

Commodities Exchange Market Rules, 2074 (2017)

In exercise of the Powers conferred to Section 61 of the Commodities Exchange Markets Act 2074 (2017), with the approval of the Ministry of Finance, the Government of Nepal, the Board has framed the following Rules.

Chapter -1

Preliminary

1. **Short Title and Commencement:** (1) These Rules may be called "Commodities Exchange Market Rules, 2074(2017).

(2) These Rules shall come into force on 9th Mansir 2074.
2. **Definitions:** The subject or context otherwise requires in these Rules,-
 - (a) "A body corporate holding a license" means a body corporate holding a license pursuant to Rule 7.
 - (b) "Act" means the Commodities Exchange Market Act, 2074(2017)
 - (c) "Member" means a person or a body corporate having obtained membership pursuant to the Commodities Exchange Markets By-laws.

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Chapter-2

Provision Related to Prior Approval

3. **Application to Be Submitted for Prior Approval:** (1) Anyone wishing to incorporate a company to operate a commodities exchange market shall have to submit an application, along with **Twenty Five Hundred Rupees**, in the format set forth in Schedule-1 to the Board.

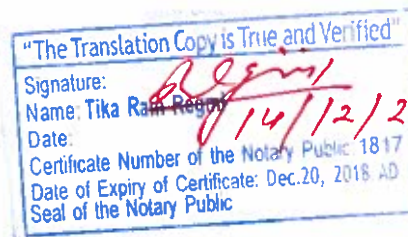
(2) The particulars and documents pursuant to Schedule-2 shall be attached to the application submitted pursuant to sub-rule (2).

(3) In cases where any change is occurred in the particulars submitted pursuant to sub rule (2) before granting prior approval, the applicant has to provide to the Board the information about changes in the particulars, if any.

4. **To Make Inquiry:** Whilst making an inquiry into the application filed pursuant to Rule 3, the Board may request additional documents and particulars, or cause to make clarifications on any subjects, when necessary.

5. **To Grant Prior Approval:** (1) The Board may grant prior approval to the applicant to incorporate a company having an objective of operating a commodities exchange market within thirty days from the date of receiving necessary particulars and documents following the deposition of **Fifty Thousand Rupees**, if it is satisfied to do so after making an inquiry into the application filed pursuant to Rule 4.

(2) Notwithstanding anything contained in sub rule (1), the Board may refuse to grant prior approval on the following conditions:



- (a) In cases where it deems inappropriate to permit to operate an extra commodities exchange market based on the economic situation and activities of the country,
- (b) In cases where it deems unreasonable and inappropriate to permit to operate an extra commodities exchange market for the protection of investors' interests.
- (3) If prior approval is not granted by the Board pursuant to sub rule (2), the same shall be informed to the applicant with reasons of rejection.

Chapter-3

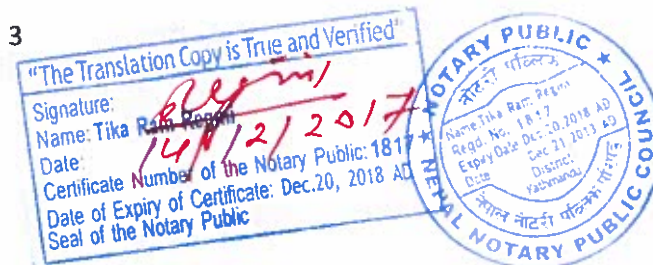
Provision Related to License

6. **Application to Be Submitted for License:** (1) A body corporate wishing to obtain a license to operate any business referred to in Section 3 of the Act shall have to submit an application, along with fees referred to in Schedule-4, in the format set forth in Schedule-3 to the Board.

Provided, however, that a body corporate, who has obtained prior approval pursuant to Rule 5, can only submit an application for operation of a commodities exchange market.

- (2) Particulars and documents referred to in Schedule- 5 shall be attached to the application to be filed pursuant to sub rule (1).

7. **License to Be Granted:** (1) In cases where the Board deems necessary to grant a license for operation of a commodities exchange market, a commodities trading business, a clearing and settlement business or a



warehouse following an inquiry into the application received pursuant to Rule 6, it may grant a license to the applicant in the format pursuant to Schedule-6.

(2) The Board may seek opinion of the commodities exchange market prior to granting a license to the commodities trading business, the clearing and settlement business, and the warehouse, when necessary.

(3) The Board may prescribe any other necessary terms in granting a license pursuant to sub rule (1) taking into view of the situation of commodities market, fair operation of business and protection of investors' interests.

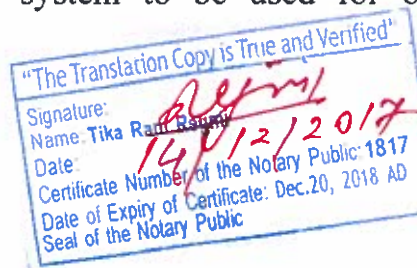
8. **Renewal of License:** (1) A body corporate holding a license shall have to submit an application, along with fee referred to in Schedule-4, in the format set forth in Schedule-7 to the Board within the period set forth in subsection (2) of Section 8 of the Act for renewal of its license.

(2) In cases where a body corporate holding a license is failed to submit application to renew its license, an application, along with twofold of renewal fee, in the format set forth in Schedule-8 may be submitted to the Board within the period set forth in subsection (3) of Section 8.

9. **Infrastructure to Be Ready:** (1) A body corporate holding a license shall have to get ready the following minimum infrastructure within **one hundred eighty days** from the date of receiving the license, and inform the same to the Board:

- (a) The electronic trading system to be used for operation of commodities trading,

4



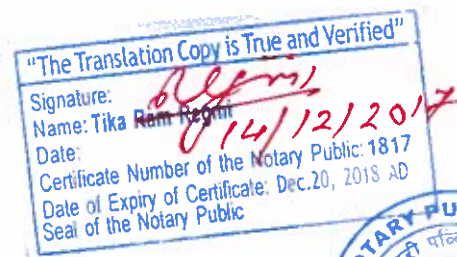
- (b) Infrastructure set forth in Schedule-9,
- (c) Details of human resources prepared in the format as per Schedule-10,
- (d) Other infrastructure as prescribed by the Board from time to time.

10. **Permission to Operate Trading:** (1) The Board shall make necessary inspection and inquiry within fifteen days from the date of receiving the information about making ready of the infrastructure pursuant to Rule 9.

(2) The Board shall provide permission to run the trading, if satisfied to do so following the inspection and inquiry made pursuant to subrule (2).

(3) The body corporate holding a license shall have to appoint a compliance officer within thirty-five days from the date of receiving permission to run commodities trading pursuant to sub rule, (2) and inform the same to the Board accordingly.

11. **Minimum Paid-up Capital:** The minimum paid-up capital for a commodities trading, a clearing and settlement business and a warehouse shall be as set forth in Schedule-11.




Chapter-4

Provision Related to Ownership of Share

12. **Share Not to Be Held:** (1) In addition to provision set forth in subsection (1) of Section 14 of the Act, the following person or a body corporate shall not be permitted to hold shares of a commodities exchange market:

- (a) Not filling income returns for the purpose of paying taxes pursuant to the prevailing law,
- (b) Not making public of audited financial statements of three consecutive years of a company and a body corporate that required making public,
- (c) During a period of blacklisting, if blacklisted by the Credit Information Center,
- (d) Holding a position of profit in other commodities trading companies,
- (e) Holding a position of director at the boards of directors or chief executive officer in such other companies or a body corporate restricted to own shares pursuant to the prevailing law.

(2) The person or a body corporate referred to in subrule (1) shall not be allowed to own the shares of the commodities trading business, the clearing and settlement business and the warehouse.

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(3) If any person or a body corporate has owned shares against sub rule (1) and (2) in any manner, the Board shall issue an order to sell or transfer such shares to others within thirty-five days.

(4) If such shares are not sold or transferred within the period set forth in sub rule (3), the Board shall sale such shares by forfeiting them.

13. **Provision Related to Sale or Transfer of Forfeited Shares:** (1) The Board shall publish a maximum of 30-day-notice in order to sell the forfeited shares.

(2) If any person or a body corporate wishing to purchase such shares within a period set forth in sub rule (1) may submit his/her proposal with quoting a purchase price to the Board.

(3) Such shares shall be sold to the proponent quoting a highest price out of the proposals submitted pursuant to sub rule (2).

(4) The Board shall issue necessary directions regarding the transfer of ownerships or changing the names of shareholder of those shares sold pursuant to this Rule.

14. **Provision Related to Transfer Ownership of Share of Commodities Exchange Market:** (1) Promoters of a commodities exchange market shall not sell his/her shares up to three years from the date of receiving a license for its operation.

