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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX/TECHNOLOGY-045/2018/169

Date : July 09, 2018

Subject : Submission of Revised CTCL/ALGO Undertaking

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With reference to the Exchange Circular No. NCDEX/TECHNOLOGY-073/2017/316 dated November 28, 2017 regarding "Revised CTCL/ALGO/ASP/NEXTRA CTCL (NCTCL) Undertaking", the Exchange hereby notifies all its trading and clearing members as under:

The CTCL/ALGO Undertaking documents have been revised to comply with the rules, byelaws and regulations of the Exchange. Therefore all Members are required to submit the duly signed revised undertaking document to the Exchange, latest by **August 31, 2018**.

The **digitally signed scan copies** of the undertaking / declaration document can be uploaded through the online module available on the Exchange website at the following path - **NCDEX website >Technology > Forms > Revised Undertaking**. The hard copy of the said documents are required to be preserved by Members/Vendors at their end and should be made available to Exchange, as and when called for.

Members are also advised to submit the above mentioned undertaking document as per the revised format for any future procurement of third party CTCL software or in-house developed software.

The format of the undertaking is provided as per the following annexure:

Sr. No.	Annexure	Particulars
1	A	Members using Empanelled vendor - CTCL software
2	B	Members using Empanelled vendor AT software
3	C	Members using In-house developed CTCL software
4	D	Members using In-house developed AT software (including INDEMNITY)

For and on behalf of  
**National Commodity & Derivatives Exchange Limited**

Bipin Veliyam  
Vice President- Customer Service

Encl : Annexures

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For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
  2. Customer Service Group by e-mail to : [askus@ncdex.com](mailto:askus@ncdex.com)
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**ANNEXURE A**  
**(Undertaking for Member using empanelled vendor CTCL software)**

I / We \_\_\_\_\_, an individual / a partnership firm under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the Companies Act 2013 / \_\_\_\_\_ Act, 19\_\_\_\_, and residing at / having our principal place of business/ \_\_\_\_\_ registered office at \_\_\_\_\_ - give this UNDERTAKING on this the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ IN FAVOUR of National Commodity & Derivatives Exchange Limited, a company incorporated under the Companies Act of 1956, with its registered office at Akruiti Corporate Park, 1<sup>st</sup> Floor, LBS Road, Kanjurmarg (West), Mumbai 400 078 (hereinafter called "NCDEX")

WHEREAS,

- A) NCDEX has provided a Trading terminal software to enable its Trading Members to trade in derivative (Future & Options) contracts of various commodities.
- B) In addition, NCDEX provides a Computer to Computer Link (hereinafter referred to as the "CTCL facility") by which it provides a facility for order entry, receipt of order and trade confirmation and also for receipt of data relating to its trade quotations by using their own trading front end software in order to trade on NCDEX trading system.
- C) NCDEX has decided that it shall permit CTCL facility to its Trading Members on case to case basis, subject to such terms and conditions as NCDEX may impose and one such condition is that such members shall execute an undertaking in favor of NCDEX in the format prescribed. NCDEX agrees to provide the said facility only to such persons as NCDEX may permit (hereinafter referred to as the "Approved Persons").
- D) I/We have been admitted to the Trading Membership of NCDEX, and am/are desirous of availing the CTCL facility by fulfilling all the terms and conditions as may be prescribed by NCDEX from time to time at its discretion in this regard.

NOW THEREFORE IN CONSIDERATION OF NCDEX having agreed to allow me/us to avail the CTCL facility, I/we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions:

1. That the CTCL facility shall be made available to the Approved Persons only after obtaining the prior written consent of NCDEX and subject to such terms and conditions as may be prescribed by NCDEX from time to time.

2. That in addition to such terms and conditions as may be prescribed under clause (1) by NCDEX, all the provisions of the Byelaws, Rules, Regulations and Circulars relating to use and operation of the NCDEX Trading System shall also mutatis mutandis become applicable to the use and operation of the CTCL facility.
  3. That notwithstanding anything contained in this Undertaking, my/our liabilities and obligations as a Trading Member of NCDEX shall not be affected nor shall be prejudiced in any manner whatsoever.
  4. That without prejudice to the generality of clause (3) of this Undertaking, I/we shall be responsible to settle all the trades executed by me/us or the Approved Persons on my/our behalf whether such trades were executed with or without my/our permission / knowledge and that I/we shall be bound to complete/fulfill all my/our obligations/liabilities/commitments arising due to the trades executed by me/us as well as those executed by the Approved Persons on my/our behalf.
  5. That NCDEX, at its sole discretion, may make the CTCL facility available to me/us at NCDEX's address first mentioned above or at any other address as NCDEX may from time to time notify to me / us or approve as being the location (hereinafter referred to as the Receiving Premises).
  6. That I / we shall use the physical communication link (s) provided to me/us, for the purpose of having simultaneous access to both the CTCL facility as well as the Exchange provided terminal.
  7. That NCDEX, at its absolute discretion, may make the CTCL facility available to me/us only from the date of my/our enablement on the CTCL facility, till such time as it may deem fit and further that the CTCL facility may at any time be withdrawn by NCDEX at its discretion without giving me/us any notice or reasons whatsoever.
  8. That the CTCL facility if made available to me/us by NCDEX will be on a non-exclusive basis only and that the same may be made available by NCDEX, at its sole discretion, to any other Trading Member whomsoever on such terms and conditions as may be deemed fit by NCDEX.
  9. That I / We may, by giving one month's notice, request NCDEX to withdraw the CTCL facility extended to me/us and such withdrawal shall be subject to such terms and conditions as may be prescribed by NCDEX including payment of such compensation as may be decided by NCDEX at its discretion.
  10. That I/We shall be responsible and take all such steps, actions and proceedings to ensure that no Approved Persons in any way further makes the CTCL facility available to any other person nor shall extend the CTCL facility outside his new premises and that in case I/we fail to ensure the same, NCDEX shall be empowered to take such action as it may deem fit, which may include disabling me/us from having access to CTCL facility, and such disciplinary actions as it may deem fit.
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11. I/we undertake that

- i. I/we shall at my/our own expenses provide all lines, cabling, software, hardware, equipment and other communication facilities required for transmission of the data between the end user and my/our server at my /our office and also obtain the necessary approvals from relevant Statutory or other Authorities.
- ii. I/We shall ensure that the connectivity of the CTCL facility is as per the network structure approved by NCDEX and Department of Telecommunications (DoT) and/or Telecom service providers and/or any other appropriate Government/Statutory Authority and that I/we shall produce the necessary approvals to NCDEX in order to meet any of its requirements for enabling me/us to have access to the CTCL facility.
- iii. I/We undertake to ensure that access shall be given only to Approved persons and also to evolve and establish a method to ensure that non Approved persons cannot access the system.
- iv. I/We undertake to pay any such license fees/charges/royalties as may be levied by DoT, NCDEX, Telecom service providers, and or any other Regulatory/Statutory Authority from time to time.
- v. I/we shall ensure that data communication lines between the NCDEX's equipment and my/our equipment are connected to my/our own and further that the telecommunication network will be as per the approved network structure/diagram of NCDEX and DoT and/or the Telecom service providers and/or any other appropriate Government/Statutory Authority.
- vi. I/we shall indemnify NCDEX against any loss or damage including liabilities arising out of failure to comply with Clause (v) above.
- vii. I/we shall provide NCDEX with the Network diagram i.e., Schedule No. I, hereto and as adopted by me/us for having access to the CTCL facility between the end user and my/our server at my/our office and that we shall also provide NCDEX with the new network diagram as and when any changes are made to the existing Network diagram after the prior written permission of NCDEX.
- viii. I/we shall notify NCDEX of the details related to the Approved Persons for prior approval of NCDEX and shall acquire the prior permission from NCDEX for every additional Approved Person taken subsequently before letting him/her have access to the CTCL facility. Further, incase an Approved Person is disabled from acting in his/her capacity as such for any reason whatsoever, then I/we shall acquire prior written permission from NCDEX before appointing any other individual to act as an Approved Person in his / her place.

