

# CDSL Commodity Repository Limited

## BUSINESS RULES FOR Repository Participants

August 2017

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CCRL Business Rules

| #   | Abbreviation           | Full form                                   |
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| 1.  | CCRL                   | CDSL Commodity Repository Limited           |
| 2.  | CM                     | Clearing Member                             |
| 3.  | CMID                   | Clearing Member Identity Document           |
| 4.  | eKYC                   | Electronic Know Your Customer               |
| 5.  | eNWR                   | Electronic Negotiable Warehouse Receipt     |
| 6.  | eNNWR                  | Electronic Non-Negotiable Warehouse Receipt |
| 7.  | FPO                    | Farmer Producer Organization                |
| 8.  | KYC                    | Know Your Customer                          |
| 9.  | NBFC                   | Non Banking Financial Company               |
| 10. | NGO                    | Non Governmental Organization               |
| 11. | Repository Participant | Repository Participant                      |
| 12. | TM                     | Trading Member                              |
| 13. | TMID                   | Trading Member Identity Document            |

## 1. Introduction

These Business Rules framed hereunder shall be known as CDSL Commodity Repository Limited Business Rules, 2017. These Business Rules shall be in accordance with the provisions of The Warehousing (Development and Regulation) Act, 2007, Rules and Regulations, Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts, the Bye Laws of the Repository, as may be applicable to the Repository Participants and other Users of the Repository. These Business Rules shall come into effect from the date of their publication.

## 2. Applicability

These Business Rules (read in conjunction with the Bye Laws) shall be applicable to all the Users of the Repository as well as the Clients to the extent specified therein. They shall be subject to the jurisdiction of the courts of Mumbai irrespective of the place of business of the Users of the Repository System in India.

### 3. Definitions

3.1. Unless the context otherwise requires:-

3.1.1. BOD Processing means the Beginning-of-Day processing which is carried out before the start of business of each working day by the Repository and the Users. Such processing shall commence at such time as may be notified by the Repository;

3.1.2. Clearing Members are persons who have been admitted as members by a Clearing Corporation or Clearing House which has been admitted as a User by the Repository;

3.1.3. CM Account means a Clearing Member account with an Repository Participant opened by a Clearing Member in accordance with Rule 13.1 of these Business Rules;

3.1.4. Repository Participant: Any entity registered with Repository in a manner as defined under Byelaws 11 of CCRL.

3.1.4.1. Repository Participant Module (Repository Participant) - means the software relating to the Repository operations installed on the hardware system of the Repository Participant

3.1.5. Repository System means the hardware, software and telecommunication network established by the Repository to facilitate the operations of the Repository. This shall include the Repository Module, Repository Participant Module, , User Hardware System and the hardware installed at the Repository

3.1.6. EOD Processing means the processing, which is carried out at the close of each working day by the Repository and the other users viz. Repository Participant, Warehouse Services Provider, and Assayer. Such processing shall commence at such time as may be notified by the Repository;

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- 3.1.7. *Market Trades* are trades concluded on a Commodity exchange and cleared and settled through a Clearing Corporation or Clearing House which has been admitted as a repository participant by the Repository. Trades which are negotiated privately and reported for clearing and settlement through a Clearing Corporation or Clearing House, which has been admitted as a repository participant by the Repository, shall also be treated as market trades;
- 3.1.8. *Off Market Trades* means trades that are not cleared and settled through a Clearing Corporation or Clearing House admitted as a repository participant by the Repository;
- 3.1.9. *Pool Account* means the account of a Clearing Member maintained with a repository participant which is used for the transfer of eNWRs from the accounts of the depositors / Clients to the Clearing Corporation or Clearing House in the case of sale of commodities and from the Clearing Corporation or Clearing House to the accounts of the depositors / Clients in the case of purchase of Commodities;
- 3.1.10. *User Hardware System (UHS)* means the hardware set up of the User based on the hardware specifications supplied by the Repository consisting of servers, workstations, router and the communication line linking them to the Repository;
- 3.1.10.1. *User Hardware System (Repository Participant)/ Repository Participant Hardware System* - means the hardware set up of the Repository Participant relating to Repository operations;
- 3.1.11. *Inter Repository Transfer* means transfer of commodities, which are available in the form of eNWRs from an account, held in one Repository to an account held in the other Repository.
- 3.1.12. *Transaction Statement* means a statement giving the details of the commodity-wise transactions (credits and debits) and balances for a

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given period and is also referred as statement of account including transaction statement and holdings statement.

3.1.13. Warehouse Service Provider (WSP): **WSP or Warehouseman** as defined by the Authority vide their Rules, Regulations or Guidelines.

3.1.14. Warehouse (WH): Any Warehouse registered with the Authority.

3.1.15. Words and expressions used but not defined in the Business Rules but defined under Warehousing (Development and Regulation) Act, 2007, Rules and Regulations issued by the Warehousing Development and Regulatory Authority (the "Authority"), Guidelines on Repository, Companies Act, 2013, Securities Contracts (Regulation) Act, 1956 and any amendments, modifications thereto and the Bye Laws of the Repository shall have the same meaning respectively assigned to them under the aforesaid Acts, Guidelines, Rules and Regulations, as amended from time to time.



## 4. Manner of Dealings on the Repository

### 4.1. The Repository System

- 4.1.1. The Repository Participant shall carry out transactions relating to the Repository only through the User Hardware System (Repository Participant) approved by the Repository located at Repository approved locations of the Repository Participant. No other workstation, computer system or hardware may be connected to the user Hardware System (Repository Participant) without the prior approval of the Repository.
- 4.1.2. Each Repository Participant shall have a unique identification number provided by the Repository called the Repository Participant ID which shall be used to identify the Repository Participant by the Repository and by other Users.
- 4.1.3. A Repository Participant shall have a non-exclusive permission to use the Repository Participant Module as provided by the Repository in the ordinary course of its business as such User.
- 4.1.4. The permission to use the Repository Participant Module shall be subject to the payment by the User of such charges as may be specified by the Repository from time to time.
- 4.1.5. A Repository Participant shall not use or permit any other person to:
  - 4.1.5.1. Use the software provided by the Repository for any purpose other than the Repository Participant purpose as approved and specified by the Repository;
  - 4.1.5.2. Use the software provided by the Repository on any equipment other than the Repository Participant Hardware System;
  - 4.1.5.3. Copy, alter, modify or make available to any other person, the software provided by the Repository;

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4.1.5.4. Use the software in any manner other than the manner as may be specified by the Repository;

4.1.5.5. Attempt directly/indirectly to decompile, disassemble or reverse engineer the same.

4.1.6. A Repository Participant shall not, by itself or through any other person(s) on its behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use any information provided by the Repository for any purpose other than in the ordinary course of its business as a Repository Participant of the Repository, except with the explicit approval of the Repository.

### 4.2. Working Days

4.2.1. The Repository shall operate on all days except Saturday & Sundays and such public holidays as notified by the Govt. of Maharashtra under the Negotiable Instruments Act of 1881 as applicable in the state of Maharashtra and published by the Repository from time to time.

4.2.2. The Repository may close office on days other than and in addition to the scheduled holidays originally declared under Business Rule 4.2.1 to be called unscheduled opening or closing of the Repository subject to prior intimation to the Authority specifying reasons for such closure.

### 4.3. Working Hours

4.3.1. The Repository working hours would be 09:30 AM to 05:45 PM on each working day as prescribed in 4.2 above.

4.3.2. The Repository may extend, advance or reduce the working hours by notifying the Authority in advance specifying the reasons for the same. The Repository shall notify all its Users in this regard.

4.3.3. Notwithstanding 4.2 and 4.3.1&4.3.2 above, the Repository System shall continue to be available to the Users at all times except for such periods, as may be specified and notified by the Repository, on account of scheduled downtime with respect to maintenance and end of day functions.

4.4. Failure of Repository Participant terminal

4.4.1. In the event of failure of the Repository Participant Hardware System and/or loss of access to the Repository Participant Module, the Repository may, at its discretion, undertake on behalf of the Repository Participant to carry out the necessary functions which the Repository Participant is eligible on a valid request from such Repository Participant subject to such terms and conditions which the Repository may deem necessary to be imposed. The Repository may entertain such a request only if such request is made in writing in a clear and precise manner by the Repository Participant as specified by the Repository. The Repository Participant shall be accountable for the functions executed by the Repository on behalf of the Repository Participant and shall indemnify the Repository against any losses or costs arising out of the same.

4.5. Mode of Operating accounts and effecting transactions by Book entry

4.5.1. The forms laid down under these Business Rules shall be adhered to by the Repository Participants at the time of operating the accounts of their Depositors/Clients and giving effect to the transactions laid down under Clause 10 of the Bye Laws and Clauses 11, 12 and 13 of these Business Rules.

