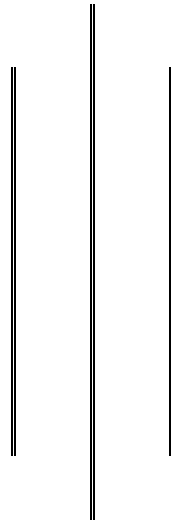




Mercantile Exchange Nepal Limited

— Where the Nation Trades —

AN ISO 9001:2015 CERTIFIED EXCHANGE



# MEX

**Rules of the Mercantile Exchange Nepal Limited**  
**(Rules of the Exchange)**

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## Rules of the Mercantile Exchange Nepal Limited

### (Rules of the Exchange)

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#### 1. Preamble

These rules shall be known as the rules of the Mercantile Exchange Nepal Limited (hereinafter referred to as the “Rules”) and have come into force with effective from 24<sup>th</sup> June, 2013. These Rules shall be read in conjunction with Bye Laws, Regulations, guidelines, directions, circulars and clarification issued by the Mercantile Exchange Nepal Limited (“*the Exchange*”) and amendments made to these Rules subsequent to the Effective Date.

#### 2. Definitions

All words contained in these rules will have the same meaning and definition given in the bye laws of the Exchange.

#### 3. Membership of the Exchange

Membership of the Exchange is classified into two categories namely (1) Clearing Membership and (2) Market Maker Membership. A person or entity desirous of securing membership in the exchange may apply for any of these categories subject to fulfilling the requirements/criteria laid down in these Rules. The rights and privileges of each category of memberships are:

##### 1) Clearing Membership

The Clearing Member shall have the right to introduce client and also participate directly in both trading and clearing processes in the Exchange. Clearing Membership is restricted to registered companies only. Clearing members, who does have networth required for market making and permitted by the Exchange, shall also play the role of market makers by accepting the risk of holding any of the traded instruments in order to facilitate trading in those instruments. They shall also meet all the financial requirements, as prescribed by the Exchange, related to trading, clearing and settlement on a day-to-day basis.

##### 2) Market Maker Membership

Market Maker members shall have the right and obligation to quote both buy and sell price of an instrument listed in the Exchange. The clearing process of such Market Maker shall be facilitated through the clearing and settlement department of the

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Exchange. Individuals, financial institutions (including propriety firms), Co-operative societies, Limited Liability Companies, and Partnership firms are allowed to apply for market maker membership. Market Maker member shall be required to maintain two-way markets (bid-and-offer) in their chosen contracts to ensure liquidity in the market.

#### 4. Criteria for Admission

1) Clearing Member:

Any institution, whose objectives in the Memorandum of Association and/or its constitution permits such institution to involve in trading in instruments, and who possess the minimum net worth prescribed by the Exchange, necessary infrastructure to effectively discharge its clearing and trading activities including experienced professionals and undertakes to comply with the financial and other requirements as may be specified by the Exchange from time to time shall apply for Clearing Membership in the form prescribed in Annexure 1. If the institution is domiciled outside Nepal, it shall also require the necessary permission from the Government of Nepal to carry out its business activities in Nepal.

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

2) Market Maker Membership:

- a) Individual- Any person, who possesses sufficient knowledge and experience in the financial and future markets, and who is willing to undertake the risks involved in market making shall apply for Market Maker Membership. Provided such person:-
  - i. shall be competent to enter in to a contract under the laws of Government of Nepal;
  - ii. should be of good moral character, reputation, integrity;
  - iii. shall be possessing adequate financial resources and credit to assume the responsibilities required for individual- Market Maker Membership; and
  - iv. shall be in compliance with all aspects of Anti Money Laundering laws;
- b) Institution- Any institution, whose objectives in the Memorandum of Association and/or its constitution permits the institution to involve in financial and futures markets, who possess the minimum net worth prescribed by the Exchange,

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necessary infrastructure to effectively discharge its market making activities and undertakes to comply with the financial and other requirements as may be specified by the Exchange from time to time shall apply for Market Maker Membership. If the institution is domiciled outside Nepal, it shall also require the necessary permission from the Government of Nepal to carry out its business activities in Nepal.

Any applicant for Market Maker Membership shall apply for membership in the form prescribed in Annexure 1.

A decision as to whether the applicant is a recognized Institution and is entitled to a membership shall be determined by the Member Service Department of the Exchange considering the merits of the application and the common interest of the Public and the Exchange.

## **5. Application requirements**

- 1) Applicant shall submit the duly filled application form for Membership in the form prescribed by the Exchange in person at the Member Service Department of the Exchange during working hours on any working day. Every application shall be accompanied with:
  - a) The prescribed non refundable admission fee by way of crossed Demand Draft in favor of “Mercantile Exchange Nepal Limited”, payable at Kathmandu. The applicant must pay the non- refundable admission fee before signing the agreement with the exchange. If application is rejected for any reason, the Exchange shall not refund the admission fee so paid.
  - b) If the applicant is an institution, a certificate showing the net worth of the institution issued by a Chartered Accountant in the form prescribed in Annexure 2 of these rules.
  - c) A reference letter from the bank in the form prescribed in Annexure 3 of these rules showing the financial credibility of the applicant.
  - d) If the applicant is institution, a certified copy of the resolution of the Board of Directors authorizing the institution to apply for membership and stating the name of the person authorized to execute the documents on behalf of the applicant in the form prescribed in Annexure 4 and the bio-data of the directors in the form prescribed in Annexure 5 of these rules.

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- e) A duly executed undertaking in the form prescribed in Annexure 6 stating that the applicant shall not undertake any legal recourse against the Exchange in the event of the Application for Membership is rejected.
  - f) An undertaking that he/it has understood the contents of and be bound by the Bye-laws, Rules of trading, clearing and settlement and these Rules of the Exchange.