- ix. I/we shall make the necessary changes at my/our own costs, in the software used by me/ us for accessing the CTCL facility as and when any changes either technical or structural are made by NCDEX in the CTCL facility.
  - x. I/we shall provide NCDEX with the Technical Specifications for the software used by me/us for accessing the CTCL facility and shall also provide the new Technical Specifications for the software as and whenever any changes are made by me/us to the existing software used to access the CTCL facility.
  - xi. I/we shall not develop or use any software for accessing the CTCL facility, which in the opinion of NCDEX shall resemble or result in duplication of NCDEX Exchange provided terminal in any manner and further that no representation shall be made by me/us that the software developed by me/us for accessing the CTCL facility is part of the NCDEX Exchange provided terminal.
  - xii. I/we shall not assign or otherwise transfer the rights and obligations arising out of the use of the CTCL facility and this undertaking whether in whole or in part without the prior written consent of NCDEX.
  - xiii. I/we agree not to use, without the express permission of NCDEX, the name of NCDEX to directly or indirectly promote my/ our business.
  - xiv. I/we shall not, either by myself / ourselves or through any person acting on my/our behalf, issue / release / publish any advertisement, brochure, pamphlet, booklet, notice or any other promotional material on any aspect relating to the CTCL facility in any form, whether in writing or otherwise, in accordance with the Code of Advertisement as prescribed by the NCDEX except with the prior written approval of NCDEX.
12. I/we agree that NCDEX does not warrant that the provision of the CTCL Facility will be error free or uninterrupted.
13. I/we undertake and agree that
- i. I/we shall maintain all systems logs and make the same available for inspection by NCDEX through its Officers/agents at any time at the sole discretion of NCDEX.
  - ii. I/we shall not under any circumstances match the respective orders entered in by my/our Approved Persons from their terminals by myself /ourselves by using any means whatsoever and that I/we shall route all the orders entered in by my/our Approved Persons  
  
in the Trading System of NCDEX so that they could be matched by the Central Computer of NCDEX only.
  - iii. I/We shall ensure that the following guidelines would be adhered:
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- System used by me/us has provision for security, reliability and confidentiality of data through the use of encryption technology.
- I/We shall maintain adequate backup systems and data storage capacity and also arrange for alternative means of communications in case of Internet Link failure.
- I/We shall ensure to have a system based control on the trading limits of clients and exposures taken by clients and also set pre-defined limits on the exposure and turnover of each client. The system will also be capable of assessing risk of the client as soon as the order comes in. The client is also to be informed of acceptance/rejection of the order within a reasonable period.

Reports on margin requirements, payment and delivery obligations etc. are to be informed to the clients through the system.

- I/We shall ensure that the following security measures shall be in-built in the system :
    - User Id
    - First Level Password (Private Code)
    - Automatic expiry of passwords at the end of reasonable duration. Reinitialize access on entering fresh passwords.
  - All transaction logs with proper audit facilities to be maintained in the system
  - Secured Socket Level Security for server access through Internet
  - Suitable Firewalls between trading set-ups directly connected to an Exchange trading system and the Internet trading set up.
  - Shall integrate any advanced level security as specified by NCDEX/SEBI from time to time.
  - The following systems operations procedures will be adhered to :
    - Shall follow similar logic/priorities used by the Exchange to treat client orders
    - Shall maintain all activities / alerts log with audit trail facility
  - The Web-server shall have internally generated unique numbering for all client orders/trades
- iv. I/We shall ensure that on-line surveillance and risk management features like Trade-by-Trade Position Monitoring etc., shall be inbuilt in the CTCL facility and it shall be flexible to change as per guidelines provided from time to time .
- v. I / we shall not develop or use any software/program facility which shall either directly or indirectly facilitate Automated Trading. For the purpose of this clause, the term 'Automated Trading' shall mean any software or program facility by the use of which, upon the fulfillment of certain specified parameters, without the necessity of manual entry of orders,
- buy/ sell orders are automatically generated and entered by the software / program facility into the Trading System of NCDEX to be matched by the central computer.
- vi. I / we shall not develop or use any software/program which shall either directly or indirectly facilitate orders to cross trades of their clients with each other. All orders shall be offered to the market for matching.
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- vii. NCDEX shall be possessed with the absolute right to inspect the internal software used/being utilized me / us at any time at its discretion.
- viii. I / we shall render all possible assistance and cooperation to NCDEX by providing access to any kind of information in any form as may be required and shall produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by NCDEX.
14. That after the completion of the necessary test and after completely satisfying myself/ourselves that the CTCL facility is fault free, I / we shall submit an Acceptance Certificate in the format as specified by NCDEX in partial fulfillment of one of the conditions of NCDEX for my / our Enablement for having access to the CTCL facility.
15. That NCDEX shall not be liable for any direct or indirect damage, costs, Claims and expenses whatsoever:
- i. Arising from mechanical or electrical or telephone or network breakdown or power failure or malfunction of any computer and / or / our server and / or any other auxiliary equipment or any other cause whatsoever.
  - ii. Based upon special indirect economic or consequential loss or damage including, but not limited to loss of profit, business revenue, opportunity costs, goodwill or anticipated savings; or
  - iii. Caused or contributed to by any event of force majeure. For purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond NCDEX's control, and further that the above is without prejudice to the rights already accrued to NCDEX due to my/our failure to perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.
  - iv. Or any other nature or type.
16. That NCDEX shall not be responsible for development, maintenance, updates, upgrades, error-fixes and any other support of my/our software for accessing the CTCL facility and shall not be liable for any loss suffered by me/us out of the use of the software for accessing the CTCL facility.
17. I/We hereby bind ourselves to be conclusively responsible and liable for all acts, quotations made, transactions done, trades made or effected by my/our Approved Persons/users on the trading system of NCDEX in the same manner as if such acts, quotations, transactions, trade are done or effected by me/us for all purposes and I/we shall ensure that such Approved Persons/user/s shall not execute any order on his/her own account or on account of anyone
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without such order having my/our prior approval in writing. I/We shall also ensure that the Approved Person/user/s will not function/ place orders/ deal on the trading system in any manner that would represent that the trades have been placed as a sub-broker.

18. I/We undertake to ensure that NCDEX is kept informed immediately on cessation of our association with the Approved Person/user and I/we shall seek the disablement of the User ID allotted under these presents. I/We shall be bound and hereby indemnify NCDEX against any liability or damages, claims or any other disruption wither technical or otherwise to the trading system of NCDEX, as may be suffered by NCDEX due to the use of the CTCL facility by such Approved Person/user. Such indemnity shall survive the cessation of CTCL connectivity to me/us and/or the Approved Person/user.
19. We also confirm that I/we have not obtained nor applied for any other User ID in the name/s of the Approved Persons/user/s and that the User ID allotted shall be utilized by the Approved Persons/users only to access the NCDEX trading system.
20. I/ We agree to abide by the Rules, Bye Laws and Regulations of NCDEX and all other guidelines as may be prescribed by NCDEX from time to time. We are aware and agree that upon disablement of our access as member to the NCDEX trading system, the connectivity to the Approved Persons/users shall also be disabled.
21. That neither NCDEX nor the directors, employees or agents of NCDEX, guarantee the functioning of the CTCL facility. NCDEX and its directors, employees and agents shall not be liable in any way to me/us or to any of my/our Approved Persons or to any other person, for any non-performance or interruption of CTCL facility or for any damages, consequential or otherwise, arising there from or occasioned thereby. No proceedings would be adopted by me/us or any third party either against NCDEX or against any individual employee of NCDEX or director or agent for any act done by such employee, director or agent of NCDEX in his/her/their capacity as such.
22. I/we shall indemnify and keep indemnified NCDEX harmless against every and all claims, demands, damages, liabilities, losses and expenses suffered by it by reason of the provision of the CTCL facility to me/us or by reason of my/our non-compliance, contravention of any of the provisions of this Undertaking.
23. That this Undertaking is in respect of not only the information services and terminal equipment currently offered by me/us to Approved Persons but also in respect of any information services and terminal equipment developed by or for me/us in the future, even if I / we should at any time alter my/our mode of supplying information to Approved Persons provided NCDEX approves in writing of such alteration with all details.
24. That without prejudice to any other right under any law for the time being in force available to NCDEX or which may become applicable, NCDEX shall be vested with the exclusive right, upon my/our non-compliance of any of the terms and conditions of this Undertaking or upon the termination, suspension of my/our trading membership or upon my/our ceasing to be a Trading Member of NCDEX, to take, at its discretion, such actions, steps, proceedings, measures, decisions within such period of time and upon such terms and conditions as it may



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deem fit and that any such actions, steps, proceedings, measures, decisions may, inter alia, include denial of access to the CTCL facility and / or take such disciplinary actions as it deems fit. I/we further undertake that I/we shall abide by and be bound by any actions, steps, proceedings, measures, decisions as may be taken by NCDEX.

