

INDIA INTERNATIONAL BULLION EXCHANGE IFSC LIMITED

CLEARING RULES

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CHAPTER I**PREAMBLE**

The India International Bullion Exchange IFSC Limited makes the following Clearing Rules, namely:-

1. These Rules shall be known as **“The Clearing Rules of India International Bullion Exchange IFSC Limited”** and are for the sake of brevity and convenience, herein referred to as **“these Rules”** or **“the Clearing Rules of the India International Bullion Exchange IFSC Limited”**.
2. These Rules shall come into force with effect from such date as the Board of the India International Bullion Exchange IFSC Limited may notify in that behalf.
3. These Rules shall be in addition to the provisions of the International Financial Services Centres Authority Act, 2019 (hereinafter referred to as **“the IFSCA Act”**) and rules and regulations made thereunder by the International Financial Services Centres Authority (hereinafter referred to as **“the IFSCA”** or **“IFSCA”**) and circulars or guidelines or directions issued by the IFSCA thereunder. These Rules shall at all times be read subject to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and circulars or guidelines or directions issued by the IFSCA thereunder, as amended from time to time and the directives, orders, guidelines, norms and circulars issued by the Government of India and/or IFSCA from time to time.
4. In case of difference between the provisions of these Rules, any Bye-Laws and business rules/ regulations of the India International Bullion Exchange IFSC Limited and the provisions of the IFSCA Act and rules, regulations and circulars or guidelines or directions issued by the IFSCA thereunder, the provisions of the IFSCA Act and rules and regulations made thereunder and circulars or guidelines or directions issued by the IFSCA thereunder, shall prevail over the relevant Rule of the India International Bullion Exchange IFSC Limited.

CHAPTER II

DEFINITIONS

1. **“Articles of Association”** shall mean the articles of association of the India International Bullion Exchange IFSC Limited, as amended from time to time.
2. **"Board" / “Governing Board” / “Board of Directors”** means board of directors of the India International Bullion Exchange IFSC Limited constituted in terms of the Bullion Exchange Regulations and in accordance with the provisions of the Articles of Association of the India International Bullion Exchange IFSC Limited.
3. **“Bullion Clearing Corporation”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, recognised by the IFSCA under the Bullion Exchange Regulations, to offer clearing and settlement functions in the Bullion Market, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time. As permitted by IFSCA the functions of the Exchange and the Clearing Corporation may be performed by a unified single entity for an initial period of 3 years. Thus, for the time being and till further advised **Clearing Department of India International Bullion Exchange IFSC Limited** shall do such Clearing functions as usually associated with Bullion Clearing Corporation. Further, anywhere in this document where the words Bullion Clearing Corporation appear, these would mean the Clearing Department of India International Bullion Exchange IFSC Limited.
4. **“Bullion Clearing Member”** means a person having clearing rights and is a member of the India International Bullion Exchange IFSC Limited and includes all categories of clearing members as may be admitted as such by the India International Bullion Exchange IFSC Limited and are registered with the IFSCA.
5. **“Bullion Contract”** means a contract for the purchase and sale of Bullion, Bullion Depository Receipts or such other Bullion products, including derivatives on Bullion, bullion spot delivery contracts, and such other contracts as may be permitted by the IFSCA, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time. The India International Bullion Exchange IFSC Limited may notify Bullion Contracts for which clearing and settlement will be done by the Clearing Department of India International Bullion Exchange IFSC Limited.
6. **“Bullion Depository”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, recognised by the IFSCA under the Bullion Exchange Regulations, to carry on depository business in Bullion in an IFSC and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
7. **“Bullion Depository Receipt (BDR)”** means a receipt issued in electronic form with underlying Bullion by a Bullion Depository, under the Bullion Exchange Regulations, to a Depositor on receipt of Bullion for storage by an empanelled Vault, which can be traded on the Exchange, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
8. **“Bullion Exchange”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, established and recognised for the purpose of assisting, regulating and controlling Bullion Contracts in an IFSC, dealings on which may be admitted to be Cleared and Settled by the Clearing Department of India International Bullion Exchange IFSC Limited subject to such terms

and conditions as may be specified from time to time by the Relevant Authority and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.

9. “**Bullion Exchange Regulations**” shall mean the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020.
10. “**Bullion Trading Member**” means a person having trading rights in any Bullion Exchange and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
11. “**Bye-Laws**” means the Bye-Laws of the India International Bullion Exchange IFSC Limited for the time being in force and shall be in addition to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder.
12. “**Chairman**” means the person appointed as chairman of a Board or Committee, in accordance with these Rules.
13. “**Clearing Bank(s)**” is/are such bank(s) as the India International Bullion Exchange IFSC Limited may appoint to act as a funds settling agency, for the collection of margin money for all deals cleared through the Clearing Department of India International Bullion Exchange IFSC Limited and any other funds movement between Bullion Clearing Members and the Clearing Department of India International Bullion Exchange IFSC Limited and between Bullion Clearing Members as may be directed by the Clearing Department of India International Bullion Exchange IFSC Limited from time to time.
14. “**Committee(s)**” means the Committee(s) of the India International Bullion Exchange IFSC Limited formed in accordance with Chapter III of the Bye-Laws.
15. “**Constituent**” means a person, on whose instructions and on whose account the Bullion Clearing Member clears and settles Deals.
Explanation: The term ‘Constituent’ in relation to trades shall also include a Bullion Trading Member where such trades done on the Bullion Exchange are Cleared and Settled on his behalf by a Bullion Clearing Member.
16. “**Deals**” means, unless the context indicates otherwise, trades executed on a Bullion Exchange which are admitted to be Cleared and Settled through the Clearing Department of India International Bullion Exchange IFSC Limited.
17. “**Depositor**” shall have the meaning assigned to the term in the Bullion Exchange Regulations.
18. “**Exchange**” means the Bullion Exchange operated by India International Bullion Exchange IFSC Limited (IIBX).
19. “**IFSC**” shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.
20. “**IFSCA**” shall have the meaning as ascribed to it in Paragraph 3 of the Preamble to these Rules.
21. “**India International Bullion Exchange IFSC Limited**” means Bullion Exchange, operated by India International Bullion Exchange IFSC Limited (IIBX).
22. “**Managing Director**” means such person appointed as the managing director in accordance with the Articles of Association.

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23. **“Qualified Jewellers”** means qualified jewellers as notified by IFSCA permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Limited (IIBX) in terms of DGFT notification No.49/2015-2020 dated the 5th January 2022.
24. **“Regulations”** unless the context indicates otherwise, includes business rules, code of conduct and such other regulations prescribed by the Relevant Authority from time to time for the operations of the India International Bullion Exchange IFSC Limited and these shall be subject to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder.
25. **"Relevant Authority"** means the Board, IFSCA or such other authority / committee of the India International Bullion Exchange IFSC Limited as specified by the Board from time to time as relevant for a specified purpose.
26. **“Securities Laws”** shall mean all applicable laws governing the India International Bullion Exchange IFSC Limited, its activities, Bullion Contracts, and include Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015, IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA thereunder.
27. **"Settlement Guarantee Fund"** means a fund established and maintained by the India International Bullion Exchange IFSC Limited in terms of the Bullion Exchange Regulations to guarantee the settlement of trades executed on the Bullion Exchange and maintained in accordance with the relevant provisions of the Bye-Laws.

Any of the capitalised terms used herein and not defined shall have the meaning as assigned to those terms in the Bye-Laws of the India International Bullion Exchange IFSC Limited.

CHAPTER III**BOARD****Board of Directors to Control Operations of India International Bullion Exchange IFSC Limited**

1. Subject to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA thereunder and circulars or guidelines or directions issued by the IFSCA thereunder, as amended from time to time and the, directives, orders, guidelines, norms and circulars issued by the IFSCA from time to time and as provided in the IFSCA Act, Bullion Exchange Regulations and Securities Laws, the Board is empowered to organise, maintain, control, manage, regulate and facilitate the operations of the Clearing Department of India International Bullion Exchange IFSC Limited and all activities of the Bullion Clearing Members.

