

**RULES**

**OF**

**GLOBAL BOARD OF TRADE**

**(Currency Derivatives Market Segment)**



<b>Contents</b>	<b>Page</b>
<b>DEFINITIONS AND INTERPRETATION .....</b>	<b>1</b>
1.2 Interpretation .....	7
<b>GENERAL RULES .....</b>	<b>8</b>
2.1 Application of Rules .....	8
2.2 Additional powers.....	8
2.3 Powers to amend and waive Rules .....	8
2.4 Power to issue Notices and Circulars.....	8
2.5 Board's power to delegate and the management of GBOT .....	9
2.6 Jurisdiction and governing law .....	11
2.7 Records for evidence .....	12
2.8 Governing language .....	12
2.9 Limitation of liability .....	12
2.10 Immunity and Protection for acts done in good faith .....	14
2.11 Indemnity.....	14
2.13 Confidentiality.....	15
2.14 GBOT voice recording.....	15
2.15 Data Protection .....	16
2.16 Severability.....	16
2.18 No waiver .....	17
<b>MEMBERSHIP RULES .....</b>	<b>18</b>
3.1 General .....	18
3.3 Controlling shareholding norms for Members.....	19
3.4 General and prudential requirements.....	19
3.5 Additional requirements for Clearing Members .....	21
3.6 Categories of membership .....	21
3.7 Admission process .....	23
3.8 Initial deposit/base capital .....	25
3.9 Admission under misrepresentation .....	26

3.10	Compliance with the laws of Mauritius, Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices .....	26
3.11	Fees, deposits and other payments .....	26
3.13	Notification obligation to GBOT .....	29
3.15	Records, annual accounts and audit .....	31
3.16	Conduct of Members .....	32
3.17	Additional conduct of business requirements for Members in relation to clients .	34
	3.17.1 Records and statements .....	34
	3.17.2 Use of GBOT Systems.....	37
	3.17.3 Member's ongoing contact.....	37
3.18	Compliance Officer.....	38
3.19	Client monies .....	38
3.20	Client Margins .....	39
3.21	Resignation, suspension and termination of membership .....	40
	3.21.1 Resignation .....	40
	3.21.2 Suspension .....	40
	3.21.3 Termination .....	41
	3.21.4 Consequences of resignation, suspension or termination.....	42
	<b>TRADING RULES .....</b>	<b>44</b>
4.1	Scope of this Chapter.....	44
4.2	Contracts admitted to trading on GBOT .....	44
4.3	Futures Contracts.....	45
4.5	Trading on GBOT .....	48
	<b>CLEARING AND SETTLEMENT RULES .....</b>	<b>56</b>
5.1	GBOT .....	56
5.2	Clearing Members.....	56
5.3	Substitution (Novation).....	57
5.4	Clearing Members act as principal .....	58
5.5	Transfer of Contracts .....	59
5.6	Open Positions.....	59

5.7	Rules forming part of Currency Derivatives Contracts .....	60
5.8	Margins .....	60
5.9	Position limits .....	64
5.10	Daily Settlement Price .....	65
5.11	Daily Settlement .....	66
5.12	Final Settlement Price .....	67
5.13	Clearing and settlement reports .....	67
5.14	Set-off .....	68
5.15	Settlement of Options Contract .....	69
5.16	Closing-Out .....	73
5.17	Clearing Bank.....	74
	Appointment of Clearing Banks.....	74
	Members to maintain accounts with the Clearing Bank.....	74
	Accounts to be maintained by Clearing Members .....	75
	Clearing Bank to inform GBOT of Default .....	75
	Purpose and Operation of the Accounts to be maintained with the Clearing Bank .....	75
	Clearing accounts of GBOT in the Clearing Bank .....	76
5.18	Accounts and segregation Rules.....	76
	<b>DELIVERY RULES.....</b>	<b>78</b>
6.1	General .....	78
6.2	Delivery process.....	78
6.3	Liability of GBOT .....	79
6.4	Delivery in full discharge of obligations .....	80
6.5	Clearing Members' Delivery obligations .....	80
6.6	Failure to deliver.....	80
6.7	Reports.....	81
	<b>SETTLEMENT GUARANTEE FUND .....</b>	<b>83</b>
7.1	General .....	83
7.2	Administration and Utilisation of Settlement Guarantee Fund.....	84
7.3	Obligation to Bring in Additional Contribution or Deposit.....	84