25. That no forbearance, delay or indulgence by NCDEX in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of NCDEX nor shall any waiver of its rights operate as a waiver of any subsequent breach by me/us and no right, power or remedy herein conferred upon or reserved for NCDEX is exclusive of any other right, power or remedy available to NCDEX and each such right, power or remedy shall be cumulative.
26. I/we shall treat as confidential all information obtained from NCDEX pursuant to the arrangement and shall not divulge such information to any person (except to my/our own employees on a need to know basis) without a prior written consent from NCDEX and that I/we shall also ensure that my/our employees are aware of and shall comply with the provisions of this clause. The foregoing obligations as to confidentiality shall survive any termination of the availability of the CTCL facility.
27. Any declaration or other notice to be given by me / us to NCDEX shall be sent by registered letter or speed post or by courier to the address first mentioned above.
28. This Undertaking shall be binding upon my/our heirs, successors, legal representatives and assigns.
29. I/We hereby agree and understand that, the data received through the aforementioned system/facility is only for the purpose of trading. I/We hereby state and undertake that the said data received by us shall not be used for any other purpose other than the purpose for which it is provided and shall not directly or indirectly sell, lease, redistribute, transmit, retransmit,  
  
broadcast, download, store or otherwise provide or disseminate the NCDEX provided data or any part thereof in any form or by any means, (including without limitation by making hard copies or by electronic transfer).
30. I shall execute, sign, and subscribe, to such other documents, papers, agreement, covenants, bonds and/or undertakings as may be prescribed or required by NCDEX from time to time.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by, for and on behalf of:

Before me

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**ANNEXURE B**

**(Undertaking for Member using empanelled vendor AT Software)**

I / We \_\_\_\_\_, an individual /a partnership firm under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the Companies Act 2013 / \_\_\_\_\_ Act, 19\_\_\_\_, and residing at / having our principal place of business / registered office at \_\_\_\_\_  
\_\_\_\_\_ - give this UNDERTAKING on this the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ IN FAVOUR of National Commodity & Derivatives Exchange Limited, a company incorporated under the Companies Act of 1956, with its registered office at Akruiti Corporate Park, 1<sup>st</sup> Floor, LBS Road, Near GE Garden, Kanjurmarg (West), Mumbai 400 078 (hereinafter called "NCDEX")

WHEREAS,

- A. NCDEX has provided the trading system to enable its Trading Members to trade in derivative (Futures & Options) contracts of various commodities.
- B. NCDEX has provided a Computer to Computer Link (hereinafter referred to as the "CTCL facility") facility for order entry, receipt of order and trade confirmation and also for receipt of data relating to trade quotations by using their own trading front end software in order to trade on NCDEX trading system.
- C. In addition NCDEX permits , an AUTOMATED TRADING facility (hereinafter referred to as the "AT Facility") which mean any software or facility by the use of which, upon the fulfillment of certain specified parameters, without the necessity of manual entry of orders, buy/sell orders are automatically generated and entered by the software/program facility into the NCDEX Trading System to be matched by the Exchange's system and such permission is subject to terms and conditions as may be imposed by NCDEX from time to time.
- D. NCDEX has decided that it shall make the AT Facility available to its Members. The Members may develop the necessary software at their end for the purposes of Automated Trading or procure the same from such of those software vendors as may be empanelled by NCDEX, after duly complying with the requirements as may be stipulated by NCDEX in this regard.
- E. I/We have been allowed to procure the necessary software for AT Facility from one of such empanelled software vendor, on the terms and conditions as may be prescribed by NCDEX in this regard.

NOW THEREFORE IN CONSIDERATION OF NCDEX having agreed to allow me/us to avail the AUTOMATED TRADING facility, I/we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE as under:

1. That I/we shall ensure that the AT facility is used only by the persons ('Approved Persons') as may be approved in writing by NCDEX and subject to such terms and conditions as may be prescribed by NCDEX from time to time.
2. That in addition to such terms and conditions as may be prescribed under clause (1) above by NCDEX, all the provisions of the Byelaws, Rules, Regulations, directions and circulars of NCDEX relating to use and operation of the NCDEX Trading System, CTCL shall also mutatis mutandis become applicable to the use and operation of the AT facility.
3. That notwithstanding anything contained in this Undertaking, my/our liabilities and obligations as a Trading Member, of NCDEX shall not be affected nor shall be prejudiced in any manner whatsoever by using AT facility for entering orders on the Trading System of NCDEX or discontinuing the same.
4. That without prejudice to the generality of clause (2) and (3) of this Undertaking, I/we shall be responsible to settle all the trades executed by me/us or the Approved Persons on my/our behalf whether such trades were executed with or without my/our permission / knowledge and that I/we shall be bound to complete/fulfill all my/our obligations/liabilities/commitments arising due to the trades executed by me/us as well as those executed by the Approved Persons as such or on my/our behalf by using AT facility.
5. I/We shall not modify the software/algorithm for AT facility as approved by NCDEX without prior approval of NCDEX.
6. I/We undertake to ensure that access shall be given only to Approved persons and also to evolve and establish a method to ensure that non Approved persons cannot access the system.
7. I/We hereby bind ourselves to be conclusively responsible and liable for all acts, quotations made, transactions done, trades made or effected by my/our Approved Person through the AT facility on the trading system of NCDEX in the same manner as if such acts, quotations, transactions, trade are done or effected by me/us for all purposes and I/we shall ensure that such Approved Person shall not execute any order on his/her own account or on account of anyone without such order having my/our prior approval in writing.
8. I/We shall also ensure that the Approved Person will not function/ place orders/ deal on the trading system in any manner that would represent that the trades have been placed as a sub-broker.
9. I/We undertake to ensure that NCDEX is kept informed immediately on cessation of our association with the Approved Person and I/we shall seek the disablement of the User ID allotted under these presents. I/We shall be bound and hereby indemnify NCDEX against any disruption whether technical or otherwise to the trading system of NCDEX and against any liability or damages, claims, losses or, as may be suffered by NCDEX due to the provision of

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the AT facility to us or by reason of use of the AT facility by us/our Approved Person or on account of my/our non-compliance, contravention of any of the provisions of this Undertaking. Our indemnity shall survive the cessation of AT facility to me/us in any manner.

10. We also confirm that I/we have not obtained nor applied for any other User ID in the name/s of the Approved Persons/user/s and that the User ID allotted shall be utilized by the Approved Persons/users only to access the NCDEX trading system.
11. I/ we shall maintain all systems logs pertaining to the AT facility and make the same available for inspection by NCDEX through its Officers/agents at any time at the sole discretion of NCDEX.
12. That without prejudice to any other right under any law for the time being in force available to NCDEX or which may become applicable, NCDEX shall be vested with the exclusive right, upon my/our non-compliance of any of the terms and conditions of this Undertaking or upon the termination, suspension of my/our trading membership or upon my/our ceasing to be a Trading Member of NCDEX, to take, at its discretion, such actions, steps, proceedings, measures, decisions within such period of time and upon such terms and conditions as it may deem fit and that any such actions, steps, proceedings, measures, decisions may, inter alia, include denial of the AT facility and / or take such disciplinary actions as it deems fit.
13. I/we further undertake that I/we shall abide by and be bound by any actions, steps, proceedings, measures, decisions as may be taken by NCDEX.
14. That NCDEX, at its absolute discretion, may make the AT facility available to me/us from the date of my/our enablement on the AT facility till such time as it may deem fit and further that the AT facility may at any time be withdrawn by NCDEX at its discretion without giving me/us any notice or reasons whatsoever.
15. I/We shall execute, sign, and subscribe, to such other documents, papers, agreement, covenants, bonds and/or undertakings as may be prescribed or required by NCDEX from time to time.
16. I/We have proper procedures, systems and technical capability to carry out trading through the use of algorithms.
17. I/We have proper procedures and arrangements to safeguard algorithms from misuse or unauthorized access.
18. I/We have real-time monitoring systems to identify and stop algorithms that may not behave as expected and shall keep the Exchange informed of such incidents immediately.
19. I/We shall maintain record of control parameters, orders trades and data points emanating from trades executed through algorithm trading.