## 6. General Membership Requirements

- 1) In addition to the specific criteria mentioned hereinabove, every applicant shall also observe and comply with the following general membership requirements:
  - a) Compliance with capital requirement adequacy norms as prescribed by the Exchange for membership to all categories.
  - b) Compliance with necessary statutory provisions, rules and regulations of the Government of Nepal.
  - c) Every applicant for membership shall comply with and be bound by the bye laws, rules and regulations of the Exchange, and agree to accept any decision made by the Member Service Department or Board of the Exchange as final.
  - d) The applicant or his/its authorized representatives shall, as and when required by the Member Service Department during the admission process, appear personally for an interview and/or fit and proper test as may be prescribed.
  - e) The Exchange shall change or amend the rules, requirements and/or criteria for admission as a member and including those specified above, whenever warranted by the Exchange.

## 7. Fee and Capital Requirements

- 1) **Admission Fee:** Every applicant shall pay full Admission Fee to the Exchange via a crossed Demand Draft in favor of “Mercantile Exchange Nepal Limited” payable at Kathmandu, before signing the agreement with the exchange. Admission Fee once paid shall not be refunded to the applicant.
- 2) **Membership Fee:** Every applicant shall pay the membership fee to the Exchange via a crossed Demand Draft in favor of “Mercantile Exchange Nepal Limited” payable at Kathmandu on approval of the application and before entering into the

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membership agreement with the Exchange and this one time membership fee shall not be refunded to the applicant.

- 3) **Processing Fee:** No Processing Fee shall be charged by the Exchange at the time of filing an application for membership.
- 4) **Annual Subscription:** An Annual Subscription charges shall be paid by every applicant on approval of the membership and it is non refundable. The Annual Subscription charges shall become due on the 15th of July of every year and shall be payable not later than 30th of July each year. If the member fails to pay the annual subscription within the above time limit, the Board may declare such member as a defaulter within the meaning of these Rules of the Exchange.
- 5) **Annual Insurance:** Every member of the Exchange shall obtain himself/itself an insurance cover, so as to protect from the risks and hazards relating to their business operations at the Exchange and a copy of the receipt of the premium paid shall be submitted to the Exchange every year along with the Annual subscription charges. The quantum of insurance cover shall be prescribed by the Exchange considering the nature of the membership from time to time.
- 6) **Advance Transaction Fund:** Advance Transaction Fund shall be paid by every member as collateral for trading and clearing in the Exchange. During trading or clearing, if the Advance Transaction Fund exceeds the transaction charges received in advance, the excess transaction charges shall be recovered from the member at the time of incurrence. Members shall pay the Advance Transaction Fund to the Exchange. This Advance Transaction Fund shall be deposited in a segregate account controlled by the Exchange and is refundable, after settlement of all outstanding of such member on termination /cancellation of the membership by the Exchange. The Exchange shall provide proportionate increase of trading limits on deposit of additional Advance Transaction Fund.
- 7) **Capital Requirement:** Members shall meet the capital requirements as prescribed by the Exchange from time to time.
- 8) Exchange shall prescribe the kind and amount of fees, subscription charges and deposits payable by Members to the Exchange for Membership, maintenance of Membership and advance transaction deposits, as may be required from time to time. Exchange shall at its own discretion change the fee, charges and deposits by prior notification. Prior to making any application for membership, every applicant should contact the Exchange to know the prevailing fee and capital requirement of the Exchange.

## 8. Submission of Application

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

## **9. Approval of Membership**

- 1) On receipt of an application for membership along with the prescribed fee, the Member Service Department shall review the application. The applicant shall be called for an interview and/or also for a fit and proper test by the Member Service Department. The applicant or the authorized director of the institution shall appear in person to such interviews.
- 2) The Member Service Department shall enquire into and be satisfied with respect to the reputation and financial stability of the applicant and the details of the financial arrangements made in connection with membership. After reviewing all the information, a decision shall be made by the Member Service Department as to whether the applicant is eligible for membership or not and the decision thereof shall be communicated to the applicant to the address mentioned in the application.
- 3) If the application is approved, applicant shall be granted 30 days time from the date of intimation of the approval from the Member Service Department to pay all other fees required for membership on the Exchange.
- 4) On fulfilling all the formalities, the applicant shall be granted the membership by the Exchange. An applicant approved for membership by the Member Service Department shall not assume the responsibilities and privileges of membership until the grant of Membership Certificate by the Exchange.

## **10. Membership Agreement**

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

## **11. Certificate of Membership**

- 1) Upon executing an agreement with the Exchange, member shall open the necessary bank accounts, prescribed by the Exchange.



- 2) On approval of membership, a Certificate of Membership shall be issued to the member and a copy shall be retained in the Exchange. The copy of the Certificate of Membership shall be exhibited by the member in a prominent place in the office and the certificate shall remain the property of the MEX.
- 3) Certificate of Membership shall indicate the effective date from which the member shall enjoy the rights and privileges of a member of the Exchange.
- 4) The member shall commence trading, clearing or market making, on payment of the Advance Transaction Fund prescribed by the Exchange.
- 5) Every member of the Exchange shall promptly notify the Exchange in writing regarding any change in the information provided by the member at the time of admission. If the Exchange came to know that a member fails to do so, the Exchange shall conduct an enquiry through the Disciplinary Committee of the Exchange, if the allegation is found to be true, then Exchange shall charge a penalty and/or take disciplinary action against such member.
- 6) If the Certificate of membership is lost, destroyed, defaced or worn out, the Exchange shall issue a duplicate Certificate to the member under the following circumstances:
  - a) on submission of proof of destruction or loss of the original Certificate; or
  - b) on the return of the worn out or defaced Certificate to the Exchange; and
  - c) on payment of a fee prescribed by the Board.

## **12. Publication of admission of a Member**

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

## **13. Rejection of Application and Appeal**

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

- 2) On receipt of such request, the application shall be referred to the Membership Committee, consisting of a chairman and two members, designated by the Exchange. The Membership Committee shall review the application and a unanimous decision of the Committee is required for approval of the application for membership.
- 3) If an application for membership is rejected by the Membership Committee, the applicant may appeal against the decision to the Appellate Membership Committee of the Exchange within 30 days of decision of the Membership Committee. The Appellate Membership Committee, consisting of a chairman and five members constituted by the Board, after due deliberations shall decide, by a majority vote, whether the applicant is qualified for membership or not. The decision of the Appellate Membership Committee shall be final. An application rejected by the Appellate Membership Committee may be reconsidered only if new or additional information is subsequently brought to the attention of the Appellate Membership Committee. If an applicant is rejected for membership or if, for any reason, the Exchange shall not refund the admission fee.
- 4) If the applicant is appealing against the decision of the Member Service Department or Membership Committee, the Exchange shall retain the admission fee so paid until the decision of the Appellate Membership Committee.