7.4	Repayment to the Clearing Member .....	85
7.5	Liability of GBOT .....	85
	<b>ENFORCEMENT POWERS .....</b>	<b>87</b>
8.1	Complaints .....	87
8.2	Investigations .....	87
8.3	Co-operation with others .....	88
	<b>DISCIPLINARY AND APPEALS RULES.....</b>	<b>89</b>
9.1	Application of Disciplinary Rules .....	89
9.2	Disciplinary actions .....	89
9.3	Panel.....	89
9.4	Disciplinary Committee .....	90
9.5	Conflict of interest .....	90
9.6	Powers of the Disciplinary Committee.....	90
9.7	Disciplinary Procedure .....	91
9.8	Right to counsel .....	92
9.9	Payment of expenses and costs .....	92
9.10	Payment of fines .....	92
9.11	Right to appeal.....	92
9.12	Categories of breaches/violations .....	93
9.13	Appeals Rules .....	95
9.14	Appeals Committee.....	96
9.15	Conflict of interest .....	96
9.16	Appeals procedure .....	97
9.17	Right to representation.....	97
9.18	Payment of expenses and costs .....	97
9.19	Payment of fines .....	97
9.20	Utilisation of the fines .....	98
9.21	Finality of decisions.....	98
	<b>DEFAULT RULES .....</b>	<b>99</b>
10.1	Event of Default.....	99
10.2	Declaration of Defaulter.....	100

10.3	Declared Default .....	100
10.4	Defaulters books and documents.....	100
10.5	List of debtors and/or creditors.....	101
10.6	Defaulter to give information .....	101
10.7	Consequences of Declaration of Defaulter.....	101
10.8	Rights of GBOT.....	101
10.9	Loss of GBOT .....	103
10.11	Call for replenishment of initial deposit/base capital.....	104
10.12	Subsequent recovery from the Defaulter Member.....	105
10.13	Finality of settlements .....	105
	<b>ARBITRATION .....</b>	<b>106</b>
	<b>CONTRACTS .....</b>	<b>107</b>
12.1	Contract Specifications .....	107

## CHAPTER 1

### DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined shall have the same meanings respectively assigned to them as in The Securities Act 2005 with amendments and The Financial Services Act 2007 and Regulations and FSC rules, guidelines and circulars issued there under and The Companies Act 2001.

**Act** means the Securities Act 2005 of The Republic of Mauritius.

**Appeals Committee** means a Committee created under Chapter 9 of these Rules.

**Applicant** means an entity or a person as may be permitted under the Act who is seeking to be admitted as a Member of GBOT.

**Authorised User** means suitable persons appointed by Members and registered by GBOT to operate the trading terminal allocated to them by GBOT.

**Automated Trading System** or **ATS** means the computerised system provided by GBOT for trading in Currency Derivatives Contract listed on GBOT, access to which is made available to Members for use either by itself or by its Authorised User and which makes available quotations in the Currency Derivatives Contract traded on GBOT, facilitates trading in such Currency Derivatives Contract and disseminates information regarding trades affected, volumes transacted, other notifications, as may be decided by GBOT to be displayed thereon. The Automated Trading System shall hereafter be referred to as 'ATS'.

**Board** means the Board of Directors of GBOT.

**Business Day** means a day on which the trading, clearing and settlement is permitted by GBOT.

**Buyer** means and includes the buying client or the buying Member acting either as an agent of the buying client or buying on its own account.

**Buy Order** means an order to buy Currency Derivatives Contract admitted to be traded on GBOT.

**Cash Settled Contract** means a Currency Derivatives Contract which shall be fulfilled by cash settlement rather than by physical delivery of the Underlying.

**Circular** means a communication and/or direction issued to Members in accordance with these Rules.

**Clearing and Settlement Account** means a bank account maintained by the Clearing Member with the Clearing Bank specified by GBOT from which all fund obligations owed to GBOT by a Member or due to a Member by GBOT with respect to the Members trades on GBOT will be made or received.

**Clearing Bank** means a bank that is designated or appointed by GBOT to provide banking and other facilities to GBOT and the Clearing Members of GBOT to facilitate the clearing and settlement functions.