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20. That algorithmic strategy will not be abnormal, manipulative, dysfunctional, liquidity taking and shall be not be detrimental towards efficient price discovery or fair play.
  21. That user ids enabled for algo trading have no interlinks with any system or ID located/linked outside India.
  22. That we shall ensure that the AT Facility is used only by the persons in the manner as approved in writing by NCDEX.
  23. I/We shall be limiting the total order flow rate during the trading duration at a rate as specified by the Exchange from time to time.
  24. I/We shall demonstrate the ability/ mechanism to adhere to the order/sec limits as part of the approval process for automated trading.
  25. That NCDEX, at its absolute discretion, may suspend/withdraw the Automated Trading facility available to me/us at any time.
  26. As multiple AT software are installed at our end for Algo trading, in this regard we declare that the symbol/contract open interest limit will not be violated from any of our AT software user id, while trading in same client code from multiple AT software User ID's
  27. We will apportion limits across different AT software user ids, where total apportionment across all ids shall be within Exchange defined limits, so that there would be no member level / client level violation.
  28. For monitoring symbol level limit the system will apportion the total limit across all the contracts so that there would be no symbol level violation.
  29. The system shall release further order(s) only after accounting for all executed, unexecuted and unconfirmed orders placed earlier. Further system shall have pre-defined parameters for an automatic stoppage in the event of algo execution leading to a loop or runaway situation.
  30. That we shall provide details of algo strategies to the Exchange whenever required for the purpose of inquiry, surveillance and investigation etc.
  31. I/We shall also ensure to undertake System audit of the Algorithmic Trading facility by qualified system auditors as per Exchange guidelines and submit the report as per timelines specified by the Exchange.
  32. I/We shall ensure that orders pertaining to Algorithmic trading is placed only through the user ids allotted specifically for AT Software and the said AT Software user ids would not be used to place manual orders.
  33. I/We shall ensure that the vendor code as allotted by the Exchange is sent as part of the AT software orders (3 digit preceding the 12digit NNF code).

34. That we shall ensure to pay such fee/charges as may be levied by NCDEX from time to time.
35. I/We shall always maintain sufficient deposits / funds for margin/ settlement obligations, in respect of the trades effected through algorithmic facility, whether on own account or client's account and that algorithmic trading does not result in shortages in margin deposit or settlement obligation. I/We also understand that the Exchange may levy penalty for non-compliance of the aforesaid condition.
36. The absolute liability arising from failure to comply with the above provisions shall lie entirely with me/us.
37. I / We shall render all possible assistance and co-operation to NCDEX by providing access to any kind of information in any form as it may require and I/we hereby undertake to produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by NCDEX at its discretion.
38. I / We agree and undertake that NCDEX shall not be liable for any direct or indirect loss, damage, costs, claims and expenses whatsoever caused or contributed by any event of force majeure. For the purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond NCDEX's control and further the above is without prejudice to the rights already accrued to NCDEX due to my/our failure to perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.
39. I / We shall indemnify and keep indemnified NCDEX harmless against every and all claims, demand, damages, liabilities, losses and expenses suffered by it directly by reason of my / our  
  
non-compliance, contravention with any of the provisions of this Undertaking or by reason of bugs or malfunctioning of the software provided by us to the Clearing / Trading Members.
40. I / We agree that no forbearance, delay or indulgence by NCDEX in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of NCDEX nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for NCDEX is exclusive of any other right, power or remedy available to NCDEX and each right, power or remedy shall be cumulative.
41. I / We undertake that any declaration or other notice to be given by me/us to NCDEX shall be sent by registered letter or telex/cable or facsimile transmission to the address first mentioned above.
42. I/We also agree that in the event of my/our non-compliance with any of the provisions as mentioned above, NCDEX shall take such action against us as it may deem fit in this regard.
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43. All algorithmic orders shall be necessarily routed through members servers located in India & through specified CTCL ID/AT software User-id approved by the Exchange for algo trading. The User-id enabled for algo trading shall have no interlinks with any system or ID located / linked outside India.
44. This undertaking is applicable to all AT software user ids enabled at our end.
45. I/We understand and acknowledge that, we shall continue to be responsible and liable for any non-compliance of Exchange/SEBI Circulars with respect to AT Facility, as may be enforced from time to time and shall undertake to liable for such action including monetary penalty as may be decided by the Exchange.
46. I/We agree that, if any of my/our actions are found to be in breach of the terms and conditions of this Undertaking, Exchange has complete authority to impose the appropriate charges upon me for such breach and I/We shall pay such charges to the Exchange without any dispute.
47. I/We hereby agree and understand that, the data received through the aforementioned system/facility is only for the purpose of trading. I/We hereby state and undertake that the said data received by us shall not be used for any other purpose other than the purpose for which it is provided and shall not directly or indirectly sell, lease, redistribute, transmit, retransmit, broadcast, download, store or otherwise provide or disseminate the NCDEX provided data or any part thereof in any form or by any means, (including without limitation by making hard copies or by electronic transfer).
48. This Undertaking shall be binding upon my/our heirs, successors, legal representatives and assigns.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by, for and on behalf of:

Before me



**ANNEXURE C**  
**(Undertaking for Members using In-house CTCL software)**

I / We \_\_\_\_\_, an individual / a partnership firm under the Indian Partnership Act, 1932 / a Company / body corporate incorporated under the for Companies Act 2013 / \_\_\_\_\_ Act, 19\_\_, and residing at / having our principal place of business / registered office at \_\_\_\_\_ - give this UNDERTAKING on this the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ IN FAVOUR of National Commodity & Derivatives Exchange Limited, a company incorporated under the Companies Act of 1956, with its registered office at Akruti Corporate Park, 1<sup>st</sup> Floor, LBS Road, Kanjurmarg (West), Mumbai 400 078 (hereinafter called "NCDEX")

WHEREAS,

- A) NCDEX has provided the Trading Work Station (TWS) software to enable its Trading Members to trade in derivative (Futures & Options) contracts of various commodities.
- B) In addition, NCDEX provides a Computer to Computer Link (hereinafter referred to as the "CTCL facility") facility for order entry, receipt of order and trade confirmation and also for receipt of data relating to trade quotations by using their own trading front end software in order to trade on NCDEX trading system.
- C) NCDEX has decided to permit CTCL facility to its Trading Members on case to case basis, subject to such terms and conditions as NCDEX may impose and one such condition inter alia being that such members shall execute an undertaking in favor of NCDEX in the format prescribed. NCDEX agrees to provide the said facility only to such persons as NCDEX may permit (hereinafter referred to as the "Approved Persons") hereto.
- D) I/We have been admitted to the Trading Membership of NCDEX, and am/are desirous of availing the CTCL facility by fulfilling all the terms and conditions as may be prescribed by NCDEX from time to time at its discretion in this regard.

NOW THEREFORE IN CONSIDERATION OF NCDEX having agreed to allow me/us to avail the CTCL facility, I/we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions:

1. That the CTCL facility shall be made available to the Approved Persons only after obtaining the prior written consent of NCDEX and subject to such terms and conditions as may be prescribed by NCDEX from time to time.
2. That in addition to such terms and conditions as may be prescribed under clause (1) above by NCDEX, all the provisions of the Byelaws, Rules, Regulations and Circulars relating to use and operation of the NCDEX Trading System shall also mutatis mutandis become applicable to the use and operation of the CTCL facility.