Appointment of Directors on the Board of India International Bullion Exchange IFSC Limited

2. Directors of the India International Bullion Exchange IFSC Limited shall be appointed in accordance with the Bullion Exchange Regulations and as per the provisions of the Articles of Association of the India International Bullion Exchange IFSC Limited as amended from time to time and in accordance with the regulations/circulars issued by the IFSCA/ Relevant Authority from time to time. Any such appointment of Directors shall be considered as one being made under the provisions of these Rules.

Power of the Board to make and amend Rules, Bye-Laws and Regulations of Clearing Department of India International Bullion Exchange IFSC Limited

3. The Board is empowered to make and to amend Rules, Bye-Laws and Regulations from time to time, for all or any matters relating to the conduct of business of the Clearing Department of India International Bullion Exchange IFSC Limited, the business and transactions of Bullion Clearing Members, between Bullion Clearing Members inter-se as well as the business and transactions between Bullion Clearing Members and persons who are not Bullion Clearing Members, and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the Clearing Department of India International Bullion Exchange IFSC Limited .
4. The Board shall have absolute power and right to interpret the Rules, Bye-Laws and Regulations and to decide all points, questions and disputes relating to the Clearing Department of India International Bullion Exchange IFSC Limited matters and relating to the administration, functions, working and affairs of the Clearing Department of India International Bullion Exchange IFSC Limited and relating to the conduct of Bullion Clearing Members.

Power of the Board to Make Regulations

5. Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations, subject to the provisions of the IFSCA Act, Bullion Exchange Regulations and the Securities Laws

and rules, regulations or directions or guidelines thereunder and the regulations or directives which IFSCA may prescribe from time to time, for all or any of the following matters:

- (a) Organising, maintaining, controlling, managing, regulating and facilitating the conduct of business of the Clearing Department of India International Bullion Exchange IFSC Limited;
- (b) appointment and dissolution of Committee or Committees for any purpose of the Clearing Department of India International Bullion Exchange IFSC Limited;
- (c) manner of operations and interfacing with Bullion Exchanges, Vaults, Bullion Depository and Clearing Bank(s);
- (d) norms, procedures, terms and conditions for admission to membership of the Clearing Department of India International Bullion Exchange IFSC Limited by Bullion Clearing Members;
- (e) conditions for continued admission of Bullion Clearing Members, procedure for application and admission and for the said purpose to specify conditions for admission, continued admission, including but not limited to constitution and structure, qualification, education and training, experience, capital adequacy, fees, levies, charges, deposits, security deposits, margins and other funds payable and the matters similar or incidental or relating thereto;
- (f) revocation of cessation of membership of Bullion Clearing Members;
- (g) re-admission after cessation of membership of Bullion Clearing Members;
- (h) conduct of Bullion Clearing Members with regard to the business of the Clearing Department of India International Bullion Exchange IFSC Limited ;
- (i) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by different categories of Bullion Clearing Members;
- (j) charges payable by Bullion Clearing Members for business transacted through the Clearing Department of India International Bullion Exchange IFSC Limited as may be laid down from time to time;
- (k) maintenance of records, documents and books of accounts by Bullion Clearing Members, and inspection and audit of records, books of accounts and affairs of Bullion Clearing Members as may be specified from time to time;
- (l) investigation of the financial condition, business conduct and dealings of the Bullion Clearing Members;
- (m) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion of Bullion Clearing Members from India International Bullion Exchange IFSC Limited for violation of any requirements of the Rules, Bye-Laws and Regulations and the codes of conduct;
- (n) disciplinary action/ procedures against any Bullion Clearing Member;
- (o) penalties for non-compliance with or contravention of the Bye-Laws, Rules and Regulations, circulars, directives, orders, notices and resolutions passed or issued by the India International Bullion Exchange IFSC Limited and/ or IFSCA, or of general discipline of the India

International Bullion Exchange IFSC Limited, including expulsion or suspension of the Bullion Clearing Members;

- (p) declaration of any Bullion Clearing Member as a defaulter or suspension or expulsion from Bullion Clearing Membership and consequences thereof;
- (q) norms, procedures, forms and conditions of contracts to be entered into, and the time, mode and manner of performance of contracts between Bullion Clearing Members inter-se or between Bullion Clearing Members and their Constituents;
- (r) norms and procedures for clearing and settlement of contracts/deals or other arrangements for clearing and settlement including through the Clearing Department of India International Bullion Exchange IFSC Limited and for providing guarantee of settlement;
- (s) to create, maintain and deal with the Settlement Guarantee Fund;
- (t) norms and procedures in respect of, and incidental or consequential to, closing out of Bullion Contracts/Deals;
- (u) dissemination of information through web site or any other mode;
- (v) Code of Ethics and Conduct for the members of the Board/Committee and any other persons identified by the Relevant Authority; implementation and monitoring of the Code of Ethics and Conduct, consequence of non-adherence and the matters incidental or relating thereto;
- (w) holding and conducting meetings for dispatching the business, adjourn and otherwise regulate its meetings in such manner as it may be deemed fit, and as may be specified in Rules, Bye-Laws and Regulations or Articles of Association of the India International Bullion Exchange IFSC Limited, from time to time;
- (x) such other matters in relation to the India International Bullion Exchange IFSC Limited as may be specified under the provisions of the Articles of Association, Bye-Laws or these Rules or as may be necessary or expedient for the organisation, maintenance, control, management, regulation and facilitation of the operations of the Clearing Department of India International Bullion Exchange IFSC Limited ;
- (y) any other matter as the Board may think fit;

Power of the Board to delegate

6. The Board is empowered to delegate, from time to time, to any Committee(s) or to the Managing Director or to any person, such of the powers vested in it and on such terms as it may think fit, with power to such person/committee to sub-delegate, all or any of the powers vested in it, upon such terms, conditions, limitations and to such extent as it may deem fit, to manage all or any of the affairs of the Clearing Department of India International Bullion Exchange IFSC Limited and from time to time, to revoke, withdraw, alter or vary all or any of such powers.

Board to Issue Directions

7. The Board may issue or authorize any person to issue circulars, guidelines, norms, procedures, terms and conditions, directives, orders, notices, decisions, rulings and the like in respect of any or all such matters.
8. The Board shall have the authority to issue directives from time to time to any Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose

off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s) subject to the prior approval of IFSCA.

Delegation of Power of the Board to amend Regulations of India International Bullion Exchange IFSC Limited

9. Subject to the provisions of the Bullion Exchange Regulations and Securities Laws and the regulations or directives which IFSCA may prescribe from time to time, the Board is empowered to vary, amend, repeal or add to Bye-Laws, Rules and Regulations of Clearing of the India International Bullion Exchange IFSC Limited framed by it.

Code of Ethics and Conduct

10. Every director and key managerial personnel of the India International Bullion Exchange IFSC Limited and such other persons as maybe specified by Relevant Authority from time to time in this regard, shall adhere to the Code of Ethics and Conduct as may be prescribed by Relevant Authority from time to time.

Fit and Proper Person

11. Every director and key managerial personnel of the India International Bullion Exchange IFSC Limited and such other persons as maybe specified by Relevant Authority from time to time in this regard, must fulfill the requirements for a 'fit and proper' person as may be prescribed by Relevant Authority from time to time.

