

Membership Rules

1. Preamble

1.1 These Rules shall be known as the Rules of Unicoi Digital Capital Exchange (UDCX) (hereinafter referred to as the "Rules") and have come into force with effective from..... These Rules shall be read in conjunction with Bylaws, Rules, Regulations, guidelines, directions, circulars and clarification issued by Unicoi Digital Capital Exchange (UDCX) ("the Exchange") and amendments made to these Rules subsequent to the Effective Date.

2. Definitions

2.1 All words contained in these Rules will have the same meaning and definition given in the Trading Rules of Unicoi Digital Exchange.

3. Membership Of The Exchange

3.1 Membership of the Exchange is classified into Broker Membership and any other categories as prescribed by the Exchange. A person or entity desirous of securing Membership in the exchange may apply for Membership. The rights and privileges of Broker Memberships are:

Broker Membership: Broker Member shall have right to introduce Sub-Brokers and Clients. They act as a market facilitator to traders, providing advisory services, keeping their Sub-Brokers and Clients updated and informed about any concerns regarding trading opportunities, handling grievances, thereby, ultimately bridging Clients with the Exchange.

4. Criteria For Admission Of Broker Member

4.1 Individual Broker Member:

Individual- Any person, who possesses sufficient knowledge and experience in the financial and Crypto Markets, and interested to making Clients, acting as a market facilitator to traders, providing advisory services shall apply for Broker Member. Provided such person:-

- i. shall be competent to enter into a contract under law of the Czech Republic
- ii. if the applicant wants to carry out her/his business activities from the other country than its home country, the applicant shall also require the necessary permission from that country;
- iii. should be of good moral character, reputation, integrity;
- iv. shall be possessing adequate infrastructure for individual- Broker Membership; and
- v. shall be in compliance with all aspects of Anti Money Laundering laws;

4.2 Institution Broker Member

Any institution, whose objectives in the Memorandum of Association and/or its constitution permits such institution to involve in trading in instruments, and who possess the minimum networth prescribed by the Exchange, necessary infrastructure to effectively discharge its activities including experienced professionals and undertakes to comply with the financial and other requirements as may be specified by the Exchange from time to time. If the institution is domiciled outside the home country, it shall require the necessary permission from the Government of that country to carry out its business activities and it shall also require the necessary permission from the local government to carry out its business in its home country.

Any applicant shall apply for Broker Member in the form prescribed in Annexure 1. The Member Service Department of the Exchange shall consider the common interest of the Public and the Exchange, while deciding an application for Broker Membership.

5. Application Requirements

5.1 Applicant shall submit the duly filled application form for Membership in the form prescribed in Annexure 1 in person at the Exchange during working hours on any working day. Every application shall be accompanied with:

i) The prescribed non-refundable admission fee as prescribed in Annexure 7 by way of crossed Demand Draft in favour of "Unico Digital Capital Exchange". The applicant must pay the non-refundable admission fee before signing the agreement with the exchange. If application is rejected for any reason, the Exchange shall not refund the admission fee so paid.

ii) A reference letter from the bank in the form prescribed in Annexure 3 of these Rules showing the financial credibility of the applicant.

iii) If the applicant is institution, a certified copy of the resolution of the Board of Directors authorizing the institution to apply for Membership and stating the name of the person authorized to execute the documents on behalf of the applicant in the form prescribed in Annexure 4 and the bio-data of the directors in the form prescribed in Annexure 5 of these Rules.

iv) A duly executed undertaking in the form prescribed in Annexure 6 stating that the applicant shall not undertake any legal recourse against the Exchange in the event of the Application for Membership is rejected.

v) An undertaking that he/it has understood the contents of and be bound by the Bye-laws, Rules of trading, clearing and settlement and these Rules of the Exchange.

5.2 The Member Service Department of the Exchange shall consider the common interest of the Public and the Exchange, while deciding an application for Broker Membership.

