

Requirements Regarding Opening of Client Accounts

<p>Requirements in Summary</p>	<p>Before accepting or placing any order on the Client's behalf, Members of the Exchange are required to:</p> <ol style="list-style-type: none"> 1. Take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and his trading objectives by registering the Client with them as per the format prescribed for 'Client Registration Form' (also widely known as Know Your Client (KYC) form). 2. Enter into an agreement with their Clients as per the prescribed format for 'Member Client Agreement' (MCA). The Members may add more clauses in the agreement, as long as the additional clauses do not in any way dilute the content or purpose of the clauses stated in the format prescribed by the Exchange. 3. Make their Clients aware of the risk associated with business in trading in contracts listed with the Commodity Exchange by issuing them a copy of Risk Disclosure Document (RDD). Acknowledgement on second copy of the RDD is required to be maintained by the Member. Appendix 1 of RDD format has description Investor's Rights and Obligation (IRO).
<p>Benefits</p>	<p>The above requirements lead to greater safety for both Clients and Members by defining the contractual relationship between them. These requirements also lead to education of investors before commencement of trading by them. KYC requirements, in particular, also ensure that the Members do not deal with Clients with inappropriate background.</p>
<p>Reference</p>	<ol style="list-style-type: none"> 1. Business Rules 27(a), (b), (c) and (d) 2. Bye Laws 14.1.1 and 14.1.2. 3. Circular No. MCX/COMP/029/2009 dated January 19, 2009 4. Circular No. MCX/COMP/256/2008 dated July 31, 2008 5. Circular No. MCX/COMP/206/2008 dated June 16, 2008 6. Circular No. MCX/555/2006 dated December 15, 2006 and 7. Circular No. MCX/012/2006 dated January 10, 2006

The Bye-laws, Rules, Business Rules and Circular are available on our website www.mcxindia.com under the link Membership>Legal Framework.

We also request members to read the FAQs available under the link Membership.