CHAPTER IV

COMMITTEE(S)

Constitution

1. The Board may, from time to time, constitute one or more Committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary. The Committees constituted by the Board may *inter alia* include:
 - (a) The statutory committees prescribed by the Bullion Exchange Regulations with such composition, quorum and functions as prescribed therein;
 - (b) Any other Committee as the Board may think fit.
2. One or more Committee(s) may be appointed by the Board for the purposes of managing the day-to-day affairs of the India International Bullion Exchange IFSC Limited.
3. Subject to the provisions of the Bullion Exchange Regulations and Securities Laws, the Board may decide *inter alia* on the constitution, composition, eligibility to become a member of the Committee(s), duration, powers, functions of the Committee(s), nomination, disqualification, removal and vacation of the nominees from the Committee(s), appointment of office bearers and rules and procedures for the functioning of the Committee(s), dissolution of Committee(s) and any other aspect relating to the formation and/or working of the Committee(s).

4. Powers of Committee(s)

- (a) The Board may delegate from time to time to the Committee(s) such of the powers vested in them and upon such terms as they may think fit, to manage all or any of the affairs of the India International Bullion Exchange IFSC Limited and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- (b) The Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Committee(s) as may be prescribed.
- (c) A Committee(s) so constituted may constitute, subject to the terms and conditions of its constitution, such sub-committees for such purposes as it may deem fit. The constitution, powers and responsibilities of such sub-committee(s) may be determined by the Committee which constitutes such sub-committee(s).
- (d) The Committee may from time to time and subject to the terms and conditions of its constitution, authorise Managing Director or such other person(s) to carry out such acts, deeds and functions in accordance with such provisions as may be laid down in this regard for fulfilling the responsibilities and discharging the powers delegated to it by the Board.

Disqualification of member of the Committee

5. No person shall be eligible to be a member of a Committee(s), if he suffers any disqualification as provided in the Articles of Association of the India International Bullion Exchange IFSC Limited or as specified by Relevant Authority. A member of the Committee shall, *ipso facto*, be deemed to have vacated the office, if he suffers any such disqualification, provided however that nothing done in good faith by such person in his capacity as a member of such Committee shall be rendered

invalid merely because such act, deed, matter or thing may have been done by him subsequent to his disqualification but without knowledge of his disqualification.

Tenure of members of the Committee(s)

6. The tenure of the members of the Committee/s shall be such as may be specified in case of Committees, by the Relevant Authority and in case of sub-committees, by the Committee constituting such sub-committees.

Meetings of the Committee

7. A Committee may decide on the mode and manner of transacting its business including for dispatch of business, adjournment, physical/ virtual meetings, frequency of meetings, voting at meetings (including proxy voting, if any), circular resolutions or any other matter as may be specified by the Board from time to time and otherwise regulate its meetings and proceedings as it thinks fit, subject to the directions as may be laid down by the Relevant Authority in this behalf.
8. The quorum for a meeting of the Committee shall be as laid down by the Relevant Authority in this behalf from time to time.
9. The Chairman of the Committee or any employee of the India International Bullion Exchange IFSC Limited under the authority of the Chairman may at any time convene a meeting of such Committee.
10. Decisions at any meeting of the Committees shall be taken by a majority of the members. Every member of the Committee shall have only one vote except that in the case of an equality of votes, the Chairman of the Committee who presides over the meeting shall have a second or casting vote.
11. At all meetings of the Committee, the Chairman shall ordinarily preside and in his absence, the members of the Committee present may choose one from among themselves to be the Chairman of such meeting in accordance with the manner prescribed, if any, by Relevant Authority. A member of the Committee shall disclose his/her interest in the business, if any, before the meeting and shall abstain from discussions, voting and decisions on the said matter. If the Chairman is interested in the business of the meeting, he shall abstain from chairing the meeting.

Chairman

12. The members of the Committee may elect a Chairman from amongst themselves, who shall be the chairman of the Committee in accordance with directives/regulations issued by Relevant Authority, if any.
13. The Chairman may assume and exercise all such powers and perform all such duties as may be delegated to him by the Committee from time to time.
14. The Chairman, and in his absence, a person elected by the Committee, shall be entitled to exercise any or all of the powers exercisable by the Committee whenever he/it be of the opinion that immediate action is necessary, subject to such action being confirmed by the Committee.
15. The Committee, at its meeting at which a quorum is present, shall be competent to exercise all or any of the powers and discharge all such functions as are vested in or exercisable by such Committee.

CHAPTER V**CLEARING MEMBERSHIP OF
INDIA INTERNATIONAL BULLION EXCHANGE IFSC LIMITED****1. Multiple Category**

- (1) The rights, privileges, duties and responsibilities of a Bullion Clearing Member shall be subject to and in accordance with the Securities Laws, Rules, Bye-Laws and Regulations. The Relevant Authority may define and admit one or more than one category of Bullion Clearing Members and may specify different norms including eligibility, admission and cessation of membership.
- (2) Unless exempted by IFSCA, any person seeking to act as a Bullion Clearing Member of the India International Bullion Exchange IFSC Limited shall have to register themselves with IFSCA prior to commencing operations on the Clearing Department of India International Bullion Exchange IFSC Limited.

2. Admission and Fees

- (1) The Relevant Authority may specify different categories of Bullion Clearing Members and requirements regarding qualification, net-worth, infrastructure and other relevant norms for each such category.
- (2) The Relevant Authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of Bullion Clearing Members. The Relevant Authority may, at its absolute discretion, refuse permission to any applicant to be admitted as Bullion Clearing Member. Such fees, security deposit, contribution and other

money as are specified by the Relevant Authority would be payable on or before admission as Bullion Clearing Member and for continued appointment thereof.

3. Eligibility

- (1) The following persons shall be eligible to become Bullion Clearing Members of the India International Bullion Exchange IFSC Limited:
 - (i) companies as defined in the Companies Act, 2013; or
 - (ii) any other entity as may be permitted by Relevant Authority. or
 - (iii) All entities acting as Clearing Members with the Bullion Clearing Corporation shall comply with the 'fit and proper criteria' specified under regulation 52 of the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020.

4. Conditions Precedent to Admission

- (1) The India International Bullion Exchange IFSC Limited may admit a person as a Bullion Clearing Member of the India International Bullion Exchange IFSC Limited, if such person:
 - (i) is not disqualified under the Securities Laws from becoming a Bullion Clearing Member of India International Bullion Exchange IFSC Limited;
 - (ii) fulfils the requirements prescribed under the Securities Laws;
- (2) The following entities shall not be entitled to become Bullion Clearing Members of the India International Bullion Exchange IFSC Limited, if it:
 - (i) is a company which has had a provisional liquidator or receiver or interim resolution professional or resolution professional or official liquidator appointed for itself under the provisions of the applicable law;
 - (ii) has been adjudged bankrupt or a receiving order in bankruptcy has been made against such person under any applicable law;
 - (iii) an order of admission of corporate insolvency resolution process has been passed by the competent court / tribunal;
 - (iv) has been at any time expelled or declared a defaulter by any other clearing corporation as may be notified by the Relevant Authority from time to time;
 - (v) has been previously refused admission to membership unless a period of one year has elapsed since the date of rejection;
 - (vi) incurs any disqualification under the provisions of the Securities Laws, which disentitles such person from seeking membership of a clearing corporation;
 - (vii) has been restrained from accessing the Securities Market by the IFSCA or any other government authority in the foreign jurisdiction;
 - (viii) has been convicted of an offence involving a fraud or dishonesty.

Additional criteria and qualifications may be prescribed by the Board from time to time.
- (3) No person shall be eligible to be admitted to the clearing membership of the India International Bullion Exchange IFSC Limited unless the person satisfies:
 - i. the requirements prescribed in that behalf under the applicable laws, rules, regulations, guidelines, directives and circulars issued by the relevant regulatory authority and
 - ii. such additional eligibility criteria as the Board or Relevant Authority may prescribe from time to time.

