad (East), Mumbai-400097

Sir/s,

In the said matter, we, the above named the Applicant/ Respondent, do hereby propose the following names of four Arbitrators from the approved panel of Arbitrators for appointment as Arbitrator or bench of Arbitrators in order of preference.

- 1.
- 2.
- 3.
- 4.

Yours faithfully,

Signature

**Date:**

**Place:**

**Form No- III/IIIA**

**Reply by the Respondent to Arbitration Application**

In the matter of an Arbitration under the Bye laws, Rules and Business Rules of Ace Derivatives And Commodity Exchange Ltd., Arbitration Matter No. \_\_\_\_\_/201\_.

**BETWEEN**

Mr./Mrs./Ms. \_\_\_\_\_ Applicant (TM/C)\*  
Office /Residence Address \_\_\_\_\_

Tel: Office \_\_\_\_\_ Res. \_\_\_\_\_ Fax: Office \_\_\_\_\_ Res. \_\_\_\_\_ Mobile No. \_\_\_\_\_

**AND**

M/s \_\_\_\_\_ Respondent (TM/C)\* Registered  
Office \_\_\_\_\_

Tel: Office \_\_\_\_\_ Res. \_\_\_\_\_ Fax: Office \_\_\_\_\_ Res. \_\_\_\_\_ Mobile No. \_\_\_\_\_

To,

The Arbitration Division.  
Ace Derivatives and Commodity Exchange Ltd.,  
4<sup>th</sup> Floor, Building No. 4,  
Infinity Park, General A K Vaidya Marg,  
Off Western Express Highway,  
Malad (East), Mumbai-400097

Sir/s,

In connection with the application for arbitration submitted by Mr. / Mrs. /Ms. /M/s. \_\_\_\_\_ the Applicant above named, I/We enclose herewith three/Six copies of my reply along with the enclosures.

Please also find enclosed a Cheque/Pay order/Demand Draft No. \_\_\_\_\_ dated \_\_\_\_\_ issued by \_\_\_\_\_ (Bank name) in favour of Ace Derivatives And Commodity Exchange Ltd for an amount of Rs. \_\_\_\_\_ (Rupees \_\_only) payable at Mumbai towards Arbitration deposit for defraying costs and expense of arbitration.

I/We state that I do not want a hearing from the arbitrator/I do not want a hearing from the arbitrator. Yours faithfully,

Signature of Respondent

**Date:**

**Place:**

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

'TM' stands for "Member" and 'C' stands for "Constituents"

\* Strike whichever is not relevant.