4.5.2. Provided however that, to effect such transactions as may be specified by the Repository based on electronic instructions received from the Depositors/Clients, the Repository Participant shall obtain the prior approval of the Repository. The Repository may grant such an approval to the Repository Participant if;

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- 4.5.2.1. The Repository Participant has adequate systems and security features in place to authenticate the Depositors/Clients and the Depositors/Clients to authenticate the Repository Participant and is able to conclusively prove the origin, destination, date and time of receipt or dispatch of such electronic instructions received by it;
- 4.5.2.2. The Repository Participant retains such electronic instructions in the format in which it was originally received or sent or in a format which can be demonstrated to represent accurately the information which was originally received or sent;
- 4.5.2.3. The instructions received remain accessible and usable for subsequent reference; and
- 4.5.2.4. The Repository Participant fulfills such other conditions as may be specified by the Repository.
- 4.5.3. Provided further that the Repository Participant may operate such accounts or effect such transactions by using any other form or manner of authorization from the Depositors/Clients provided the Executive Committee has approved the same.
- 4.5.4. The Repository Participant shall promptly inform the Depositors/Clients in respect of those instructions which have not been executed.
- 4.5.5. The Repository Participant shall not accept any instruction for debit or pledge of commodity from a Client unless the Repository Participant has fully satisfied that the Depositor/Client itself has given the instruction. In respect of instructions received in paper form, the Repository Participant shall ensure that the Depositor/Client submits the instructions duly complete in all respects.

## 5. Conduct of Business by Repository Participants and Warehouse Service Providers

### 5.1. Manner of Dealings by Repository Participants and Warehouse Service Providers

5.1.1. Only those persons who are approved as Repository Participants and Warehouse Service Providers in accordance with the provisions of the Bye Laws and Business Rules of the Repository may be approved as Users of the Repository System.

5.1.2. The release of transactions for execution on the Repository System by the Repository Participants and Warehouse Services Provider for any working day must be completed by the said entities a minimum time period before the EOD process. The Repository shall specify this minimum time period.

5.1.3. At the end of the EOD processing by the Repository, the Repository System shall electronically intimate to the Repository Participant the BOD for the next working day. Any release of transactions for execution made thereafter shall be recorded for the next working day.

5.1.4. Any transactions entered into by the Repository Participant or the Warehouse Service Provider after such period can be released for execution only on the next working day.

5.1.5. The electronic communication link between the Repository Participant and the Warehouseman or Warehouse Service Provider must be maintained at all times unless otherwise agreed upon by the Repository.

### 5.2. Supervision by Repository Participants

5.2.1. Each Repository Participant shall establish, maintain and enforce procedures to supervise its business and to supervise the activities of its employees that are reasonably designed to achieve compliance with

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the Bye Laws, Business Rules, notifications and directions issued there under by the Repository.

5.2.2. The Repository Participant shall maintain an internal record of the names of all persons who are designated as supervisory personnel and dates for which such designation is or was effective. Such record shall be preserved by the Repository Participant for a period not less than three years.

5.2.3. Each Repository Participant shall conduct a review, at least annually, of its business relating to its operations as Repository Participant, which shall be reasonably designed to assist in detecting and preventing violation of and achieving compliance of the Bye Laws and Business Rules of the Repository.

5.2.4. The Repository Participant shall bring to the notice of the Repository and its Depositors / Clients, any indictments, penalties etc. imposed on it by the Repository or any other regulatory authority within seven days from the date of such indictment or order.

### 5.3. Fees and Charges

The Repository Participant shall have the discretion to charge any fees to its Clients. Further, the Repository Participant may charge different types of fees to its various Clients. In the event of a Client committing a default in the payment of any of the charges within a period of thirty days from the date of demand, without prejudice to the right of the Repository Participant to close the account of the Client, the Repository Participant may charge interest at a rate not more than 15% p.a. or such other rate as may be specified by the

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Executive Committee of the Repository from time to time for the period of such default.

Provided further that the Repository Participant shall file the charge structure every year, latest by 30th April, with the Repository and also inform the Repository the changes in its charge structure as and when they are affected.

Further if the Repository Participant does not file charge structure on or before 30th April, it would be understood to be carrying the same rate as was prevalent prior to the said date.

## 6. Guidelines governing relationship between Repository Participant and Client

- 6.1. The Repository Participant shall execute transactions on behalf of its Depositors / Clients only on authorizations from their Depositors / Clients.
- 6.2. A Repository Participant may accept standing instructions from the Depositors / Clients for crediting their accounts without the Repository Participant requiring separate authorization for each credit.
- 6.3. The Repository Participant shall not be required to receive any authorization for receiving credit in the accounts of Client in the following cases:
  - a) Receipt of credit directly from the Trading Member of an authorized Exchange against a Contract traded by the Client.
- 6.4.
  - (a) For the delivery-out instruction received from the Trading Member of any authorized Exchange whose Contract details are already recorded by the client with the Repository.
  - (b) For accepting the pledge request given by another Depositor / Client in pursuance of Rule 12.16.3.
- 6.5. The Repository Participant may make available to the Depositors / Clients for their reference, the list of Notified Commodities that are available in the e-Auction platforms with which the Repository has arrangements to facilitate the trade.
- 6.6. The Repository Participant shall have a right to provide such information related to the Depositors' / Clients' account as may be requested by the Repository from time to time.



## 7. Code of ethics for Repository Participant

### 7.1. General Principles

7.1.1. **Professionalism:** A Repository Participant in the conduct of its business shall observe high standards of commercial honor and just and equitable principles of business.

7.1.2. **Adherence to Bye Laws, Business Rules, Operating instructions and Communiqués / Circulars of the Repository:** A Repository Participant shall adhere to the Bye Laws, Business Rules, Operating instructions and Communiqués / Circulars of the Repository and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Authority and any other regulatory authority, as may be applicable from time to time.

7.1.3. **Honesty and fairness:** In conducting its business activities, a Repository Participant shall act honestly and fairly in the best interests of its Depositors / Clients.

7.1.4. **Capabilities:** A Repository Participant shall have and employ effectively the resources and procedures, which are needed for the proper performance of its business activities.

### 7.2. Operational Principles

7.2.1. A Repository Participant shall ensure:-

7.2.1.1. That any employee who commits the Repository Participant to a transaction has the necessary authority to do so;

7.2.1.2. That employees are adequately trained in operating in the relevant areas they are assigned to and are aware of their own, and their organization's responsibilities as well as the relevant

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statutory acts governing the Repository, the Bye Laws, Business Rules, Regulations, Guidelines and Operating Instructions issued by Repository including any additions or amendments thereof;

7.2.2. No Repository Participant or person associated with an Repository Participant shall make improper use of Clients' e-NWRs or e-NNWR details or Clients' funds maintained as advances / deposits.

7.2.3. While performing any transaction in the Depositors' / Clients' accounts, the Repository Participant must ensure that, great care is taken at all times not to misrepresent, in any way, the nature of the transaction.

7.2.4. No Repository Participant shall exercise any discretionary power in a Depositor's / Client's account unless such Depositor / Client has given prior written authorization in this regard.

### 7.3. General Guidelines

No Repository Participant shall shield or assist or omit to report about any Repository Participant whom it has known to have committed a breach or evasion of any Rules, Bye Laws, Operating Instructions, or Regulations of the Repository or of any resolution, order, notice or direction there under of the Executive Committee or the Managing Director or any Committee or Officer of the Repository authorised in that behalf.

## 8. Admission / On-boarding of Repository Participants, Warehouse Service Providers and Warehouse

- 8.1. An applicant Repository Participant shall submit forms mentioned in Rule 21.1 respectively along with the Annexures specified there under and with the following documents:
  - 8.1.1. Business history of the applicant for the last three years;
  - 8.1.2. Net worth as certified by a Chartered Accountant as per the latest audited accounts in the manner specified in Annexure A of these Business Rules;
  - 8.1.3. Copies of the annual reports of the last three years.
- 8.2. The applicant Warehouse Service Provider or Warehouse shall be on boarded by the Repository on registration with the Authority subject to directions to that effect from the Authority.
- 8.3. The applicant Repository Participant shall have appropriate safekeeping measures (such as vaults and other security measures) to store physical records at its end.
- 8.4. Even after the applicant Repository Participant procures the Certificate of Commencement of Business, the Repository Participant shall not transact the business on the Repository System unless it has paid the security deposit and other fees as stipulated by the Repository for this purpose.

## 9. Hardware and Software requirements for a Repository Participant/Warehouse Service Provider

### 9.1. Repository Participant

9.1.1. The Repository Participant shall install the hardware and software, which shall be in conformity with the configurations specified by the Repository from time to time.

9.1.2. The Repository shall provide to Repository Participant application software called the Repository Participant Module and any up gradations or modifications to such software on payment of such fees as may be determined by the Repository.

### 9.2. Warehouse Service Provider and Warehouse

9.2.1. The Warehouse Service Provider and Warehouse shall have internet access as the Repository application is web based and accessible through application URL and shall be in conformity with the minimum configuration and browser specifications intimated by the Repository from time to time.

## 10. Fees and Deposits

### 10.1. Repository Participants

The tariff will be separately approved by the Board / Executive Committee and submitted to the Authority.