(2) If the promoters of the commodities exchange market wish to sell or transfer shares they own, an application to that effect shall be required to submit to the Board for its approval, along with service fee of one percent

7

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at the rate of face value of such shares to be sold or transferred through the commodities exchange market.

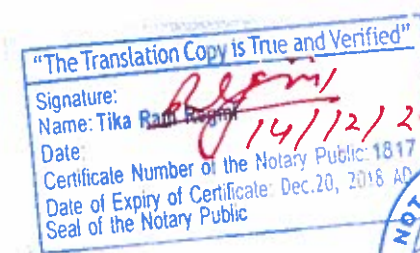
(3) The Board shall provide its approval for sale or transfer of such shares by making necessary inquiry into the application filed pursuant to subrule (2).

15. Provision Related to Strategic Partners of Commodities Exchange

Market: (1) A foreign investor wishing to make investments as a strategic partner in a company operating a commodities exchange market pursuant to subsection (2) of Section 13 of the Act may hold maximum fifty-one percent shares of that company.

(2) The foreign investor having the following qualifications may make investments as a strategic partner pursuant to subrule (1):

- (a) Having minimum of three years experience of operating a business relating to a commodities exchange market,
- (b) Having completed five years of obtaining a license to operate a commodities exchange market from the regulator of the country where it is seated and such license is remained valid to date.
- (c) Having owned a minimum net worth of **One Billion Rupees** of such company,
- (d) Having obtained permission from the regulator of the concerned country to make investments in a commodities exchange market of Nepal.



16. **Provision Related to Shares of Commodities Exchange Market:** (1) No one can own more than five percent share of a commodities exchange market in his/her name or through a company in which his /her joint family member holds shares.

(2) The Board shall issue an order to sale or transfer of the shares to others within thirty-five days, if it is known to have held them in any manner against provisions set forth in subrule (2).

(3) If such shares are not sold or transferred in the period set forth in subrule (2), such shares are forfeited and sold by the Board pursuant to Rule 13.

17. **Provision Related to Transfer of Share Ownership of Commodities Traders:** (1) If shareholders of a commodities trading business, a clearing and settlement business or a warehouse wish to sale or transfer the shares they hold can sale or transfer to a person(s) or a body corporate having qualifications and not disqualified pursuant to these Rules.

(2) The shareholders of the commodities trading business, the clearing and settlement business and the warehouse shall not sale or transfer ownership of such shares for a period of three years from the date of receiving a license.

(3) If shareholders of the commodities trading business, the clearing and settlement business and the warehouse wish to sale or transfer the shares they hold shall have to submit an application, along with service fee at the rate of 0.5 percent of the face value of such shares, for its records to the Board, stating therein that the person(s) or a body corporate desiring

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to purchase or get transferred such shares have the qualifications and not disqualified pursuant to these Rules.

(4) The particulars and documents pursuant to Schedule -12 has to be attached to the application to be filed pursuant to subrule (3), including all information of boards of directors, where the applicant is a body corporate.

(5) The Board may ask to submit further particulars or documents or make clarifications thereto following the inquiry into the application and documents received pursuant to sub rule (4), when necessary.

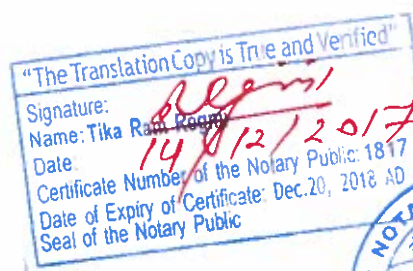
(6) If the Board is satisfied based upon the inquiry made pursuant to sub rule (5) and the particulars and documents so received, it shall record the sale and transfer of such shares, and inform the same to the applicant accordingly.

(7) The sale and transfer of the shares shall be completed within thirty-five days from the date of receiving the notice pursuant to sub rule (7).

Chapter-5

Provision Related to Boards of Directors

18. Provision Related to Boards of Directors: (1) A company to be incorporated for carrying on a clearing and settlement business and a warehouse business shall, at maximum, have seven directors in the boards of directors.



(2) At least two independent directors having fulfilled the qualifications set forth in sub rule (4) shall be appointed as director in the boards of directors pursuant to sub rule (1)

(3) The directors to be elected or nominated in the boards pursuant to sub rule (1) shall not be shareholders of a commodities exchange market, or commodities trading business, or board directors, a chief executive officer or a person holding a position of profit in any entity holding shares thereto.

(3) In appointing an independent director pursuant to sub rule (2), he/she has to have bachelors' degree in economics, finance, accounting, management, or law or chartered accountancy and five years of working experience in the respective field and not disqualified pursuant to Rule 20.

(4) The body corporate holding a license shall have to inform to the Board about the appointment of directors to the boards of directors within seven days following their appointment, including the details pursuant to Schedule -12.

19. **Appointment of Chief Executive Officer:** (1) Boards of director shall appoint a chief executive officer to function as administrative head.

(2) In appointing the chief executive officer pursuant to sub rule (1), a person having the qualifications of master degree in economics, finance, accounting, management, or law from a recognized university and five years of working experience in the respective field, and not disqualified pursuant to Rule 20 shall be appointed.

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20. **Disqualification for Board Directors and Chief Executive Officer:** Any person with the following conditions shall be considered disqualified to be a director to the boards of directors and a chief executive officer to a body corporate holding a license:
- (a) Mentally disordered person,
 - (b) Not completed five years of being insolvent,
 - (c) Having convicted of corruption, money laundering, financial investment in terrorist activities, cheating, or crime involving moral turpitude by a final judgment of a court,
 - (d) Not having completed at least three years of setting free from the blacklist enlisted in connection with the transactions made with banks and financial institutions,
 - (e) Not having paid income tax or being a director to the boards of directors or chief executive officers of a body corporate not submitted tax returns for the purpose of tax payment,
 - (f) Being a director to the boards of directors, or chief executive officer to another body corporate with conflict of interest,
 - (g) Being serving officials at any other commodities exchange market, the commodities trading business, the clearing and settlement and the warehouse,
 - (h) Not having completed a period of ten years from the date of punishing in the securities related crimes.

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21. **Meetings of Boards of Directors and Other Provision:** (1) The meetings of the boards of directors shall be held at least once in two months, and at least six times in one year.

(2) Notwithstanding anything contained in sub rule (1), a chairperson shall convene a meeting of the boards of directors at anytime, if one third members of the board directors has requested in writing.

(3) A chairperson shall be elected by the boards of directors from among the directors.

(4) In the case of a commodities exchange market, no more than one director shall be represented in the boards of directors from the same company or corporate body.

(5) If any proposal having conflict of interest of any board director is to be discussed in board meetings, such director shall not be permitted to take part in such board meetings.

22. **Continuity of Qualifications:** (1) A body corporate holding a license shall get the board directors and chief executive officer's qualifications continual throughout the period of license.

(2) The Board shall issue an order to the boards of directors to remove any board director or executive officer from the position he/she holds at anytime, if he/she does not hold required qualifications. '

(3) A board member or chief executive officer having the qualifications under these Rules shall be appointed to the respective post



within thirty days from the date of receiving the order pursuant to sub rule (2) by removing the disqualified

Chapter-6

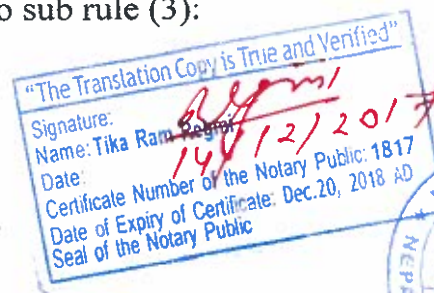
Provision Related to Trading

23. **Commodities to Be Traded:** The commodities to be traded in accordance with these Rules shall be set forth in Schedule-13.
24. **Trading of Registered Contracts and Commodities:** (1) A commodities exchange market shall get the trading (options) contracts registered at the Board before trading the commodities stated in Rule 23.

(2) Matters such as the commodities' name, quantity, standard, duration of contracts, and a base price shall, at a minimum, be included in the contracts pursuant to sub rule (1).

(3) An application, along with service fee of 0.5 percent at the rate of the base price of commodities to be traded, in the format set forth in Schedule-14 shall be submitted to the Board to get commodities (options) contracts registered.

(4) The following particulars and documents shall be attached to the application to be filed pursuant to sub rule (3):



- (a) A proof issued by a warehouse or the concerned officials regarding name, quantity and standard of the commodities,
- (b) Decision of the boards of directors regarding registration of commodities (options) contracts,
- (c) Sources of base price taken in preparation of commodities (options) contracts,
- (d) Other particulars and documents as prescribed by the Board from time to time.