6. General Membership Requirements

6.1 In addition to the specific criteria mentioned hereinabove, every applicant shall also observe and comply with the following general Membership requirements:

i) Compliance with capital requirement adequacy norms as prescribed by the Exchange for Membership to all categories.

ii) Compliance with necessary statutory provisions, Rules, and regulations of the Government of its home country and the Government of other countries from where they are operating the business.

iii) Every applicant for Membership shall comply with and be bound by the Rules and Regulations of the Exchange and agree to accept any decision made by the Member Service Department or Board of the Exchange as final.

iv) The applicant or his/its authorized representatives shall, as and when required by the Member Service Department during the admission process, appear personally for an interview and/or fit and proper test as may be prescribed.

v) The Exchange shall change or amend the Rules, requirements and/or criteria for admission as a Member and including those specified above, whenever warranted by the Exchange.

7. Fee And Capital Requirements

7.1 Admission Fee: Every applicant shall pay full Admission Fee as prescribed in Annexure 7 to the Exchange via a crossed Demand Draft in favour of "Unicoi Digital Capital Exchange", before signing the agreement with the exchange. Admission Fee once paid shall not be refunded to the applicant.

7.2 Membership Fee: Every applicant shall pay the Membership fee to the Exchange via a crossed Demand Draft in favor of "Unicoi Digital Capital Exchange" on approval of the application and before entering into the Membership agreement with the Exchange and this one time Membership fee shall not be refunded to the applicant.

7.3 Processing Fee: Processing Fee shall be charged by the Exchange at the time of processing any documents received by the Exchange.

7.4 Annual Subscription: An Annual Subscription charges shall be paid by every applicant on approval of the Membership and it is nonrefundable. The Annual Subscription charges shall become due at the end of every year and shall be payable not later than 15 days from the end of corresponding year. If the Member fails to pay the annual subscription within the above time limit, the Board may declare such Member as a defaulter within the meaning of these Rules of the Exchange.

7.5 Annual Insurance: Every Member of the Exchange shall obtain himself/itself an insurance cover, so as to protect from the risks and hazards relating to their business operations at the Exchange and a copy of the receipt of the premium paid shall be submitted to the Exchange every year along with the Annual subscription charges. The quantum of insurance cover shall be prescribed by the Exchange considering the nature of the Membership from time to time.

7.6 Advance Transaction Fund: Advance Transaction Fund shall be paid by every Member as collateral for trading and clearing in the Exchange. During trading or clearing, if the Advance Transaction Fund exceeds the transaction charges received in advance, the excess transaction charges shall be recovered from the Member at the time of incurrence. Members shall pay the Advance Transaction Fund to the Exchange. This Advance Transaction Fund shall be deposited in a segregate account controlled by the Exchange and is refundable, after settlement of all outstanding of such Member on termination /cancellation of the Membership by the Exchange. The Exchange shall provide proportionate increase of trading limits on deposit of additional Advance Transaction Fund.

7.7 Capital Requirement: Members shall meet the capital requirements as prescribed by the Exchange from time to time.

7.8 Exchange shall prescribe the kind and amount of fees, subscription charges and deposits payable by Members to the Exchange for Membership, maintenance of Membership and advance transaction deposits, as may be required from time to time. Exchange shall at its own discretion change the fee, charges and deposits by prior notification. Prior to making any application for Membership, every applicant should contact the Exchange to know the prevailing fee and capital requirement of the Exchange.

7.9 Exchange shall prescribe the kind and amount of fees, subscription charges and deposits payable by Members to the Exchange for Membership, maintenance of Membership and advance transaction deposits, as may be required from time to time. Exchange shall at its own discretion change the fee, charges and deposits by prior notification. Prior to making any application for Membership, every applicant should contact the Exchange to know the prevailing fee and capital requirement of the Exchange.

8. Submission Of Application

8.1 Exchange shall receive the application only if it is accompanied by all supporting documents and necessary fee for that category of Membership as prescribed by the Exchange. Exchange shall not process the application until all the requirements for application are met by the applicant.

9. Approval Of Membership

9.1 On receipt of an application for Membership along with the prescribed fee, the Member Service Department shall review the application. The applicant shall be called for an interview and/or also for a fit and proper test by the Member Service Department. The applicant or the authorized director of the institution shall appear in person to such interviews.