## 11. Deposit and Withdrawal of eNNWRs / eNWRs to/from a Client's / Depositor's account

### 11.1. Deposit of commodities

- 11.1.1. Every Depositor / Client shall submit to the Repository Participant or Warehouse Service Provider a request for depositing commodities in the Warehouse of his choice along with the Deposit Request Form (DRF). The specimen of the DRF is given in Annexure 21.5.
- 11.1.2. No deposit request shall be entertained by the Repository Participant or Warehouse Service Provider from any person other than from the Depositor / Client.
- 11.1.3. The Repository Participant or Warehouse Service Provider shall first ensure that the deposit request submitted by its Depositor / Client pertains to the list of Notified Commodities approved by the Authority and admitted by Repository as eligible for holding in the electronic form as eNNWR or eNWR.
- 11.1.4. The Repository Participant or Warehouse Service Provider shall ensure that the DRF submitted by its Client is completely filled and duly signed.
- 11.1.5. The Repository Participant shall forthwith enter the DRF in the Repository Participant Module system.
- 11.1.6. The Repository Participant or Warehouse Service Provider shall verify the Commodity that is desired to be deposited with the Commodity code that is filled in DRF.
- 11.1.7. The Repository Participant or Warehouse Service Provider shall ensure that a separate DRF is filled in by the Depositor / Client for commodities having distinct Commodity codes.

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- 11.1.8. The Repository Participant or Warehouse Service Provider shall ensure that a separate DRF is filled in by the Client for unencumbered commodities and commodities that are proposed to be pledged from the time of deposit.
- 11.1.9. The Repository Participant or Warehouse Service Provider shall ensure that the Depositor / Client submit a separate DRF for each of its accounts maintained with the Repository Participant.
- 11.1.10. The Warehouse Service Provider shall ensure that the authorization code issued by the Repository for the said deposit is verified in the Repository Participant Module before accepting any fresh deposits in the physical form.
- 11.1.11. The Warehouse Service Provider shall ensure that the Commodity code entered by the Repository Participant at the time of deposit creation is same as that of the commodity that is being deposited.
- 11.1.12. The Warehouse Service Provider shall verify the Know Your Depositor of the person who is depositing the goods on behalf of the Depositor by obtaining the documents of identification and such other documents as prescribed by the Repository. The person depositing the goods should either be the Depositor / Client himself or his authorized person.
- 11.1.13. The Warehouse Service Provider shall verify whether the Depositor / Client wishes to get the eNNWR or eNWR and mark the deposits accordingly in the Repository data base
- 11.1.14. The Warehouse Service Provider shall ensure that incase the Depositor / Client opts for e-NWR or e-NNWR with assaying; the sample as directed by the Authority is drawn from the deposit, coded and then sent to the Assayer for assaying.

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11.1.15. The Assayer shall ensure that the grade description and other parameters as are relevant of the said commodity are correctly and accurately recorded in the Repository Database.

11.1.16. The Warehouse Service Provider shall ensure that after the receipt of grade description and parameter readings from the Assayer, the deposit request are updated as approved and accepted by the Warehouse Service Provider.

### 11.2. Withdrawal

11.2.1. Every Depositor / Client shall submit to the Repository Participant the details of the eNWRs / eNNWRs that it wishes to withdraw along with the Withdrawal Request Form (WRF). The specimen of the WRF is given in Annexure 21.14.

11.2.2. The Repository Participant shall ensure that the Depositor / Client submit a separate WRF for each commodity and for each account and for each e-NWR /e-NNWR maintained by the Client with the Repository Participant.

11.2.3. The Repository Participant shall ensure that the WRF submitted by its Depositor / Client is completely filled and duly signed.

11.2.4. The Repository Participant shall ensure that the Depositor / Client have sufficient holdings in its account maintained in electronic form before sending the WRF to the Warehouseman.

11.2.5. The Repository Participant shall verify the signatures on each withdrawal request with the signatures on the records held with it and authorize each withdrawal form before forwarding it to the Warehouse Service Provider.



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- 11.2.6. The Repository Participant shall print the Depositor / Client details from the Repository Participant Module and give it to the Depositor / Client, on request.
- 11.2.7. The Warehouse Service Provider shall ensure that the authorization code issued by the Repository for the said withdrawal is verified in the Repository Participant Module before allowing any withdrawals in the physical form.
- 11.2.8. The Warehouse Service Provider shall ensure that the commodity code entered by the Repository Participant at the time of withdrawal request is same as the commodity that is being withdrawn.
- 11.2.9. The Warehouse Service Provider shall verify the Know Your Depositor / Client (KYD) of the person who is withdrawing the goods on behalf of the Depositor/Client. The person withdrawing the goods should either be the Depositor / Client himself or his authorized person.
- 11.2.10. The Warehouse Service Provider shall ensure that the exact details of number of bags delivered / withdrawn and the net weight as is made available from the weighbridge is updated in the Repository.
- 11.2.11. The Warehouse Service Provider shall verify that in case of multiple withdrawals the cumulative withdrawal quantity does not exceed the requested quantity and ensure to mark each withdrawal of the said withdrawal request entered and authorized by the Repository Participant.

## 12. Transactions in accounts

The various types of transactions entered into by the Depositor / Client are as detailed below:

## 12.1. Account Opening

12.1.1. Any person desiring to become a Depositor / Client of the Repository Participant shall make an application as per the forms which have been laid out in Annexure 21.3 and Annexure 21.4 of these Business Rules and respective instructions/check list for filling KYD/KYC Form.

12.1.2. The Repository Participant shall ensure that the application form submitted by the Depositor / Client is completely filled, including the Bank Account particulars of the Depositor /Client and properly signed.

12.1.3. Repository Participant shall provide a copy of Rights and Obligations Document as specified at Annexure 21.2 to the Depositors/Clients and shall obtain an acknowledgement for the same. Repository Participant may provide copy of Rights and Obligations Document to the Depositor/ Client in electronic form, if opted by the Depositor/Client.

12.1.4. The Repository Participant shall open/activate Depositors'/Clients' account in the Repository System only after receipt of complete Account opening form, Know Your Client (KYC) and Know Your Depositor (KDC) and supporting documents as specified by Repository from time to time and when the application referred to above has been found to be valid and accepted by the Repository Participant it shall enter the data (on the application form) into the Repository Participant Module and activate the Depositors'/Clients' account.

12.1.5. The Depositors'/Clients' account number generated through Repository Participant Module shall be referenced by the Depositors / Clients for all their transactions in the Repository System.

12.1.6. The applicant may open an account only as a sole holder /Partnership firm / Association of Persons / Body of Individuals / corporate / trust or any other type as intimated by the Authority or the Repository from time to time.

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12.1.7. The applicant shall not open account through its power of attorney holder.

12.1.8. The applicant shall not be allowed to appoint any nominee to the said account.

12.1.9. The applicant shall not be allowed to add or include any joint holders to the account.

### 12.2. Off Market Transactions

12.2.1. Transfers of eNWRs in respect of off market transactions shall be affected on receipt of a duly filled in Transfer Instruction Form from the Depositors / Clients for delivery as well as receipt. The specimens of these forms have been laid out in Annexure 21.6.

12.2.2. Alternatively, a Client may give standing instructions to its Repository Participant to credit its account.

12.2.3. The Repository Participant should check for the completeness of the form and validity of the signature of the Client before affecting such transfers.

### 12.3. On Market Transactions

12.3.1. The Repository Participant shall affect a debit or credit to the accounts of its Clients only on receipt of proper authorization from the Clients in the forms laid out in Annexure 21.6

12.3.2. Alternatively, a Client may give standing instructions to its Repository Participant to credit its account. In case the Depositor / Client does not have sufficient balance in its account, the debit to the account shall be effected to the extent of balance available.

12.3.3. The aforementioned forms submitted by the Depositors / Clients, or by their representative Trading Member of the Authorized Exchange along with Contract Details shall be checked by the Repository Participant to ensure the completeness of the form and validity of the signature of the Depositors/Clients, Trading Members before the requests on these forms are executed.

#### 12.4. Inter repository transfers

12.4.1. Instruction in respect of inter-repository transfers shall be executed by the Repository Participant on receipt of a duly filled in inter-repository transfer instruction forms from Clients for delivery and receipt of Commodity as per Annexure 21.6. However,

12.4.1.1. for receiving credits to its account, a Depositor / Client may give standing instructions to its Repository Participant.

12.4.1.2. The Repository Participant should check for the completeness of the forms and validity of the signature of the Depositor / Client or Trading Member representing the Depositor/Client before the instructions are executed.

#### 12.5. Transmission of eNWRs/eNNWRs in case of deceased Individual holder or Proprietor

12.5.1. In case of death of a Depositor / Client, the legal heir(s) or legal representative(s) of the deceased shall request the Repository Participant to transmit the balances lying in the account of the deceased to the account of the legal heir(s) or legal representative(s).

12.5.2. The legal heir(s) or the legal representative(s) of such deceased Depositor/Client shall make an application to the Repository Participant

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in the form specified in Annexure 21.17 along with the following documents:

12.5.2.1. An original copy of the death certificate or a photocopy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.

12.5.2.2. One of the following documents:

12.5.2.2.1. A certified copy of the Succession Certificate;

12.5.2.2.2. An original copy of the Probate of Will or a photocopy of the Probate of Will duly attested by a Notary Public or by a Gazetted Officer.

12.5.2.2.3. An original copy of the Letter of Administration or a photocopy of the Letter of Administration duly attested by a Notary Public or by a Gazetted Officer.

12.5.2.3. In case the account of the legal heir(s) / legal representative(s) account is not with the Repository Participant, copy of Client Master Report of the account of legal heir(s) / legal representative(s).