**Clearing Member** is a Member who has the right and responsibility to clear and settle trades executed on GBOT by itself or by another trading member affiliated to such Clearing Member and includes a Trading-cum-Clearing Member and Integrated Trading-cum-Clearing Member and a Professional Clearing Member.

**Contract Month or Delivery Month** means that month in which contractual obligations in respect of a Currency Derivatives Contract is due for fulfilment by the parties to the Contract.

**Contract Premium** means the premium at which an Options Contract is traded.

**Contract Specification** means the standardised commercial and technical terms of a Currency Derivatives Contract including the size of the contract, Contract Month, trading hours, Underlying, minimum price fluctuations, Last Trading Day, settlement basis and such other details as may be set out by GBOT.

**Currency Derivatives Contract** means a contract which derives its value from the prices, or index of prices, of the Underlying including currencies, the trading of which shall be carried out in such manner as provided under these Rules.

**Daily Settlement Price** means (a) in the case of a Futures Contract, the Daily Settlement Price fixed under these Rules or if such price is unavailable, a price fixed by GBOT by taking into consideration the prevailing market prices or such other factors as GBOT considers relevant, or (b) in the case of an Options Contract, the price fixed by GBOT using its options pricing methodology and taking into consideration the Daily Settlement Price of the Underlying Futures Contract.

**Declaration Date** means the day or time by which the Buyer of the option must indicate to the Seller his intention to exercise the option.

**Default** has the same meaning as the term “Event of Default” in chapter 10 of these Rules.

**Defaulter** means a Member who has been declared to be a Defaulter under the Chapter 10 on Default Rules.

**Delivery** means the tender and receipt of currency and includes approved bank receipts or other statements and/or documents as may be prescribed by GBOT in settlement of a Currency Derivatives Contract.

**Delivery Day** means a day on which Delivery may occur in satisfaction of a Futures Contract as specified within the relevant Contract Specifications.

**Delivery Margin** means a term as defined under Chapter 5.

**Delivery Period** means the period during which the contract value is remitted or tendered prescribed in the Contract Specifications in fulfilment of the transactions executed under these Rules and includes tender days as designated by GBOT for different Contract Months.

**Disciplinary Committee** means a Committee created under Chapter 9 of these Rules.

**Event of Default** means a term defined under Chapter 10 of these Rules.

**Expiry Date** or **Expiration Date** means the last date on which a Futures Contract

will expire or an Options Contract can be exercised. In the case of a Futures Contract, it is the date on which the contract will expire and in the case of an Options Contract, it is the last date on which the Options Contract can be exercised. It is the date on which the holder of an option may elect to exercise the option or allow it to expire worthless.

**FSA** means the Financial Services Act 2007 of the Republic of Mauritius.

**Final Settlement Price** means the Daily Settlement Price fixed by GBOT for a Futures Contract on the Last Trading Day.

**Financial Institution** means a) a bank licensed under the Banking Act of Mauritius, or b) a corporation licensed by the FSC, other than a management company or a company licensed to conduct global business.

**FSC** means the Financial Services Commission of Mauritius.

**Futures Contract** means a standardised Currency Derivatives Contract traded on GBOT to buy or sell a certain Underlying at a certain date in the future at a specified price.

**GBOT** means Global Board of Trade Limited which is licensed by the FSC to operate an Exchange and a clearing house under the laws of Mauritius.

**Last Trading Day** means the day on which trading ceases for a particular Currency Derivatives Contract and after which trading is not permitted in that Currency Derivatives Contract.

**Long Position** in a Currency Derivatives Contract means the outstanding purchase obligations in respect of a derivatives contract at any point of time.

**Market Maker** means a trading Member of GBOT which undertakes to continuously make bid and ask offer for specified Currency Derivatives Contracts on the ATS and has undertaken with GBOT to become a Market Maker in terms of the market making norms of GBOT for both buying and selling of Currency Derivatives Contracts on GBOT.

**Margin** means a deposit or payment of cash or other specified assets or documents to establish or maintain a position in a Currency Derivatives Contract and includes Initial Margin, Variation Margin, Special Margin, Delivery Margin or any other type of Margin as may be determined by GBOT from time to time.

**Member** means Trading Member also known as Broker Member and/or Trading-cum-Clearing Member also known as Trading-cum-Self Clearing Member and/or Integrated Trading-cum-Clearing Member also known as General Clearing Member and/or Professional Clearing Member also known as Special Clearing Member.