(5) The Board shall register the commodities (options) contracts and provide a proof to the commodities exchange market, if it deems appropriate after making inquiry into the contracts and documents submitted pursuant to sub rule (4).

25. **A List of Commodities (Options) Contracts to Be Prepared:** A commodities exchange market shall prepare a list of commodities (options) contracts registered at the Board for trading pursuant to Rule 24, and publish a public notice containing commencing and ending dates of such contracts and the same inform to the Board.
26. **Functions to Be Performed by Commodities Traders:** (1) Commodities brokers may provide broker services regarding sale and purchase of the commodities by the name of customers as per their orders.



(2) The commodities broker(s) shall have to obtain a license from the Board to perform other functions under these Rules, except sale and purchase of commodities by the name of investors (customers):

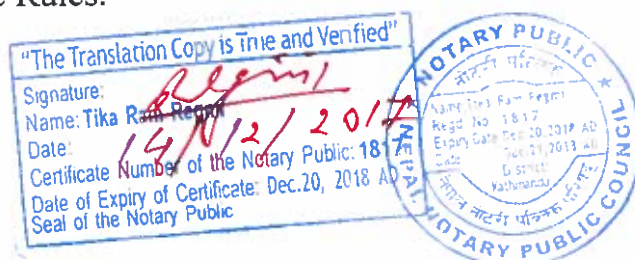
(3) The commodities dealers and market-makers shall perform the following functions:

- (a) To purchase and sale of commodities in his/her own name,
- (b) To function as a market-maker by quoting both purchase and sale prices of the commodities,
- (c) To perform other functions as prescribed by the Board from time to time.

(4) A commodities broker company shall not purchase or sale commodities for the own company itself, its boards' directors, chief executive officer, employees and members of a joint family.

(5) Notwithstanding anything contained elsewhere in these Rules, the Board may issue a license prescribing terms and conditions therein to commodities traders or market-makers to undertake the commodities brokers' business or other businesses related to commodities, or the commodities brokers to carry out functions of commodities dealers or market-makers.

(6) The commodities traders in accordance with subsection (2) of Section 19 of the Act may perform the functions as set forth in the Guidelines to be made pursuant to Section 63 of the Act, in addition to those functions set forth in the Act and these Rules.



27. **Provision Related to Operation of Warehouse:** (1) A warehouse shall prepare its operation procedures and be provided to the Board within three days following its issuance.

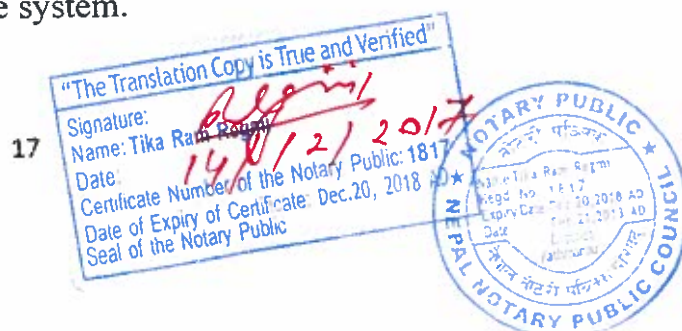
(2) The following matters shall be included in its procedures to be issued pursuant to subrule (1):

- (a) Unit, quantity and standard of the commodities declared at the time of storage, and storage time, fee for storage, and settlement point,
- (b) Measures to be applied to maintaining standards of the commodities up to the time of handing over following their storage,
- (c) Other matters prescribed by the Board from time to time.

28. **Trading Process of Commodities:** (1) Any investor wishing to carry on commodities trading shall have to provide an order for sale and purchase of the commodities to commodities brokers.

(2) The commodities brokers shall have to enter the order for sale or purchase received pursuant to sub rule (1) into an electronic trading system.

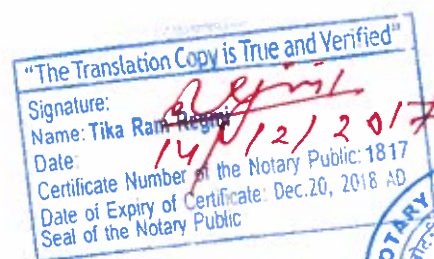
(3) Notwithstanding anything contained in sub rule (2), in the case where there is a system to enter such order by investors/customers themselves through the commodities brokers, in that case the investors can participate in the sale or purchase of commodities on its own by entering the order for sale or purchase into the system.



(4) In cases where the order for sale or purchase is given by the investor itself pursuant to subrule (3), the responsibility of clearing and settlement, *inter alia*, of the order shall be laid on the commodities brokers.

(5) The clearing and settlement as well payment of the trading to be traded in a commodities exchange market shall be as set forth in its Bye-Laws.

29. **Priority of Commodities Trading:** A commodities exchange market shall carry on trading on a priority basis based on price and time.
30. **Records of Investors' Identity to Be Kept:** Commodities brokers shall maintain full identity of individual or institutional customers pursuant to Schedules -15 and 16 respectively before carrying on trading for the investors.
31. **Agreement to Be Made with Investors:** (1) Commodities brokers shall make an agreement with investors containing the following matters therein before carrying on trading for the purpose of Section 22 of the Act:
- (a) Trading margin,
 - (b) Clearing and settlement,
 - (c) Service fee to be charged for trading,
 - (d) Dispute resolution,
 - (e) Matters prescribed by the Board from time to time.



(2) The commodities brokers shall inform to the investors about price fluctuation and potential risks to be occurred while trading the commodities before making agreement pursuant to subrule (1).

32. **Payment to Be Made via Bank:** A body corporate holding a license shall use the banking channels in making payments for settlement of commodities trading and contracts.

33. **Use of Amounts and Documents of Investors:** (1) Commodities brokers shall not use, cause to be used, the sum, things or documents obtained from investors for its own use or other investors purposes in any manner.

(2) The commodities brokers shall handover the sum, things, or documents to the concerned parties obtained in connection with the commodities trading on the same day or tomorrow.

(3) The commodities brokers shall maintain the records of each investor separately, showing clearly all details and amounts of each trading.

34. **Additional Provision for Trading to Be Prescribed:** (1) The Board may prescribe necessary terms and conditions for commodities trading to be followed by a body corporate holding a license, in addition to those set forth in this Act and these Rules

Chapter-7

Provision Relating to Service and Regulation Fees

35. **Service Fees to Be Charged:** (1) A commodities exchange market may charge from its members service fees at the rate of 0.5 percent of trading price of the commodities.



(2) The commodities traders, clearing and settlement house and warehouse may charge service fees pursuant to the Bye-Laws for the related trading.

36. **Regulation Fees to Be Given to the Board:** (1) A body corporate shall make available trimesterly to the Board the sum equivalent to two percent of service fees it collects.

(2) The sum referred to in sub rule (1) shall be made available to the Board within seven days of ending each trimester.

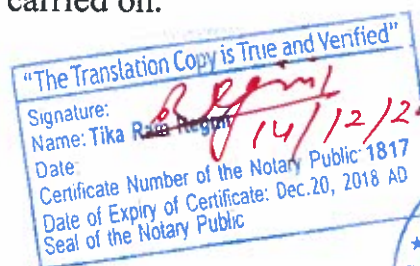
(3) A commodities exchange market shall make available to the Board the sum as equivalent to at the rate of 0.001 percent of each trading, collecting from the investors.

(4) If a body corporate holding a license has failed to make available the sum pursuant to sub rules (2) and (3), the sum, together with the interest charged thereon at the rate of ten percent, shall be to be payable to the Board.

Chapter-8

Provision Related to Records and Information

37. **Records to Be Maintained:** (1) A body corporate holding a license shall have to maintain records of its trading carried on.



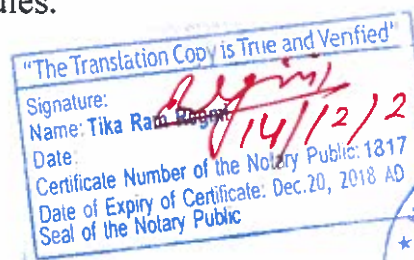
(2) A body corporate holding a license shall keep the accounts of its every transaction in a format prescribed by the prevailing law and accounting standards.

(3) A commodities exchange market shall maintain the following records properly and accurately:

- (a) Decision books of the General Meetings, the boards of directors, or any other committees, if formed,
- (b) Details related to its board directors,
- (c) Description of the commodities options contract,
- (d) Name, quantity, standard, and handover date of the commodities traded daily, including the price of the commodities (options) contract,
- (e) Particulars of commodities traders, clearing and settlement agents to be involved in the trading, and trading serial numbers.

(4) A body corporate holding a license shall maintain records in accordance with these Rules, including the records prescribed by the Board, from time to time.

