

(To be given on letter head of the Member)

Compliance Report (2006-07)

To,
Compliance & Inspection Department
Multi Commodity Exchange of India Ltd
Andheri (East)
Mumbai 400 093

I / We, hereby confirm that I / We, _____ a
Member of the Exchange, carrying business with Membership ID _____
have complied, with all the Rules, Bye-Laws, Business Rules, circulars, and
directives issued by Multi Commodity Exchange of India Ltd. during the year 2006-
07, in general and in particular all the specific areas listed in the Annexure 1 of this
Report; subject to the non-compliance(s), deviation(s) and exception(s) as listed
therein.

Place: _____

For and on behalf of

Date: _____

Signature of Designated Director / Managing
Director / Partner / Proprietor / Karta

Name: _____

Rubber Stamp

* Strike out whichever is not applicable

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
Maintenance of Records / Documents / Books				
1	Bye-law 11.5, Circular No. MCX/12/2006 dated January 10, 2006	<p style="text-align: center;"><u>Books of Accounts</u></p> All Books of accounts, registers and records are maintained and preserved for the prescribed period in respect of the Head Office and branches/Sub-brokers as required under the Rules, Bye-laws and Business Rules.		
2	Bye-law 11.5, Circular No. MCX/12/2006 dated January 10, 2006	<p>Register of Commodities, client wise and commodity wise, giving inter alia the following has been maintained:</p> a) date of receipt / delivery of commodity b) quantity received / delivered c) party from whom received / to whom delivered d) purpose of receipt / delivery		
3	Bye-law-5.22, Business Rules 27(l)	<p style="text-align: center;"><u>Order Confirmation</u></p> Confirmed order instructions have been obtained from the clients before placing the order on the system.		
	Bye-law 5.22, Business Rule 27(m)	<p style="text-align: center;"><u>Order Modification/Cancellation</u></p> Order modification/ cancellation instructions have been obtained in writing from the clients. Order confirmation/modification/ cancellation slips or copies thereof have been provided to clients.		
	Business Rule 27 (p)	<p style="text-align: center;"><u>Trade Confirmation Slips</u></p> All clients have been provided with a trade confirmation slip as generated on the Trading system, on execution of a trade.		
4	Circular No. MCX/12/2006 dated January 10, 2006	Maintaining of trade log and order log as per the requirement of the exchange.		
5	Circular No. MCX/357/2006 dated September 02, 2006	Segregation of Exchange wise clients' ledgers are maintained.		
6	Business Rule 27(b), Circular No. MCX/088/2006 dated March 01, 2006, Circular No. MCX/555/2006 dated December 15, 2006	<p style="text-align: center;"><u>Know Your Client Forms</u></p> Client registration forms in respect of all clients is complete in all respects with necessary supporting documents along with PAN details.		
7	Business Rule 27(a), Circular No.	<p style="text-align: center;"><u>Member Client Agreements</u></p> Member Client Agreements, containing all		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
	MCX/88/2006 dated March 01, 2006	provisions specified by the Exchange have been entered into, with all the active clients, before accepting or placing orders on their behalf.		
8	Business Rule 27(b), Circular No. MCX/088/2006 dated March 01, 2006	<u>Board Resolution</u> Member has obtained approved Board resolutions from non-individual clients, permitting trading in derivatives.		
9	Business Rule 27(c)	<u>Risk Disclosure Document</u> All clients of the Exchange have been issued a copy of the Risk Disclosure Document as specified by the Exchange and the same is duly signed by the clients.		
Banking Operations				
1	Bye-law 9.2	Books of accounts, as are necessary, to show and distinguish, client funds and own funds in connection with our business as Member of the Exchange have been maintained.		
2	Business Rule 27(q)	Funds of the clients have always been kept in a separate account. Member has not used clients' money for his own transactions or for transactions of such other client or for any purpose other than margin and pay in relating to transactions entered into by such client paying the margin.		
3	Business Rule 19(c) Para 3	There was no transfer / withdrawal from clients' account except under the circumstances enumerated in Rules / Byelaws / Business Rules of the exchange.		
4	Rules, Bye-laws, Business Rules & circulars	No Cash transactions are undertaken.		
Dealing with Clients				
1	Bye-law 5.21, Circular No. MCX/342/2006. dated August 24, 2006	Client codes have been allotted to all clients and the correct client codes have been entered in the system while placing orders on behalf of clients.		
2	Bye-law 5.21, Circular No. MCX/342/2006 dated August 24, 2006	Mapping of the client used at the time of order entry in the trading system with unique code codes in back office is maintained as prescribed by the Exchange.		
3	Business Rule 27(b) Circular No. MCX/088/2006, dated March 01,	Member has taken reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of their clients and their trading objectives at		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
	2006	the time of entering in to agreement with them.		
4	Business Rule 27(q)	Funds/commodities of clients have not been misutilised by Member or any person associated with Member.		
5	Business Rule 28, Circular No. MCX/12/2006 dated January 10, 2006	Brokerage has been charged separately and indicated separately, in the contract note.		
6	Business Rules 28	Brokerage has been charged within the maximum brokerage rate as specified by the Exchange.		