**Notice** means a communication issued to Members either through the ATS and/or GBOT website by GBOT in accordance with these Rules and transmitted by fax, e-mail or any other method to the address notified by the Members to GBOT.

**Options Contract** is a type of derivatives contract which gives the buyer/holder the right (but not the obligation) to buy/or sell the Underlying at a predetermined price within or at the end of a specified period.

**Open Contract** or **Open Position** means any Currency Derivatives Contract or transaction which shall not have been liquidated by offsetting the Currency Derivatives Contract or transaction or Delivery or cash settlement or such other method as may be prescribed by GBOT from time to time provided however that all Open Positions shall cease to exist after expiration day.

**Order** means an offer to buy or sell any contract or transaction through the ATS or any other trading system permitted by GBOT, by a Member either on its own behalf or on behalf of its clients.

**Outstanding Obligation** means the obligation which has neither been closed out nor been settled.

**Proprietary Account** means an account maintained in the name of a Member in which Currency Derivatives Contracts pertaining to its own positions or allocated in accordance with GBOT Rules to the Member are recorded and to which monies in respect of such Currency Derivatives Contracts are credited and debited, which is not a client Account.

**Proprietary Position** means Open Positions held other than client positions.

Regulations mean Regulations made by the Minister under the FSA.

**Rules** or **these Rules** mean the Rules of GBOT (currency derivatives market

segment) in force from time to time.

**Securities** mean Securities as defined in the Act.

**Sell Order** means an order to sell a Currency Derivatives Contract admitted for trading on GBOT.

**Seller** means and includes the selling client and the selling Member acting as an agent on behalf of such selling client and also denotes the selling Member when it is dealing on its own account.

**Settlement Day** means the day fixed by GBOT for Members to settle their Currency Derivatives Contract or transactions as prescribed or instructed by GBOT.

**Settlement Guarantee Fund** means a fund established and maintained by GBOT in accordance with these Rules.

**Settlement Price** means the price of a Currency Derivatives Contract for the purpose of payment of differences (or dues) pertaining to all fresh and Outstanding Obligations that remain to be settled. Settlement Price shall be determined for the Settlement Days and shall be based on price quotations of transactions executed in accordance with these Rules and/ or as notified by GBOT.

**Short Position** means the net outstanding sell obligations of a person whether a Member or its client in respect of its transactions in a Currency Derivatives Contract at any given point of time whose settlement is yet to be effected.

**Strike Price** or **Exercise Price** means the price at which the Futures Contract Underlying the Option Contract can be purchased or sold or the price at which an Options Contract may be exercised. In options, the Strike Price or Exercise Price is a key variable in a derivatives contract between the buying and the selling Members. It's the fixed price at which the owner of an option can purchase in the case of a call or sell in the case of a put, the Underlying security.

**Trader Work Station** or **TWS** means a computer terminal of a Member which is approved by GBOT and which is installed and connected to the ATS or any other trading system of GBOT, for the purpose of trading on GBOT.

**Underlying** means: In the case of a Futures Contract, the US Dollar currency on any other currency or any currency against another currency. In the case of an Options contract, the Futures Contract of US Dollar on any other currency or any currency to any other currency traded on the currency derivatives market segment of GBOT and as GBOT may determine from time to time.

**Variation Margin** means a term as defined under Chapter 5.

## 1.2 Interpretation

- 1) Unless the contrary intention appears:
  - (a) a reference to any gender includes the other.
  - (b) words in these Rules in the singular include the plural and words in the plural include the singular.
  - (c) a reference to a 'time' is reference to a time standard as in Mauritius.
  - (d) where a reference is made in these Rules to a Rule, it is a reference to the Rule as amended from time to time.
  - (e) where a reference is made in these Rules to a statutory provision, it refers to the laws of Mauritius.
- 2) Headings are for convenience only and shall not affect the interpretation of these Rules.
- 3) Subject to Rule 9.11 and Rule 9.21 of these Rules, the decision of GBOT shall be final in relation to the interpretation of these Rules against a Member, Clearing Bank, any of their clients or any third party.
- 4) In these Rules, reference to knowledge of a Member shall include reference to the knowledge of a director, officer, employee or agent of that Member.