#### **14. Register of Members**

- 1) The Exchange shall maintain a register of Members of the Exchange. In the register, Exchange shall record the details of the member and any information as may be considered appropriate by the Exchange, for the use of the Exchange and its members. Exchange shall also store such details of members in electronic forms.
- 2) Every member shall promptly notify the Exchange in writing of any changes in the information provided by the member at the time of admission or at a later stage, failing which, the Exchange shall impose a penalty or take disciplinary action against such member.

#### **15. Misrepresentation of the Member**

- 1) An applicant may be terminated from the Membership upon the unanimous decision of the Disciplinary Committee of the Exchange, if he is found to be:
  - a) Guilty of fraud or gross financial misconduct declared by a court of law; or

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- b) Dishonest conduct prior to becoming a member and of failing to make full disclosure thereof in his application for membership; or
  - c) Guilty of having made a false statement of a material fact in connection with his application; or
  - d) Made any willful misrepresentation

## 16. Bank Accounts

- 1) **Operational Account:** Member shall maintain an operational account in a designated bank/s. This account shall be used for member's operational purpose and to receive allocated commission. This account shall be subjected to audit and the Exchange shall have rights to call for details of transaction of this account as and when required
- 2) **Segregate account:** For the purpose of trading, Clearing member shall open a bank/s account in a designated bank/s with sole operational rights vest with the Exchange and for every customer; a sub ledger/sub account will be maintained. All customers' deposits with the member and members deposit will be kept in this account noted in sub ledgers. This account shall not have funds from anybody intended for operational purposes. Exchange shall give instructions to the designated bank/s at the end of each trading day to transfer funds in this account and sub ledger accounts based on margin requirements and profit/loss for the day. A copy of such adjustments shall be made available to the member concerned through electronic means. This account shall be maintained in the name of member, while irrevocable provision should be given to the Exchange to operate the account. Every Customer shall have a sub-ledger in this account. This account shall be absolutely used for trading purpose only. This account shall have two gateways to access online. One for the Exchange and other for the member. Member shall access from its own user ID and password to check and adjust the relevant Customer deposit, floating amount and settled profit and loss along with required additional margin call. In this account member shall access individual client level balance in order to maintain it as per their live trading activities. The Exchange shall access this account to check the deposit, floating, settled profit and loss amount. The Exchange, after closing of each trading day under intimation to the respective member, shall inform the designated bank/s to adjust the balance level of sub ledgers in accordance with floating loss/profit based on MTM settlement and final settlement. While depositing money in segregate account, the customer shall sign an undertaking and disclosure with the designated bank/s which provides authority to treat client fund for trading purpose and withdrawal shall be according to final settlement of his trade, as per authority given by the Exchange only. Calculation and netting based on member to customer is on net basis and Exchange to Member at gross level.

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Every Clearing member shall maintain a minimum balance prescribed by the Exchange in this account. No Clearing Member or the Customer shall have withdrawal right or right to give any instruction to the bank which affects the transactions in the account without the permission of the Exchange.

Cheque Book or any other withdrawal forms shall not be issued to the Members under this account and cash withdrawal shall not be allowed to the Members under this Account. However, transfer of fund from / to this account is allowed to the Exchange.

- 3) **Member Deposit account:** This account shall be opened by a member in a designated bank, while the Exchange shall exercise total control in this account. A member's own funds for Trading and Clearing in the Exchange shall be deposited in this account. The Exchange shall be signatory to this account with irrevocable powers. During every trading day, when specific market volatility happens against trading positions availed or cleared by the respective member, the fund in this account may work as collateral. End of day margin calls on member accounts will be fulfilled through this account and then a margin call notice will be issued to member to refill the depleted amount by next working day 12 Noon. This account shall provide pooling facility to segregate account, as required. This account shall be locked for withdrawal (except to transfer funds to segregate account) as specified by MEX. This account act as a security account and serves as collateral for the Exchange to compensate the deficiency or loss arising out any transactions of a member with the Exchange. This also serves as collateral for segregate and MM Trading account. If balance under segregate or MM account is insufficient, MEX will debit this account and transfer required balance into segregate or MM account.
- 4) **MM Trading Account:** This account shall be maintained by the Members exclusively for the purpose of market making in the Exchange, Bank shall also provide facilities for every Member to deposit into this account with the narration as prescribed by MEX. Every Member shall maintain a minimum balance prescribed by the Exchange in this account. No Member shall have withdrawal right or right to give any instruction to the bank which affects the transactions in the account without the permission of the Exchange. At the end of each trading day either the Exchange itself or by giving written instruction to the bank, credit and debit funds in and out of this account basing on the profits and losses accrued by the clearing member and market makers and also based on margin requirements. Cheque Book or any other withdrawal forms shall not be issued to the Members under this account and cash withdrawal shall not be allowed to the Members under this Account. However, transfer of fund from / to this account is allowed to the Exchange.

## 17. Registration of Clients

- 1) Clearing Member is permitted to register clients for trading in the Exchange, if the Client has:
  - i. attained the age of majority and legally competent to enter in to contract under the laws of Nepal;
  - ii. submitted an application for registration as a client with the member in the form prescribed by the Exchange;
  - iii. provided proof of evidence, including proof of identity, proof of address to substantiate the application for registration;
  - iv. entered in to an agreement with the member for trading in the Exchange;
  - v. understood and given an undertake to assume the risk of trading in contracts in the Exchange; and
  - vi. agreed to abide by the Bye Laws and Rules of the Exchange in writing.
- 2) If a client enters in to an agreement with a member for trading in the Exchange, it shall be deemed to be considered that the client has agreed to undertake all risk and liabilities arising from the trade executed by such client.
- 3) Every member shall submit a copy of the agreement, and application signed by the customer to the Exchange after the registration of the customer.
- 4) Every client shall comply with the margin requirements for trading. Every member shall, on direction from the Exchange, deposit additional security fund to cover the risk of trade and to protect the interest of Exchange and Client. Exchange shall prescribe the amount of security fund based on the total volume of trade of the member including its clients.
- 5) Any client, who violates any provision of the Bye Laws or Rules of the Exchange, misbehaved with the staff of the Exchange and members, conducted any unethical trade practices with the Exchange, violated the code of conduct of the Exchange or acted in a manner detrimental to the interest of the Exchange, its members or other Clients shall be suspended by the Exchange and access to the trading system of the Exchange shall be de activated with immediate effect. If the Exchange has reasonable ground to believe that the member has assisted the client for any of the above act or

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knowledge about the violation, misconduct, default or negligence of the client, Exchange shall also suspend such member without any notice.