9.2 The Member Service Department shall enquire into and be satisfied with respect to the reputation and financial stability of the applicant and the details of the financial arrangements made in connection with Membership. After reviewing all the information, a decision shall be made by the Member Service Department as to whether the applicant is eligible for Membership or not and the decision thereof shall be communicated to the applicant to the address mentioned in the application.

9.3 If the application is approved, applicant shall be granted 30 days' time from the date of intimation of the approval from the Member Service Department to pay all other fees required for Membership on the Exchange.

9.4 On fulfilling all the formalities, the applicant shall be granted the Membership by the Exchange. An applicant approved for Membership by the Member Service Department shall not assume the responsibilities and privileges of Membership until the grant of Membership Certificate by the Exchange.

10. Membership Agreement

10.1 On approval of the application for Membership, after satisfying all requirements required for Membership, every Member shall execute an agreement with the Exchange in a format prescribed by the Exchange.

11. Certificate Of Membership

11.1 Upon executing an agreement with the Exchange, Member shall open the necessary bank accounts, prescribed by the Exchange.

11.2 On approval of Membership, a Certificate of Membership shall be issued to the Member and a copy shall be retained in the Exchange. The copy of the Certificate of Membership shall be exhibited by the Member in a prominent place in the office and the certificate shall remain the property of the exchange.

11.3 Certificate of Membership shall indicate the effective date from which the Member shall enjoy the rights and privileges of a Member of the Exchange.

11.4 The Member shall commence trading, clearing or market making, on payment of the Advance Transaction Fund prescribed by the Exchange.

11.5 Every Member of the Exchange shall promptly notify the Exchange in writing regarding any change in the information provided by the Member at the time of admission. If the Exchange came to know that a Member fails to do so, the Exchange shall conduct an enquiry through the Disciplinary Department of the Exchange, if the allegation is found to be true, then Exchange shall charge a penalty and/or take disciplinary action against such Member.

11.6 If the Certificate of Membership is lost, destroyed, defaced or worn out, the Exchange shall issue a duplicate Certificate to the Member under the following circumstances:

- i) on submission of proof of destruction or loss of the original Certificate; or
- ii) on the return of the worn out or defaced Certificate to the Exchange; and
- iii) on payment of a fee prescribed by the Board.

12. Publication Of Admission Of A Member

12.1 When a Member is admitted and a Certificate of Membership is issued to the Member, notice of such admission shall be communicated to the Member in writing and also published or notified by way of broadcast to the other Members and Customers of the Exchange through the automated trading system or any other electronic system of the Exchange.

13. Rejection Of Application And Appeal

13.1 An applicant, who is not approved for Membership by the Member Service Department shall request for a review with or without a personal hearing of his application by a Membership Committee constituted by the Exchange within 30 days of such decision.

13.2 On receipt of such request, the application shall be referred to the Membership Committee, consisting of a chairman and two Members, designated by the Exchange. The Membership Committee shall review the application and a unanimous decision of the Committee is required for approval of the application for Membership.

13.3 If an application for Membership is rejected by the Membership Committee, the applicant may appeal against the decision to the Appellate Membership Committee of the Exchange within 30 days of decision of the Membership Committee. The Appellate Membership Committee, consisting of a chairman and five Members constituted by the Board, after due deliberations shall decide, by a majority vote, whether the applicant is qualified for Membership or not. The decision of the Appellate Membership Committee shall be final. An application rejected by the Appellate Membership Committee may be reconsidered only if new or additional information is subsequently brought to the attention of the Appellate Membership Committee. If an applicant is rejected for Membership or if, for any reason, the Exchange shall not refund the admission fee.

13.4 If the applicant is appealing against the decision of the Member Service Department or Membership Committee, the Exchange shall retain the admission fee so paid until the decision of the Appellate Membership Committee.

14. Register Of Members

14.1 The Exchange shall maintain a register of Members of the Exchange. In the register, Exchange shall record the details of the Member and any information as may be considered appropriate by the Exchange, for the use of the Exchange and its Members. Exchange shall also store such details of Members in electronic forms.