## **CHAPTER - 2**

### **GENERAL RULES**

#### **2.1 Application of Rules**

- 1) These Rules shall be known as "Rules of Global Board of Trade" and herein referred to as "these Rules" and shall govern the derivatives trading on the currency derivatives market segment of GBOT.
- 2) These Rules shall apply to all Members and their Authorised Users and operate as a binding contract between GBOT and each Member and among Members of GBOT and for the exclusive benefit of only the parties to such Currency Derivatives Contracts.
- 3) Unless otherwise provided under these Rules, a third party has no rights under any applicable law to enforce any provisions of these Rules.

#### **2.2 Additional powers**

The powers of GBOT under these Rules are in addition to the powers of the Board and the Memorandum and Articles of Association.

#### **2.3 Powers to amend and waive Rules**

- 1) Subject to the requirements set out under the Act or as prescribed or approved by the FSC, GBOT may from time to time amend or waive all or any part of these Rules as may be deemed necessary or appropriate.
- 2) Amendments to these Rules shall be binding on all Members.

#### **2.4 Power to issue Notices and Circulars**

GBOT may from time to time issue Notices and/or Circulars to supplement these Rules and clarify the interpretation and application of the Rules for its Members.

## 2.5 Board's power to delegate and the management of GBOT

- 1) Board
  - (a) The Board is responsible for the governance of GBOT pursuant to these Rules.
  - (b) The Board may delegate such of its powers, authorities and discretions to such directors, officers, employees, persons and to such Committees as it may authorise from time to time.
- 2) The Chief Executive Officer (CEO) and where the CEO is not appointed the Chief Operating Officer of GBOT:
  - (a) shall be responsible for the day to day management of GBOT and for the implementation of these Rules.
  - (b) may by written notice delegate to an officer of GBOT any of the powers or functions exercisable by him under these Rules.
- 3) Committees:
  - (a) The Board may appoint such Committees as it deems fit to advise it on matters in relation to the operation of GBOT. Such Committees may include, without any limitation, a Membership Committee, a Disciplinary Action Committee, an Appeals Committee, a Defaulter's Committee, a Trading Committee and a Clearing and Settlement Committee.
  - (b) Unless otherwise specified under these Rules or terms of reference of a Committee, persons appointed to a Committee may be Members of GBOT, directors, officers, employees of Members and of GBOT or other persons whose experience and expertise is regarded by the Board as appropriate to the role of the Committee.
  - (c) Unless otherwise specified under these Rules or terms of reference of a Committee, membership on a Committee shall be for a term of one year and may be renewed.

- (d) The Board may terminate a person's membership of a Committee at any time.
- (e) No member of a Committee shall use or disclose for any purpose other than for discharge of such person's duties with the Committee, confidential information received or obtained as a result of his participation or membership on such Committee. Further, no person may trade for his own account or for others in any Currency Derivatives Contract on the basis of any confidential information that such person knows was received or obtained in breach of Rule 2.5 (3) (e).

4) Powers of Committees

Each Committee shall have such powers as may be delegated by the Board or delegated to it in these Rules.

5) Membership Committee

The Membership Committee shall advise the Board on admission criteria and procedures for membership on GBOT, review membership applications received from Applicants, make recommendations to the Board in relation to such applications and perform such other activities in relation to membership on GBOT as may be delegated from time to time by the Board.

6) Disciplinary Committee

The formation and functions of the Disciplinary Committee shall be carried out in accordance with Chapter 9.

7) Appeals Committee

The formation and functions of the Appeals Committee shall be carried out in accordance with Chapter 9.

8) Trading Committee

The functions of the Trading Committee shall be to advise the Board on all matters relating to trading on GBOT including these Rules, Notices and Circulars relating to such trading.

9) Clearing and Settlement Committee

The functions of the Clearing and Settlement Committee shall be to advise the Board on all matters relating to clearing, settlement and Delivery on GBOT including these Rules, Notices and Circulars relating to clearing, settlement and Delivery.

10) Defaulters Committee

The functions of the Defaulter's Committee shall be to advise GBOT on all matters relating to a Member who is declared a Defaulter, including but not limited to seeking clarification and information from the concerned Member matters relating to its membership, trading, clearing and settlement and such other functions of the Member on GBOT or calling on the Defaulter Member for production of its books of accounts and other relevant records including details of its creditors and debtors, assets and receivables for a decision to apply the proceeds of his assets to meet his obligations towards GBOT, other Members and his clients.