- 6) Any Client, who defaults in payment of margin, maintaining margin, the member shall be solely liable for such default and the Exchange shall use the Member Security Fund of a Member to rectify or remedy such default without any prior notice to Member.
- 7) Any person other than resident of Nepal shall also be permitted to register as a Client subject to the law of the land with respect to doing business in Nepal.

## **18. Registration of Brokers and Sub Brokers**

Every Clearing Member has the right to appoint Broker and Sub Broker for trading in the Exchange. Brokers and Sub Brokers can be both individual and institutions. Brokers, who are institutions, are permitted to introduce and register Sub Brokers with the prior permission of the Clearing Member. Individual Brokers and Sub Brokers shall not be permitted to register any Sub Brokers under its category of registration.

- 1) Clearing Member is permitted to register Brokers and Sub- Brokers for trading in the Exchange, if the;
  - i. Broker or Sub Broker is an individual, he/she should have attained the age of majority and legally competent to enter in to a contract under the laws of Nepal.
  - ii. Broker or sub broker is an entity, its registration or recognition is valid and is legally competent to enter in to a contract in Nepal.
  - iii. It has submitted an application for registration as a Broker or Sub Broker in the form prescribed by the Exchange
  - iv. Broker or Sub Broker has provided proof of identity, proof of tax registration, and proof of address in case of an entity, the proof of registration or recognition.
  - v. Broker or Sub Broker has entered in to an agreement with member for trading in the exchange.
  - vi. Broker or Sub Broker has understood and assume the risk of trading in the Exchange; and
  - vii. Broker or Sub Broker has agreed to abide by the bye-laws and rules of the exchange.

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- 2) Every Broker and Sub Broker shall be permitted to register clients provided the Broker and Sub Broker shall fulfill all the requirements for registration of clients prescribed by these rules. Each client shall be registered through the Clearing Member with whom the Broker and Sub Broker has registration.
  - 3) If any Broker or Sub Broker signed agreement with member, it shall be deemed to be considered that the member has agreed to assume the risk and liabilities arising from the trade executed by such Broker and Sub Broker and its clients.
  - 4) A Broker and Sub Broker shall be permitted to trade only after compliance with the requirements of registration and paid the fees and deposits required for trading in the Exchange. All transactions of the Broker and Sub Broker shall be channeled through the clearing member with whom the Broker or Sub Broker has registration. Every Broker or Sub Broker shall be given a unique registration code. Exchange or the Clearing Member, as the case may be, shall prescribe the application fee, registration fee, agency renewal fee and all other charges payable by a Broker or Sub Broker from time to time.
  - 5) Every Broker and Sub Broker shall submit a copy of agreement and application signed by client to the clearing member and the clearing member after its approval shall maintain such record and shall be furnished to the Clearing and Settlement Department of the Exchange and its staff during compliance visits. Every Client whose registration has been approved shall be given a client code under the Sub Broker or Broker as the case may be.
  - 6) Every Broker and Sub Broker and its clients shall comply with the margin requirements for trading in contracts. Every Member shall, on direction from the Exchange, deposit additional security fund to cover the risk of trade of its Broker and Sub Broker and their clients. Exchange shall prescribe the amount of security fund based on the total volume of the trade by the Broker and Sub Broker and their clients.
  - 7) Any Broker or Sub Broker who violates any provision of the bye laws or Rules of the Exchange, misbehaved with the staff of the Exchange and Members, conducted any unethical trade practice in the Exchange, violated the code of conduct of the Exchange or acted in a manner detrimental to the interest of the Exchange, its members or other clients shall be suspended by the Exchange and access to the trading system of the Exchange shall be deactivated with immediate effect. If the Exchange has reasonable ground to believe that the member has assisted the Broker or Sub Broker for any of the above act or knowledge about the violation, misconduct, default or negligence of the client, Exchange shall also suspend such member without any notice.
  - 8) Any Broker or Sub Broker, who defaults in payment of margin, Maintaining Margin, the member shall be solely liable for such default and the exchange shall use the

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member security fund of a Member to rectify or remedy such default without any prior notice to member.

- 9) Any person or entity other than resident of Nepal shall also be permitted to register as a Broker and Sub Broker, provided if he/it has a place of business and permitted by the Government of Nepal.

## **19. Training**

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

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

## **20. Technology Requirements**

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

## **21. Membership Compliance:**

- 1) It shall be presumed by the Exchange that a member is aware of the rules, byelaws and regulations of the Exchange and also shall abide by all such circulars, rules, regulations, byelaws and amendments that may be issued by the Exchange from time to time.
- 2) In the event of an institution owning a membership, the institution shall provide a legalized resolution/authorization indicating the name of the person, who is



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authorized to sign the document on behalf of the institution as and when required by the Exchange.

- 3) A member shall not lease, mortgage, pledge or hypothecate his right of membership or any rights or privileges attached thereto, and any such attempt to do so shall not be effective under the Rules of the Exchange. The Exchange shall terminate any member of the Exchange, who acts or attempts to act in violation of the provisions of this rule.
- 4) Membership of the Exchange may be sold to any qualified person or an institution, approved by the Exchange, subject to these rules of the Exchange and any other terms and conditions that may be prescribed by the Exchange.
- 5) A member can surrender the membership by giving letter of resignation to the Exchange. In case of resignation, the Exchange shall return the balance Advance Transaction Fund, if any, after deducting any claims and outstanding in the Exchange, subject to a lock-in period as may be specified by the Exchange.
- 6) A member shall not be permitted to surrender or resign from the membership until such time the membership is under suspension by the Exchange.