12.5.3. However, if the legal heir(s) or the legal representative(s) express inability to produce either of the documents mentioned under 12.5.2, and the value at the time of deposit of the commodities held in the account of the deceased as on the date of application for transmission does not exceed Rs.5,00,000 or any such amount as may be notified by Repository from time to time then the Repository Participant shall process the transmission request on the basis of the following documents:

12.5.3.1. Request for transmission as per Annexure 21.17;

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- 12.5.3.2. Original copy of the death certificate or a photocopy of the death certificate duly attested by a Notary Public or by a Gazetted Officer;
- 12.5.3.3. Letter of Indemnity made on appropriate non judicial stamp paper;
- 12.5.3.4. An Affidavit made on appropriate non judicial stamp paper; and
- 12.5.3.5. No Objection Certificate(s) from all the legal heirs who do not object to such transmission.
- 12.5.3.6. As an alternate to No Objection Certificate from all legal heir(s) who do not object to such transmission specified at 12.5.3.5, a copy of Family Settlement Deed duly attested by a Notary Public or by a Gazetted Officer provided that the Family Settlement Deed clearly vest the commodities held under the eNWRs in favour of the person seeking transmission in his/her name and vesting of eNWRs in his/her name is not contingent upon any other onerous conditions in such Family Settlement Deed. Provided further that if the division of commodity as per the Family Settlement Deed is amongst more than one person, then Family Settlement Deed can be considered as an agreement amongst the legal heirs for transmission of commodities held under eNWRs to each legal heir applying for transmission.
- 12.5.3.7. In case the deceased held eNNWRs, the same shall not be transferred to the legal heir(s) or legal representatives(s) if the legal heir(s) or legal representative(s) do not have an account with the Repository Participant. The legal heir(s) or legal representative(s) shall only be allowed to withdraw the underlying commodities based on the submission of legal documents mentioned above.

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12.5.4. The Repository Participant shall ensure that the documents submitted by the legal heir(s) or the legal representative(s) are in order, satisfy itself about identity of the legal heir(s) or the legal representative(s) mentioned in the documents and shall then effect a transfer of the balances to the account of the legal heir(s) or the legal representative(s).

12.5.5. After effecting the transmission or withdrawal, the Repository Participant shall close the account of the deceased.

### 12.6. Transfer of e-NWRs/e-NNWRs in an account held by Partnership firm / Association of Persons / Body of Individuals

12.6.1. Upon death of an individual in a partnership firm or association or persons or body of individuals, the transfer should be effected only on the basis of a Decree by a competent Court in case Continuity clause is not available in the Partnership deed of the firm.

12.6.2. The Repository Participant shall ensure that the documents submitted by the surviving members are in order and shall then effect a transfer of the eNWRs to the new accounts.

12.6.2.1. If eNNWRs are held in the account, the same shall not be transferred to the surviving member(s). The surviving member(s) shall only be allowed to withdraw the underlying commodities based on the submission of legal documents mentioned above.

12.6.2.2. In case the account of the surviving members is not with the Repository Participant, the commodities covered under eNWR/eNNWR can only be withdrawn by the claimants.

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12.6.2.3. After effecting the transfer, the Repository Participant shall close the account held in the name of the partnership firm or association of persons or body of individuals.

12.6.2.4. The Repository Participant shall effect the request for transfer of eNWRs within seven days of receipt of complete set of requisite documents.

### 12.7. Extension of the e-NWR

12.7.1. The Depositor / Client shall give the Extension Request Form (ERF) only near to due date of the e-NWR subject to satisfactory shelf life of the commodity in order to extend the due date of eNWR.

12.7.2. The Depositor / Client shall, submit to the Warehouseman an Extension Request Form (ERF) in the format given in Annexure 21.21.

12.7.3. The Warehouseman shall ensure that the Depositor / Client submits a separate ERF for each account maintained by the Depositor/Client with the Warehouse Service Provider/Warehouseman.

12.7.4. The Warehouseman shall ensure that the Depositor / Client submits a separate ERF for each e-NWR /e-NNWR maintained by the Depositor/Client with the Warehouse Service Provider/Warehouseman.

12.7.5. The Warehouseman shall ensure that the signature of the Depositor / Client executed on the said ERF matches with the signature(s) recorded in the Repository Participant.

12.7.6. The e-NWR will be extended subject to satisfactory Re-Assaying till the completion of shelf life of the commodity as per Re-Assaying results or for the period permissible as per Authority/ Repository whichever is earlier.



## 12.8. Re-assaying

- 12.8.1. The Depositor / Client shall give the Re-Assaying Request Form (RARF) on or before the expiry / completion of shelf life of the commodity or the period permissible as per Authority/ Repository whichever is earlier.
- 12.8.2. The Depositor / Client shall, submit to the Warehouseman a RARF in the format given in Annexure 21.22.
- 12.8.3. The Warehouseman shall ensure that the Client submits a separate RARF for each account maintained by the Client with the Warehouse Service Provider/Warehouseman.
- 12.8.4. The Warehouseman shall ensure that the Depositor / Client submits a separate RARF for each e-NWR maintained by the client with the Warehouse Service Provider/Warehouseman.
- 12.8.5. The Warehouse Service Provider/Warehouseman shall ensure that the signature of the Depositor / Client executed on the said RARF matches with the signature(s) recorded in the Repository Participant Module.

## 12.9. Error correction

- 12.9.1. In case of any error made by the Repository Participant, Warehouse Service Provider/Warehouseman, Assayer at the time of deposit or withdrawal or conversion or re-assaying or rectification such errors may be allowed to be corrected with the approval of the Authority.

### 12.9.2. Error correction due to incorrect entry by Repository Participant

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12.9.2.1. The Depositor / Client shall give the Error Correction Request Form (ECRF) as provided in Annexure 21.19 to the Repository Participant immediately after the Depositor / Client notices the error.

12.9.2.2. The Client shall ensure that the said erroneous eNWR are not transferred, pledged, frozen or withdrawn partially or fully.

12.9.2.3. The Repository Participant shall ensure that the Depositor / Client submits a separate ECRF for each account maintained by the Client with the Repository Participant.

12.9.2.4. The Repository Participant shall ensure that the Depositor / Client submits a separate ECRF for each such e-NWR /e-NNWR maintained by the Depositor/Client with the Warehouse Service Provider/Warehouseman.

12.9.2.5. The Repository Participant shall ensure that the signature of the Depositor / Client executed on the said ECRF matches with the signature(s) recorded in the Repository Participant Module.

### **12.9.3. Error correction due to incorrect entry by Warehouse Service Provider or Warehouseman at the time of deposit or withdrawal or conversion or revalidation or re-assaying**

12.9.3.1. The Depositor / Client shall give the error correction request form (ECRF) to the Warehouse Service Provider/Warehouseman immediately after the Client notices the error.

12.9.3.2. The Client shall ensure that such erroneous eNNWR / eNWR are not transferred or pledged or frozen or withdrawn partially or fully.

12.9.3.3. The Client shall, submit to the Warehouse Service Provider/Warehouseman an ECRF in the format given in Annexure 21.20.

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12.9.3.4. The Warehouse Service Provider/Warehouseman shall ensure that the client submits a separate ECRF for each account maintained by the client with the Repository Participant.

12.9.3.5. The Warehouse Service Provider/Warehouseman shall ensure that the depositor / client submits a separate ECRF for each eNNWR / e-NWR maintained by the client with the Warehouse Service Provider/Warehouseman.

12.9.3.6. The Warehouse Service Provider/Warehouseman shall ensure that the signature of the depositor / client executed on the said ECRF matches with the signature(s) recorded in the Repository Participant Module.

### **12.9.4. Error correction due to incorrect entry by Assayer at the time of deposit or conversion or revalidation or re-assaying**

12.9.4.1. The Depositor / Client shall give the ECRF to the Warehouse Service Provider/Warehouseman immediately after the depositor / client notices the error.

12.9.4.2. The Depositor / Client shall ensure that such erroneous eNNWR / eNWR are not transferred or pledged or frozen or withdrawn partially or fully.

12.9.4.3. The Depositor / Client shall, submit to the Warehouse Service Provider/Warehouseman an ECRF in the format given in Annexure 21.20.

12.9.4.4. The Warehouse Service Provider/Warehouseman shall ensure that the client submits a separate ECRF for each account maintained by the client with the Repository Participant.

12.9.4.5. The Warehouseman shall ensure that the signature of the depositor / client executed on the said ECRF matches with the signature(s) recorded in the Repository Participant Module.

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12.9.4.6. The Warehouseman shall ensure that the request is sent to the Assayer for effecting necessary corrections.

12.9.4.7. All corrections will be undertaken in line with Regulations in this regard.

### 12.10. Conversion of Paper Based Warehouse receipt to eNNWR

12.10.1. Every Depositor / Client shall submit to the Warehouse Service Provider/Warehouseman a request for converting paper based Warehouse Receipt to eNNWR using the Conversion Request Form (CRF) along with the physical warehouse receipt. The specimen of the CRF is given in Annexure 21.11.

12.10.2. No conversion request shall be entertained by the Warehouse Service Provider/Warehouseman from any person other than from the depositor / client.

12.10.3. The Warehouse Service Provider/Warehouseman shall first ensure that the CRF submitted by its Depositor / Client is for commodities notified by Authority and admitted by the Repository as eligible for holding in the electronic form as eNNWR.