## **2.6 Jurisdiction and governing law**

- 1) These Rules shall be governed by and construed in accordance with the laws of Mauritius. Save as provided under Chapter 9 and 11, the courts of Mauritius shall have the exclusive jurisdiction to determine any dispute in relation to or arising from these Rules.
- 2) GBOT shall be entitled to bring an action in any other competent jurisdiction against a Member to enforce the obligations of a Member which arise under or in connection with these Rules, a judgment, an award or an order.

## **2.7 Records for evidence**

The records of GBOT as maintained by a central processing unit or a cluster of processing units or computer processing units or on the ATS or any other trading system of GBOT, clearing and settlement, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or in any other manner or on any other accepted media shall constitute the agreed and authenticated record in relation to any transaction entered into or executed through the ATS or any other trading system of GBOT.

## **2.8 Governing language**

All Rules, Notices, writings, Circulars, instructions and documents issued by GBOT in relation to the operation and functions of GBOT shall be in English language. For convenience of Members, GBOT may publish Notices and/or Circulars in any other language in addition to English. In case of any discrepancy between the different versions of any Notice and/or Circular, the English version shall prevail.

## **2.9 Limitation of liability**

- 1) GBOT shall have no liability, obligation or duty to any Member, Clearing Bank, any of their clients or any third party, including but not limited to, as a result of:
  - (a) any force majeure event which is beyond the reasonable control of GBOT,
  - (b) any losses or damages, including consequential losses and damages which may be incurred by GBOT or which may arise directly or indirectly with respect to the activities and functions of GBOT,
  - (c) any failure, omission or error on the part of GBOT including any losses or damages with respect to trading, clearing and settlement on GBOT or suspension, interruption, cancellation or closure of GBOT or any inoperability or malfunction of the ATS or any equipment, software, computer system or any other product operated, supplied or used by GBOT,

- (d) any decision of the Disciplinary Committee, Appeals Committee or Defaulter Committee exercising their powers or GBOT accepting a Member's resignation or GBOT's decision to suspend or terminate the membership of any Member or declare any Member to be a Defaulter Member,
  - (e) the exercise or failure to exercise any discretion or rights under these Rules by GBOT.
- 2) Without any prejudice to the foregoing, GBOT does not make any warranty, express or implied and shall not have any liability to any person in connection with or as result of:
  - (a) the accuracy, originality, completeness or timeliness of any information, data or indices,
  - (b) the merchantability and fitness for a particular purpose of or use of, any indices, information or data or the ATS or any computer, trading or clearing systems used or operated by GBOT,
  - (c) any direct or indirect, special, punitive, consequential damages or loss of profits even when notified of the possibility of such damages.
- 3) GBOT shall not have any liability in relation to the operation or use of any such systems, including but not limited to, whether for any breach of any law, any act or omission, injury, death, damage to physical property, any direct or indirect losses, loss of operation time or loss of equipment or process, loss of reputation, economic loss, incidental or consequential to the use or operation or installation of any such systems. All warranties and conditions including express and implied as to the description, condition, performance, quality, fitness for purpose, durability or otherwise of such systems or any components thereof are excluded except as required by law. Further, GBOT does not warrant or forecast that such systems or any components thereof or any services performed in respect thereof will fulfil or meet the requirements of any user or that operation of such systems will be error-free or uninterrupted or that any services performed with respect to such systems will be error-free or be uninterrupted
- 4) In the event that an obligation of GBOT must be performed by or prior to a

particular time but if such obligation is not performed on or before that time due to unforeseen circumstances, GBOT shall not be in violation of these Rules as against the Member, Clearing Bank, any of their clients or any third party provided that it performs the relevant obligation promptly after such particular time.

- 5) No power conferred on GBOT under these Rules, including but not limited to, any power to close out, transfer or call Margin or Daily Settlement Amounts shall impose any duty on GBOT to exercise such power or to exercise such power in a particular way and no person shall have any claim against GBOT in relation to any decision made in good faith to exercise or refrain from exercising such powers.