7	Business Rule 27(q), Circular No. MCX/012/2006 dated January 10, 2006	Full payment of funds has been made to all clients on the receipt of the relevant pay-out from the Exchange.		
8	Business Rule 19(c)	Pay-in of funds due from clients is received from the respective clients only.		
9	Circular No. MCX/238/2005 dated June 29, 2005, Circular No. MCX/267/2005 dated July 22, 2005	Commodities of the clients have always been kept in a separate client beneficiary demat account and operation of such account has been as per provisions of Rules, Bye-laws, Business Rules and circulars of the Exchange.		
10	Bye-law 11.5	After the closing of any clients account all 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 clients, date of modification thereof, date of termination and representatives of such clients who signed in each case are being maintained for such period as prescribed by the Exchange.		
11	Circular No. MCX/551/2006 dated December 13, 2006	Members are not indulging in any Portfolio Advisory Service, Portfolio Management Service and such other services directly or indirectly.		
Dealing with Intermediaries				
1	Circular No. MCX/012/2006 dated January 10, 2006	Brokerage has not been shared with another Member of the Exchange or an employee of another Member or a person with whom Members are forbidden to do business under the Rules, Bye Laws and Business Rules of the Exchange. Brokerage has not been shared with and/or		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
		business has not been transacted with any of the suspended or expelled or defaulting Members brokerage has been shared only with Authorised Persons.		
Dealing with Sub-Brokers				
1	Circular No. MCX/056/2004 dated July 09, 2004	<u>Member – Sub-broker agreements</u> Member – Sub-broker Agreements, containing all provisions specified by the Exchange, have been entered into with all the sub-broker/franchise, before accepting or placing orders on their behalf.		
2	Circular No. MCX/056/2004 dated July 09, 2004	<u>Books of accounts</u> Member maintained separate records including accounts in respect of the dealing with futures contract entered into on behalf of the sub brokers and preserved for the prescribed period in respect of the Head office and branches.		
3	Circular No. MCX/056/2004 dated July 09, 2004	<u>Responsibility of the Member</u> Inspection conducted to verify the books & records maintained by the sub-broker/franchise by the Member on regular basis.		
4	Circular No. MCX/056/2004 dated July 09, 2004	<u>Brokerage charged by the Sub-broker</u> Total brokerage charged by the sub-broker/franchise (including the share of brokerage of Member and the sub-broker/franchise) payable by the client does not exceed the maximum brokerage prescribed by the exchange.		
Contract Notes				
1	Bye-law 4.7, Business Rule 27(p), Circular No. MCX/012/2006 dated January 10, 2006, Circular No. MCX/409/2005 dated December 06, 2005	Contract notes have been issued to all clients within 48 hours from close of the trading hours when trade is executed. Contract note have been issued in the prescribed format with all relevant details filled in bearing signature of the authorised signatory, a running serial number which is initiated at the beginning of each financial year bearing separate series number with dealing office name or code as prefix to the serial number., if the Member has more than one office Copies/duplicates of Contract Notes issued by the Member are maintained. Unique Membership code allotted by the exchange/FMC printed on the contract note.		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
		Contract Notes are authenticated by digital signatures only after obtaining digital signature certificate from a Certifying Authority under the IT Act, 2000 and mode of confirmation by the client is specified in the agreement between the member and the client.		
2	Rules, Bye-laws, Business Rules & circulars	If digital contract notes have been issued to the clients, necessary log reports are maintained and physical contract notes have been issued to the clients at their request.		
3	Bye-laws 5.21 & 5.22, Circular No. MCX/032/2007 dated January 22, 2007	Trades executed for a client have not been subsequently transferred to another client.		
4	Bye-laws 5.21 & 5.22, Circular No. MCX/032/2007 dated January 22, 2007	Trades executed for own account have not been subsequently transferred to a client and vice versa.		
Margin				
1	Business Rule 27(r), Bye-law 8	Margin is collected from the clients as prescribed.		
Risk Management				
1	Circular No. MCX/012/2006, dated January 10, 2006	Trading is as per the Gross exposure, net exposure as well as intraday limit prescribed by the exchange/Relevant Authority from time to time.		
2	Circular No. MCX/012/2006, dated January 10, 2006	Appropriate risk management system/limit checking/surveillance mechanism is installed at appropriate level for our all terminals and overall exposure as well as intra day limit is being used properly.		
3	Circular No. MCX/056/2004, dated July 09, 2004	Member is collecting adequate margin deposit from their sub-brokers/franchise to settle their net obligation.		
Membership Requirement				
1	Rule 26(b), Circular No. MCX/150/2006 dated April 06, 2006	No change in share holding / sharing pattern of the corporate / firm has been undertaken without prior approval of the Exchange.		
2	Rule 26(b), Circular No. MCX/150/2006 dated April 06, 2006, MCX/476/2006 dated November	No change in directors / partners of the corporate / firm has been undertaken without prior approval of the Exchange.		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
	09, 2006			