## **22. Approved Clearing Member**

- 1) Customer shall not clear their trades through a clearing member other than their clearing member with whom they had executed an agreement to clear all their trades and which is , approved by the Exchange ( hereinafter referred to as the “approved clearing member”).
- 2) Customer shall place all trades, on the books of their approved clearing member unless a written authorization to the contrary, received from the said clearing member, has been filed with the Member Service Department.
- 3) Upon cancellation of the membership of a clearing member by the Exchange, customers, who are clearing their trades through him/it, shall transfer their open positions available with that clearing member to another clearing member, subject to prior approval from the Exchange. In the case where, the clearing member is declared a defaulter, the clearing member shall be obliged to pay for any loss incurred during close-out of such positions to all customers except to those customers because of whom , the clearing member may have been defaulted.

## **23. Membership Dues**

- 1) Every member of the Exchange shall pay the annual subscription charges and any other fee as may be fixed by the Exchange.
- 2) Exchange shall send notices to such defaulting members and any member, who does not pay the dues within 14 days after receipt of such notice, shall be suspended for a period specified by the Exchange and until the payment of the dues. The Exchange shall also charge a fine for such default.
- 3) If any member of the Exchange fails or neglects to pay the dues for a continuous period of 30 days, the Board may declare such member of the Exchange as a defaulter within the meaning of these rules and forfeit all membership privileges. Exchange shall use reasonable efforts to notify the member before any privileges are being forfeited.
- 4) The defaulting member of the Exchange shall apply for re-activation of his membership by curing such default and subject to any other terms and conditions which the exchange may prescribe considering the nature of the default, which may be a fine or penalty.

#### **24. Penalty:**

- 1) A member may be liable to pay a penalty upon non-compliance with Exchange Bye-Laws, rules and regulations. This shall include both the failure to pay the dues pertaining to the member within 14 days after a notice in writing has been served upon the member by the Exchange. Exchange shall also suspend the membership until curing such default. The Exchange shall levy a penalty based on the outstanding dues and number of failures to comply with Exchange Bye-laws, rules and regulations. The Exchange shall also levy interest on the outstanding dues as per the rules and regulations of the Exchange.
- 2) If a member fails to cure the default within 30 days of notice, the Board may declare such member of the Exchange as a defaulter within the meaning of these rules and forfeit all membership privileges. If the default continues for a period of 60 days, the member may be terminated from the membership.
- 3) For the purpose of these Rule, the minimum penalty to be imposed against a member for default/offence shall not be less than Rs.10,000 (NPR Ten Thousand only), but which may extent to Rs.1,00,000 (NPR One hundred thousand only). If a member, who had already been penalized for a default/offence again violated the Bye-Laws, Rules and Regulations of the Exchange shall be penalized for his second and subsequent offence/default, based on the nature and seriousness of offence, penalty amount shall be on the consideration of order issued by Compliance Department.

## 25. Suspension of membership:

A member may be suspended by the Exchange for the following reasons:

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

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

A member shall be deemed insolvent by the “Exchange”:

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

## 26. Termination

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- 1) A member may be terminated from the membership for non-compliance of rules, byelaws and regulations of the Exchange or for any other reasons stated in any of the provisions of these rules. This is inclusive of:
  - a. Notification from the Government of Nepal on prohibition of performing business with the member or such notification by a Court of law.
  - b. Notification from any of the Committee of the Exchange.
  - c. A member's inability to perform and continue as a member of the Exchange.
  - d. The inability to protect the integrity of the Exchange, in the interest of other members and customers in general and in the interest of the Public in particular.
  - e. Inability to pay the dues and outstanding to the Exchange within the prescribed time limits.
- 2) Members terminated in accordance with this rule shall be notified and he may be permitted to request for a hearing before the Disciplinary Committee of the Exchange within 30 days of such termination.

## **27. Procedure for hearing**

- 1) The disciplinary committee shall initiate proceeding under this provision either on receipt of reliable information of gross negligence and/or violation of any rules, byelaws, regulations and/or circulars of Exchange by a member or on receipt of request from an aggrieved member.
- 2) The disciplinary committee shall call for an explanation from such member in writing within 7 days from the date of notice or such time as prescribed by the Committee. If requested, such member shall also be given a chance to represent the matter in person, before the Disciplinary Committee.
- 3) If the Disciplinary Committee find the allegation is true, a show cause notice shall be served on such member calling for further explanation as to why action under appropriate rules byelaws shall not be taken against such member. After obtaining further explanation from the member in writing, the Disciplinary Committee find that the member is guilty, it may take a decision against such member and impose a penalty, suspension or termination, as it may consider appropriate, and the decision shall be communicated to the member in writing
- 4) The Disciplinary Committee may also grant such time to the member to correct its practices which are found in violation of rules and regulations of the Exchange during the period of suspension. After such period of suspension, the Disciplinary

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Committee shall conduct another enquiry or employ a duly competent person authorized in this behalf to conduct an enquiry against such member and to furnish a report thereof for the further consideration for the Disciplinary committee.

- 5) If the member fails to correct himself/itself, after granting sufficient time, the Disciplinary Committee may take necessary steps to terminate the membership of such member. During such proceedings, the member shall be given an opportunity represent its version, which shall be taken in to active consideration before taking any action against such member.
- 6) A member against whom any such decision has been taken under this provision or any of the committees authorized in this behalf, such member may apply for a review of such decision before the Board of the Exchange within 30 days of such decision. The Board of the Exchange shall constitute a five member committee to review the decision of the disciplinary committee. The decision of the five member committee in this regard shall be final and binding on the member.

## **28. Sale of Membership**

- 1) A membership in the Exchange may be sold by a member either by himself or through the exchange, subject to the rules and regulations of the Exchange.
  - a. When the member wishes to sell his membership directly shall settle all his dues and fees prior to intimating the Member Service Department about the details of the prospective purchaser. The member shall also pay a fee, prescribed by the Exchange, for transfer of membership, which shall not be refundable. On approving the qualification of such prospective purchaser, the prospective purchaser shall submit all relevant documents required for membership with a processing fee, prevailing at the time, which shall not be refundable. The Member Service Department shall approve such application for transfer only when it is satisfied with the qualification and financial stability of the prospective purchaser and other criteria to be fulfilled under the Rules of the Exchange. It shall also notify about such transfer in the Exchange and shall direct the seller to settle any claims or objections of its customers or any third party associated with the trade. In the event, Exchange receives any objection to the transfer, the Exchange shall conduct an enquiry and the decision thereof shall be binding on the seller.