14.2 Every Member shall promptly notify the Exchange in writing of any change in the information provided by the Member at the time of admission or at a later stage, failing which, the Exchange shall impose a penalty or take disciplinary action against such Member.

15. Misrepresentation Of The Member

15.1 An applicant may be terminated from the Membership upon the unanimous decision of the Disciplinary Committee of the Exchange, if he is found to be:

- i) Guilty of fraud or gross financial misconduct declared by a court of law; or
- ii) Dishonest conduct prior to becoming a Member and of failing to make full disclosure thereof in his application for Membership; or
- iii) Guilty of having made a false statement of a material fact in connection with his application; or
- iv) Made any willful misrepresentation

16. Bank Accounts And Deposits

16.1 Operational Account: Member shall maintain an operational account in a designated bank/s. This account shall be used for Member's operational purpose and to receive allocated commission. This account shall be subjected to audit and the Exchange shall have rights to call for details of transaction of this account as and when required

16.2 Segregate Account: This account shall be maintained by the Exchange exclusively for the purpose of Trading and Market Making in the Exchange. The Exchange shall exercise total control in this account and the Exchange shall provide facilities for every Members and Clients to deposit advance transaction fund and margin amount into this account with the narration as prescribed by the exchange. The Exchange shall ask every Member and Client to maintain a minimum balance in this account as prescribed by the Exchange. Members and Clients shall have withdrawal right or right to request for the withdrawal for available balance after deducting minimum balance required, fees, charges, tax liabilities, and other financial liabilities. Members and Clients shall also have withdrawal right for minimum balance maintained in this account after deducting fees, charges, tax liabilities, and other liabilities after terminating the Membership and/or agreement. At the end of each trading day, the Exchange shall debit and credit funds in and out of this account based on the profits and losses, fees and charges, tax and other liabilities accrued by the Members and Clients and also based on margin requirements.

17. Registration Of Client And Sub-broker

17.1 Client Registration: Broker Member is permitted to register Clients for trading in the Exchange, if the Client has:

- i. attained the age of majority and legally competent to enter in to Cryptocurrencies and Contracts under law of Czech Republic;
- ii. submitted an application for registration as a Client with the Member in the form prescribed by the Exchange;
- iii. provided proof of evidence, including proof of identity, proof of address to substantiate the application for registration;
- iv. entered into an agreement with the Member and/or the Exchange for trading in the Exchange;
- v. understood and given an undertake to assume the risk of trading in Cryptocurrencies and Contracts in the Exchange; and
- vi. agreed to abide by the Rules of the Exchange in writing.

17.2 If a Client enters into an agreement with the Member and/or the Exchange for trading in the Exchange, it shall be deemed to be considered that the Client has agreed to undertake all risk and liabilities arising from the trade executed by such Client.

17.3 Every Client shall comply with the margin requirements for trading. Every Member shall, on direction from the Exchange, deposit additional security fund to cover the risk of trade and to protect the interest of Exchange and Client. Exchange shall prescribe the amount of security fund based on the total volume of trade of the Member including its Clients.

17.4 Any Client, who violates any provision of the Rules of the Exchange, misbehaved with the staff of the Exchange and Members, conducted any unethical trade practices with the Exchange, violated the code of conduct of the Exchange or acted in a manner detrimental to the interest of the Exchange, its Members or Clients shall be suspended by the Exchange and access to the trading system of the Exchange shall be deactivated with immediate effect. If the Exchange has reasonable ground to believe that the Member has assisted the Client for any of the above act or knowledge about the violation, misconduct, default or negligence of the Client, Exchange shall also suspend such Member without any notice.

17.5 Any Client, who defaults in payment of margin, maintaining margin, the Member shall be solely liable for such default and the Exchange shall use the Member Security Fund of a Member to rectify or remedy such default without any prior notice to Member.

17.6 Any person other than resident of the Restricted Jurisdictions of the Exchange shall also be permitted to register as a Client subject to the law of Czech Republic.