(5) The Board shall conduct inspection and inquiry from time to time as to whether a body corporate has maintaining the records and accounts in accordance with these Rules.



(6) It shall be the duty of a body corporate holding a license to make available the particulars and documents to the Board for inspection and inquiry to be conducted pursuant to sub rule (5), when necessary.

38. **Particulars and Report to Be Furnished:** (1) A body corporate holding a license shall have to submit a report containing the following information, particulars, and statements within the following period:

- (a) An annual report containing audited financial statements and the functions, activities and trading carried on within the preceding fiscal year following the ending of four months of the running fiscal year,
- (b) A trimester report passed by the boards of directors following the ending of each trimester period,
- (c) Proposals submitted to the General Meetings and decisions taken therein within thirty days from the date of ending such Meetings,
- (d) The decisions of a commodities exchange market on granting membership, suspension from its membership, set free from that suspension, or membership revocation, if any, within three days from the date of such decision taken,
- (e) Decisions taken regarding commencement of trading, clearing and settlement, supervision and disciplinary action, if any, by tomorrow,

22

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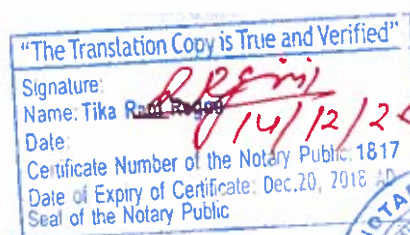


- (f) Other information, notices, and particulars prescribed from time to time by the Board within the time as prescribed by it.

(2) The Commodities Exchange Market shall submit to the Board a semi-annual compliance report of the Act, these Rules, and Directives as well as orders given by the Board and its own Bye-laws certified by an auditor.

(3) A commodities exchange market shall immediately notify the Board regarding the following matters:

- (a) If known the fact that its members have acted any works or activities against the provisions of these Rules, directives, and its By-laws,
- (b) Trading suspension, setting free from such trading suspension, cancellation of listing, if any,
- (c) If any action has been taken against the promoters, directors, or chief executive officer, or enlisted in the blacklist,
- (d) Granting and cancellation of membership of a commodities exchange market, if any,
- (e) Changes in management and organizational structures of a commodities exchange market, if any.

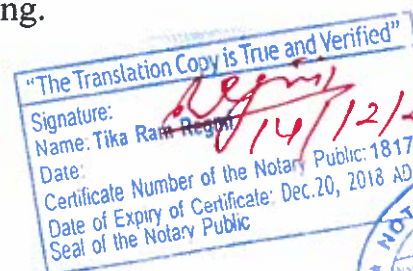


(4) A commodities trading business, a clearing and settlement house and a warehouse shall be required to provide the following information and particulars to the Board within the following period:

- (a) Within three days, in cases where a branch office or liaison office is closed down,
- (b) Information along with amendment to the memorandum and articles of association, if amendment is required to make,
- (d) Other information and particulars prescribed by the Board from time to time,

(5) A body corporate holding a license shall be required to provide immediately the following information to the Board:

- (a) Address, contact telephone number, fax number, website, email etc. of the office, if changed,
- (b) If action is taken against any promoter, director, or chief executive officer or action is being initiated,
- (c) If any promoter, or director, or chief executive officer or trader is enlisted in the blacklist of the Credit Information Center,
- (d) If decision is taken to close down operation of commodities trading.



(6) The annual report submitted to the Board and the particulars to be made public pursuant to the prevailing law shall be posted on the website of the concerned entity.

39. **Investors to Be Informed:** (1) A commodities exchange market shall make public the following notice, information, and particulars within the following period:

- (a) If trading is suspended or resumed the suspended trading, as the case may be, be posted such information on its own website on the same day or by tomorrow before commencing the trading,
- (b) If membership is granted, or suspended or set free from such suspension, or cancelled, as the case may be, be posted such information on the same day or by tomorrow before commencing the trading, and notice with regard to membership cancellation shall also be published in a national news paper within seven days of making such decision,
- (c) Description with regard to name of the commodities, price of each commodities (options) contract and quantity, commodities traders involved in the trading, serial number of trading, *inter alia*, shall be posted on its website on the same day or by tomorrow before commencing the trading,
- (d) Other notice or information, as prescribed by the Board from time to time, shall be made public,

40. **Format to Be Prescribed By the Board:** Except as otherwise provided for in the prevailing law, the format for records to be kept and report to be

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submitted in accordance with the Act and these Rules shall be as prescribed by the Board from time to time.

41. **Accounts to Be Audited:** (1) A body corporate holding a license shall get its income, expenditure, and financial transactions audited by an auditor sanctioned by the Board.

(2) The audit report to be prepared pursuant to subrule (1) shall be kept secured by a body corporate holding a license.

Chapter-9

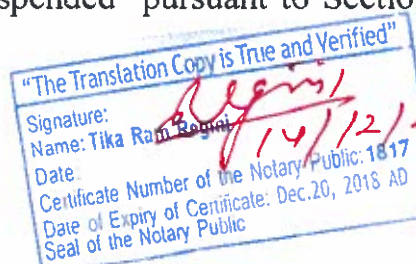
Procedures Related to Legal Action and Punishment

42. **Trading to Be Prevented:** (1) The Board may prevent a body corporate holding a license from carrying on trading of any or all commodities on the following grounds:

- (a) If the Act, these Rules, the directives or directions given by the Board are violated,
- (b) If it deems necessary for the protection of investors' interests,
- (c) If it deems necessary for maintaining fairness of a business.

(2) The Board may prevent from carrying on trading for an appropriate period of time, when necessary.

43. **Procedure Related to Suspension of License:** (1) Where a License of a corporate entity is required to be suspended pursuant to Section 34 of the



Act, the Board shall provide a maximum of fifteen -day-notice in writing to such entity to submit its clarifications with reasons that suspension is not required, if any.

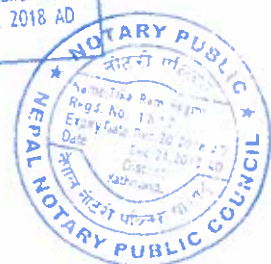
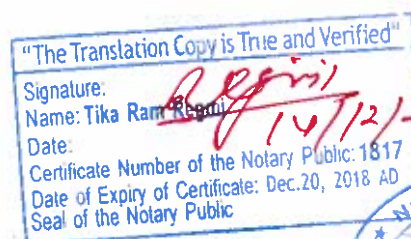
(2) Notwithstanding anything contained in the sub rule (1), the Board may suspend the license for a maximum period of six months at once if it is satisfied that the following conditions are prevalent:

- (a) If a commodities exchange market may be seriously impacted allowing to go for trading continuously without its suspension immediately,
- (b) If the interests of investors may be harmed or losses may be occurred being allowed to go for trading without its suspension immediately.

(3) The Board may suspend the license of a body corporate holding a license for a maximum period of one year, if clarification is not furnished by that entity in the given time, or appeared not satisfactory to the Board.

(4) The Board may, in suspending the license pursuant to sub rule (2), prescribe necessary terms to be fulfilled by the corporate body during the suspended period.

(5) The Board shall conduct necessary inquiry, if notified that the terms prescribed in suspending the license pursuant to subrule (3) are fulfilled.



(6) The Board may set free from such suspension at any time, if the terms are found fulfilled during the inquiry conducted pursuant to subrule (5).

(7) The Board may provide further three months time to fulfill the terms prescribed pursuant to sub rule (3), if demanded by that corporate body.

(8) If the license is suspended or set free from suspension by the Board pursuant to this Rule, a notice to that effect shall be published by giving the same to the concerned entity immediately.

44. **Procedure to Revoke License:** (1) Where License of a body corporate is required to be revoked pursuant to subsection (2) of Section 35 of the Act; the Board shall provide a maximum of fifteen -day-notice in writing to that body corporate to submit its clarifications with reasons that revocation is not required.

(2) The Board may revoke the license of the corporate entity, if clarification is not furnished in the given time, or appeared not satisfactory to the Board

(3) Notwithstanding anything contained in sub rule (2), if further time is demanded by the body corporate with commitment to rectify the causes for that the license was revoked, the Board may provide an appropriate time to do so, when necessary.

(4) The Board shall revoke the license of the corporate body, if failing to rectify the causes within the given time pursuant to subrule (3).

28

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(5) A notice to revocation of the license shall be given to the concerned corporate body immediately, and also published in one national level daily news paper, if the license is revoked by the Board in accordance with this Rule.

45. **Impact of Suspension and Revocation:** (1) Any corporate body, whose license set suspended, shall not be permitted to carry on commodities trading throughout the suspension period of license.