Member Service Department shall refer such application to the Board of the Exchange, the Board may either reject or accept the transfer of membership and the decision thereof shall be intimated to the seller and the purchaser. On



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acceptance, the Exchange shall enter into an agreement with the purchaser and he/she shall enjoy the rights and privileges of a member of the Exchange.

- b. When the member desires to sell a membership through the Exchange, he / it shall submit an offer to sell with the Exchange, which shall set forth the price at which the member is offering his / its membership, and append an agreement regarding the conditions of sale as set forth in these rules.

The offer to sell such membership shall be matched with the best purchase price quoted for such membership. In instances where there is a multiple bid for a given membership type, then the mechanism shall be to match the lowest offer to sell with the highest bid to purchase such membership.

## 2) Post-Sale Notification:

- a. In the event of bid price being matched, the Exchange (Member Service Department) shall promptly notify the purchaser and the seller. Within two business days of such notification, the purchaser shall deposit a Demand Draft payable to the Exchange (amount includes purchase price, processing fee for membership and other charges as levied by the Exchange from time to time) along with all necessary documents, agreements and applications required for membership on the Exchange.
- b. On completion of the admission formalities the Exchange (Member Service Department) shall notify the transfer of membership. Upon sale of a membership, all membership privileges of the seller shall be terminated.

## 3) Claims against Membership and Application of Proceeds:

- a. Claims against a membership shall be limited to claims involving incidents that prior to the sale of the membership and which arose in connection with transactions on the Exchange or membership in the Exchange. Claims resulting from conduct subsequent to the sale of a membership may not be asserted against that membership or its proceeds. All claims against the seller's membership or its proceeds shall be submitted in writing to the Member Service Department within 20 days of the posting of notice of the sale of the said membership. At the conclusion of the 20 days claim filing period, the Member Service Department shall conduct an investigation of all claims properly filed against the seller's membership or its proceeds. This investigation shall be completed within 20 days unless the investigation cannot be resolved within that period.
- b. The total proceeds of the sale of the membership shall be applied to the following purposes and in the following order of priority:

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- i. Payment of all dues, fines, contributions, charges and other dues to the Exchange.
  - ii. payment of any dues arisen directly out of transactions on the Exchange and also arising out of any other third party transactions directly or indirectly related to the trading in the Exchange.
  - iii. Payment of amounts due to any other members, which the Exchange determines to have arisen directly out of the transactions on the Exchange.
  - iv. Payment of amounts due based on reports of the Member Service Department and directly related to transactions on the Exchange.
  - v. Payment of any dues to the vendors for use of Software and Technology
- c. No other claims against the proceeds of the sale of a membership shall be recognized and administered by the Exchange, but creditors of the seller of a membership not falling into one of the foregoing categories may pursue other legal means of securing payment of their obligations.
  - d. The Exchange shall make a final determination of all claims filed in time or reported by the Member Service Department
  - e. The Exchange shall distribute such proceeds within 40 days of receiving notification and confirmation of the sale of the membership.
  - f. In determining the amount of any claim, the Exchange shall initially deduct any Advance Transaction Fund held by that claimant.
  - g. If the sale proceeds are insufficient to meet the claims of the Exchange, the seller shall be liable for such claims and settle it within the time prescribed by the Exchange. Seller shall also execute an indemnity agreement in favor of the Exchange with the application for transfer, to indemnify the Exchange for any losses, which may have resulted in view of such sale.

## **29. Sale of Membership of Defaulting Members**

If the Disciplinary Committee of Exchange determines that a member is in default upon any financial obligation due to the Exchange or any financial obligation to another member in connection with transactions on the Exchange, the Board of the Exchange may sell the membership of the defaulting member and the sale proceeds shall be distributed as per the rules of the Exchange. If the defaulting member cures his/its default and provides proof thereof to the Exchange, within 30 days of the order of sale by the Board, the order of sale of the membership shall be cancelled. If full payment is not

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made within 30 days, the membership shall be sold by public auction in accordance with the procedure stated in the provision of sale of membership by the exchange.

**30. Criteria for Re-entry:** A member shall opt to re-enter as a member after the sale of his / its membership either by applying for new membership or by purchasing an existing membership. All formalities applicable for admission of membership shall be applicable for such member.

### **31. Inactive Members**

- 1) **Inactivation Procedure:** The members, subject to rules and regulations of the Exchange, issued from time to time, may request for inactive membership status for seeking benefit of exemption from maintaining capital requirement, monthly financial reporting and examination requirements. However, member shall not be exempted from submitting the annual certified financial statements and Certificate of Net worth during a financial year. During the period of inactivation, such member shall continue to be treated as a member of the Exchange. However, the member shall not be allowed to trade in the Exchange or access the online facilities of the Exchange. Member's trading terminal shall also be de-activated during this period. Upon deactivation the member shall pay the deactivation charges as decided by the exchange and comply with other formalities to be maintained by a member.
- 2) **Reactivation:** A member in inactivation status may at any time request for reactivation of his membership. Upon reactivation the member shall pay the reactivation charges and comply with other formalities to be maintained by a member.
- 3) **Inactivation by the Exchange:** The Exchange may inactivate a member:
  - a) if a member is not trading in minimum volumes [if any] for a prescribed period by the Exchange.
  - b) if a member is under disciplinary proceedings, suspension or termination.

### **32. Death or Non Existence of a Member**



- 1) **Individuals:** On death of an individual market maker, his family members shall notify the Exchange within 10 days from the date of death. On receipt of such notice, the Exchange shall issue a notification about the death of the market maker and transfer the membership to his legal heirs based on the transfer request received from his legal heirs. In the case where the legal heirs opt to sell the membership, the Exchange shall sell the membership as per these rules of the Exchange.
- 2) **Institutions:** In case of non-existence of an institution, its authorized representative shall notify the Exchange within 10 days from the date of such non existence. On receipt of such notice, the Exchange shall issue a notification about the non-existence of that member and shall take measures as it considers appropriate.