17.7 Sub-Broker Registration: Every Broker Member has the right to appoint Sub-Broker for trading in the Exchange. Sub-Brokers can be both individual and institutions. Sub-Brokers are permitted to introduce Clients for trading in the Exchange. Broker Member is permitted to register Sub- Brokers for trading in the Exchange, if the;

i. Sub-Broker is an individual, he/she should have attained the age of majority and legally competent to enter into a contract under law of Czech Republic.

ii. Sub-Broker is an entity, its registration or recognition is valid and is legally competent to enter into a contract.

iii. Any person/entity other than resident/registered of the country of the Exchange shall also be permitted to register as a Sub-Broker subject to the law of Czech Republic of the person/entity.

iv. It has submitted an application for registration as a Sub-Broker in the form prescribed by the Exchange

v. Sub-Broker has provided proof of identity, proof of tax registration, and proof of address in case of an entity, the proof of registration or recognition.

vi. Sub-Broker has entered into an agreement with Broker Member for trading in the exchange.

vii. Sub-Broker has understood and assume the risk of trading in the Exchange; and

viii. Sub-Broker has agreed to abide by the Rules of the exchange.

17.8 Every Sub-Broker shall be permitted to register Clients provided the Sub-Broker shall fulfil all the requirements for registration of Clients prescribed by these Rules. Each Client shall be registered through the Broker Member with whom the Sub-Broker has registration.

17.9 If any Sub-Broker signed agreement with Broker Member, it shall be deemed to be considered that the Broker Member has agreed to assume the risk and liabilities arising from the trade executed by such Sub-Broker and its Clients.

17.10 A Sub-Broker shall be permitted to trade only after compliance with the requirements of registration and paid the fees and deposits required for trading in the Exchange. Every Sub-Broker shall be given a unique registration code. The Exchange and/or the Broker Member, as the case may be, shall prescribe the application fee, registration fee, agency renewal fee and all other charges payable by a Sub-Broker from time to time.

17.11 Every Sub-Broker shall submit a copy of agreement and application signed by Client to the Exchange through its Broker Member. The Broker Member shall maintain such record and the Exchange shall inspect of such record maintained by the Broker-Member.

17.12 Every Sub-Broker and its Clients shall comply with the margin requirements for trading in contracts. Every Broker Member shall, on direction from the Exchange, deposit additional security fund to cover the risk of trade of its Sub-Brokers and their Clients. Exchange shall prescribe the amount of security fund based on the total volume of the trade by the Broker Member, Sub-Broker and their Clients.

17.13 Any Sub-Broker who violates any provision of the Rules of the Exchange, misbehaved with the staff of the Exchange and Members, conducted any unethical trade practice in the Exchange, violated the code of conduct of the Exchange or acted in a manner detrimental to the interest of the Exchange, its Members or other Clients shall be suspended by the Exchange and access to the trading system of the Exchange shall be deactivated with immediate effect. If the Exchange has reasonable ground to believe that the Broker Member has assisted the Sub-Broker for any of the above act or knowledge about the violation, misconduct, default or negligence of the Client, Exchange shall also suspend such Broker Member without any notice.

17.14 Any Sub-Broker or Clients of the Broker Member, who defaults in payment of margin, Maintaining Margin, the Member shall be solely liable for such default and the exchange shall use the Member security fund of a Broker Member to rectify or remedy such default without any prior notice to Broker Member.

18. Training

18.1 A Member should have sufficient experience before taking part in trading or clearing activities. Member should attend an initial educational program conducted by the Exchange about the functioning of the Exchange in general, Rules of trading, Clearing and Settlement of the Exchange and consequences of violating the legal and professional responsibilities, code of conduct, ethics of a Member, treatment of customer's orders and handling of customer business, maintaining Member customer relationships, surveillance and compliance of Rules of the Exchange.

18.2 Every Broker Member shall be responsible for making Sub-Brokers and Clients aware of trading and the risk involved in trading before permitting them to take part in the trading.