5. Additional Eligibility Criteria

No entity shall be eligible to be admitted to the membership of India International Bullion Exchange IFSC Limited unless the entity satisfies such additional eligibility criteria as the Relevant Authority may prescribe from time to time for different classes of Bullion Clearing Members; Provided however that the Relevant Authority may waive compliance with any or all of the admission conditions and at its discretion waive the requirements set out as above, if it is of the opinion that the person seeking admission is considered by the Relevant Authority to be otherwise

qualified to be admitted as a Bullion Clearing Member by reason of its means, position, integrity, knowledge and experience of business in Bullion/Bullion Contracts.

6. Admission Procedure

- (1) Any person desirous of becoming a Bullion Clearing Member shall apply to the India International Bullion Exchange IFSC Limited for admission to the relevant category of membership of India International Bullion Exchange IFSC Limited. Every application shall be dealt with by the Relevant Authority which shall be entitled to admit or reject such applications at its discretion.
- (2) The application for admission of Bullion Clearing Members shall be made in such formats as may be specified by the Relevant Authority from time to time.
- (3) The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the Relevant Authority from time to time.
- (4) The applicant shall have to furnish such declarations, undertakings, certificates, confirmations and such other documents or papers as may be specified from time to time by the Relevant Authority.
- (5) The Relevant Authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, deposit or contribution to Settlement Guarantee Fund and any other fund that may be maintained by India International Bullion Exchange IFSC Limited from time to time, to furnish any additional guarantee or to require contribution to computerisation fund, training fund or fee, if any, as the Relevant Authority may prescribe from time to time.
- (6) The Relevant Authority may provisionally admit the applicant to the membership of India International Bullion Exchange IFSC Limited provided that the applicant satisfies the eligibility conditions and other procedures and requirements of application subject to such terms and conditions as may be specified by the Relevant Authority. Upon the Relevant Authority being satisfied that all other terms and conditions and other requirements for the membership of India International Bullion Exchange IFSC Limited have been complied with, the applicant may be admitted as a Bullion Clearing Member. The granting of provisional membership shall not entitle the applicant to any privileges and rights of Bullion Clearing Member.
- (7) The Relevant Authority may at its absolute discretion reject any application for admission without communicating the reason thereof.
- (8) If for any reason the application for clearing membership is rejected, the application fee or admission fee, if any, or part thereof as may be decided by the Relevant Authority in its discretion, may be dealt with in such manner as the Relevant Authority deems fit including forfeiture thereof.
- (9) The Relevant Authority may at any time from the date of admission to the Bullion Clearing Membership withdraw the admission and expel a Bullion Clearing Member if it has in or at

the time of its application for admission to membership or during the course of the inquiry made by the Relevant Authority preceding his admission –

- i. made any wilful misrepresentation; or
- ii. suppressed any material information required of it as to its character and antecedents; or
- iii. has directly or indirectly given false particulars or information or made a false declaration.

(10) When a person is admitted to the clearing membership of the India International Bullion Exchange IFSC Limited, intimation of the admission shall be sent to the applicant. If the applicant admitted to the membership of the India International Bullion Exchange IFSC Limited and after intimation of its admission is duly sent, does not comply with acts and procedures for exercising the privileges of membership as may be prescribed by the Relevant Authority within a specified time period from the date of despatch of the intimation of admission or such other period, the fee/deposits or such sums paid by the Bullion Clearing Member shall be forfeited by the Relevant Authority in the manner prescribed from time to time.

(11) Transfer of membership

- i. The membership admission does not confer any ownership right as a member of the India International Bullion Exchange IFSC Limited and shall not be transferable or transmittable except as herein mentioned. Subject to such terms and conditions as the Relevant Authority may prescribe from time to time and to the prior written approval of the Relevant Authority, the transfer of membership may be permitted and effected in such manner as prescribed by the Relevant Authority, from time to time.
- ii. Without prejudice to the aforementioned, a Bullion Clearing Member may not effect any change in its status or constitution, unless it has made an application seeking prior approval of the India International Bullion Exchange IFSC Limited in such manner and with such fees as may be specified by the Relevant Authority and such approval has been accorded.

Explanation 1: For the purpose of clause (iv), the expression “change in status or constitution” shall include:- (i) Upon amalgamation or merger of, demerger, consolidation or any other kind of corporate restructuring falling within the scope of the Companies Act, 1956 (1 of 1956), Companies Act, 2013 or Insolvency and Bankruptcy Code, 2016, or the corresponding provision of any other law for the time being in force; (ii) change in its managing director, whole-time director or director; and (iii) any change in control over a Bullion Clearing Member; (iv) any other change in relation to the Bullion Clearing Members which may be specified by the Relevant Authority from time to time as amounting to a change in status or constitution

Explanation 2: In a case falling under clause (iii) of Explanation 1, or in any other case including those stated in the Rules where the change in status or constitution requires prior approval of IFSCA or other relevant authority, a Bullion Clearing Member shall not carry out such change without obtaining such prior approval.

Explanation 3: A Bullion Clearing Member shall apply for prior approval under Explanation 2 by following such procedure as may be specified by IFSCA or the relevant authority.

- iii. The Relevant Authority may permit the transfer of the membership of the India International Bullion Exchange IFSC Limited in the following circumstances subject to

such terms and conditions including payment of such transfer fee as may be prescribed from time to time with the prior written approval of the Relevant Authority:

- a. amalgamation or merger of a Bullion Clearing Member company with a non-Bullion Clearing Member company resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Bullion Clearing Member company;
- b. takeover of the Bullion Clearing Member company by non-Bullion Clearing Member(s) resulting in the loss of majority shareholding and/or control of management by the majority shareholders of the Bullion Clearing Member company;

Explanation I

For the purpose of sub-clauses (a) and (b) above, the term "loss of majority shareholding" means a shareholder or a group of shareholders holding 51% or more shares / interest in the Bullion Clearing Member company ceases to hold 51% of shares / interest in the Bullion Clearing Member company or in the amalgamated company which shall take up Bullion Clearing Membership upon amalgamation of the Bullion Clearing Member company with a non-Bullion Clearing Member company.

Explanation II

For the purpose of sub-clauses (a) and (b) above, the term "loss of control of management" means the loss of the right to appoint majority of the directors or to control the management or policy decision exercisable by person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

- c. demerger of clearing membership from the Bullion Clearing Member company;
 - d. dilution of existing holding in or control of management of a Bullion Clearing Member;
 - e. two or more Bullion Clearing Members coming together to form a new Bullion Clearing Member entity;
 - f. transfer of the clearing membership of a Bullion Clearing Member to another person;
- iv. The India International Bullion Exchange IFSC Limited may, while permitting a transfer, specify such conditions as it may deem fit, including payment of transfer fee, deposits, past dues or other funds, settlement of investor grievances and constitution and structure for the person taking up the clearing membership.
 - v. Without prejudice to any other provision of the Rules, the membership of Bullion Clearing Member may be suspended, for such period as the Relevant Authority may deem fit, in the following circumstances:
 - a. upon any deadlock in the management of a Bullion Clearing Member company, which, in the opinion of the Relevant Authority will affect the ability of such Bullion Clearing Member company to carry on its business.

Explanation I

For the purposes of this sub-clause, the term "deadlock in the management" means a situation wherein there is a loss of confidence or disagreement among the

directors/shareholders of a Bullion Clearing Member company, which, in the opinion of the Relevant Authority, will affect or is likely to affect the conduct of business by the Bullion Clearing Member company, as the case may be or an equality of vote at a meeting of the directors or shareholders of a Bullion Clearing Member company.