### 33. Investigation

- 1) Where the Board of the Exchange has reasonable ground to believe that –
  - a) the transactions on the Exchange are being conducted in a manner detrimental to the investors or trading market; or
  - b) any member or person associated with the trade or clearance with the Exchange has violated any of the provisions of the Bye-Laws, Rules and Regulations of the Exchange it shall at any time direct the disciplinary committee to investigate the affairs and business of such member or person and report thereon on to the Board of the Exchange.
- 2) The Disciplinary committee shall direct to any such members or person to furnish such information, to produce documents, registers, records that it may consider necessary for the purpose of the investigation.
- 3) The Disciplinary committee shall also inspect the trading premises of such member or entity for the purpose of the investigation.
- 4) On receipt of the report from the Disciplinary committee, the Board of the Exchange shall pass appropriate orders, which shall be binding on such members or person.

### 34. Amendment to the Rules



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Exchange may at any time amend these Rules in accordance with the Bye-Laws of the Exchange. Any such amendment shall be notified by the exchange and be binding on the members.



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## ANNEXURE 1

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### Mercantile Exchange Nepal Limited Clearing/Market Maker Membership Form

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#### For Office Use Only

Registration Number :  
Registered Office :  
Fax :  
Email :

A recent photograph  
in light background  
of the signatory

Please affix and sign  
on the photograph

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#### CATEGORY

**CLEARING MEMBER** [     ]     **MARKET MAKER** [     ]

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Mercantile Exchange Nepal Limited

Dear Sir,

I/We request you to register \_\_\_\_\_ (*Name of the company*)  
as a **Clearing Member/ Market Maker** of the Mercantile Exchange Nepal Limited. Our details  
required for registration are as follows:

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#### DETAILS OF FEE DEPOSITED

Amount \_\_\_\_\_ Draft No /Deposit Voucher No. \_\_\_\_\_

Bank: \_\_\_\_\_ Date \_\_\_\_\_

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#### TO BE FILLED BY INDIVIDUALS [*Only Market Maker*]

Name: Mr. /Mrs.: \_\_\_\_\_

Father's/Spouse Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ [*DD/MM/YY*]     Age: \_\_\_\_\_

Occupation: \_\_\_\_\_ Nationality: \_\_\_\_\_

Passport No. /Citizenship No.: \_\_\_\_\_

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**Home Address**

City: \_\_\_\_\_ VDC/Municipal: \_\_\_\_\_

Ward No.: \_\_\_\_\_ Street/Block: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Website: \_\_\_\_\_ E-mail: \_\_\_\_\_

**Address for communication** *[if different from the home address]*

City: \_\_\_\_\_ VDC/Municipal: \_\_\_\_\_

Ward No.: \_\_\_\_\_ Street/Block: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Website: \_\_\_\_\_ E-mail: \_\_\_\_\_

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**TO BE FILLED BY INSTITUTION ONLY**

Name: \_\_\_\_\_

Date of Incorporation/Registration \_\_\_\_\_ *[DD/MM/YYYY]*

**Registered Office Address**

City: \_\_\_\_\_ VDC/Municipal: \_\_\_\_\_

Ward No.: \_\_\_\_\_ Street/Block: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Website: \_\_\_\_\_ E-mail: \_\_\_\_\_

**Address for communication** *(if different from the above)*

City: \_\_\_\_\_ VDC/Municipal: \_\_\_\_\_

Ward No.: \_\_\_\_\_ Street/Block: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Website: \_\_\_\_\_ E-mail: \_\_\_\_\_

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Name of the authorized person \_\_\_\_\_

Name of the chairman/Managing Partner/Proprietor and Directors/Partners

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

**TO BE FILLED BY APPLICANTS IN ALL CATEGORIES**

Name of other Exchange(s) in which the applicant is/was a member

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

Name of other Exchange(s) in which any of the director/partner/proprietor is/was a member

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

**PAN**

Permanent Account No.: \_\_\_\_\_

Net Worth of the Applicant \_\_\_\_\_ as on \_\_\_\_\_

**Details of Bank Account**

Name of Bank: \_\_\_\_\_ Branch: \_\_\_\_\_

Account No. \_\_\_\_\_ Account Type: \_\_\_\_\_

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**DECLARATIONS**

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- a) Whether any court case is pending against the applicant or directors/promoters of the applicant?  
 YES /  NO
  
- b) Whether the applicant or the directors/promoters of the applicant is involved in any financial irregularities and subject to any disciplinary proceedings?  
 YES /  NO
  
- c) Whether the applicant or directors/promoters of the applicant were subject to any disciplinary proceedings in any other exchange?  
 YES /  NO

*(If answer is yes in clause (a) and (b) above, please furnish the details of such financial irregularities and/or disciplinary action in a separate sheet)*

We hereby declare that the information furnished in this application is true and correct and the documents annexed with this application are true copies of its original. We undertake to inform the Exchange, in writing, immediately of any changes in the information furnished by us in this application. The Exchange will not be liable for any direct/indirect consequences arising on account of non intimation changes in the above information.

I/We agree to abide by the Bye-Laws and Rules of the Exchange.

Signature of Applicant /Authorized Representation

Place: \_\_\_\_\_

Date: \_\_\_\_\_

(Institutional Seal)

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**For Office Purpose:**

Clearing Member Code: \_\_\_\_\_ Marker Maker Code: \_\_\_\_\_

Verified by: \_\_\_\_\_ Authorized by: \_\_\_\_\_ (Name)

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## DOCUMENTS TO BE SUBMITTED ALONG WITH APPLICATION

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1. [ ] Bio-data of the applicant or directors/partners/authorized representative along with photo.
2. [ ] Letter of Undertaking
3. [ ] Financial Credibility Certificate [FCC] provided by bank on current account.
4. [ ] Proof of identity- copy of citizenship/passport/driving license.(self certified)
5. [ ] Proof of address-utility bill/rental agreement(self certified)
6. [ ] List of directors certified by Co Sec./Notary Public/Registered Auditor
7. [ ] Copy of latest filed tax return
8. [ ] Copy of MOA & AOA
9. [ ] Resolution Authorizing the Institution to apply for membership, execution of MEX-CM agreement/MEX-MM agreement and authorized signatory
10. [ ] Letter Authorizing the authorized person
11. [ ] PAN/VAT Certificate copy-self certified
12. [ ] Net Worth Certificate issued by a Registered Auditor/CA
13. [ ] Company Registration Certificate



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**ANNEXURE 2**

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**NETWORTH CERTIFICATE FORM**

(To be submitted in the letter head of the Auditor)

**Certificate dated..... submitted by .....  
to the Mercantile Exchange Nepal Limited**

**CERTIFICATE**

This is to certify that the Net worth of M/s./Mr./Ms. ....  
as on..... is Rupees..... only.