12.10.4. The Warehouse Service Provider/Warehouseman shall ensure that the CRF submitted by its Depositor / Client is completely filled and duly signed.

12.10.5. The Warehouse Service Provider/Warehouseman shall forthwith ensure to get the CRF entered in the Repository Participant Module.

12.10.6. The Warehouse Service Provider/Warehouseman shall ensure that a separate CRF is filled in by the Depositor / Client for each physical warehouse receipt.

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- 12.10.7. The Warehouse Service Provider/Warehouseman shall ensure that the Depositor / Client submits a separate CRF for each of its paper based receipts for each of his/her account maintained with the Repository Participant.
- 12.10.8. The Warehouse Service Provider/Warehouseman shall ensure that if depositor / client opts for eNNWR with assaying, the sample as directed by the Authority or Repository is drawn from the deposit, coded and then sent to the Assayer for assaying.
- 12.10.9. The Assayer shall ensure that the grade description and other parameters as are relevant of the said commodity are correctly and accurately recorded in the Repository System after due approval by the Warehouse Service Provider/Warehouseman.
- 12.10.10. The Warehouse Service Provider/Warehouseman shall ensure that after the receipt of grade description and parameter readings from the Assayer, the CRF is updated as approved and accepted by the Warehouse Service Provider/Warehouseman.

### **12.11. Conversion of Paper Based Negotiable Warehouse receipt to eNWR**

- 12.11.1. Every Client shall submit to the Warehouseman a request for converting paper based Negotiable Warehouse Receipt into eNWR using the Conversion Request Form (CRF) along with the physical warehouse receipt. The specimen of the CRF is given in Annexure 21.11.
- 12.11.2. No conversion request shall be entertained by the Warehouse Service Provider/Warehouseman from a person other than from the Client.

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- 12.11.3. The Warehouse Service Provider/Warehouseman shall ensure that the CRF submitted by its Client is completely filled and duly signed.
- 12.11.4. The Warehouse Service Provider/Warehouseman shall forthwith ensure to get the CRF entered the Repository Participant Module.
- 12.11.5. The Warehouse Service Provider/Warehouseman shall ensure that a separate CRF is filled in by the Client for each physical Negotiable Warehouse Receipt.
- 12.11.6. The Warehouse Service Provider/Warehouseman shall ensure that the Client submits a separate CRF for each paper based NWR under each of its accounts maintained with the Repository Participant.
- 12.11.7. The Assayer shall ensure that the grade description and other parameters as are relevant of the said commodity as originally assayed for issuance of Paper based NWR are correctly and accurately recorded in the Repository System duly accepted by the Warehouseman.
- 12.11.8. The Warehouse Service Provider/Warehouseman shall ensure that after the receipt/ entry of grade description and parameter readings from the Assayer, the CRF is updated as approved and accepted by Warehouse service provider or warehouseman.

## 12.12. Conversion of eNNWR to eNWR

- 12.12.1. Every Depositor / Client shall submit to the Warehouse service provider or warehouseman a request for converting eNNWR into eNWR using the Conversion Request Form (CRF). The specimen of the CRF is given in Annexure 21.11.

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- 12.12.2. No conversion request shall be entertained by the Warehouse service provider or warehouseman from a person other than from the depositor / client.
- 12.12.3. The Warehouse service provider or warehouseman shall first ensure that the CRF submitted by its Depositor / Client is against a valid and active eNNWR.
- 12.12.4. The Warehouse service provider or warehouseman shall ensure that the CRF submitted by its Depositor / Client is completely filled and duly signed.
- 12.12.5. The Warehouse service provider or warehouse shall forthwith ensure to get the details of CRF entered in the Repository System.
- 12.12.6. The Warehouse service provider or warehouseman shall ensure that a separate CRF is filled in by the Depositor / Client for distinct eNNWR under each of its accounts maintained with the Repository Participant.
- 12.12.7. The Warehouse service provider or warehouseman shall ensure that the sample as directed by the Repository is drawn from the deposit, coded and then sent to the Assayer for assaying in case the e-NNWR is maintained without assaying.
- 12.12.8. The Assayer shall ensure that the grade description and other parameters as are relevant of the said commodity are correctly and accurately recorded in the Repository System duly accepted by the Warehouse service provider or warehouseman.
- 12.12.9. The Warehouse service provider or warehouseman shall ensure that after the receipt of grade description and parameter readings from the Assayer, the CRF is updated as approved and accepted by Warehouseman and fresh eNWR is issued.

## 12.13. Failure of extension of eNWR

12.13.1. In general an eNWR cannot be converted into eNNWR, except by way of a specific request or in the following cases:

12.13.2. If a commodity is stored in the Warehouse beyond its expiry date / shelf life, the eNWR evidencing the storage of said commodity would lose its characteristic of eNWR but the Depositor may opt to continue to store such commodity in the Warehouse and the Warehouseman may accept the same in case such expired commodity does not have an adverse impact on other goods stored in the Warehouse. In such an eventuality, the grade designation and the parameters would not allow the commodity to qualify for an eNWR and receipt for such an expired commodity would automatically become non-negotiable.

12.13.3. If, on error correction the grade designation and the parameters do not allow the commodity to qualify as an eNWR, it will be converted into an eNNWR and will carry the characteristics of eNNWR.

12.13.4. Depositor / Client shall note that such eNNWR will not be negotiable in nature and hence cannot be transferred. Such eNNWR can only be withdrawn by the Depositor / Client.

12.13.5. If such eNNWR is under pledge, and the pledgee chooses to invoke the pledge, the eNNWR (which was an eNWR at the time of creation of such pledge) shall be allowed to be transferred only once as a risk mitigation measure for the pledgee i.e. the Financial Institution, for sale in a Market and thereafter the underlying commodity will be allowed only to be withdrawn.



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- 12.13.6. If such eNNWR is under pledge and the pledgee chooses to conduct an eAuction on the said commodities, the winning bidder (buyer) of the eNNWR will be allowed only to withdraw.
- 12.13.7. If such eNNWR is under pledge and the pledge is closed or released, the depositor / client can only withdraw the underlying commodity under such eNNWR.
- 12.14. Freezing / Un-freezing of an account of a Client and / or Commodity and / or eNNWR/eNWR and /or partial quantity under an eNNWR/eNWR with a Repository Participant/Warehouseman
- 12.14.1. Freezing of an account and / or Commodity and / or eNNWR/eNWR and / or partial quantity of an eNNWR/eNWR held with a Repository Participant
- 12.14.1.1.A Depositor/Client may freeze its account and/or the commodity and/or eNNWR and / or eNWR partially or fully by making a request in the form specified in Annexure 21.10 to its Repository Participant
- 12.14.1.2. Provided however that, the Client shall submit such a request to its Repository Participant, at least one clear working day prior to the date of freeze.
- 12.14.1.3. The Repository Participant, before executing the instruction received from its Client as per Rule 12.8.11 into the Repository System, it shall ensure that the form is duly filled in and the signature(s) of the Client(s) is/are valid.
- 12.14.1.4. The Repository Participant shall freeze the account of its Depositor / Client and/or the Commodities held through

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eNNWR / eNWR partially or fully through the Repository Participant Module on receipt of:

12.14.1.4.1. Instructions from its Depositor / Client as per Rule 12.15.1.1 or

12.14.1.4.2. Orders received from the Central or State Government, the Securities and Exchange Board of India; or Warehousing Development Regulatory Authority or

12.14.1.4.3. Any order passed by a court, tribunal, or any other statutory authority.

12.14.2. Freezing of an account and / or Commodity and / or eNNWR/eNWR and / or partial quantity of an eNNWR/eNWR held with Warehouse Service Provider or Warehouseman

12.14.2.1. Repository shall freeze the account of its Depositor / Client and/or the Commodities and or stocks covered under eNNWR and /or eNWR partially or fully, on receipt of:

12.14.2.1.1. Instructions from its Depositor / Client as per Rule 12.15.1.1; or

12.14.2.1.2. Orders received from the Central or State Government, the Securities and Exchange Board of India or Warehousing Development Regulatory Authority; or

12.14.2.1.3. Any order passed by a court, tribunal, or any other statutory authority; or

12.14.2.1.4. On the basis of the orders passed by the Disciplinary Action Committee as set out in Clause 24 of the Bye Laws.

12.14.3. Freezing of eNWR in favour of clearing member of an Authorized Commodity exchange with appropriate executed Contract

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- 12.14.3.1. A Depositor/Client may give an instruction to the Repository Participant to freeze specific quantity of commodities or eNWRs in its account till a pre-determined time and in a manner as may be prescribed by the Repository such that it can be unfrozen or can be debited from and credited to the account of a Clearing Member of an Authorized Commodity Exchange with appropriate executed contract.
- 12.14.3.2. Upon receipt of instructions from the Depositor / Client as specified at 12.14.3.1, the Repository shall execute the request for freezing eNWR partially or fully in its account till the pre-determined time prescribed by the Repository.
- 12.14.3.3. Upon receipt of instructions from the Clearing Member of an authorized Commodity Exchange with appropriate executed contract, the Repository shall execute the request for debiting the specific quantity of commodities or less to the extent frozen by the Client in its account as per Rule 12.14.3.1 and crediting the eNWR partially or fully to the account of the concerned Trading Member or his authorized client.
- 12.14.3.3.1. In case of the requirement as noted above is less than the quantity frozen by the Depositor / Client in its account as per Rules 12.14.3.1, and the Depositor / Client has frozen eNWR partially or fully in favour of Clearing Member, Repository Participant will unfreeze the eNWR partially or fully and thereafter debit the account of the Depositor / Client and credit the same to the account of the concerned Trading Member or his authorized Client.
- 12.14.3.4. In case no instruction is received from the Clearing Member prior to the pre-determined time, the Repository shall

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unfreeze the specific eNWR partially or fully in the account of the Client as per Rule 12.14.3.1.