Provided, however, that if trading of a certain category of commodities has only been suspended, in such situation no restriction shall be imposed to carry on trading of other commodities by the corporate body, except the suspended ones.

(2) The position of the corporate body shall be deemed to have remained in status quo during the suspension period.

(3) In cases where the license has been revoked, the corporate body shall not be permitted to carry on trading.

Provided, however, that the corporate body, whose license got suspended or revoked, shall not be immune from the liabilities created prior to suspension or revocation, as the case may be.

46. **Procedure Related to Fines:** (1) The Board shall implore a body corporate holding a license to submit its statement of defense within a maximum period of fifteen days, stating therein reasons and basis of not requiring to impose fine, if any, prior to issuing an order to impose the fine.



(2) The Board shall impose fine to that corporate body pursuant to the Act; if clarifications have not been submitted in the given time or the clarifications so furnished did not appear satisfactory.

(3) If the Board so decides to impose fine, a notice in this regard shall be given to the concerned body corporate immediately.

(4) The fines amount(s) to be obtained to the Board shall be deposited into the Board's Fund.

47. **Records of Action to Be Maintained:** (1) If any action is taken against a body corporate holding a license, records of that body corporate, its board directors, and the chief executive officer shall be kept with update.

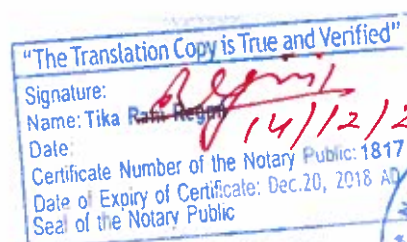
Chapter-10

Miscellaneous

48. **Related to Automated Electronic Trading System:** (1) In order to carry on trading, a commodities exchange market shall have to arrange an automated electronic trading system, ensuring business continuity without interruption.

(2) A commodities exchange market shall apply necessary security measures that all types of information and data of investors and trading shall not be misused or unauthorized access established.

(3) The security features of the automated electronic trading system to be installed by the commodities exchange market shall be as per the international standards.



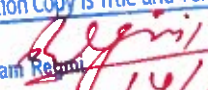
(4) A disaster recovery system shall have to be managed, in case of failure of the automated electronic trading system installed by the Commodities Exchange Market.

49. **Investors Protection Fund**: The following sum shall be deposited into the fund to be established pursuant to Section 17 of the Act:

- (a) The sum equivalent to three percent of profits earned annually by a commodities exchange market,
- (b) The sum to be made available by the Government of Nepal and the Board from time to time,
- (c) The sum equivalent to one percent of profits earned annually by the members of the Commodities Exchange Market,
- (d) The sum to be made available from other sources.

(2) The sum so deposited into the Fund shall be utilized to compensate investors that they may sustain harms resulting from the following systemic risks:

- (a) If trading system of a body corporate holding a license has broken down,
- (b) If a body corporate holding a license has become insolvent,
- (c) If a body corporate holding a license has liquidated,

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(d) If other conditions determined as systemic risks by the Board from time to time have occurred,

(3) Notwithstanding anything contained in subrule (2), the profits to be earned from the sum so received pursuant to sub rule (1) shall be used for organizing investor's awareness programs, markets development and expansion, and other fields as determined by the Board from time to time.

(4) Other provisions related to operation of the Investors Protection Fund shall be as provided for in the By-laws of a commodities exchange market.

50. **Settlement Guarantee Fund:** (1) A commodities exchange market shall have to establish a Settlement Guarantee Fund to guarantee settlement of the trading to be traded therein.

(2) The operation and management as well as amounts to be deposited into the Fund shall be as prescribed for in the By-laws of the commodities exchange market.

51. **Matters to Be Mentioned in Agreement:** (1) At least the following matters, among others, shall be mentioned in an agreement to be enter into between a commodities exchange market and a clearing and settlement business in appointing a clearing and settlement agent pursuant to Section 25 of the Act:

- (a) Regarding clearing and settlement as provided for in the By-laws,
- (b) Acts to be carried out for the protection of investors,
- (c) Fees related to clearing and settlement,

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(d) Terms not changing the agreement without consent of the Board,

(e) Other matters to be mentioned in the agreement as prescribed by the Board from time to time,

(2) The following matters among others shall be mentioned in the agreement to be entered into between the commodities exchange market and the warehouse pursuant to Section 27 of the Act:

(a) Regarding storage capacity of the warehouse,

(b) Regarding quality of commodities,

(c) Regarding fees of warehouse,

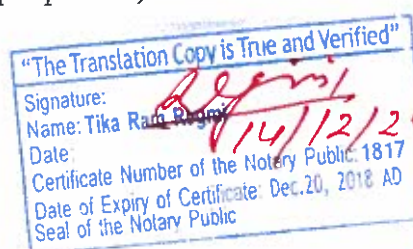
(d) Regarding the terms not changing the agreement without consent of the Board,

(e) Other matters to be mentioned in the agreement as prescribed by the Board from time to time.

52. **Branch Office to Be Opened:** A body corporate holding a license may open its branch offices in any part of Nepal with the approval of the Board.

53. **Amendment in Memorandum and Articles of Association:** (1) A body corporate holding a license shall have to obtain prior approval from the Board to amend its By-laws, memorandum and articles of association.

(2) A body corporate holding a license shall have to submit an application, along with amendment proposals, to the Board to obtain prior approval.



(3) The Board may give permission to amend those documents after examining the necessity and rationale on the basis of the application filed pursuant to subrule (2).

54. **Related to Dispute Resolution:** If any dispute arises between the parties to the commodities (options) contract, it shall be settled by mutual consultations between the parties or by arbitration as provided for in the By-laws of a commodities exchange markets.

55. **Matters to Be Included in the Bye-Laws:** Matters as referred to in Schedule-17 shall be included in the By-Laws to be framed by a body corporate holding a license pursuant to sub section (2) of Section 62 of the Act.

56. **Order to Be Given:** (1) The Board may, from time to time, give necessary orders to a commodities exchange market, commodities traders, and a clearing and settlement house for regulation of commodities markets and protection of the investors in accordance with the Act, these Rules and Directives.

(2) A commodities exchange market may, from time to time, give orders to its members and clearing and settlement business.

(3) It shall be the duty of the concerned commodities exchange market, the commodities traders, and the clearing and settlement agents to comply with the orders issued pursuant to sub rules (1) and (2).

57. **Powers to Make Changes in Schedule:** (1) The Board may make necessary changes or addition or deletion in the Schedules, when necessary.

34

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Schedule-1

(Related to sub rule (1) of Rule 3)

Format of Application to Be Given for Prior Approval

Date:

.....

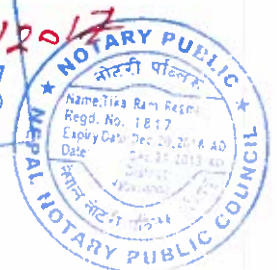
The Securities Board of Nepal

Sub: Regarding Prior-Approval

This application, along with application fee as well as necessary particulars and documents, is hereby submitted for obtaining prior-approval

35

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Name: Tika Ram Regmi
Date: 14/12/2017
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of incorporating a company with the following name in order to operate a commodities exchange market in accordance with the Commodities Exchange Market Act, 2074 (2017) and the Commodities Exchange Rules, 2074 (2017).

We hereby declare that the qualifications and provisions set forth for operation of the commodities exchange market have been fulfilled. Further, the particulars and documents attached to the application are true and correct and no any particulars are knowingly hide or exaggerated. We are therefore ready to bear the consequences in accordance with the law, if it is proved to have hid or wrongly presented any facts whatsoever.

Prospective Company's:

Name:

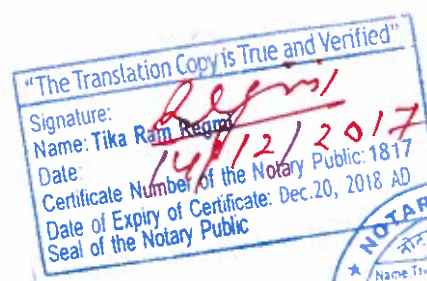
Address:

Directors'

Name & surname

signature

- 1.
- 2.
- 3.