It is further certified that the computation of Net worth, based on my/our scrutiny of the books of  
accounts, records and documents, is true and correct to the best of my/our knowledge and as per  
information provided to my/our satisfaction.

Place: .....

Date: .....

Chartered Accountant/Registered Auditor: .....

Membership Number: .....

(Affix the stamp/seal)





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**ANNEXURE 3**

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**FINANCIAL CREDIBILITY CERTIFICATE FROM THE BANK**

(To be submitted in a sealed envelope in the letter head of the bank)

**Confidential**

**To,**  
**The Member Service Department,**  
**Mercantile Exchange Nepal Limited,**  
**Shesh Marga , House No. 25, Charkhal,**  
**Dillibazar, Kathmandu, Nepal.**

**Dear Sir/ Madam,**

\_\_\_\_\_ (Name of the Applicant)  
is maintaining an account no. \_\_\_\_\_ with our bank at \_\_\_\_\_  
(address of the branch) since \_\_\_\_\_ (Date of opening of the account).

The said current account is satisfactorily operated by \_\_\_\_\_ (Name of the Applicant).

Place: \_\_\_\_\_

Date: \_\_\_\_\_

(Signature)

Name of Authorized Signatory: \_\_\_\_\_

\_\_\_\_\_  
Affix the seal of the Bank



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## ANNEXURE 4

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### FORM OF BOARD RESOLUTION

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN ITS MEETING HELD ON \_\_\_\_\_ AT ITS REGISTERED OFFICE

NOW THEREFORE BE IT RESOLVED that the board of directors hereby unanimously decided to apply for membership in the Mercantile Exchange Nepal Limited, whose registered office is at Shesh Marga, House No. 25, Charkhal, Dillibazar, Kathmandu, in the category of \_\_\_\_\_

BE IT FURTHER RESOLVED that the Board of \_\_\_\_\_ authorizes Mr. \_\_\_\_\_, one of the directors of the company, whose signature is attested below be authorized to sign on behalf of the company all agreements, documents and forms as may be required by Mercantile Exchange Nepal Limited and to do all act and deed necessary for obtaining and maintaining the membership in the Mercantile Exchange Nepal Limited

BE IT FURTHER RESOLVED this resolution is communicated to Mercantile Exchange Nepal Limited and shall remain in force until notice of revocation of this resolution in writing be given to Mercantile Exchange Nepal Limited by the Company.

Dated on this \_\_\_\_\_ day of \_\_\_\_\_

Signature of the Authorized representative

Certified True copy

Attested by



**ANNEXURE 5**

**Form of Bio-data of ‘Individual’, or, if institution or company; bio-data of Director(s), Partners, Authorized Representatives**

**For Office only**

Name of Member: \_\_\_\_\_

Type of Member: \_\_\_\_\_

Membership No.: \_\_\_\_\_

Verified by: \_\_\_\_\_

Please affix your recent passport size color photograph

**To be filled by the Directors/Partner/Authorized Representative**

Full Name: _____	
Designation:	Individual/Natural person (non-corporate entity) [ <input type="checkbox"/> ]
	Director [ <input type="checkbox"/> ]
	Managing Partner [ <input type="checkbox"/> ]
	Partner [ <input type="checkbox"/> ]
	Compliance Officer [ <input type="checkbox"/> ]
	Any Other (Please specify) _____
Whether Authorized Signatory	YES [ <input type="checkbox"/> ] NO [ <input type="checkbox"/> ]
Whether Authorized Representative	YES [ <input type="checkbox"/> ] NO [ <input type="checkbox"/> ]
Date of birth:	_____/_____/_____ [MM/DD/YY]
Address:	
Office and Residence	_____ _____
Tel. No.: (With county & area code)	
Office:	_____
Residence:	_____



Email:	
Mobile No.: ( <i>With country &amp; area code</i> )	
Fax No.: ( <i>With country &amp; area code</i> )	
Qualification(s):	
Work Experience (in detail):	
Details of other directorships held ( <i>if any</i> )	
Membership of Professional Bodies:	
Nationality:	
Passport /Citizenship card Details*: Number: _____ Date of Issue: _____ Date of Expiry: _____	

<b>The above information is true and correct to the best of my knowledge.</b>	
Place: _____	
Date: _____ [MM/DD/YY]	Signature: _____

*Note:*

- 1) *Its mandatory to provide all the required information*
- 2) *\* Please enclose a certified true copy of the passport/citizenship card*



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## ANNEXURE 6

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### FORM OF LETTER OF UNDERTAKING

**To,**  
**The Member Service Department,**  
**Mercantile Exchange Nepal Limited,**  
**Shesh Marga , House No. 25, Charkhal,**  
**Dillibazar, Kathmandu, Nepal.**

Dear Sir,

I/We have applied for the Clearing Member/ Market Maker membership in Mercantile Exchange Nepal Limited.

I hereby undertake that in the event that my application for registration as Clearing Member/Market Maker in the Exchange is being rejected for any reason by the Exchange, I shall not take any action including any legal proceedings against the Exchange, its directors, employees or any other person acting on behalf of the Exchange against such rejection of my application.

I also have no objection if Exchange deduct the processing fee from my advance payments in the event of my application is rejected.

Signature: \_\_\_\_\_

Applicant: \_\_\_\_\_

Address: \_\_\_\_\_

Place: \_\_\_\_\_

Date: \_\_\_\_\_