- b. In the event of the Bullion Clearing Member not paying the fees, margins, deposits required to be paid by the Bullion Clearing Member to the India International Bullion Exchange IFSC Limited;
- c. In the event of the Bullion Clearing Member being in any breach or default of these Rules, Bye-Laws or Regulations;
- d. In the event of any court, tribunal, forum or any other authority, duly authorized in that behalf ordering and directing the India International Bullion Exchange IFSC Limited to do so;
- e. In the event of any provisional liquidator being appointed or winding up petition being admitted against the Bullion Clearing Member;
- f. In the event, bankruptcy proceeding has been initiated against the Bullion Clearing Member or the Bullion Clearing Member is declared as bankrupt;
- g. In any circumstances in which the Relevant Authority may consider it necessary to suspend the operations of the Bullion Clearing Member in the interest of the Bullion Market or in the interest of investors;

The Bullion Clearing Member shall be entitled for an opportunity for representation before the Relevant Authority, before being suspended under this clause, but the decision of the Relevant Authority shall be final.

- (12) A Bullion Clearing Member shall not assign, mortgage, pledge, hypothecate or charge its right of membership or any rights or privileges attached thereto nor shall it have the right to give license or grant power of attorney in respect of such rights and privileges and no such attempted assignment, mortgage, pledge, hypothecation or charge or license or power of attorney shall be effective as against the India International Bullion Exchange IFSC Limited for any purpose, nor shall any right or interest in any Bullion Clearing Membership other than the personal right or interest of the Bullion Clearing Member therein be recognised by the India International Bullion Exchange IFSC Limited. The Relevant Authority may suspend any Bullion Clearing Member of the India International Bullion Exchange IFSC Limited who acts or attempts to act

in violation of the provisions of this rule or take any other disciplinary action as it may deem fit.

7. Conditions

- (1) Bullion Clearing Members shall adhere to the Rules, Bye-Laws and Regulations and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable.
- (2) All Bullion Contracts and Deals shall be in accordance with and subject to Rules, Bye-Laws and Regulations.
- (3) Bullion Clearing Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be specified by the Relevant Authority from time to time.
- (4) Bullion Clearing Members shall furnish to the India International Bullion Exchange IFSC Limited, within such time as may be specified, such certificate as may be required by the Relevant Authority certifying that specified requirements as may be specified by the Relevant Authority from time to time pertaining to their operations have been complied with.
- (5) Bullion Clearing Members shall furnish such information and periodic returns pertaining to their operations as may be required by the Relevant Authority from time to time.
- (6) Bullion Clearing Members shall furnish to the India International Bullion Exchange IFSC Limited such audited and/or unaudited financial or qualitative information and statements and in such manner as may be required by the Relevant Authority from time to time.
- (7) Bullion Clearing Members shall comply with such requirements as may be specified by the Relevant Authority from time to time with regard to advertisements, booklets and issue of circulars in connection with their activities as Bullion Clearing Members.
- (8) Bullion Clearing Members shall extend full cooperation and furnish such information and explanation and, in such manner, as may be required by the Relevant Authority or authorised person of the India International Bullion Exchange IFSC Limited for inspection or audit or in regard to any dealings, settlement, accounting and/or other related matters.

8. Termination of Membership

- (1) Any Bullion Clearing Member may cease to be a member, if one or more apply:
 - i. by surrender of clearing membership in accordance with such procedure and subject to such terms and conditions as may be specified by the India International Bullion Exchange IFSC Limited;
 - ii. by expulsion in accordance with the provisions contained in the Bye-Laws, Rules and regulations;
 - iii. by being declared a defaulter in accordance with the Bye-Laws, Rules and Regulations;
 - iv. by winding up/ bankruptcy/dissolution of the Bullion Clearing Member;
 - v. by violating any Securities Law which warrant the cessation of the membership right.

Notwithstanding anything contained in the Bye-laws and Rules of India International Bullion Exchange IFSC Limited, a Bullion Clearing Member shall ipso facto cease to be Bullion Clearing Member of the India International Bullion Exchange IFSC Limited, on cessation of its membership/ trading membership on one or more Bullion Exchanges in accordance with the provisions contained in the Bye-laws, Rules and Regulations of such

Bullion Exchange(s) and in such cases, such Bullion Clearing Member shall not be entitled for any opportunity of being heard or explanation in such an event.

- (2) The termination of Bullion Clearing Membership shall not in any way absolve the Bullion Clearing Member from any obligations and liabilities incurred by the Bullion Clearing Member prior to such termination.
- (3) Without prejudice to the right of the India International Bullion Exchange IFSC Limited to take any other action under these Rules including suspension, withdrawal or restriction on clearing rights or other facilities of the Bullion Clearing Member, the India International Bullion Exchange IFSC Limited may compulsorily terminate the clearing membership of a Bullion Clearing Member, if such Bullion Clearing Member fails to meet the conditions of continued admission specified by the Relevant Authority from time to time.

9. Failure to Pay Charges

Save as otherwise provided in the Bye-Laws, Rules and Regulations if a Bullion Clearing Member fails to pay its annual subscription, fees, deposit or contribution to Settlement Guarantee Fund(s), fines, penalties, other charges or other monies which may be due by it to the India International Bullion Exchange IFSC Limited within such time as the Relevant Authority may prescribe from time to time after notice in writing has been served upon it by the India International Bullion Exchange IFSC Limited, it may be suspended by the Relevant Authority until it makes payment and if within a further period of time as may be specified from time to time, it fails to make such payment, it may be declared a defaulter or may be expelled by the Relevant Authority.

10. Continued Admittance

The Relevant Authority shall from time to time prescribe conditions and requirements for continued admittance to Bullion Clearing Membership which may, inter alia, include maintenance of deposit, contribution to Settlement Guarantee Fund, minimum net worth and capital adequacy. The Bullion Clearing Membership of any person who fails to meet these requirements shall be liable to be terminated.

11. Re-Admission of Defaulters

- (1) A Bullion Clearing Member's right of membership shall lapse and vest with the India International Bullion Exchange IFSC Limited immediately when it is declared a defaulter. The Bullion Clearing Member who is declared a defaulter shall forfeit all its rights and privileges as a Bullion Clearing Member, including any right to use of or any claim upon or any interest

in any property or funds of the Bullion Clearing Member with the India International Bullion Exchange IFSC Limited.

- (2) The Relevant Authority reserves the right to re-admit a defaulting member and it may re-admit a defaulter as a Bullion Clearing Member subject to the provisions, terms and conditions as may be specified by the Relevant Authority from time to time.
- (3) The Relevant Authority may readmit only such defaulter who in its sole opinion:
- i. has paid up all dues to the India International Bullion Exchange IFSC Limited, other Bullion Clearing Members and Constituents;
 - ii. has no insolvency proceedings/winding up proceedings against him in any court or not been declared insolvent/wound up by any court;
 - iii. has defaulted owing to the default of principals or Constituents whom it might have reasonably expected to be good for their commitments;
 - iv. has not been guilty of bad faith or breach of the Bye-Laws, Rules and Regulations;
 - v. has been irreproachable in its general conduct;
 - vi. meets all the eligibility criteria for admission as a Bullion Clearing Member.

CHAPTER VI

DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

Disciplinary Jurisdiction

1. The Relevant Authority may expel or suspend and/or fine and/or penalise or censure and/or warn and/or withdraw all or any of the membership rights or facilities of a Bullion Clearing Member if it is guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye-Laws, Rules and Regulations or of any resolutions, circulars, orders, notices, directions or decisions or rulings of the India International Bullion Exchange IFSC Limited or the Relevant Authority or of any other Committee or officer of the India International Bullion Exchange IFSC Limited authorised in that behalf or of any conduct, proceeding or method of business which the Relevant Authority in its absolute discretion deems dishonourable, disgraceful or unbecoming a Bullion Clearing Member or inconsistent with just and equitable principles or detrimental to the interests, good name or welfare of the India International Bullion Exchange IFSC Limited or prejudicial or subversive to its objects and purposes.