3. That notwithstanding anything contained in this Undertaking, my/our liabilities and obligations as a Trading Member of NCDEX shall not be affected nor shall be prejudiced in any manner whatsoever.
4. That without prejudice to the generality of clause (3) of this Undertaking, I/we shall be responsible to settle all the trades executed by me/us or the Approved Persons on my/our behalf whether such trades were executed with or without my/our permission / knowledge and that I/we shall be bound to complete/fulfill all my/our obligations/liabilities/commitments arising due to the trades executed by me/us as well as those executed by the Approved Persons as such or on my/our behalf.
5. That NCDEX, at its sole discretion, may make the CTCL facility available to me/us at NCDEX's address first mentioned above or at any other address as NCDEX may from time to time notify to me / us or approve as being the location (hereinafter referred to as the Receiving Premises).
6. That I / we shall use the physical communication link (s) provided to me/us, for the purpose of having simultaneous access to both the CTCL facility as well as the TWS System. Exchange provided terminal
7. That NCDEX, at its absolute discretion, may make the CTCL facility available to me/us only from the date of my/our enablement on the CTCL facility, till such time as it may deem fit and further that the CTCL facility may at any time be withdrawn by NCDEX at its discretion without giving me/us any notice or reasons whatsoever.
8. That the CTCL facility if made available to me/us by NCDEX will be on a non-exclusive basis only and that the same may be made available by NCDEX, at its sole discretion, to any other Trading Member whomsoever on such terms and conditions as may be deemed fit by NCDEX.
9. That I / We may, by giving one month's notice, request NCDEX to withdraw the CTCL facility extended to me/us and such withdrawal shall be subject to such terms and conditions as may be prescribed by NCDEX including payment of such compensation as may be decided by NCDEX at its discretion.
10. That I/We shall be responsible and take all such steps, actions and proceedings to ensure that no Approved Persons in any way further makes the CTCL facility available to any other person nor shall extend the CTCL facility outside his new premises and that in case I/we fail to ensure the same, NCDEX shall be empowered to take such action as it may deem fit, which may include disabling me/us from having access to CTCL facility, and such disciplinary actions as it may deem fit.
11. I/ we undertake that
  - i. I/ we shall at my/our own expenses provide all lines, cabling, software, hardware, equipment and other communication facilities required for transmission of the data

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between the end user and my/our server at my /our office and also obtain the necessary approvals from relevant Statutory or other Authorities.

- ii. I/We shall ensure that the connectivity of the CTCL facility is as per the network structure approved by NCDEX and Department of Telecommunications (DoT) and/or Telecom service providers and/or any other appropriate Government/Statutory Authority and that I/we shall produce the necessary approvals to NCDEX in order to meet any of its requirements for enabling me/us to have access to the CTCL facility.
- iii. I/We undertake to ensure that access shall be given only to Approved persons and also to evolve and establish a method to ensure that non Approved persons cannot access the system.
- iv. I/We undertake to pay any such license fees/charges/royalties as may be levied by DoT, NCDEX, Telecom service providers and or any other Regulatory/Statutory Authority from time to time.
- v. I / we shall ensure that data communication lines between the NCDEX's equipment and my/our equipment are connected to my/our own system and further that the telecommunication network will be as per the approved network structure/diagram of NCDEX and DoT and/or the Telecom service providers and/or any other appropriate Government/Statutory Authority.
- vi. I / we shall indemnify NCDEX against any loss or damage including liabilities arising out of failure to comply with Clause (v) above.
- vii. I / we shall provide NCDEX with the Network diagram i.e., Schedule No. I hereto and as adopted by me/us for having access to the CTCL facility between the end user and my/our server at my/our office and that we shall also provide NCDEX with the new network diagram as and when any changes are made to the existing Network diagram after the prior written permission of NCDEX.
- viii. I/we shall notify NCDEX of the details related to the Approved Persons for prior approval of NCDEX and shall acquire the prior written permission from NCDEX for every additional Approved Person taken subsequently before letting him/her have access to the CTCL facility. Further, in case an Approved Person is disabled from acting in his/her capacity as such for any reason whatsoever, then I/we shall acquire prior permission from NCDEX before appointing any other individual to act as an Approved Person in his / her place.
- ix. I / we shall make the necessary changes at my/our own costs, in the software used by me/ us for accessing the CTCL facility as and when any changes either technical or structural are made by NCDEX in the CTCL facility.
- x. I/we shall provide NCDEX with the Technical Specifications for the software used by me/us for accessing the CTCL facility and shall also provide the new Technical

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Specifications for the software as and whenever any changes are made by me/us to the existing software used to access the CTCL facility.

- x. I / we shall not develop or use any software for accessing the CTCL facility, which in the opinion of NCDEX shall resemble or result in duplication of NCDEX Exchange provided terminals in any manner and further that no representation shall be made by me/us that the software developed by me/us for accessing the CTCL facility is part of the NCDEX Exchange provided terminals.
  - xii. I/we shall not assign or otherwise transfer the rights and obligations arising out of the use of the CTCL facility and this undertaking whether in whole or in part without the prior written consent of NCDEX. We also undertake to ensure that there shall not be any dispute or encumbrance as regards the software used for the said CTCL facility.
  - xiii. I / we agree not to use, without the express permission of NCDEX, the name of NCDEX to directly or indirectly promote my/ our business.
  - xiv. I/we shall not, either by myself / ourselves or through any person acting on my/our behalf, issue / release / publish any advertisement, brochure, pamphlet, booklet, notice or any other promotional material on any aspect relating to the CTCL facility in any form, whether in writing or otherwise, in accordance with the Code of Advertisement as prescribed by the NCDEX except with the prior written approval of NCDEX.
12. I/we agree that NCDEX does not warrant that the provision of the CTCL Facility will be error free or uninterrupted.
13. I / we undertake and agree that
- i. I / we shall maintain all systems logs and make the same available for inspection by NCDEX through its Officers/agents at any time at the sole discretion of NCDEX.
  - ii. I/we shall not under any circumstances match the respective orders entered in by my/our Approved Persons from their terminals by myself /ourselves by using any means whatsoever and that I/we shall route all the orders entered in by my/our Approved Persons in the Trading System of NCDEX so that they could be matched by the Central Computer of NCDEX only and we bind ourselves in respect of all transactions so entered by my/our Approved Persons.
  - iii. I/We shall ensure that the following guidelines would be adhered:
    - \* System used by me/us has provision for security, reliability and confidentiality of data through the use of encryption technology.
    - \* I / We shall maintain adequate backup systems and data storage capacity and also arrange for alternative means of communications in case of Internet Link failure.

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\*I / We shall ensure to have a system based control on the trading limits of clients and exposures taken by clients and also set pre-defined limits on the exposure and turnover of each client. The system will also be capable of assessing risk of the client as soon as the order comes in. The client is also to be informed of acceptance/rejection of the order within a reasonable period.

Reports on margin requirements, payment and delivery obligations etc. are to be informed to the clients through the system.

I/We shall ensure that the following security measures shall be in-built in the system:

- \*User Id
- \*First Level Password (Private Code)
- \*Automatic expiry of passwords at the end of reasonable duration. Reinitialize access on entering fresh passwords.
- \*All transaction logs with proper audit facilities to be maintained in the system
- \*Secured Socket Level Security for server access through Internet
- \*Suitable Firewalls between trading set-ups directly connected to an Exchange trading system and the Internet trading set up.
- \*Shall integrate any advanced level security as specified by NCDEX/SEBI from time to time.
- \*The following systems operations procedures will be adhered to :
- \*Shall follow similar logic/priorities used by the Exchange to treat client orders
- \*Shall maintain all activities / alerts log with audit trail facility
- \*The Web-server shall have internally generated unique numbering for all client orders/trades

iv. I / We shall ensure that on-line surveillance and risk management features like Trade-by-Trade Position Monitoring etc., shall be inbuilt in the CTCL facility and it shall be flexible to change as per guidelines provided by NCDEX from time to time.

v. I / we shall not develop or use any software/program facility which shall either directly or indirectly facilitate Automated Trading without prior written approval from the Exchange. For the purpose of this clause, the term 'Automated Trading' shall mean any software or program facility by the use of which, upon the fulfillment of certain specified parameters, without the necessity of manual entry of orders, buy/sell orders are automatically generated and entered by the software / program facility into the Trading System of NCDEX to be matched by the central computer.

vi. I / we shall not develop or use any software/program which shall either directly or indirectly facilitate orders to cross trades of their clients with each other. All orders shall be offered to the market for matching.

vii. NCDEX shall be possessed with the absolute right to inspect the internal software used/being utilized by me / us at any time at its discretion.

viii. I / we shall render all possible assistance and cooperation to NCDEX by providing access to any kind of information in any form as may be required and shall produce such

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documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by NCDEX.