19. Technology Requirements

19.1 On approval of Membership, Member shall comply with all the necessary norms and requirements prescribed by the Exchange relating to the use of technology for accessing the trading system of the Exchange, which include equipment, software, hardware, network components etc. Member shall only purchase, install and maintain such software, hardware, network components and equipment only from the vendors approved by the Exchange. Norms and requirement applicable to the Member for use of technology shall also be applicable to the Sub-Broker and Clients of a Member.

20. Membership Compliance

20.1 It shall be presumed by the Exchange that a Member is aware of the Rules and regulations of the Exchange and also shall abide by all such circulars, Rules, regulations and amendments that may be issued by the Exchange from time to time.

20.2 In the event of an institution owning a Membership, the institution shall provide a legalized resolution/authorization indicating the name of the person, who is authorized to sign the document on behalf of the institution as and when required by the Exchange.

20.3 A Member shall not lease, mortgage, pledge or hypothecate his right of Membership or any rights or privileges attached thereto, and any such attempt to do so shall not be effective under the Rules of the Exchange. The Exchange shall terminate any Member of the Exchange, who acts or attempts to act in violation of the provisions of this Rule.

20.4 Membership of the Exchange may be sold to any qualified person or an institution, approved by the Exchange, subject to these Rules of the Exchange and any other terms and conditions that may be prescribed by the Exchange.

20.5 A Member can surrender the Membership by giving letter of resignation to the Exchange. In case of resignation, the Exchange shall return the balance Advance Transaction Fund, if any, after deducting any claims and outstanding in the Exchange, subject to a lock-in period as may be specified by the Exchange.

20.6 A Member shall not be permitted to surrender or resign from the Membership until such time the Membership is under suspension by the Exchange.

21. Membership Dues

21.1 Every Member of the Exchange shall pay the annual subscription charges and any other fee as prescribed by the Exchange.

21.2 Exchange shall send notices to such defaulting Members and any Member, who does not pay the dues within 14 days after receipt of such notice, shall be suspended for a period specified by the Exchange and until the payment of the dues. The Exchange shall also charge a fine for such default.

21.3 If any Member of the Exchange fails or neglects to pay the dues for a continuous period of 30 days, the Exchange may declare such Member of the Exchange as a defaulter within the meaning of these Rules and forfeit all Membership privileges. Exchange shall use reasonable efforts to notify the Member before any privileges are being forfeited.

21.4 The defaulting Member of the Exchange shall apply for re-activation of his Membership by curing such default and subject to any other terms and conditions which the exchange may prescribe considering the nature of the default, which may be a fine or penalty.

22. Code Of Conduct

22.1 A Member may be liable to pay a penalty upon non-compliance with Exchange Bye-Laws, Rules and Regulations. This shall include both the failure to pay the dues pertaining to the Member within 14 days after a notice in writing has been served upon the Member by the Exchange. Exchange shall also suspend the Membership until curing such default. The Exchange shall levy a penalty based on the outstanding dues and number of failures to comply with Exchange Bye-laws, Rules and regulations. The Exchange shall also levy interest on the outstanding dues as per the Rules and regulations of the Exchange.

22.2 If a Member fails to cure the default within 30 days of notice, the Exchange may declare such Member of the Exchange as a defaulter within the meaning of these Rules and forfeit all Membership privileges. If the default continues for a period of 60 days, the Member may be terminated from the Membership.

22.3 For the purpose of these Rule, the minimum penalty to be imposed against a Member for default/offence shall not be less than USD 500 (USD five hundred only), but which may extent to USD 50,000 (USD fifty thousand only). If a Member, who had already been penalized for a default/offence again violated the Bye-Laws, Rules and Regulations of the Exchange shall be penalized for his second and subsequent offence/default, based on the nature and seriousness of offence, penalty amount shall be on the consideration of order issued by Compliance Department.

23. Penalty

23.1 A Member may be liable to pay a penalty upon non-compliance with Exchange Rules and Regulations. This shall include both the failure to pay the dues pertaining to the Member within 14 days after a notice in writing has been served upon the Member by the Exchange. Exchange shall also suspend the Membership until curing such default. The Exchange shall levy a penalty based on the outstanding dues and number of failures to comply with Exchange Rules and Regulations. The Exchange shall also levy interest on the outstanding dues as per the Rules and Regulations of the Exchange.

