
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX/SURVEILLANCE & INVESTIGATION-001/2018/018

Date : January 12, 2018

Subject : Non-genuine trades

The Exchange had, vide Circular Nos. NCDEX/TRADING-089/2005/198 dated October 01, 2005, no. NCDEX/TRADING-010/2006/017 dated January 12, 2006 and no. NCDEX/TRADING-149/2006/346 dated December 28, 2006, advised members to refrain from putting through non-genuine trades.

Non-genuine trades have been described in the above mentioned circular as:

"Instances wherein the same sets of parties have executed buy and sell transactions on the Exchange at abnormally high price differences which are not co-related to the spot/futures price movement in the underlying commodity. This is particularly true with illiquid contracts. Such trades may be between two members or between two clients of the same member. "

The decision whether a trade or trades is/are non-genuine would be of the Exchange, which would be final and binding.

Such non-genuine trade would now attract a penalty of Rs.10,000/- per instance on the member concerned. It has also been decided to impose additional penalty upto Rs. 1,00,000/- on members for repeated instances of such non-genuine trades. Exchange may also take appropriate disciplinary actions against the member concerned for multiple instances of such non-genuine trades under the Bye-Laws, Rules and Regulations of the Exchange.

Members are advised to be cautious and refrain from executing such trades, which do not appear to be genuine on their own account and/ or on behalf of their clients. Members are further advised to have appropriate internal systems and controls at their end to ensure that such trades are not entered from their terminals.

The provisions of this circular will come into effect from January 15, 2018.

For and on behalf of

National Commodity & Derivatives Exchange Limited

Hitesh Savla
Executive Vice President

For further information / clarifications, please contact

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