### 12.14.4. Unfreezing of an account and / or Commodity and / or eNNWR/eNWR and / or partial quantity of an eNNWR/eNWR with the Repository Participant.

12.14.4.1. Depositors/Clients may unfreeze their account and/or the commodity and/or eNNWR and / or eNWR partially or fully which was earlier frozen on their request by making a request in the form specified in Annexure 21.10, to its Repository Participant.

12.14.4.2. Provided however that, the Client shall submit such requests to its Repository Participant, at least one clear working day prior to the date of unfreeze.

12.14.4.3. The Repository Participant, before executing the instruction received from its Depositor / Client as per Rule 12.14.4.1 into the Repository Participant Module, shall ensure that the form is duly filled in and the signature(s) of the Client(s) is/are valid.

12.14.4.4. The Repository Participant shall unfreeze the account of its Depositor / Client and/or the Commodities held through eNNWR / eNWR partially or fully through the Repository Participant Module, on receipt of:

12.14.4.4.1. Instructions from its Depositor / Client as per Rule 12.14.4.1; or

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12.14.4.4.2. Freeze revoking orders received from the Central or State Government, the Securities and Exchange Board of India or Warehousing Development Regulatory Authority; or

12.14.4.4.3. Any freeze revoking order passed by a court, tribunal, or any other statutory authority.

12.14.5. Unfreezing of an account and / or Commodity and / or eNNWR/eNWR and / or partial quantity of an eNNWR/eNWR with the Warehouse Service Provider or Warehouseman.

12.14.5.1. Repository shall unfreeze the account of its Depositor / Client and/or the Commodities and /or eNNWR and /or eNWR partially or fully held with the Warehouse Service Provider or Warehouseman, on receipt of:

12.14.5.1.1. Instructions from its Depositor / Client as per Rule 12.14.4.1; or

12.14.5.1.2. Unfreezing orders received from the Central or State Government, the Securities and Exchange Board of India or Warehousing Development Regulatory Authority; or

12.14.5.1.3. Any unfreezing order passed by a court, tribunal, or any other statutory authority; or

12.14.5.1.4. On the basis of the unfreezing orders passed by the Disciplinary Action Committee as set out in Clause 24 of the Bye Laws.

## 12.15. Pledge / Depledge / Invocation

12.15.1. The Depositor / Client (Pledgor) or the Financial Institution (Pledgee) along with authorization from Client shall request creation of

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pledge by submitting the pledge creation form as per Annexure 21.7 through their respective Repository Participants.

12.15.2. The Warehouse Service Provider or Warehouseman shall approve pledge request created by pledgor.

12.15.3. The Repository Participant of the pledgee shall provide confirmation for creation of pledge in favor of the pledgee immediately on receipt of the pledge creation request /confirmation form as laid out in Annexure 21.7 from the pledgor. If however, the pledgee has given standing instructions to its Repository Participant to accept any pledge, the pledge request confirmation need not be specifically be insisted upon by the Repository Participant from the Pledgee.

12.15.4. On receipt of the confirmation of request for creation of pledge from the Repository Participant of the Pledgee and confirmation for creation of pledge to Pledgor through his Repository Participant, the Repository may create the pledge. The pledgor may choose to cancel the pledge before the same is accepted by the pledgee. In such an event the eNWRs would stand released as free and unencumbered eNWR.

12.15.5. The Repository Participant of the pledgor or the Repository Participant of the pledgee shall request closure of pledge as per the form prescribed in Annexure 21.8 respectively, as the case may be.

12.15.6. For the pledge closure request received from the pledgor through its Repository Participant, the pledgee shall submit his confirmation of closure of pledge through his Repository Participant. On receipt of request and confirmation from pledgor and pledgee, Repository may close the pledge and the eNWR will be free for further transactions.

12.15.7. However that for the pledge closure request received from the pledgee i.e. the Financial Institution, the Repository may close the

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pledge without insisting for separate confirmation for closure of pledge from pledgor or its Repository Participant.

12.15.8. In case when the pledge closure request is received from the pledgor, on receipt of confirmation of closure of pledge from the pledgee i.e. Financial Institution, through its Repository Participant, then only Repository may close the pledge.

12.15.9. The Repository Participant of the pledgee shall request invocation of pledge as per the form as per Annexure 21.9.

12.15.10. On receipt of the request for invocation of pledge from the pledgee through its Repository Participant, the Repository may execute invocation and amend its records.

12.15.11. The aforementioned forms submitted by the pledgor and pledgee shall be checked by the respective Repository Participant to ensure the completeness of the form and validity of the signature of the pledgor or pledgee before the requests on these forms are executed.

### **12.16. Rectification of erroneous transfers**

12.16.1. The Repository Participant

From where the erroneous transfer emanated, may request as per Annexure 21.15, to initiate such preventive measures including restraining the receiving Client from transferring and/or creating any interest / rights / encumbrance in favor of any third person(s) with respect to the eNWR partially or fully transferred erroneously.

12.16.2. The Repository Participant making such a request shall furnish an indemnity to the Repository in the form specified in Annexure 21.16.

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- 12.16.3. The Repository reserves the right to advise the Repository Participant of the receiving Depositor / Client to initiate preventive measures for a period of seven business days or such number of days as may be decided by the Repository on a case by case basis, by restraining the receiving Depositor / Client from transferring and/or creating any interest / rights / encumbrance in favour of any third person(s) with respect to the eNWR; partial or full, transferred erroneously.
- 12.16.4. The Repository Participant shall comply with such procedures as may be prescribed by the Repository from time to time, for rectification of such erroneous transfers.
- 12.16.5. Upon the Repository Participant complying with the procedure as per Rule 12.10.4, the Repository may advise the Repository Participant of the receiving Client to initiate reversal of commodity transferred erroneously.
- 12.16.6. Provided however that if the Repository Participant fails to comply with Rule 12.16.4 within the period as specified under Rule 12.16.3, the Repository may advise the Participant of the receiving Client to revoke the restraining instructions as given under 12.16.3.
- 12.16.7. The Repository may impose a penalty on the Repository Participant for furnishing any incorrect information under Rule 18.

## 12.17. eAuction

- 12.17.1. Instruction in respect of eAuction be executed by the Repository Participant on receipt of a duly filled eAuction Request for Quotation (RFQ) instruction form from Depositors / Clients or Pledgee or Warehouseman as per Annexure 21.12.



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- 12.17.2. Instruction in respect of eAuction be executed by the Repository Participant on receipt of a duly filled in eAuction bid request form from prospective bidder as per Annexure 21.13.
- 12.17.3. The Repository Participant should check for the completeness of the forms and validity of the signature of the Depositor / Client or Pledgee or Warehouse Service Provider or Warehouseman or bidder before the instructions are executed.
- 12.17.4. Upon the Repository Participant complying with the procedure as per Rule 12.17.1 and 12.17.2, the Repository may advise the Repository Participant of the bidding Client about the bidder being a winning bidder.
- 12.17.5. On receipt of confirmation of the winning bidder the Repository may execute completion of auction and amend its records.

### **12.18. Closure of Account**

- 12.18.1. A Depositor / Client desiring to close an account shall make an application in the form specified in Annexure 21.18.
- 12.18.2. The Repository Participant shall ensure that the form is complete and the signature of the Depositor / Client is valid.
- 12.18.3. The Repository Participant shall execute the request for closure into the Repository Participant Module within 30 days from the date of receipt of request for closure.
- 12.18.4. Provided that in case there are pending deposit requests or eNNWRs or eNWRs that cannot be transferred or withdrawn due to any restrictions, the Repository Participant shall execute the request for closure for the remaining eNWRs, if any.

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12.18.5. In case of the Depositor / Client holding eNNWRs the Depositor / Client will be mandatorily required to withdraw the commodities as eNNWR cannot be transferred before the account is closed.

### 13. Conduct of business with the Commodity Exchange based Contracts

#### 13.1. Admission of a Clearing Member of a Commodity Exchange as Repository Participant

#### 13.2. Clearing Member Account

13.2.1. A Clearing Member may deal in the Repository System as a Repository Participant for ensuring smooth delivery obligations of his Clients. Repository may prescribe the forms to be obtained for making the Clearing Members of Commodity Exchanges as its Repository Participants. The Repository may accept these members fulfilling all their prescribed qualifications as a full fledged Repository Participants or as Repository Participant to the extent of executing the delivery obligations of the Clients who have stored the stocks in Warehouses registered by the Authority and generated eNWR which are traded on a Commodity Exchange.