Schedule-2

(Related to sub rule (2) of Rule3)

Particulars & Documents to be attached to Application to be Filed for Prior Approval

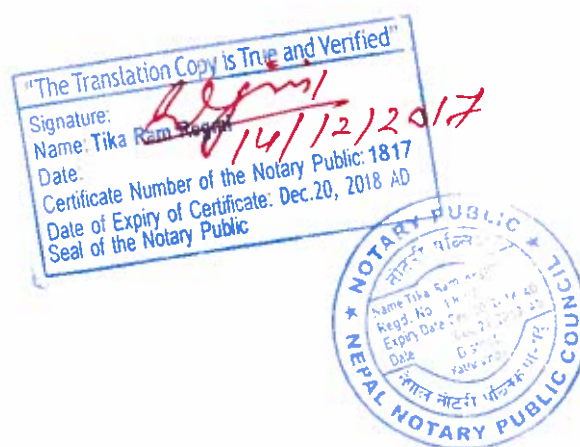
- a) Memorandum and Articles of Association,
- b) Feasibility Study Report and Business Plan, including projected financial statements of impending three fiscal years,
- c) A copy of agreement entered into between promoters to incorporate a commodities company, if any,
- d) Number of shares to be pledged by promoters, and self-declaration about sources of income,

37

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- e) Information regarding share holding or connection of the promoters in other companies , if any,
- f) Description regarding security of electronic trading system to be installed by the commodities exchange markets,
- g) A copy of the Act, and the Rules or bye-laws made there under, if established by a special act,
- h) A copy of decision taken by boards of directors of a corporate body regarding the purchase of shares of a company wishing to operate a commodities exchange market,
- i) Name, full address, contact telephone number, status of share holding of prospective shareholders, and narrative of three generations, if shareholder is a natural person,
- j) A declaration that promoters are not disqualified to hold shares of a commodities exchange market pursuant to the Act, and these Rules.



Schedule-3

(Related to sub-rule (1) of rule 3)

Format of Application to Be Filed for License

Date:.....

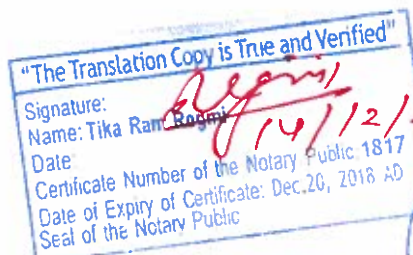
The Securities Board of Nepal

.....

Sub: Regarding License

This application, along with application fee as well as necessary particulars and documents, is hereby submitted for obtaining license in order to operate a commodities exchange market/commodities trading business/clearing and settlement business/warehouse in accordance with the Commodities Exchange Market Act, 2074 (2017) and the Commodities Exchange Rules, 2074 (2017).

39



We hereby declare that the qualifications and provisions prescribed for operation of the said business have been fulfilled. Particulars and documents attached to the application are true and correct, and no any particulars are knowingly concealed or exaggerated. We are ready to bear the consequences as per the law, if it is proved to have concealed or wrongly presented any facts whatsoever.

Seal of company:

Applicant's:

Name:

Address:

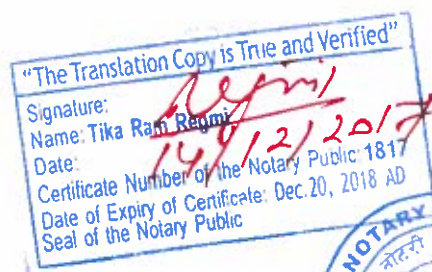
Head of company's

Name and surname:

Signature:

Date:

Seal of Company:



Schedule-4

(Related to sub rule (1) of Rule 6 and sub rule (1) of Rule 8)

Fees

S.N	Business's Name	Application Fee	License Fee	Renewal Fee
1	Commodities Exchange Market	Rs.25,000/	Rs. 25,00,000/	Rs.7,50,000/
2	Clearing & Settlement	Rs.20,000/	Rs.4,00,000/	Rs.1,20,000/
3	Warehouse	Rs. 20,000/	Rs.5,00,000/	Rs.1,50,000/
4	Market-maker	Rs. 20,000/	Rs.4,00,000/	Rs.1,20,000/
5	Investment Portfolio	Rs. 15,000/	Rs.3,00,000/	Rs.90,000/
6	Investment Consultant	Rs. 15,000/	Rs.3,00,000/	Rs.90,000/

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7	Custodian	Rs.15,000/	Rs.3,00,000/	Rs.90,000/
8	Commodities Broker	Rs.15,000/	Rs.3,00,000/	Rs.90,000/
9	Commodities Trading Dealer	Rs. 15,000/	Rs. 3,00,000/	Rs.90,000/

Schedule-5

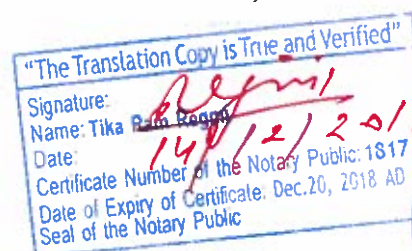
Related to sub-rule (2) of Rule 6

Details about Company

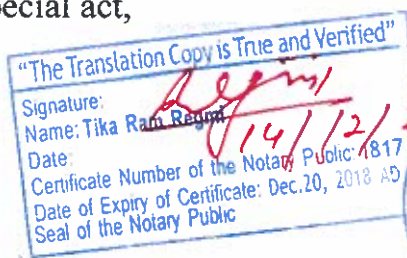
1. Related to a Commodities Exchange Markets:

- Letter of prior approval,
- A copy of registration certification of a body corporate,
- Copies of Memorandum and Articles of Association,
- Copies of the act, rules and by-laws, in cases where a body corporate is established by a special act,
- A self-declaration that the company or a body corporate is not enlisted in the black list of the Credit Information Center,

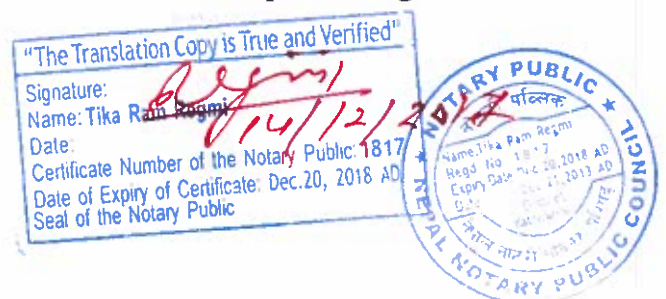
42



- f) Legal action taken or is being initiated against the company, or a body corporate or its board directors, or chief executive officers, if any,
 - g) Tax Registration Certificate,
 - h) Details about qualifications and experience of directors and their self-declaration holding qualifications pursuant to the Act and these Rules, and not disqualified by the law,
 - i) A brief description about provisions to be applied on granting membership, operation of a commodities trading, a clearing and settlement house,
 - j) Provision regarding record keeping of commodities trading and protection of the same,
 - k) Provisions regarding the automated trading and clearing and settlement system, office equipment and technology to be used for operation of a commodities trading,
 - l) Description regarding a maximum number of commodities brokers and commodities dealers to which membership may be provided,
2. Related to commodities traders, a clearing and settlement business and a warehouse:
- a) A copy of registration certificate,
 - b) Copies of Memorandum and Articles of Association,
 - c) Copies of the act, rules and by-laws, in the case where a body corporate is established by a special act,



- d) A report of feasibility study,
- e) A three-year-business plan incorporating the impending three years' projected financial statements,
- f) A copy of the decision of the boards of directors on obtaining a license,
- g) Name, full address, telephone number of a person holding ownership of shares, and details of share holding,
- h) Details regarding share holding or to be held by promoters, and payment of the shares, and a self-declaration about sources of investment,
- i) Details regarding the organization and working methods to be prepared for operation of a commodities business,
- j) Details regarding office location and area, communications equipment, human resources, record keeping of commodities trading and their protection to be managed for operation of the commodities trading,
- k) Details regarding any infrastructure prepared ready for operation of commodities trading, if any,
- l) Details regarding share holding of any company or a body corporate, if any,
- m) A copy of agreement entered into between shareholders, if any,
- n) Tax registration certificate in accordance with the prevailing law,



- o) Proof certifying paid-up capital,
- p) Details about the qualifications and experience of directors, and their self-declaration about having qualifications pursuant to the Act and these Rules, and not disqualified by the law,
- q) A self-declaration about not enlisted in the black list of the Credit Information Center.
- r)

Schedule-6

(Relating to subrule (1) of Rule 7)

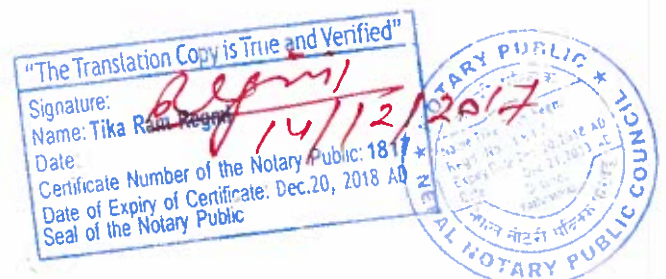
The securities Board of Nepal

....., Nepal.