14. That after the completion of the necessary test and after completely satisfying Myself / ourselves that the CTCL facility is fault free, I / we shall submit an Acceptance Certificate in the format as specified by NCDEX in partial fulfillment of one of the conditions of NCDEX for my/our enablement for having access to the CTCL facility.
15. That NCDEX shall not be liable for any direct or indirect damage, costs, claims and expenses whatsoever:
  - i. Arising from mechanical or electrical or telephone or network breakdown or power failure or malfunction of any computer and / or / our server and / or any other auxiliary equipment or any other cause whatsoever.
  - ii. based upon special indirect economic or consequential loss or damage including, but not limited to loss of profit, business revenue, opportunity costs, goodwill or anticipated savings; or
  - iii. Caused or contributed to by any event of force majeure. For purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond NCDEX's control, and further that the above is without prejudice to the rights already accrued to NCDEX due to my/our failure to perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.
  - iv. Or any other nature or type.
16. That NCDEX shall not be responsible for development, maintenance, updates, upgrades, error-fixes and any other support of my/our software for accessing the CTCL facility and shall not be liable for any loss suffered by me/us out of the use of the software for accessing the CTCL facility.
17. I/We hereby bind ourselves to be conclusively responsible and liable for all acts, quotations made, transactions done, trades made or effected by my/our Approved Persons/users on the trading system of NCDEX in the same manner as if such acts, quotations, transactions, trade are done or effected by me/us for all purposes and I/we shall ensure that such Approved Persons/user/s shall not execute any order on his/her own account or on account of anyone without such order having my/our prior approval in writing. I/We shall also ensure that the Approved Person/user/s will not function/ place orders/ deal on the trading system in any manner that would represent that the trades have been placed as a sub-broker.

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18. I/We undertake to ensure that NCDEX is kept informed immediately on cessation of our association with the Approved Person/user and I/we shall seek the disablement of the User ID allotted under these presents. I/We shall be bound and hereby indemnify NCDEX against any liability or damages, claims or any other disruption wither technical or otherwise to the trading system of NCDEX, as may be suffered by NCDEX due to the use of the CTCL facility by such Approved Person/user. Such indemnity shall survive the cessation of CTCL connectivity to me/us and/or the Approved Person/user.
19. We also confirm that I/we have not obtained nor applied for any other User ID in the name/s of the Approved Persons/user/s and that the User ID allotted shall be utilized by the Approved Persons/users only to access the NCDEX trading system.
20. I/ We agree to abide by the Rules, Bye Laws and Regulations of NCDEX and all other guidelines as may be prescribed by NCDEX from time to time. We are aware and agree that upon disablement of our access as member to the NCDEX trading system, the connectivity to the Approved Persons/users shall also be disabled.
21. That neither NCDEX nor the directors, employees or agents of NCDEX, guarantee the functioning of the CTCL facility. NCDEX and its directors, employees and agents shall not be liable in any way to me/us or to any of my/our Approved Persons or to any other person, for any non-performance or interruption of CTCL facility or for any damages, consequential or otherwise, arising there from or occasioned thereby. No proceedings would be adopted by me/us or any third party either against NCDEX or against any individual employee of NCDEX or director or agent for any act done by such employee, director or agent of NCDEX in his/her/their capacity as such.
22. I/we shall indemnify and keep indemnified NCDEX harmless against every and all claims, demands, damages, liabilities, losses and expenses suffered by it by reason of the provision of the CTCL facility to me/us or by reason of my/our non-compliance, contravention of any of the provisions of this Undertaking.
23. That this Undertaking is in respect of not only the information services and terminal equipment currently offered by me/us to Approved Persons but also in respect of any information services and terminal equipment developed by or for me/us in the future, even if I / we should at any time alter my/our mode of supplying information to Approved Persons provided NCDEX approves in writing of such alteration with all details.
24. That without prejudice to any other right under any law for the time being in force available to NCDEX or which may become applicable, NCDEX shall be vested with the exclusive right, upon my/our non-compliance of any of the terms and conditions of this Undertaking or upon the termination, suspension of my/our trading membership or upon my/our ceasing to be a Trading Member of NCDEX, to take, at its discretion, such actions, steps, proceedings, measures, decisions within such period of time and upon such terms and conditions as it may deem fit and that any such actions, steps, proceedings, measures, decisions may, inter alia, include denial of access to the CTCL facility and / or take such disciplinary actions as it



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deems fit. I/we further undertake that I/we shall abide by and be bound by any actions, steps, proceedings, measures, decisions as may be taken by NCDEX.

25. That no forbearance, delay or indulgence by NCDEX in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of NCDEX nor shall any waiver of its rights operate as a waiver of any subsequent breach by me/us and no right, power or remedy herein conferred upon or reserved for NCDEX is exclusive of any other right, power or remedy available to NCDEX and each such right, power or remedy shall be cumulative.
26. I/we shall treat as confidential all information obtained from NCDEX pursuant to the arrangement and shall not divulge such information to any person (except to my/our own employees on a need to know basis) without a prior written consent from NCDEX and that I/we shall also ensure that my/our employees are aware of and shall comply with the provisions of this clause. The foregoing obligations as to confidentiality shall survive any termination of the availability of the CTCL facility.
27. Any declaration or other notice to be given by me / us to NCDEX shall be sent by registered letter or speed post or by courier to the address first mentioned above.
28. This Undertaking shall be binding upon my/our heirs, successors, legal representatives and assigns.
29. I/We hereby agree and understand that, the data received through the aforementioned system/facility is only for the purpose of trading. I/We hereby state and undertake that the said data received by us shall not be used for any other purpose other than the purpose for which it is provided and shall not directly or indirectly sell, lease, redistribute, transmit, retransmit, broadcast, download, store or otherwise provide or disseminate the NCDEX provided data or any part thereof in any form or by any means, (including without limitation by making hard copies or by electronic transfer).
30. I shall execute, sign, and subscribe, to such other documents, papers, agreement, covenants, bonds and/or undertakings as may be prescribed or required by NCDEX from time to time.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

Signed by, for and on behalf of:

Before me

**Annexure D**

**(Undertaking cum Indemnity for Members using In-house AT software)**

I / We \_\_\_\_\_, an individual / a firm registered under the Indian Partnership Act, 1932 / a Company / Body Corporate incorporated under the or Companies Act 2013 / \_\_\_\_\_ Act, \_\_\_\_, residing at / having our registered office at \_\_\_\_\_ give this UNDERTAKING on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ IN FAVOUR of National Commodity and Derivatives Exchange Limited, a company incorporated under the Companies Act of 1956, with its registered office at Akruti Corporate Park, 1<sup>st</sup> Floor, Near. G.E. Garden, LBS Road, Kanjurmarg (W), Mumbai 400 078. (Hereinafter referred to as "NCDEX")

WHEREAS:-

- a) NCDEX has provided the trading system to enable its Members to trade in derivative (Futures & Options) contracts of various commodities.
- b) NCDEX has provided a Computer to Computer Link (hereinafter referred to as the "CTCL facility") facility for order entry, receipt of order and trade confirmation and also for receipt of data relating to trade quotations by using their own trading front end software in order to trade on NCDEX trading system.
- c) In addition NCDEX permits, an Automated Trading Facility (hereinafter referred to as the "AT Facility") which mean any software or facility by the use of which, upon the fulfillment of certain specified parameters, without the necessity of manual entry of orders, buy/sell orders are automatically generated and entered by the software/program facility into the NCDEX Trading System to be matched by the Exchange's system and such permission is subject to terms and conditions as may be imposed by NCDEX from time to time.
- d) NCDEX has decided that it shall make the AT Facility available to its Members. The Members may develop the necessary software at their end for the purposes of Automated Trading or procure the same from such of those software vendors as may be empanelled by NCDEX, after duly complying with the requirements as may be stipulated by NCDEX in this regard.
- e) I/We have been permitted by NCDEX, to develop and use an in-house software with the capabilities of executing Automated Trading post complying with the all necessary requirements of the Exchange.