13.2.2. The Repository shall facilitate trading and settlement of Electronic Negotiable Warehouse Receipts on Approved Commodity Exchanges through the Repository System in the manner approved by the respective regulators and carried out on the Exchange platform. Further, procedure to be followed by the Clearing Members of the exchange, as Repository participants of Repository for accessing the Repository System would be governed by the guidelines prescribed by the Authority and the SEBI, as the case may be. The Repository shall permit the need based access to the Exchange as approved by the Regulator of Exchange and the Authority.

13.2.3. The Exchange in consultation with the Repository shall prescribe the process for the purpose of affecting the deliveries of stocks under eNWR for Exchange related Settlement with prior approval of the Authority.

## 14. Manner of advice, statements and reports from Repository

### 14.1. Repository Participant

14.1.1. The Repository may send advises, communiques, circulars or statements directly to the Repository Participants relating to operational issues, on an adhoc basis under intimation to the Authority.

### 14.2. Warehouse Service Providers / Warehouseman

14.2.1. The Repository shall electronically send all deposit requests, withdrawal requests and balance held with the Repository to the Warehouse Service Providers / Warehouseman, on a daily basis.

14.2.2. The Warehouse Service Providers / Warehouseman shall confirm the pending deposits and withdrawal requests to the Repository, on a daily basis.

14.2.3. The Repository may send advises, communiques, circulars or statements directly to the Warehouseman / Warehouse Service Providers relating to operational issues, on an adhoc basis under intimation to Authority.

### 14.3. Depositors / Clients

14.3.1. The Repository Participant shall furnish a statement of accounts including transaction statement and holdings statement to every Depositor / Client, who has opened an account with it, giving the details of all the transactions and balances, in the accounts of the Depositors /Clients. Such a statement shall be furnished to the Clients atleast once a Month. A specimen of such statement is attached as Annexure 21.23.

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- 14.3.2. Provided however, if there is no transaction in the account, or if the balance has become Nil during the year, the Repository shall send one statement of holding annually to such Clients and shall resume sending the transaction statement as and when there is a transaction in the account.
- 14.3.3. The Repository Participant may provide statement of accounts including transaction statement and holdings statement to the Clients in electronic form as a default option, or if opted by the Depositor / Client. However, if Depositor / Client is desirous of receiving such statements in physical form, Repository Participant shall be duty bound to provide the same.
- 14.3.4. Provided that if a Repository Participant does not have the facility of providing such statements in the electronic mode, then the Repository Participant shall be obliged to forward such statement in physical form.
- 14.3.5. For providing statement of accounts including transaction statement and holdings statement in electronic form, the Repository Participant must ensure that:
- 14.3.6. Such statement is provided to the Client in physical form if the Repository Participant is not able to provide such statement to its Clients by email or on website due to any reason (including bounced emails).
- 14.3.7. Such statement should be password protected if the Repository Participant is providing the same through email.
- 14.3.8. If the Repository Participant is providing such statement through website:
- 14.3.8.1. Implement Secure Socket Layer (SSL) security for Internet facility featuring site authentication, encrypted communication

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and appropriate Client authentication so as to restrict the access of such statement only to the Client.

14.3.8.2. Such statement should be made available on the website for a period of at least 12 months.

14.3.9. Repository Participant or Depositor / Client can terminate such arrangement by giving 10 days prior notice.

14.3.10. The Repository may directly send to Clients chosen at random, the details of holdings in the accounts of those Depositors / Clients, to facilitate cross checking with the transaction statement including statement of accounts, if any, furnished by the Repository Participant.

14.3.11. The Repository may directly send statement of account including transaction statement and holdings statement to Depositors / Clients and in such cases Repository Participants are not required to send such statement of account as per Rule 14.3.1, 14.3.2, 14.3.3 and Rights and Obligations Document as specified at Annexure 21.23.

14.3.12. Provided that whenever the Depositor / Client requests for such a statement, the Repository Participant shall be duty bound to provide the same.

## 15. Reconciliation of Records

### 15.1. Reconciliation between the Repository Participant and the Repository

15.1.1. The Repository shall effect internal reconciliation of its accounts on a daily basis through the Repository Participants.

### 15.2. Reconciliation between the Warehouse Service Providers / Warehouseman and the Repository

15.2.1. The Repository shall electronically provide the Warehouse Service Providers / Warehouseman the total balances held in its system as free balance, pending deposit balance and pending withdrawal balance for each Commodity on a daily basis, for reconciliation purposes.

15.2.2. The Warehouse Service Providers / Warehouseman shall reconcile the balances electronically provided by the Repository with its records.

15.2.3. If Warehouse Service Provider / Warehouseman confirms, "YES" - message will be sent to the Authority in prescribed format in real time.

15.2.4. If Warehouse Service Provider / Warehouseman confirms "NO", the Repository and Warehouse Service Provider / Warehouseman will identify to the level of that eNWR or eNNWR and the Client due to which the reconciliation mismatch has originated and then inform the Authority along with the reasons thereof. In the meantime, the said eNWR/eNNWR - Client combination will be frozen for further debits till satisfactory completion of reconciliation.

15.2.5. If Warehouse Service Provider / Warehouseman does not log in to Repository System escalation message will be sent to the Authority by the prescribed time.

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- 15.2.6. On any given day, the Warehouse Service Provider / Warehouseman will be allowed to conduct the day to day business operations in that Repository if it reconciles satisfactorily the Commodity position with the Repository.
- 15.2.7. If a particular Warehouse Service Provider / Warehouseman stores multiple commodities or same commodity with different bag / package sizes, then each such distinct record would be shown as different line item.
- 15.2.8. Physical Stock Reconciliation will be "as on date and time" Report, data up to Report generation time will be displayed.
- 15.2.9. This Reconciliation will be run at a prescribed time on each working day of the Repository.
- 15.2.10. The Repository shall electronically provide the entire Depositors' / Clients' / Clearing Members' / Clearing Corporations' details to the Warehouse Service Provider / Warehouseman for facilitating internal reconciliation of records. Where the Depositors' / Clients' / Clearing Members' / Clearing Corporations' account details are required on a particular date, the same shall be provided within fifteen days of such date or fifteen days from the date of making such request whichever is later.



## 16. Records

### 16.1. Records to be maintained by Repository Participant

16.1.1. Every Repository Participant of the Repository shall maintain the following records relating to its business for a period of five years:

16.1.1.1. Delivery/Receipt Instructions given by its Clients.

16.1.1.2. Forms submitted by the Depositors / Clients to the Repository Participant for:

16.1.1.2.1. Opening of accounts with the Repository Participant;

16.1.1.2.2. Closing of accounts with the Repository Participant;

16.1.1.2.3. Freezing of accounts with the Repository Participant;

16.1.1.2.4. Unfreezing of accounts with the Repository Participant.

16.1.1.3. Copies of correspondence from the Clients on the basis of which Clients' details were updated in the Repository Participant Module;

16.1.1.4. Record of all actions taken on the exception reports, generated by the system;

16.1.1.5. A register showing details of grievances received from the Clients and their present status. The following details may be specified in this regard:

16.1.1.5.1. name of the Client;

16.1.1.5.2. reference number of the Client;

16.1.1.5.3. date;

16.1.1.5.4. particulars of complaints;

16.1.1.5.5. actions taken by the Repository Participant;

16.1.1.6. if the matter is referred to arbitration, then the particulars including the present status thereof.

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16.1.1.7. instructions from the Clearing Member authorising the transfer of eNWRs from the pool account of the Clearing Member to the accounts of its Depositors / Clients

16.1.1.8. The forms received in respect of pledge of commodity;

16.1.1.9. The forms received in respect of transmission of commodity.

16.1.1.10. The following records pertaining to deposit and withdrawal of commodities shall be kept by the Repository Participants until the process of deposit or withdrawal is completed:

16.1.1.10.1. Deposit Request Form (DRF) submitted by the Depositor / Client;

16.1.1.10.2. Withdrawal Request Form (WRF) submitted by the Depositor / Client

16.1.1.10.3. The Repository Participant shall intimate to the Repository, the place where the above records are kept and available for audit/inspection.

16.1.1.11. The above requirements relating to maintenance of records shall apply not only to the records of the Repository Participant's principal office but also any branch office and to any nominee company owned or controlled by the Repository Participant for the purpose of conducting the business of the Repository Participant relating to the operations of the Repository.

## 16.2. Manner of keeping records

16.2.1. The records specified in Rules 16.1 above may be maintained either in physical or in electronic form. Where the records are kept by the Repository Participant in electronic form, it shall do so with the prior

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approval of the Repository and shall ensure that the integrity of the data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and ensure that sufficient backup of records is available at all times at a different place. However, the prior approval of the Repository is not required if the Repository Participant has been permitted to receive instructions from the Client in an electronic form in the manner specified in the first proviso to Rule 12.2.2 and 12.3.2.

## 17. Depositor / Client Protection Reserve

### 17.1. Establishment of Depositor / Client Protection Reserve

17.1.1. The Executive Committee may establish a "Depositor / Client Protection Reserve" (DPR). Contribution to the DPR will be the amounts that may be decided by the Board of Repository from time to time. The amounts in the DPR shall be utilised to make good the claims, which may be submitted by the Depositors/Clients who have suffered pecuniary losses arising from the negligence of the Repository or by the Repository Participant while carrying out the instructions of the Depositor/Client. The DPR may be operated and administered by a Committee (DPR Committee), which will have a maximum of five members to be appointed by the Board of Repository from time to time.