License

This certificate is hereby granted to
 having its main office in
 to operate
business in accordance with the Commodities
 Exchange Act, 2074(2017) and the Commodities Exchange Rules,
 2074(2017). This certificate shall remain valid up
 to....., except its renewal.

45



Officer's

Signature:

Name:

Designation:

Date:

Schedule-7

(Relating to sub rule (1) of Rule 8)

Application for Renewal of License

The Securities Board of Nepal,

.....

Ref: Regarding Renewal of License

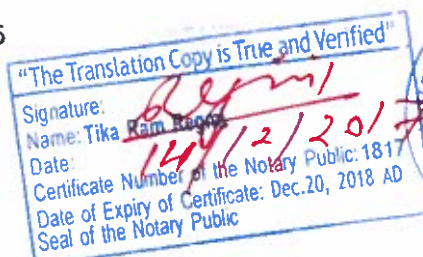
The application, along with renewal fee and necessary documents and particulars, is submitted for renewal of license operating a commodities exchange market/commodities trading business...../clearing and settlement business/ warehouse in accordance with the Commodities Exchange Act, 2074(2017) and the Commodities Exchange Rules, 2074(2017).

Seal of the applicant's company

Of the applicant company:-

Name:

Address:



Of the head of the applicant company,-

Name:

Signature:

Designation:

Schedule-8

(Relating to sub-rule (2) of Rule 8)

Application for renewal of License

The Securities Board of Nepal,

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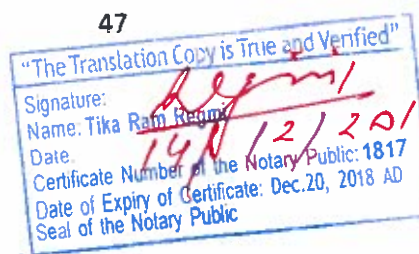
Ref: Regarding Renewal of License

whereas, the License was to get renewed but being deferred to do so, that this application, along with twofold renewal fee, necessary documents and particulars, is submitted for renewal of license operating a commodities exchange market/commodities trading business...../clearing and settlement business/ warehouse in accordance with the Commodities Exchange Act, 2074(2017) and the Commodities Exchange Rules, 2074(2017).

Seal of the applicant's company

Of the applicant company:-

47



Name:

Address:

Of the head of the applicant company,-

Name:

Signature:

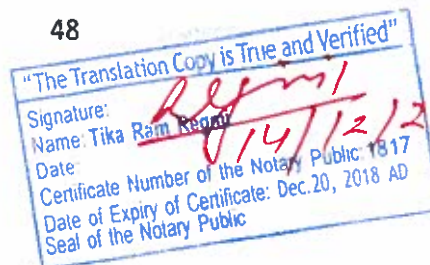
Designation:

Schedule-9

(Related to clause (b) of Rule 9)

1. Infrastructure required to operate a commodities exchange market:

- a) Having space (area) of two thousand square foot for the office,
- b) Having managed employees with required numbers and qualifications,
- c) Having installed an automated trading and clearing system, office equipment, and technology at a trading place made ready for operation of commodities trading,
- d) Having made sufficient provisions for necessary security for the trading system of a commodities exchange market, relevant technology, and data,
- e) Having arranged provisions for record keeping of commodities trading and protection of such records,



f) Having managed telephone, computers, printers, fax, chairs, table including physical logistics,

g) Having established an office accessible to the general public.

2. Infrastructure to be arranged by commodities traders:

a) Having arranged space (area) of six hundred square foot for an office,

b) Having managed telephone, computers, printers, fax, chairs, table including physical logistics,

c) Having managed the employees with required numbers and qualifications,

d) Having managed organizational structure and work division,

e) Having established the office accessible to the general public.

3. Infrastructure to be arranged by the clearing and settlement traders:

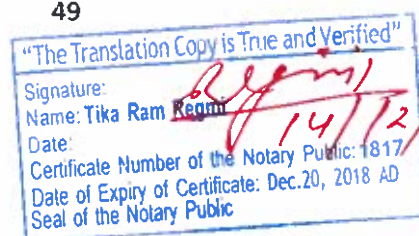
a) Having arranged space (area) of one thousand square foot for the office,

b) Having managed telephone, computers, printers, fax, chairs, table including physical logistics,

c) Having managed employees with required numbers and qualifications,

d) Having managed organizational structure and work division,

e) Having established an office accessible to the general public.



4. Infrastructure to be arranged by a warehouse:

- a) Having arranged sufficient space (area) for the operation of business,
- b) Having managed telephone, computers, printers, fax, chairs, table including physical logistics,
- c) Having managed the employees with required numbers and qualifications,
- d) Having managed organizational structure and work division,
- e) Having established an office accessible to the general public,
- f) Having managed a warehouse to store commodities,
- g) Having set a warehouse suitable to store commodities to be safe and sound from environmental point of view.



Schedule-10

(Related to clause (c) of Rule 9)

Description Related to Human Resources

S.N.	Full Name	Address	Appointment Date	Position	Job Responsibility	Educational Qualifications

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Schedule-11

(Related to Rule 11)

Minimum Paid-up Capital

S.N.	Business	Minimum Paid-up Capital
1	Warehouse	Rs. 150,000,000/
2	Clearing and settlement	Rs. 700,000,000/
3	Market-maker	Rs. 200,000,000/
4	Investment Portfolio	Rs. 500,000,000/
5	Investment consultant	Rs. 100,000,000/
6	Custodian	Rs. 500,000,000/
7	Commodities trading dealer	Rs 100,000,000/
8	Commodities broker	Rs. 5,000,000/

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Schedule-12

(Related to sub-rule (4) of Rule 17, sub-rule (5) of Rule 18, sub-rule (3) of Rule 19)

Description related to person/ directors/chief executive officer

photo

1. Name:

2. Permanent address

.....state,
.....District.....Municipality/Village,
.....Tole,.....Ward No.....Block No.
.....Phone No.....

Fax No.....

Email.....
.....

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3. Current Address:.....state,
.....district.....Municipality/Village,.....
.....Tole
.....Ward No.....Block No:....., Phone
No:.....
Fax No.....Email.....
4. Father/mother's name:
5. Grandfather/grandmother's name:
6. Spouse's name:
7. Educational qualifications:
8. Professional experience:
9. Training:
10. Details of taking up a position of profit in other company or a body corporate, if any:
11. Details about relationships with other board directors or chief executive officer of a commodities exchange market, if any:
12. Details about relationships with other board directors or chief executive officer of a commodities trading business, if any:
13. Details about any legal action taken or being initiated against oneself or any company or a body corporate involving therein, if any:

54

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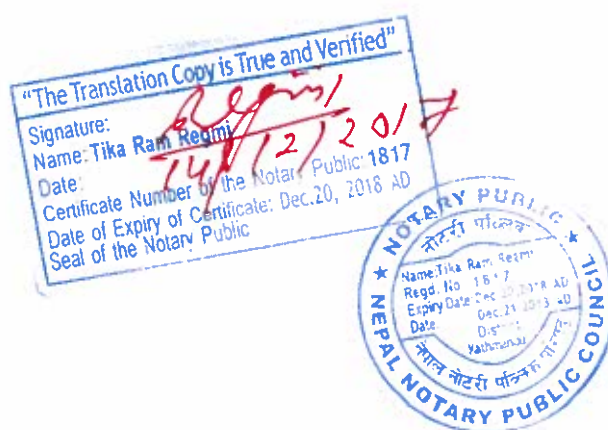


14. A self-declaration about having fulfilled required qualifications to be board director/chief executive officer of a commodities exchange market, and not disqualified there for.

Signature

Documents to be attached:

1. proof of tax payment of preceding fiscal year,
2. Copies of documents certifying the qualifications, experience, and involvement in other organization, if any:

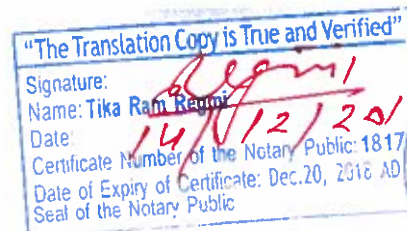


Schedule-13

(Related to Rule 23)

Commodities to be traded

- a) Agricultural produces: Cotton, Cardamom, Cumin Seeds, Chili, Black Pepper, Cashew nuts, Areca nuts, Food grains, Red gram, Corn (*Maize*), Wheat, Rice, Potato, Fenugreek(*Methi*) , Mustard Seed, Soybean, Flax Seed (*Aalash*), Buck Wheat, Sugarcane, Tobacco, Jute, Ginger, Turmeric, Fruits, and Juice made there from.
- b) Metals: Aluminum, Copper, lead, Nickel, Tin, Cobalt, Steel, Zinc.
- c) Precious: Gold, Silver, Platinum.
- d) Natural & Mineral Oil: Crude oil, petroleum products, natural gas, heating oil.
- e) Oil: Coconut Oil, Palm Oil, Mustard Oil, Soybeans Oil, Sun Flower Oil, Rapeseed Oil,



- f) Others: Sugar, Jaggery (Gud), Tea, Coffee, Eggs, Herbs/ Aromatic Plants ,

Schedule-14

(Related sub-rule (3) of Rule 24)

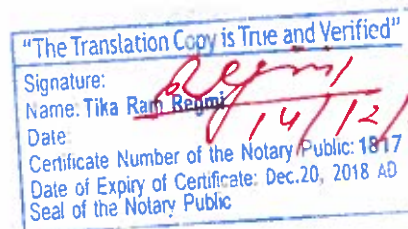
Format of Application for Registration of Commodities Options Contracts

The Securities of Board of Nepal,

.....