23.2 If a Member fails to cure the default within 30 days of notice, the Exchange may declare such Member of the Exchange as a defaulter within the meaning of these Rules and forfeit all Membership privileges. If the default continues for a period of 60 days, the Member may be terminated from the Membership.

23.3 For the purpose of these Rule, the minimum penalty to be imposed against a Member for default/offence shall not be less than USD 500 (USD five hundred only), but which may extent to USD 50,000 (USD fifty thousand only). If a Member, who had already been penalized for a default/offence again violated the Rules and Regulations of the Exchange shall be penalized for his second and subsequent offence/default, based on the nature and seriousness of offence, penalty amount shall be on the consideration of order issued by Compliance Department.

24. Suspension Of Membership

24.1 A Member may be suspended by the Exchange for the following reasons:

- i. non-compliance with the Rules and/or Regulation of the Exchange;
- ii. non-compliance with the payment of dues and other fees prescribed by the Exchange within the time limit; unless the Exchange grants an extension of time for payment;
- iii. a Member fails to comply with an arbitration award made against him; or
- iv. the insolvency of a Member, if declared by a Court of Law.

Explanation: If insolvency is on account of an order by a Court of Law, the Member shall immediately notify the Exchange of such insolvency. The insolvency shall be announced and notified by the Exchange and thereupon such Member shall be deemed automatically suspended. If a Member of the Exchange becomes insolvent, or for other reasons is suspended from the Exchange, officers or authorized representatives of the Member shall also stand as suspended from the Exchange until such time the suspension is valid.

24.2 A Member shall be deemed insolvent by the "Exchange":

- i. If such Member files a voluntary petition of bankruptcy and/or is adjudicated as bankrupt;
- ii. If such Member fails to fulfil or promptly adjust all of its legal and financial obligations to the Exchange and fails to comply such financial obligation within 15 days of such financial obligation being aroused; or
- iii. If satisfactory proof is made to the Member Service Department of the Exchange that such Member is unable to pay its debts to the Exchange as they fall due in the ordinary course of business.
- iv. A Member of the Exchange may be suspended by the Member Service Department of the Exchange if the Member fails to meet the capital requirements of the Exchange, or if the Member's financial condition is such that its continued operation would jeopardize the integrity of the Exchange.
- v. A suspended Member may be granted a hearing before the Disciplinary Committee on receiving a request from such Member within 30 days from the date of suspension.

25. Termination

25.1 A Member may be terminated from the Membership for non-compliance of Rules and Regulations of the Exchange or for any other reasons stated in any of the provisions of these Rules. This is inclusive of:

- i. Notification from the Government on prohibition of performing business with the Member or such notification by a Court of law.
- ii. Notification from any of the Committee of the Exchange.
- iii. A Member's inability to perform and continue as a Member of the Exchange.
- iv. The inability to protect the integrity of the Exchange, in the interest of other Members and customers in general and in the interest of the public in particular.
- v. Inability to pay the dues and outstanding to the Exchange within the prescribed time limits.

25.2 Members terminated in accordance with this Rule shall be notified and he may be permitted to request for a hearing before the Disciplinary Committee of the Exchange within 30 days of such termination.

26. Procedure For Hearing

26.1 The Disciplinary Committee shall initiate proceeding under this provision either on receipt of reliable information of gross negligence and/or violation of any Rules and Regulations and/or circulars of Exchange by a Member or on receipt of request from an aggrieved Member.

26.2 The Disciplinary Committee shall call for an explanation from such Member in writing within 7 days from the date of notice or such time as prescribed by the Committee. If requested, such Member shall also be given a chance to represent the matter in person, before the Disciplinary Committee.