### 17.2. Sources of DPR

17.2.1. Contribution to the DPR will be the amounts that may be decided by the Board of Repository from time to time including the fines & Penalties imposed by the Repository

### 17.3. Nature of Claims

17.3.1. The DPR shall be utilised to compensate the following:

17.3.1.1. For any loss suffered by a Client arising from the negligence of the Repository Participant and or the Repository while carrying out the instructions of the Depositor / Client.

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17.3.1.2. for any losses the Depositors/Clients might incur, as a result of non-performance by the Repository Participant .

### 17.4. Claims not to be admitted

17.4.1. Claims of persons, who have not availed the services of the Repository by opening an account with any of its Repository Participant, shall not be admitted.

17.4.2. Claims which are above Rs.5 lakh in value.

### 17.5. Procedure for making Claims

17.5.1. Any Depositor / Client who has suffered any loss arising from negligence and/or as a result of non-performance by the Repository Participant while carrying out the instructions of the Depositors / Clients shall first approach the concerned Repository Participant to make good the loss.

17.5.2. The claim(s) of the Depositors / Clients shall be admitted under DPR only as a last recourse, when a Repository Participant is no longer able to fulfill his financial obligation.

17.5.3. A claim for compensation shall be in writing, giving full details of all relevant facts of the case duly supported by copies of documents relevant thereto.

17.5.4. Any Depositor / Client wishing to make a claim shall also give an undertaking in writing in the prescribed format, to be bound by the decision of the DPR Committee, whose decision shall be final and binding.

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- 17.5.5. In the event of multiple claims received from a Depositor / Client under Rule 17.5.2 above, the sequence of admission of claims shall be in chronological order in which they were received and subject to the extent specified under Rule 17.6.1.
- 17.5.6. Any Depositor / Client whose claim has been admitted under Rule 17.5.2 above, the DPR Committee may require the person to produce and deliver any documents and statements of evidence as may be necessary to establish or support his claim. In the event of default on the part of such Depositor / Client in this regard, the DPR Committee may at its discretion disallow or reject the claim either wholly or in part as it may deem fit.
- 17.5.7. The DPR Committee while disallowing or rejecting (whether wholly or partly) a claim for compensation shall serve notice of such disallowance or rejection on the claimant.
- 17.5.8. The DPR Committee, if satisfied that the claim was based on the default actually committed, may allow the claim and act accordingly.
- 17.5.9. The DPR Committee shall have an absolute discretion as regards the mode and method of assessing the nature of the claim including its genuineness and shall likewise at its discretion accept, reject or partially grant or allow claims and make payment thereof subject to the limits herein mentioned, as it may deem fit and proper.
- 17.5.10. While the DPR Committee may settle the claims of the Depositors /Clients out of the DPR, the Executive Committee may initiate necessary legal proceedings to recover the amount from the Repository Participant and replenish the DPR.

## 17.6. Quantum of Compensation

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- 17.6.1. The DPR may be utilised by the DPR Committee to compensate any loss suffered by any Depositor / Client arising from negligence of the Repository Participant and/or the Repository up to a limit of Rs.5,00,000/- (Rupees Five lakh only) and/or such other limit as may be determined by the DPR Committee from time to time.
- 17.6.2. The DPR Committee may from time to time either generally or in respect of a particular claim determine the limit. However, where the limit is raised in respect of a particular claim, the DPR Committee shall record in writing, its reasons thereof.
- 17.6.3. The amount of compensation payable in respect of any claim shall be reduced by the amount or value of any compensation or benefits received by the Depositor / Client from any other source in respect of such claim.
- 17.6.4. In case the Depositor / Client receives compensation from any other source and the DPR Committee also pays the compensation without the knowledge of the payment by any other source in respect of the same claim, the DPR Committee shall recover from such Depositor / Client an amount equivalent to the compensation received by him from such other source provided that the amount so recovered shall not exceed the amount of compensation received by such Depositor / Client from the DPR.
- 17.6.5. In the event that any Depositor / Client has received compensation from the DPR in respect of a claim based on the negligence on the part of a Repository Participant, the DPR Committee shall take all steps necessary to recover from such Repository Participant the amount of compensation so paid together with interest thereon from the date of payment of compensation to the Depositor / Client at such rate as the DPR Committee may decide from time to time.

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17.6.6. Every decision by the DPR Committee in regard to any claim made by a Depositor / Client shall be conclusive and binding.

### 17.7. Claim not to affect Legal Proceedings

17.7.1. The rejection or partial acceptance of any claim by the DPR Committee or grant of any compensation to a claimant shall not preclude or debar such claimant to pursue his claim for dues against the Repository Participant in any court of law or otherwise howsoever or other legal action on other grounds or causes of action of whatsoever nature. Provided however that, the net claim of any such claimant against the Repository Participant shall stand reduced to the extent of the compensation received by it from the DPR. The DPR Committee shall have the right to be subrogated to the extent of compensation so paid by the Repository Participant. In the event of the claimant receiving his full dues from any source other than the DPR, the claimant shall refund the amount of claim received by him from the DPR and in the event of the claimant not so refunding the money, the DPR Committee shall have the right to recover the same from the claimant.

### 17.8. Alteration of Procedure

17.8.1. The DPR Committee may, in their discretion alter, modify or repeal the procedure as they may consider necessary.



## 18. Penalties

- 18.1. No Repository Participant shall carryout activities in a fraudulent manner, or indulge in any unfair practices including manipulation. Without prejudice to the generality of the provisions contained, no Repository Participant shall indulge in any wrongful transactions in or on behalf of Depositor / Client instructions, indulge in any act, which is calculated to create a false or misleading appearance of electronic balances, which are not genuine, delay in updation of electronic balance of commodities in the name of User, indulge in falsification of its books, accounts and records for the purpose of any manipulation. The Repository in terms of Bye Law No. 24 of the Bye Laws of the Repository may, in its sole discretion or as per the directives of the Authority, take suitable disciplinary /administrative action, in the nature of financial penalties, levies, charges, suspension, expulsion, etc., as deemed fit, for any non-compliance observed for the Repository Participant activities.
- 18.2. For non-compliances observed during inspection, where fines are levied in terms of Bye Law No. 24 of the Bye Laws of the Repository, the fine will be communicated to the Repository Participant and in addition, the Repository Participant would be required to report compliance within the stipulated time frame.
- 18.3. The Repository Participant shall pay the fine within 15 working days of the communication. In case the Repository Participant continues to default after paying the penalty, the matter will be referred to Disciplinary Action Committee.
- 18.4. Compliance reported by the Repository Participant will be verified during the subsequent inspection. In case the compliance reported by the Repository Participant is found to be false, the matter will be referred to Disciplinary Action Committee.

## 19. Rules of Arbitration

- 19.1. The Repository shall maintain a panel of arbitrators who will be appointed by Repository from amongst persons who have experience of handling arbitration matters in the relevant field and the Arbitration proceedings shall be held in accordance with the provisions of The Arbitration and Conciliation Act, 1996 as amended from time to time.

## 20. Termination / Surrender of Registration Certificate of Repository Participants

- 20.1. No Repository Participant shall accept any fresh application from any person for opening a new Client account, or any Deposit Request Form or Form for creation of pledge, with effect from the date of receipt of notice of the termination of being an Repository Participant, issued by the Repository to the Repository Participant, or from the date incorporated in the notice of termination of being an Repository Participant issued by the Repository, or, from the effective date of the order of the Repository Participant's Expulsion passed by the Disciplinary Action Committee; or from the date of the receipt of the order of the Repository Participant's expulsion by the Disciplinary Action Committee; whichever is later; or from the date of the receipt of the order of cancellation of Repository Participant's registration certificate.
- 20.2. The Repository Participant shall intimate all its Depositors / Clients that, it intends to close down its repository operations, within a period of seven days from the date of receipt of notice of the termination of being an Repository Participant issued by the Repository to the Repository Participant, or from the date incorporated in the notice of termination of being an Repository Participant issued by the Repository, or, from the effective date of the order of Repository Participant's expulsion passed by the Disciplinary Action Committee ; or from the date of the receipt of the order of Repository Participant's expulsion by the Disciplinary Action Committee; whichever is later ;or from the date of the receipt of the order of cancellation of Repository Participant's registration certificate.
- 20.3. The Repository Participant shall along with the intimation as stated in Rule 20.2, provide a latest transaction statement to all its Depositors / Clients, with a direction to confirm their holdings, if any, and shall inform

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them that after thirty days from the date of receipt of such direction by the Depositors / Clients from the Repository Participant, it shall not entertain any instruction from the Depositors / Clients except for transfer of eNWRs / eNNWRs to their accounts held with the other Repository Participants or withdrawal of eNWRs / eNNWRs, as the case may be for the purpose of closing their accounts.

20.3.1. Provided that the Repository Participant shall send the said direction in the form of a letter and send it to all its Depositors / Clients.

20.4. The Repository Participant shall close all zero balance accounts held with it after giving a notice in writing of not less than thirty days to the Depositor / Client as well as to the Repository.