3	Rule 30(e)	In the case of Partnership firm, no partner is a partner at the same time in more than one Partnership firm carrying on the business of the commodities trading and/or clearing.		
4	Rule 21(i), Circular No. MCX/149/2006 dated April 06, 2006	Maintaining of Net-worth on an ongoing basis and net-worth did not fall below the limit stipulated by the Exchange.		
5	Circular No. MCX/195/2006 dated May 13, 2006, Circular No. MCX/467/2006 dated October 31, 2006, Circular No. MCX/528/2006 dated November 30, 2006	Submission of Annual Returns to the exchange within the time frame.		
6	Circular No. MCX/324/2006 dated August 17, 2006	Annual Compliance Report for the Financial year 2005-06 has been submitted to the Exchange.		
7	Circular No. MCX/173/2006 dated April 25, 2006, Circular no. MCX/464/2006 dated October 30, 2006	Member has submitted the details of all clients along with PAN details who have executed transactions of value exceeding Rs.1 lakh and who are located in Mumbai / Navi Mumbai.		
8	Circular No. MCX/003/2006, dated January 03, 2006	No advertisements have been released for business purposes without prior approval of the Exchange.		
9	Circular No. MCX/012/2006 January 10, 2006	<u>Member acting for another Member</u> Member has not acted through or on behalf of another Member for trading on the Exchange either for proprietary trading or for trading on behalf of clients without the prior approval of the Exchange in writing.		
Office Management				
1	Business Rule 30, Circular No. MCX/10/2005 dated January 11, 2004, Circular No. MCX/332/2005 dated September 30, 2005	Trading terminals (TWS) are operated by the respective approved users only.		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
2	Rule 36(c), Business Rule 29(b), Circular No. MCX/010/2005 dated January 11, 2004, Circular No. MCX/CTCL/043/2007 dated February 02, 2007	Member has ensured that TWS have not been extended / CTCL terminals have not been installed without the approval of the Exchange and has not entrusted the CTCL terminals to their clients or to any unregistered intermediary other than Approved Persons.		
3	Circular No. MCX/CTCL/043/2007 dated February 02, 2007	Periodic System Audit has been undertaken for CTCL System.		
4	Circular No. MCX/241/06 dated June 15, 2006	Member has not traded in Pro-Account from more than 2 specified terminals only at one location. If Member has the facility of using 'Pro-Account' through trading terminals, not exceeding 5 trading terminals, from more than one location, Member has submitted an undertaking to the Exchange stating the reason for using the 'Pro-Account' at multiple locations and obtained the exchange permission for the same.		
5	Circular No. MCX/364/2006, dated September 05, 2006	Member has ensured that any one of their employee has cleared the MCCP examination.		
6	Business Rule 29(b), Circular No. MCX/332/2005, dated September 30, 2005	Member has not aided nor facilitated to access the trading system from a location other than our approved location, without the approval of the Exchange.		
7	Bye-law 6.1.7, Circular No. MCX/12/2006 dated January 10, 2006	No activity connected to or pertaining to Members' operation as a Member of the Exchange has been carried on in any office or premises without intimating the Exchange the full address of such office or premises with details of the activity proposed to be carried on therein and the person in whose supervision and control it is to be so carried on.		
8	Circular No. MCX/012/2006, dated January 10, 2006	Member has installed antivirus software which is capable to take care of operating systems. We have installed firewalls to protect the networks in the case of using of Internet.		
9	Circular No. MCX/295/2006	<u>Notice Board</u> Notice Board has been displayed at a		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
	dated July 28, 2006	prominent place, in the main office, branches and sub-brokers/franchise office as prescribed by exchange.		
Others				
1	Bye-law 11.5, Circular No. MCX/CTCL/043/2007 dated February 02, 2007	Records of all relevant particulars of persons who are approved as users by the Exchange have been maintained.		
2	Circular No. MCX/ 207/ 06,19/05/2006	Compliance officer has been appointed and the same has been reported to the Exchange.		
3	Bye-law 11.5 & 4.8, Circular No. MCX/181/2005 dated May 11, 2005, Circular No. MCX/268/2006, dated July 04, 2006	<u>Stamp duty</u> Stamp duty is paid as per the provision applicable to the stamp act applicable to it and relevant record has been maintained.		
4	Bye-law 4.8	<u>Service Tax</u> Service tax is collected properly and the same is paid. Further, necessary records related to service tax are maintained.		
5	Bye-law 4.8, Circular No. MCX/176/2006 dated May 06, 2006	Settlement of Sales tax/VAT and any other applicable tax and compliance of certain formalities by the Member for delivery of commodities has been followed.		
6	Rule 21	No action such as indictments or any such disciplinary action has so far been taken against the member.		
7	Circular No. MCX/026/2004 dated April 29, 2004	<u>Internet Trading</u> Internet trading facility to the clients is provided after obtaining prior approval of the Exchange and all other applicable provisions including periodic uploads to the exchange related to internet trading is complied with.		
8	Circular No. MCX/112/2006 dated March 18, 2006, Circular No. MCX/125/2006 dated March 24, 2006, Circular No. MCX/151/2006 dated April 06, 2006	<u>Insurance Policy</u> Member obtained Insurance policy to minimize the risk		
9	Bye-law 11.6	<u>Internal Inspection</u> Internal review of our business, to assist in		