Penalty for Breach of Rules, Bye-Laws and Regulations

2. Every Bullion Clearing Member shall be liable to suspension, expulsion or withdrawal of all or any of its rights with the India International Bullion Exchange IFSC Limited and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading of any of these Rules, Bye-Laws and Regulations or any resolutions, orders, notices, directions, decisions or rulings thereunder of the India International Bullion Exchange IFSC Limited, Securities Laws and/or rules and regulations thereunder, the Board of Directors, Committee(s), Managing Director or any officer of the India International Bullion Exchange IFSC Limited or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors in its absolute discretion deems unbecoming a Bullion Clearing Member of the India International Bullion Exchange IFSC Limited or inconsistent with just and equitable principles.

Penalty for Misconduct, Unbusiness like Conduct and Unprofessional Conduct

3. A Bullion Clearing Member shall be liable to expulsion or suspension or withdrawal of all or any of its membership rights and/or to payment of a fine and/or penalty and/or to be censured, reprimanded or warned for any misconduct, unbusiness like conduct or unprofessional conduct as provided in the provisions in that behalf as provided herein.

(1) Misconduct: A Bullion Clearing Member shall be deemed to be guilty of misconduct for any of the following or similar acts or omissions namely:

- (i) Fraud: If it is convicted of a criminal offence or commits fraud or a fraudulent act which in the opinion of the Relevant Authority renders it unfit to be a Bullion Clearing Member;
- (ii) Violation of Securities Laws: If it has violated provisions of any statute, including Securities Laws, code of conduct for Bullion Clearing Members, directions, orders, guidelines, notices or circulars issued by the Clearing Corporation governing the activities, business and operations of the India International Bullion Exchange IFSC Limited, Bullion Clearing Members and Bullion/ Bullion Contract trading/ clearing and settlement business in general;
- (iii) Improper conduct: If in the opinion of the Relevant Authority it is guilty of dishonourable or disgraceful or disorderly or improper conduct on the India

International Bullion Exchange IFSC Limited or of wilfully obstructing the business of the India International Bullion Exchange IFSC Limited ;

- (iv) Breach of Rules, Bye-Laws and Regulations: If it shields or assists or omits to report any Bullion Clearing Member whom it has known to have committed a breach or evasion of any Bye-Laws, Rules and Regulation or of any resolution, order, notice or direction thereunder of the Relevant Authority or of any Committee or officer of the India International Bullion Exchange IFSC Limited authorised in that behalf; Securities Laws and/or rules, regulations or directions or guidelines thereunder.
- (v) Failure to comply with resolutions: If it contravenes or refuses or fails to comply with or abide by any resolution, order, notice, direction, decision or ruling of the Relevant Authority or of any Committee or officer of the India International Bullion Exchange IFSC Limited or other person authorised in that behalf under the Bye-Laws, Rules and Regulations;
- (vi) Failure to submit to or abide by arbitration: If it neglects or fails or refuses to submit to arbitration or to abide by or carry out any award, decision or order of the arbitrators made in connection with a reference under the Bye-Laws, Rules and Regulations;
- (vii) Failure to testify or produce documents: If it neglects or fails or refuses to submit to the Relevant Authority or to a Committee or an officer of the India International Bullion Exchange IFSC Limited authorised in that behalf, such books, correspondence, documents and papers or any part thereof as may be required to be produced or to appear and testify before or cause any of its partners, attorneys, agents, authorised representatives or employees to appear and testify before the Relevant Authority or such Committee or officer of the India International Bullion Exchange IFSC Limited or other person authorised in that behalf;
- (viii) Failure to submit special returns: If it neglects or fails or refuses to submit to the Relevant Authority within the time notified in that behalf special returns in such form as the Relevant Authority may from time to time prescribe together with such other information as the Relevant Authority may require whenever circumstances arise which in the opinion of the Relevant Authority make it desirable that such special returns or information should be furnished by any or all the Bullion Clearing Members;
- (ix) Failure to submit audited accounts: If it neglects or fails or refuses to submit its audited accounts to the India International Bullion Exchange IFSC Limited within such time as may be specified by the Relevant Authority from time to time;
- (x) Failure to compare or submit accounts with Defaulter: If it neglects or fails to compare its accounts with the Relevant Authority or to submit to it a statement of its accounts with a defaulter or a certificate that it has no such account or if it makes a false or misleading statement therein;
- (xi) False or misleading submissions: If it neglects or fails or refuses to submit or makes any false or misleading statement in its returns, documents, certificates, declaration, audited or un-audited accounts, clearing forms or returns required to be submitted to the India International Bullion Exchange IFSC Limited under the Bye Laws, Rules and Regulations;
- (xii) Vexatious complaints: If it or its agent brings before the Relevant Authority or a Committee or an officer of the India International Bullion Exchange IFSC Limited or

other person authorised in that behalf a charge or complaint which in the opinion of the Relevant Authority is frivolous, vexatious or malicious;

- (xiii) Failure to pay dues and fees: If it fails to pay its subscription, fees, arbitration charges or any other money which may be due by it or any fine or penalty imposed on it.
 - (xiv) Non co-operation and threat: If it neglects or fails or refuses to cooperate with the Relevant Authority or threatens or causes any harm to the India International Bullion Exchange IFSC Limited or to the employees or representatives of the India International Bullion Exchange IFSC Limited or obstructs the India International Bullion Exchange IFSC Limited or its employees or representatives in the performance of duties or fails or neglects or refuses to allow access to its premises, records, the computer and other information systems and telecommunication systems.
- (2) Unbusiness like Conduct: A Bullion Clearing Member shall be deemed guilty of unbusiness like conduct for any of the following or similar acts or omissions namely:
- (i) Fictitious names: If it transacts its own business or the business of its Constituent in fictitious names or if it carries on business on the Clearing Corporation under fictitious names;
 - (ii) Fictitious dealings: If it makes a fictitious transaction of dealing in Bullion/ Bullion Contracts;
 - (iii) Circulation of rumours: If it, directly or indirectly, in any manner, circulates or causes to be circulated, any rumours;
 - (iv) Unwarrantable business: If it engages in reckless or unwarrantable or unbusiness like dealings in the Bullion Market or effects purchases or sales for its Constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its Constituent's or its own means and financial resources or in view of the market for such Bullion/ Bullion Contract;
 - (v) Compromise: If it connives at a private failure of a Bullion Clearing Member or accepts less than full and bona fide money payment in settlement of a debit due by a Bullion Clearing Member arising out of a Deal in Bullion/ Bullion Contract;
 - (vi) Dishonoured cheque: If it issues to any other Bullion Clearing Member or to its Constituents or to the India International Bullion Exchange IFSC Limited a cheque which is dishonoured on presentation for whatever reasons;
 - (vii) Failure to carry out transactions with Constituents: If it fails in the opinion of the Relevant Authority to carry out its committed transactions with its Constituents;
 - (viii) Prejudicial business: If it makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers of purchase or sale of Bullion/ Bullion Contract for the purpose of upsetting the equilibrium of the Bullion Market or bringing about a condition in which prices will not fairly reflect market values;
 - (ix) Misleading transactions: If it, with an intention of creating false or misleading appearance with respect to the Bullion Market or the price of any Bullion/ Bullion Contract, places orders for purchase or sale of Bullion/ Bullion Contract or enters any order for the purchase or sale of any Bullion/ Bullion Contract with knowledge that an order at substantially the same size, price and time for sale or purchase of such Bullion/

Bullion Contract has been or will be entered by or for the same or different parties or places orders for purchase and sale of Bullion/ Bullion Contract at substantially the same size, price and time for sale and purchase of such Bullion/ Bullion Contract;