NOW THEREFORE IN CONSIDERATION OF NCDEX having agreed to allow me / us to use an in-house software as stated above, for the aforesaid purposes, I / we hereby IRREVOCABLY AND UNCONDITIONALLY UNDERTAKE and agree to abide by and be bound by the following terms and conditions:

1. That I/we shall ensure that the AT facility is used only by the persons ('Approved Persons') as may be approved in writing by NCDEX and subject to such terms and conditions as may be prescribed by NCDEX from time to time.
2. That in addition to such terms and conditions as may be prescribed under clause (1) above by NCDEX, all the provisions of the Byelaws, Rules, Regulations, directions and circulars of NCDEX relating to use and operation of the NCDEX Trading System, CTCL shall also mutatis mutandis become applicable to the use and operation of the AT facility.
3. That notwithstanding anything contained in this Undertaking, my/our liabilities and obligations as a Trading Member, of NCDEX shall not be affected nor shall be prejudiced in any manner whatsoever by using AT facility for entering orders on the Trading System of NCDEX or discontinuing the same.
4. That without prejudice to the generality of clause (2) and (3) of this Undertaking, I/we shall be responsible to settle all the trades executed by me/us or the Approved Persons on my/our behalf whether such trades were executed with or without my/our permission / knowledge and that I/we shall be bound to complete/fulfill all my/our obligations/liabilities/commitments arising due to the trades executed by me/us as well as those executed by the Approved Persons as such or on my/our behalf by using AT facility.
5. I/We shall not modify the software/algorithm for AT facility as approved by NCDEX without prior approval of NCDEX.
6. I/We undertake to ensure that access shall be given only to Approved persons and also to evolve and establish a method to ensure that non Approved persons cannot access the system.
7. I/We hereby bind ourselves to be conclusively responsible and liable for all acts, quotations made, transactions done, trades made or effected by my/our Approved Person through the AT facility on the trading system of NCDEX in the same manner as if such acts, quotations, transactions, trade are done or effected by me/us for all purposes and I/we shall ensure that such Approved Person shall not execute any order on his/her own account or on account of anyone without such order having my/our prior approval in writing. I/We shall also ensure that the Approved Person will not function/ place orders/ deal on the trading system in any manner that would represent that the trades have been placed as a sub-broker.
8. I/We undertake to ensure that NCDEX is kept informed immediately on cessation of our association with the Approved Person and I/we shall seek the disablement of the User ID allotted under these presents. I/We shall be bound and hereby indemnify NCDEX against any disruption whether technical or otherwise to the trading system of NCDEX and against any liability or damages, claims, losses or, as may be suffered by NCDEX due to the provision of the AT facility to us or by reason of use of the AT facility by us/our Approved Person or on

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account of my/our non-compliance, contravention of any of the provisions of this Undertaking. Our indemnity shall survive the cessation of AT facility to me/us in any manner.

9. We also confirm that I/we have not obtained nor applied for any other User ID in the name/s of the Approved Persons/user/s and that the User ID allotted shall be utilized by the Approved Persons/users only to access the NCDEX trading system.
10. I/ we shall maintain all systems logs pertaining to the AT facility and make the same available for inspection by NCDEX through its Officers/agents at any time at the sole discretion of NCDEX.
11. That without prejudice to any other right under any law for the time being in force available to NCDEX or which may become applicable, NCDEX shall be vested with the exclusive right, upon my/our non-compliance of any of the terms and conditions of this Undertaking or upon the termination, suspension of my/our trading membership or upon my/our ceasing to be a Trading Member of NCDEX, to take, at its discretion, such actions, steps, proceedings, measures, decisions within such period of time and upon such terms and conditions as it may deem fit and that any such actions, steps, proceedings, measures, decisions may, inter alia, include denial of the AT facility and / or take such disciplinary actions as it deems fit.
12. I/we further undertake that I/we shall abide by and be bound by any actions, steps, proceedings, measures, decisions as may be taken by NCDEX.
13. I/We shall execute, sign, and subscribe, to such other documents, papers, agreement, covenants, bonds and/or undertakings as may be prescribed or required by NCDEX from time to time.
14. I/We have proper procedures, systems and technical capability to carry out trading through the use of algorithms.
15. I/We have proper procedures and arrangements to safeguard algorithms from misuse or unauthorized access.
16. I/We have real-time monitoring systems to identify and stop algorithms that may not behave as expected and shall keep the Exchange informed of such incidents immediately.
17. I/We shall maintain record of control parameters, orders trades and data points emanating from trades executed through algorithm trading.
18. That algorithmic strategy will not be abnormal, manipulative, dysfunctional, liquidity taking and shall be not be detrimental towards efficient price discovery or fair play.
19. That user ids enabled for algo trading have no interlinks with any system or ID located/linked outside India.
20. I/We shall be limiting the total order flow rate during the trading duration as specified by the Exchange from time to time.

21. I/We shall demonstrate the ability/ mechanism to adhere to the order/sec limits as part of the approval process for automated trading.
22. As multiple AT software user Id's are installed at our end for Algo trading, In this regard we declare that the symbol/contract open interest limit will not be violated from any of our AT software id, while trading in same client code from multiple AT software applications.
23. We will apportion limits across different AT software ids, where total apportionment across all ids shall be within Exchange defined limits, so that there would be no member level / client level violation.
24. For monitoring symbol level limit it will apportioned the total limit across all the contracts so that there would be no symbol level violation.
25. The system shall release further order(s) only after accounting for all executed, unexecuted and unconfirmed orders placed earlier. Further system shall have pre-defined parameters for an automatic stoppage in the event of algo execution leading to a loop or runaway situation.
26. That we shall provide details of algo strategies to the Exchange whenever required for the purpose of inquiry, surveillance and investigation etc.
27. I/We shall also ensure to undertake System audit of the Algorithmic Trading facility by qualified system auditors as per Exchange guidelines and submit the report as per timelines specified by the Exchange.
28. I/We shall ensure that orders pertaining to Algorithmic trading is placed only through the user ids allotted specifically for AT software and the said AT software user ids would not be used to place manual orders.
29. I/We shall ensure that the vendor code as allotted by the Exchange is sent as part of the AT software orders (3 digit preceding the 12digit NNF code).
30. That we shall ensure to pay such fee/charges as may be levied by NCDEX from time to time.
31. I/We shall always maintain sufficient deposits / funds for margin/ settlement obligations, in respect of the trades effected through algorithmic facility, whether on own account or client's account and that algorithmic trading does not result in shortages in margin deposit or settlement obligation. I/We also understand that the Exchange may levy penalty for non-compliance of the aforesaid condition.
32. The absolute liability arising from failure to comply with the above provisions shall lie entirely with me/us.
33. This undertaking is applicable to all AT software user ids enabled at our end.