Ref: Regarding Registration of Commodities (Options) Contract

This application, along with contract registration fee and the following particulars, is hereby submitted to get registered commodities (options) contracts to be executed by the name of (Commodities



exchange market) to carry on commodities trading in accordance with the Commodities Exchange Markets Act, 2074 (2017) and the Commodities Exchange Rules, 2074(2017).

Seal of the company:

Of the Applicant Company:

Name:

Address:

Of the Head of Applicant Company:

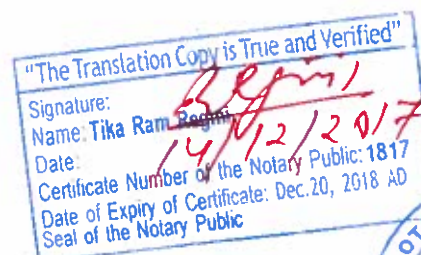
Name:

Signature:

Designation:

Documents to be attached:

1. Decision of the Boards of Directors taken to register contracts,
2. Price and quantity of the commodities contained in the contracts,
3. Previously registered contracts for the commodities contained in the contracts, if any:
4. Certified copies of contracts.

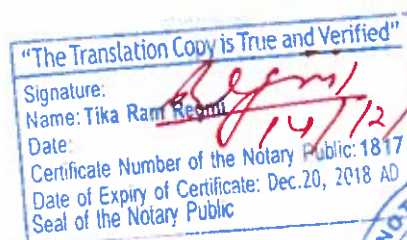


Schedule-15

(Related to Rule 30)

Details of Investors (individual)

1. Full Name and Surname:
2. Spouse's name, including three generation's details:
3. Permanent address (necessary documents certifying address to be included: a copy of citizenship certificate, a copy of passport, receipt of paying bills of water or electricity, map prepared by an employee visiting on the spot, if necessary, a copy of the voter's electoral rolls, or a copy of land registration certification)
4. Temporary address:
5. Date of birth:
6. Telephone number, if any:



7. Number of citizenship certificate or passport (number and details)

(Citizenship certificate number is a must for Nepali citizenship)

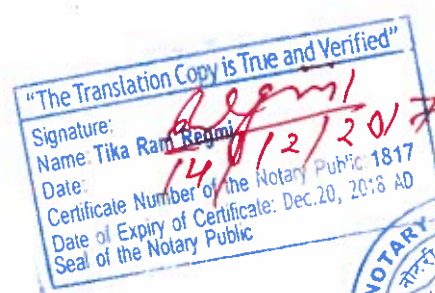
8. A copy of identity card, if worked in the service of the Government of Nepal or a body corporate:

9. Recently taken passport sized photograph

10. Permanent Account Number, if any:

11. Correspondent bank and account number:

12. Other necessary documents (as may be prescribed by a company)



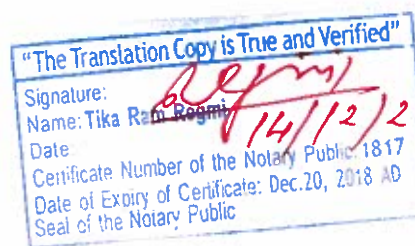
Schedule-16

(Related to Rule 30)

Details of Investors' Identity (Organization)

1. Companies' name:
2. Place to be seated head office:
3. Full address(telephone number/fax);
4. A copy of certificate of incorporation and formation, and copies of memorandum and articles of association containing objectives of a company:
5. Name, address, telephone number, including three generation's narrative of the boards of directors
6. Photograph of members of the boards of directors, except listed companies:

61



7. Power of attorney given by the boards of directors to a chief executive officer and other officers regarding trading,
8. Permanent Account Number,
9. Other necessary documents (as prescribed by the company itself)

Schedule-17

(Related to Rule 55)

Matters to Be Incorporated into Bye-Laws

1. A Commodities Exchange Market shall have to include the following matters in its By-Laws with regard to commodities (options) contracts, and trading as well as listing of commodities:
 - a) Provision related to listing of commodities contracts, and suspension, revocation and re-enlisting of such contracts,
 - b) Provision related to classification of commodities , if made,
 - c) Provision related to records keeping of commodities contracts,
 - d) Provision related to establishment and operation of the Investor Protection Fund,



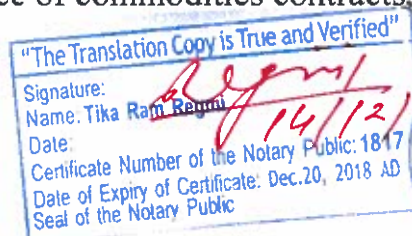
- e) Provision related to resolution of disputes between parties to trading,
 - f) Other matters as prescribed by the Board from time to time,
2. A Commodities Exchange Market shall have to include the following matters in its By-laws related to membership:
- a) Provision regarding types of membership, and functions, duties and powers of members,
 - b) Provision related to granting membership, its suspension and revocation,
 - c) Fees related to membership, and its renewal,
 - d) Provision related to monitoring and inspection of members,
 - e) Provision & procedures related to legal action to be taken against members of the commodities traders, if violated the Commodities Exchange Market Act, 2074 (2017), the Commodities Exchange Rules, 2074(2017), Directives and By-Laws,
 - f) Provision related to details about buyer and seller of commodities to be maintained by members,
 - g) Provision related to grievances handling and resolution disputes to be arisen regarding commodities trading,
 - h) Other matters as prescribed by the Board from time to time.

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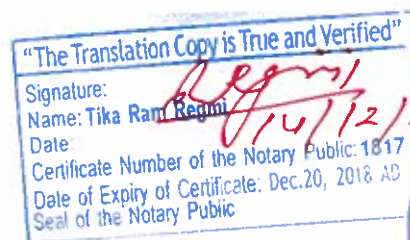


3. The Commodities Exchange Market shall have to include the following matters in its By-laws related to commodities trading:

- a) Provision related to operation of trading, including identity of purchaser and seller of the commodities in the commodities exchange market including orders to be given for trading,
- b) Provision related to records of purchasers, sellers and trading of commodities, and systematic and secured record keeping thereto,
- c) Provision related to orders given by purchaser or seller and making of commodities contracts, their continuity and transfer, and other matters,
- d) Provision regarding determining minimum/maximum price and cut-of-point of trading in any day or period for carrying on trading of any commodity,
- e) Provision related to service fees to be charged and trading margin to be kept by traders,
- f) Provision related to applying measures to reduce speculations in commodities trading contracts,
- g) Provision related to monitoring of commodities trading,
- h) Provision about applying circuit breaker in trading of commodities,
- i) Provision related to regular dissemination of information of commodities exchange market and its trading,
- j) Provision related to compliance of commodities contracts.



- k) Provision related to trading of contracts for different commodities, if any,
 - l) Provision related to receipt, information and notice required to be provided to its members about commodities trading,
 - m) Provision related to performance security to be provided before commencing trading by its members,
 - n) Provision related to reference price to be taken for determining contract price of commodities,
 - o) Other matters as prescribed by the Board from time to time.
4. A Clearing and Settlement Business shall have to include the following matters in its By-laws:
- a) Provision related to clearing and settlement of commodities trading contracts,
 - b) Provision related to determining a minimum/maximum price and cut-of-point of trading in any day or period of any commodity,
 - c) Provision related to grievance handling and resolution of disputes to be arisen with regard to commodities trading,
 - d) Provision related to regular dissemination of information about its trading,
 - e) Provision related to compliance of contracts, and legal action to be taken against commodities traders, and clearing and settlement agents,



- f) Provision related to agreement to be enter into with clearing and settlement agents as well as service fees,
 - g) Provision related to the Settlement Guarantee Fund,
 - h) Other matters as prescribed by the Board from time to time.
5. Commodities traders and a warehouse shall have to include those matters in their By-laws as prescribed by the Board from time to time.

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