- (x) Parting with rights and privileges: If it assigns, pledges, hypothecates or charges its right of clearing membership or any other rights or privileges attached thereto or it attempts to assign, pledge, hypothecate or charge its right of clearing membership or any other rights or privileges attached thereto.
 - (xi) Declared as defaulter: If the Bullion Clearing Member or its holding company or the person who controls it, is at any time expelled or declared a defaulter or imposed similar sanctions by any other Bullion Exchange / stock exchange (in India or outside India)/ other exchanges (in India or outside India) / governmental authority in India or in foreign jurisdiction or has been restrained from accessing the Bullion Market by IFSCA or any other government authority in India or in foreign jurisdiction.
 - (xii) Failure to carry out transactions with Constituents: If it fails in the opinion of the Relevant Authority to carry out its committed transactions with its Constituents.
- (3) Unprofessional Conduct: A Bullion Clearing Member shall be deemed guilty of unprofessional conduct for any of the following or similar acts or omissions namely:
- (i) Business in Bullion/ Bullion Contracts in which dealings not permitted or dealing with entities prohibited to buy or sell or deal in Bullion Market: If it enters into dealings in Bullion/ Bullion Contracts in which dealings are not permitted, directly or indirectly, in the course of business with or transacts any business with or for any entity, which has been prohibited by IFSCA/ any other governmental authority in India or in foreign jurisdiction, to buy or sell or deal in the Bullion Market;
 - (ii) Business for defaulting Constituent: If it deals or transacts business directly or indirectly or executes an order for a Constituent who has within its knowledge failed to carry out engagements relating to Bullion/ Bullion Contracts and is in default to another Bullion Clearing Member unless such Constituent shall have made a satisfactory arrangement with the Bullion Clearing Member who is its creditor;
 - (iii) Business for insolvent/ bankrupt: If without first obtaining the consent of the Relevant Authority it directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been insolvent or admitted into insolvency resolution process even though such individual shall have obtained his final discharge from an insolvency court/ tribunal;
 - (iv) Business without permission when under suspension: If without the permission of the Relevant Authority it does business on its own account or on account of a principal with or through a Bullion Clearing Member during the period it is required by the Relevant Authority to suspend business on the India International Bullion Exchange IFSC Limited;
 - (v) Business for or with suspended, expelled and defaulter Bullion Clearing Members: If without the special permission of the Relevant Authority it shares brokerage with or

carries on business or makes any Deal for or with any Bullion Clearing Member who has been suspended, expelled or declared a defaulter;

- (vi) Evasion of margin requirements: If it willfully evades or attempts to evade or assists in evading the margin requirements prescribed in the Bye-Laws, Rules and Regulations of the India International Bullion Exchange IFSC Limited;
- (vii) Business for employees of other Bullion Clearing Members: If it transacts business directly or indirectly for or with or executes a Deal for an authorised representative or employee of another Bullion Clearing Member without the written consent of such employing Bullion Clearing Member;
- (viii) Clearing fees: If it wilfully evades or attempts to evade or assists in evading the Bye-Laws and Regulations relating to clearing fees.
- (ix) Advertisement: If it advertises for business purposes or issues regularly circular or other business communication to persons other than its own Constituents, Bullion Trading Members of the Bullion Exchange, and banks or publishes pamphlets, circulars or any other literature or report or information relating to the Bullion Market, without the prior written permission of the India International Bullion Exchange IFSC Limited or in contravention of the advertisement code prescribed by the India International Bullion Exchange IFSC Limited .

Bullion Clearing Member Responsible for Acts and Omissions

4. A Bullion Clearing Member shall be fully responsible for the acts and omissions of its authorised officials, attorneys, agents, authorised representatives and employees and if any such act or omission be held by the Relevant Authority to be one which if committed or omitted by the Bullion Clearing Member would subject it to any of the penalties as provided in the Bye-Laws, Rules and Regulations then such Bullion Clearing Member shall be liable thereof to the same penalty to the same extent as if such act or omission had been done or omitted by it.

Suspension on Failure to provide margin deposit, deposit or contribution to default fund or meet capital adequacy norms

5. The Relevant Authority may suspend a Bullion Clearing Member and/or require a Bullion Clearing Member to suspend its business if it fails to provide the margin deposits, deposits and contributions to Settlement Guarantee Fund and/or meet capital adequacy norms as provided in the Bye-Laws, Rules and Regulations and the suspension of business shall continue until the Bullion Clearing Member furnishes the necessary margin deposit or deposit/contribution to Settlement Guarantee Fund or meet capital adequacy norms. The Relevant Authority may expel a Bullion Clearing Member acting in contravention of this provision.

Suspension of business

6. The Relevant Authority may suspend a Bullion Clearing Member and/or require a Bullion Clearing Member to suspend its business in part or in whole:
 - i. Unwarrantable business: When in the opinion of the Relevant Authority the Bullion Clearing Member engages in unwarrantable business or effects deals for its Constituent's account or for any account in which it is directly or indirectly interested which Deals are excessive in view of

its Constituent's or its own means and financial resources or in view of the market for such Bullion/ Bullion Contract, or

- ii. Unsatisfactory financial condition: When in the opinion of the Relevant Authority the Bullion Clearing Member is in such financial condition that it cannot be permitted to do business with safety to its creditors or the India International Bullion Exchange IFSC Limited.

Removal of Suspension

7. The suspension of business as mentioned above shall continue until the Bullion Clearing Member has been allowed by the Relevant Authority to resume its business on paying such deposit or its doing such act or providing such thing as the Relevant Authority may require.

Penalty for Contravention

8. A Bullion Clearing Member who is suspended or who is required to suspend its business or part thereof may be expelled by the Relevant Authority, if it acts in contravention of such suspension or requirement.

Bullion Clearing Members and others to testify and give information

9. A Bullion Clearing Member shall appear and testify before and cause its attorneys, agents, authorised representatives and employees to appear and testify before the Relevant Authority or before other Committee(s) or an officer of the India International Bullion Exchange IFSC Limited authorised in that behalf and shall produce before the Relevant Authority or before other Committee(s) or an officer of the India International Bullion Exchange IFSC Limited authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

Permission necessary for legal representation

10. No entity shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the India International Bullion Exchange IFSC Limited or the Relevant Authority or any other Committee, as the case may be, unless the India International Bullion Exchange IFSC Limited or Relevant Authority or Committee so permits.

Explanation before expulsion

11. A Bullion Clearing Member shall be entitled to be summoned before the Relevant Authority and afforded an opportunity for explanation before being expelled but in all cases the findings of the Relevant Authority shall be final and conclusive.

Imposition of penalties and disciplinary action

12. The disciplinary actions and/or the penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning to Bullion Clearing Members may be inflicted singly or conjointly by the Relevant Authority. The penalty of expulsion may be inflicted by Relevant Authority.

Pre-determination of penalties

13. The Relevant Authority shall have the power to pre- determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non- compliance, disobedience, disregard or evasion of any Bye-Law, Rules or Regulations of the, or of any resolution, order, notice, direction, decision or ruling thereunder of the India International Bullion Exchange IFSC Limited , the Relevant Authority or

of any other Committee or officer of the India International Bullion Exchange IFSC Limited authorised in that behalf.

Commutation

14. The Relevant Authority in its discretion may in any case suspend a Bullion Clearing Member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty Bullion Clearing Member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

Reconsideration/ review

15. Subject to the provisions of the Bullion Exchange Regulations and Securities Laws, the Relevant Authority may of its own or on appeal by the Bullion Clearing Member concerned, within ninety days from the date of communication of decision of the Relevant Authority to the member, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Bullion Clearing Member. In a like manner the Relevant Authority may rescind, revoke or modify its resolution expelling or suspending any Bullion Clearing Member, Provided that where any expulsion, suspension or other penalty is imposed in accordance with the directions of IFSCA or other authority issued in exercise of any powers conferred on them under Securities Laws / relevant applicable laws, then the Board or the Relevant Authority shall not exercise the power to rescind or revoke or modify the same, except with the previous sanction of the authorities concerned.

