

FMC/2/2011/C/0003

No.1/1/2011- POLICY/CIRCULARS/2011

Dated the 13th Sept., 2011

To,

i) Shri R.Ramaseshan, Managing Director & CEO, National Commodity & Derivatives Exchange Ltd, Akruiti Corporate Park, LBS Road, Kanjur Marg (W), **Mumbai – 400 078**

ii) Shri L.Rutten, Managing Director & CEO, Multi Commodity Exchange of India Ltd., Exchange Square, CTS No. 255, Suren Road, Andheri (East), **Mumbai – 400093**.

iii) Shri Anil Mishra, Managing Director and CEO, National Multi Commodity Exchange of India Ltd., 5, 4th Floor, H. K. House, B/h, Jivabhai Chambers, Ashram Road, **Ahmedabad – 380 009**.

(iv) The Chief Executive Officer, Indian Commodity Exchange Limited, Romell Technology Park, 8th Floor, Nirlon Compound, Western Express Highway, Goregoan East, **Mumbai – 400 063**

(v) Managing Director, ACE Derivatives and Commodity Exchange Limited, 401 'B' Wing, 4th Floor, Building No.4, Infiniti IT Park, Gen. AK Vaidya Marg, Dindoshi, Malad (E), **Mumbai – 400 097**

Sub: Sharing of information among Exchanges about default members – reg.

Sir,

In supersession of the directives issued by the Commission earlier vide its letter of even number dated 30th June 2011 on the issue of sharing of information among exchanges about default members, the following directives are issued for implementation by the National Commodity Exchanges:

(a) If a member is declared as a defaulter by a Commodity Exchange, the concerned Exchange shall immediately inform all other Commodity Exchanges about the default of the member. If membership is held in the name of a corporate body, then the names of the promoter(s), dominant shareholders should also be intimated. Further, if associates of

the defaulter broker are holding membership in other Commodity Exchanges, then action, if any, required to be taken against such associate member(s) should be decided by respective Commodity Exchanges after examining the relevant facts;

(b) If the defaulting member of a particular Exchange holds membership in other Exchanges in his/her/its own name, then such member should be declared defaulter in the other Exchanges also;

(c) The defaulter member may not be re-admitted for trading at any of the National Exchanges for a period of five years;

(d) The apportionment of the asset of the defaulter member will be made Exchange-wise as per claims at each of the Exchanges. In the event of the any shortfall in the settlement of the claims at any Exchange (s), the other Exchange(s) which have surplus after meeting the claims at their Exchange, shall so utilize the surplus for settlement of the claim at other Exchange(s) on a prorata basis;

(e) Commodity Exchanges are advised to adhere to the above guidelines and suitable provisions in respect of above guidelines should be incorporated in the relevant clauses of the bye-laws of the Commodity Exchanges, if the same do not exist presently.

2. The Commodity Exchanges are advised to comply with the above requirements with immediate effect.

Yours faithfully,

SD /-

(Vishal Nair)
Deputy Director