34. I/We undertake to ensure that access shall be given only to Approved persons and also to evolve and establish a method to ensure that non Approved persons cannot access the system. I/We shall ensure that the connectivity of the AT Facility is as per NCDEX and Department of Telecommunications (DoT) approved network diagram of the AT Facility and undertake that I / we shall modify the Software, if necessary to ensure continued compliance with the requirements of NCDEX / DOT / any other authority as may be issued from time to time.
  35. I/We undertake to pay any such license fees/charges/royalties as may be levied by DoT, NCDEX, Telecom service providers and /or any other regulatory/statutory authorities from time to time.
  36. I/We shall install the software only after duly ensuring that all the requirements stipulated by NCDEX in this regard have been complied with and that the Approved User shall not make the AT software facility available to any other unauthorized person.
  37. I/We undertake to ensure that the connectivity between the Member and NCDEX shall be used for application of the AT software facility and/or CTCL facility and not for any other purpose.
  38. I/We undertake to obtain the prior approval of NCDEX for any changes to be made to the existing network diagram / software.
  39. I/We undertake that the software design shall use only the specified messages given by NCDEX and shall consider all the structures defined by NCDEX from time to time. The Deliverables shall be:
    - I. Basic functionalities as and when required by NCDEX
    - II. Customization needs as approved by NCDEX.
  40. I/We undertake that the Software developed by me / us, shall not resemble or result in duplication of the NCDEX trading software. I/We also undertake that the Software shall provide all the essential functions as may be stipulated by NCDEX from time to time.
  41. I/We undertake that controls shall be inbuilt by me / us to ensure that the orders are matched by the central computer of NCDEX only and there is no scope for orders being matched in my / our/Clearing / Trading Members own private network.
  42. I/We shall not develop any software which will either directly or indirectly facilitate program trading, i.e. a software to generate buy/sell orders without manual entry of orders on fulfilment of certain parameters.
  43. I/We undertake that the following controls shall be inbuilt in the Software by me/us to detect loss of product integrity:
    - I. Data validation routines to detect input errors
    - II. Backup and recovery procedures
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44. I / We shall ensure that position monitoring etc., shall be inbuilt in the AT software facility and it shall be flexible to change as per regulatory framework.
45. I / We shall ensure that the AT software facility shall be developed so as to generate the following from the system for the purpose of verification during the inspection:
- i. Number of Users hooked on to the Network.
  - ii. Number of Dealers hooked on to the Network including privileges to each Dealer.
  - iii. All the systems logs and audit trails
  - iv. Provision for entering complementary dummy orders.
46. I/We undertake that
- I. NCDEX shall have the right and privilege of inspecting and testing the Software at my/our site without any prior notice. The source code of the Software shall be available my/ our site I for verification.
  - II. I / We shall make available Prototype and the technical specifications of the Software to NCDEX for testing purposes.
  - III. I / We shall fix the bugs in the Software if any, found at the time of testing.
47. That I / We shall meet the criteria set to measure the expected level of performance.
48. I / We shall create the training manuals required to operate the product and use of system outputs. Further, such documentation shall include the potential error conditions and recommend action in the event of occurrence of error.
49. I / We undertake to provide User training first when the product is installed and thereafter whenever a major upgrade is released to the Clearing /Trading member's Personnel for the following:
- I. Use of Product
  - II. Maintenance of the product.
50. I / We undertake that:
- I. All material and information which has or will come into my /our possession or knowledge in connection with the undertaking or the performance hereof, consists of confidential and proprietary data, whose disclosure to or use by third parties will be damaging or cause loss to NCDEX. I / We agree to hold such material and information in strict confidence, not to make use thereof other than for the performance of the Undertaking, to release it only to my/our employees requiring such information and that too only with the written consent of NCDEX, and not to release or disclose it to any other parties. I / We shall take appropriate action with respect to my / our employees to ensure that the obligations of non-use and non-disclosure of confidential information under the Undertaking are fully satisfied and shall also ensure that my/our Employees are aware and comply



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with the above provisions. The provisions of this clause shall survive the termination of the undertaking. For the purpose of this clause the term data shall include amongst other things technical data which may be divulged by the Exchange, during the normal course of development of the software and information relating to the operations of NCDEX.

- II. I / We shall not in any way represent that the software developed is a part of the NCDEX trading software.
- III. I / We shall keep full security of NCDEX's programs, databases and computer records in accordance with best computing practice.

- 51. I / We shall develop the software after considering the current and expected increase in workload, to ensure that the desired efficiency can be maintained with future workloads.
- 52. I / We shall develop the software and make it compatible to other Operating Systems, in case of any need to transfer the Software from one piece of hardware to another due to technological changes.
- 53. I / We shall provide upgrade to the application software as and when the need for the same arises and in accordance with the requirements of NCDEX.
- 54. I / We undertake to make the Software compatible with the NCDEX trading system, under intimation / written consent of NCDEX, in case any modification is made to the NCDEX trading software by NCDEX and the same is required to be incorporated in the Software.
- 55. I / We am / are fully aware that NCDEX shall not be responsible for development, maintenance, updates, upgrades, error fixes and other support functions.
- 56. I / We undertake to update the training and documentation as and when the Software is technically upgraded.
- 57. That during the continuation of the Undertaking if any modification/amendment is required by NCDEX, to be made by us, I/We agree and undertake to make the same.
- 58. I / We shall render all possible assistance and co-operation to NCDEX by providing access to any kind of information in any form as it may require and I/we hereby undertake to produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by NCDEX at its discretion.
- 59. I / We agree and undertake that NCDEX shall not be liable for any direct or indirect loss, damage, costs, claims and expenses whatsoever caused or contributed by any event of force majeure. For the purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond NCDEX's control and further the above is without prejudice to the rights already accrued to NCDEX due to my/our failure to

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perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.

60. I / We shall indemnify and keep indemnified NCDEX harmless against every and all claims, demand, damages, liabilities, losses and expenses suffered by it directly by reason of my / our non-compliance, contravention with any of the provisions of this Undertaking or by reason of bugs or malfunctioning of the software provided by us to the Clearing / Trading Members.
61. I / We agree that no forbearance, delay or indulgence by NCDEX in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of NCDEX nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for NCDEX is exclusive of any other right, power or remedy available to NCDEX and each right, power or remedy shall be cumulative.
62. 38. I / We undertake that any declaration or other notice to be given by me/us to NCDEX shall be sent by registered letter or telex/cable or facsimile transmission to the address first mentioned above.
63. That I / we shall execute, sign, subscribe to such other documents, papers, undertaking, covenants, bonds, and/or undertakings as may be prescribed or required by NCDEX from time to time.
64. I/We also agree that in the event of my/our non-compliance with any of the provisions as mentioned above, NCDEX shall take such action against us as it may deem fit in this regard.
65. All algorithmic orders shall be necessarily routed through members servers located in India & through specified CTCL ID/AT software user-id approved by the Exchange for algo trading. The User-id enabled for algo trading shall have no interlinks with any system or ID located / linked outside India.
66. That NCDEX, at its absolute discretion, may suspend/withdraw the Automated Trading facility available to me/us at any time.
67. I/We understand and acknowledge that, we shall continue to be responsible and liable for any non-compliance of Exchange/SEBI Circulars with respect to AT Facility, as may be enforced from time to time and shall undertake to liable for such action including monetary penalty as may be decided by the Exchange.
68. I/We agree that, if any of my/our actions are found to be in breach of the terms and conditions of this Undertaking, Exchange has complete authority to impose the appropriate charges upon me for such breach and I/We shall pay such charges to the Exchange without any dispute.
69. I/We hereby agree and understand that, the data received through the aforementioned system/facility is only for the purpose of trading. I/We hereby state and undertake that the said data received by us shall not be used for any other purpose other than the purpose for which it is provided and shall not directly or indirectly sell, lease, redistribute, transmit,

retransmit, broadcast, download, store or otherwise provide or disseminate the NCDEX provided data or any part thereof in any form or by any means, (including without limitation by making hard copies or by electronic transfer).

70. This Undertaking shall be binding upon my/our legal heirs, successors, legal representatives and assigns.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

SIGNED, SEALED AND DELIVERED BY

\_\_\_\_\_  
For and on behalf of \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Before me

The guidelines for preparing and submitting these undertaking document is as follows:

- The undertaking has to be executed on a non-judicial stamp paper of Rs. 500/- in favor of "National Commodity & Derivatives Exchange Limited" or frank the agreement for the same value. (Kindly note that the stamp paper can be in multiples of Rs. 100 which should be in equivalent of Rs. 500).
- Affix company's round stamp and signature of authorized signatory on each page.
- Affix company seal and mention the full name and signature on the last page.
- All the documents should be duly notarized before submission.