26.3 If the Disciplinary Committee find the allegation is true, a show cause notice shall be served on such Member calling for further explanation as to why action under appropriate Rules shall not be taken against such Member. After obtaining further explanation from the Member in writing, the Disciplinary Committee find that the Member is guilty, it may take a decision against such Member and impose a penalty, suspension or termination, as it may consider appropriate, and the decision shall be communicated to the Member in writing

26.4 The Disciplinary Committee may also grant such time to the Member to correct its practices which are found in violation of Rules and Regulations of the Exchange during the period of suspension. After such period of suspension, the Disciplinary Committee shall conduct another enquiry or employ a duly competent person authorized in this behalf to conduct an enquiry against such Member and to furnish a report thereof for the further consideration for the Disciplinary committee.

26.5 If the Member fails to correct himself/itself, after granting sufficient time, the Disciplinary Committee may take necessary steps to terminate the Membership of such Member. During such proceedings, the Member shall be given an opportunity represent its version, which shall be taken into active consideration before taking any action against such Member.

26.6 A Member against whom any such decision has been taken under this provision or any of the Committees authorized in this behalf, such Member may apply for a review of such decision before the Board of the Exchange within 30 days of such decision. The Board of the Exchange shall constitute a five Member committee to review the decision of the disciplinary committee. The decision of the five Member committee in this regard shall be final and binding on the Member.

27. Inactive Members

27.1 Inactivation Procedure: The Members, subject to Rules and Regulations of the Exchange, issued from time to time, may request for inactive Membership status for seeking benefit of exemption from maintaining capital requirement, monthly financial reporting and examination requirements. However, Member shall not be exempted from submitting the annual certified financial statements and Certificate of net-worth during a year. During the period of inactivation, such Member shall continue to be treated as a Member of the Exchange. However, the Member shall not be allowed to trade in the Exchange or access the online facilities of the Exchange. Member's trading terminal shall also be deactivated during this period. Upon deactivation the Member shall pay the deactivation charges as decided by the exchange and comply with other formalities to be maintained by a Member.

27.2 Reactivation: A Member in inactivation status may at any time request for reactivation of his Membership. Upon reactivation the Member shall pay the reactivation charges and comply with other formalities to be maintained by a Member.

27.3 Inactivation by the Exchange: The Exchange may inactivate a Member:

- i) if a Member is not trading in minimum volumes [if any] for a prescribed period by the Exchange.
- ii) if a Member is under disciplinary proceedings, suspension or termination.

28. Death Or Non-existence Of A Member

28.1 Individuals: On death of an individual Member, his family members shall notify the Exchange within 10 days from the date of death. On receipt of such notice, the Exchange shall issue a notification about the death of the Member and all the Clients under that Broker Member will come directly under the Exchange. The Exchange shall transfer the balance deposit to the Member's Operational Account, registered in the Exchange, after deducting fees, charges, tax liabilities, and other liabilities.

28.2 Institutions: In case of non-existence of an institution, its authorized representative shall notify the Exchange within 10 days from the date of such nonexistence. On receipt of such notice, the Exchange shall issue a notification about the non-existence of that Member and shall take measures as it considers appropriate.

29. Investigation

29.1 Where the Board of the Exchange has reasonable ground to believe that –
the transactions on the Exchange are being conducted in a manner detrimental to the investors or trading market; or

any Member or person associated with the trade or clearance with the Exchange has violated any of the provisions of the Rules and Regulations of the Exchange it shall at any time direct the Disciplinary Committee to investigate the affairs and business of such Member or person and report thereon on to the Board of the Exchange.

29.2 The Disciplinary Committee shall direct to any such Members or person to furnish such information, to produce documents, registers, records that it may consider necessary for the purpose of the investigation.

29.3 The Disciplinary Committee shall also inspect the trading premises of such Member or entity for the purpose of the investigation.

29.4 On receipt of the report from the Disciplinary Committee, the Board of the Exchange shall pass appropriate orders, which shall be binding on such Members or person.

30. Amendment To The Rules

30.1 Exchange may at any time amend these Rules. Any such amendment shall be notified at least 7 (seven) days before effective date by the exchange and be binding on the Members.

31. ANNEXURES

ANNEXURE 1

ANNEXURE 2

ANNEXURE 3

ANNEXURE 4

ANNEXURE 5

ANNEXURE 6

ANNEXURE 7