Sr. No.	Rule/ Byelaw/ Business Rules / Circulars of the Exchange	Particulars	Status of Compliance (Yes / No / N.A.)	Remarks (Extent of and reasons for Non-Compliance)
		detecting and preventing violations of and achieving compliance with Rules, Bye Laws and Business Rules of the Exchange, has been undertaken.		
10	Bye-law 15.4, Circular No. MCX/012/2006 dated January 10, 2006	<p align="center"><u>Investor Grievances</u></p> Record of all written complaints of clients showing the name and reference number of client, date, particulars of the complaint, action taken by us and if the matter is referred to arbitration to the Exchange, the particulars thereof, etc. have been maintained. No client complaint is pending for more than 30 days.		
11	Circular No. MCX/069/2004, dated August 05, 2004	<p align="center"><u>MCX Logo/Emblem</u></p> Using of MCX logo/emblem in the advertisement /publicity materials/visiting cards/letter heads or such other material, in the mannerism as prescribed by the exchange.		
12	Business Rule 24(d)	Not involved in any kind of circular trading, cross dealing, and any trading activity which promotes price rigging, price manipulation and such other market abuses.		
13	Rules, Bye laws, Business Rules & circulars	Statement of accounts for funds has been sent to all the clients on a quarterly basis.		

Place: _____

For and on behalf of _____
(Name of member)

Date: _____

Signature of Designated Director/Managing Director/Partner/Proprietor/Karta
Name: _____

Rubber Stamp

Notes:

1. Please put initial on all pages.
2. Where space in remarks column is not sufficient for comment, please enclose self certified annexure/s.