Failure to pay fines and penalties

16. If a Bullion Clearing Member fails to pay any fine or penalty imposed on it within such period as specified from time to time by the Relevant Authority, it may be suspended by the Relevant Authority until it makes payment and if within a further period as specified from time to time it fails to make such payment it may be expelled by the Relevant Authority.

Effect of Suspension of Registration by IFSCA/other authorities

17. Notwithstanding anything contained in any of the Rules, Regulations and Bye-Laws of the India International Bullion Exchange IFSC Limited , if the registration of a Bullion Clearing Member is suspended by IFSCA/any other governmental authority in India or in foreign jurisdiction, such Bullion Clearing Member shall ipso facto stand suspended from the clearing membership of the India International Bullion Exchange IFSC Limited for the period of suspension so imposed by IFSCA/ any other governmental authority in India or in foreign jurisdiction or till such suspension is in force.

Consequence of Suspension

18. The suspension of a Bullion Clearing Member shall have the following consequences:
 - (1) Suspension of membership rights: A suspended Bullion Clearing Member shall during the terms of its suspension, be deprived of and excluded from all rights and privileges of membership but it may be proceeded against by the Relevant Authority for any offence committed by it before or after suspension and the Relevant Authority shall not be debarred

from taking cognisance of and dealing with adjudicating on claims made against it by other Bullion Clearing Members.

- (2) Rights of creditors unimpaired: The suspension shall not affect the rights of Bullion Clearing Members who are creditors of the suspended Bullion Clearing Members and rights of the India International Bullion Exchange IFSC Limited.
- (3) Fulfilment of deals and obligations: The suspended Bullion Clearing Member shall be bound to fulfil obligations and deals outstanding at the time of its suspension.
- (4) Further business prohibited: The suspended Bullion Clearing Member shall not during the terms of its suspension transact any business provided that it may with permission of the Relevant Authority close the deals outstanding at the time of its suspension.

Consequences of Expulsion

19. The expulsion of a Bullion Clearing Member shall have the following consequences namely:

- (1) Bullion Clearing Membership rights forfeited: The expelled Bullion Clearing Member shall forfeit to the India International Bullion Exchange IFSC Limited its right of Bullion Clearing Membership and all rights and privileges as a Bullion Clearing Member including any right to the use of any claim upon or any interest in any property or funds with the India International Bullion Exchange IFSC Limited and all of the above shall automatically vest in the India International Bullion Exchange IFSC Limited however, any liability of any such Bullion Clearing Member to the India International Bullion Exchange IFSC Limited or to any Bullion Clearing Member or to Bullion Trading Member or Bullion Exchange or Constituent shall continue and remain unaffected by its expulsion.
- (2) Office vacated: The expulsion shall create a vacancy in any office or position held by the expelled Bullion Clearing Member.
- (3) Rights of creditors unimpaired: The expulsion shall not affect the rights of the Bullion Clearing Members who are creditors of the expelled Bullion Clearing Member.
- (4) Fulfilment of deals and obligations: The expelled Bullion Clearing Member shall be bound to fulfil Deals and obligations outstanding at the time of its expulsion and it may with the permission of the Relevant Authority close such outstanding transactions.
- (5) Bullion Clearing Members not to deal: No Bullion Clearing Member shall transact business for or with the expelled Bullion Clearing Member except with the previous permission of the Relevant Authority.
- (6) Provisions of Bye-Laws regarding consequences of declaration of default to follow: The provisions regarding consequences of declaration of defaulter contained in Chapter XII of the Bye-Laws of the India International Bullion Exchange IFSC Limited shall apply to the expelled Bullion Clearing Member as if such Bullion Clearing Member has been declared defaulter.
- (7) Expulsion rules to apply: When a Bullion Clearing Member ceases to be a Bullion Clearing Member under the provisions of these Rules, Bye-Laws or Regulations of the India International Bullion Exchange IFSC Limited otherwise than by default or surrender or resignation of membership, it shall be as if such Bullion Clearing Member has been expelled by the Relevant Authority and in that event all the provisions relating to expulsion contained in these Rules shall apply to such Bullion Clearing Member in all respects.

20. Notice of Penalty and Suspension of Business

- (1) Notice shall be given to the Bullion Clearing Member concerned and to the Bullion Clearing Members in general by such mode as may be decided by the Relevant Authority from time to

time of the expulsion or suspension or default of or of the suspension of business by a Bullion Clearing Member or of any other penalty imposed on it or on its employees. The Relevant Authority may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the Bullion Clearing Members or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended its business or ceased to be a Bullion Clearing Member. No action or other proceedings shall in any circumstances be maintainable by such person against the India International Bullion Exchange IFSC Limited or the Relevant Authority or any officer or employee of the India International Bullion Exchange IFSC Limited for the publication or circulation of such notification. The application for Bullion Clearing Membership or the application for registration as the constituted attorney or authorised representative or by the person concerned shall operate as license and the Bye-Laws and Rules shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.

- (2) Notwithstanding anything contained in these provisions, if in the opinion of the Relevant Authority it is necessary to do so, it may, for reasons to be recorded in writing, temporarily suspend forthwith the Bullion Clearing Member, pending completion of appropriate proceedings for suspension under this chapter by the Relevant Authority, and no notice of hearing shall be required for such temporary suspension and such temporary suspension shall have the same consequences of suspension under this chapter, provided that appropriate proceedings provided in this chapter shall be commenced by issue of a notice to show cause to the Bullion Clearing Member within ten days of such temporary suspension. Any such temporary suspension may be revoked at the discretion of the Relevant Authority, for reasons to be recorded in writing, if the Relevant Authority is satisfied that the circumstances leading to the formation of opinion of the Relevant Authority to suspend, has ceased to exist or are satisfactorily resolved.

CHAPTER VII**MISCELLANEOUS****Power to provide clarification and decisions binding**

1. In case of any difficulty in implementing the provisions of Rules or in case of a conflict, the India International Bullion Exchange IFSC Limited has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.
2. Further, the decision/directions of the India International Bullion Exchange IFSC Limited / Board / Relevant Authority on the aspects mentioned in these Rules including but not limited to admission, disqualification, removal, suspension of membership, shall be final and binding on all relevant persons and stakeholders.
3. Exchange shall be entitled to issue, from time-to-time notices, circulars, instructions or orders (hereinafter called as “Communiqués”) to Trading Members, Qualified Jewellers, Clients, Clearing Members, Clearing Banks, Depository, Bullion Depositors and Vaults for implementation of and/or clarification on any aspect of Bye Laws or the Rules and Regulations or on any procedural or operational issue. All such Communiqués shall bind the Trading Members, Qualified Jewellers, Clients, Clearing Members, Clearing Banks, Depository, Bullion Depositors and Vaults with the same force and effect as the Bye-Laws and the Rules and Regulations.

Statutory laws

4. These Rules, including all alterations, amendments and modifications thereto, shall be subject to the rules/ Regulations/ directives/ notifications/ circulars issued by IFSCA from time to time and all such rules/ Regulations/ directives/ notifications/ circulars that are issued by IFSCA for or in relation to India International Bullion Exchange IFSC Limited shall be deemed to be incorporated in the Rules prescribed by the Board/ Relevant Authority/ India International Bullion Exchange IFSC Limited and the Rules shall be deemed to be altered/ amended/ modified to that extent, which amendment/ modification/ alteration shall be effective from the date notified by the IFSCA in that behalf.

Good Faith

5. No claim, suit, prosecution or other legal proceedings shall lie against the India International Bullion Exchange IFSC Limited or any authorised person(s) acting for the India International Bullion Exchange IFSC Limited, in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the India International Bullion Exchange IFSC Limited under any law or delegated legislation for the time being in force.