## **2.10 Immunity and Protection for acts done in good faith**

No claim, suit, prosecution or any other legal proceedings shall lie against GBOT or any of its directors, officers, employees or agents or any other duly authorised persons acting for and on behalf of GBOT, in respect of anything which is done or intended to be done or omitted or intended to be omitted in good faith in exercise of any power under these Rules, Circulars and/or Notices or in pursuance of any order or any other kind of communication received by GBOT in writing from any court, tribunal, Government, FSC or any other competent regulatory or revenue authority empowered under any law or delegated legislation for the time being in that behalf.

## **2.11 Indemnity**

- 1) Every Member shall indemnify and keep indemnified GBOT against all losses, costs, expenses, damages, injuries and liabilities whatsoever incurred by GBOT where such losses, costs, expenses, damages, injuries and liabilities arose out of or in connection with any violation by the Member (including its present and past directors, officers, employees, agents, clients) of its obligations under these Rules or violation of any applicable law or any unlawful, willful, reckless or negligent act or omission of the Member (including its present and past directors, officers, employees, agents, clients).
- 2) Each Member shall indemnify and hold GBOT harmless for the full amount of any judgment, award or settlement paid by GBOT in respect of any legal or administrative proceeding brought against GBOT as a result of an alleged violation of any applicable law or these Rules by such Member or as a result of an alleged failure of GBOT to detect, prevent or otherwise

act against such alleged violation.

## **2.12 Scope of liability**

Each exemption from liability, defence or immunity to GBOT or to which GBOT is entitled under these Rules including the clause of indemnity under Rule 2.11 shall also be available and shall extend to protect directors, officers, employees or agents of GBOT.

## **2.13 Confidentiality**

- 1) Confidential information that is received and obtained under these Rules shall not be disclosed by GBOT or by any of its directors, officers, employees or agents or by a person coming into possession of the information. GBOT shall take all necessary steps to preserve and protect the confidential information.
- 2) GBOT shall however be entitled to disclose confidential information in all or any of the following circumstances:
  - (a) for the purpose of compliance with any applicable law, rule or regulation,
  - (b) for the purpose of GBOT to institute, carry on or defend any proceedings including any court proceedings, or
  - (c) in relation to the enforcement of that Member's obligations under these Rules.

## **2.14 GBOT voice recording**

GBOT may record telephone conversations. The records will be the sole property of GBOT and may be adduced as evidence in any court, regulatory, disciplinary or other proceedings as evidence of the matters discussed.

## **2.15 Data Protection**

GBOT may collect and retain personal information on Members' employees, officers and directors and other persons. GBOT may process personal data in connection with its activities and if necessary transmit or transfer such data to statutory bodies or regulators in countries or territories outside Mauritius. GBOT shall operate in accordance with the Data Protection Act (Act 13 of 2004) of the Republic of Mauritius as amended from time to time.

## **2.16 Severability**

If any provision of these Rules is rendered unlawful, void or unenforceable by reason of any statutory amendment, re-enactment, notification or any judicial decision or pronouncement by any competent court, tribunal, regulatory authority or FSC, such provision shall to the extent required, be severed and rendered ineffective without in any way affecting the validity or enforceability of the rest of the provisions of these Rules which shall continue to apply with full force and effect, provided further that the action already taken earlier under such provision shall remain unaffected.

## **2.17 Force Majeure**

- 1) GBOT shall not be liable for any harm, loss, damage or injury caused by it to any person if such harm, loss, damage or injury is caused by conditions beyond its control. Such events or causes include, but not limited to war, riots, acts of God, civil disturbances, terrorism, acts of a civil or military authority, embargoes, fires, labour disputes, floods, explosions, accidents, cyclones, tsunamis, any other natural calamities, mechanical breakdowns, computer or system failures or other failures of equipment, any failure or interruption of any network, telecommunication equipment or online system, any failure or interruption of power supply, any utility or service provider, any failure of or defect in computer or software systems, change of law, interruption or suspension or insolvency or bankruptcy of any bank, financial institution, depository or custodian, market emergency, closure of any market, including any market operated by GBOT and in all cases which are beyond GBOT's reasonable control.
- 2) Notwithstanding anything contained in paragraph (1) above, any failure on the part of GBOT which is caused by conditions beyond its control shall

not in any way reduce, alter, limit or affect the liability of a Member in respect of any transaction entered into or executed through the systems of GBOT by such Member.

- 3) Notwithstanding the above, GBOT shall be entitled to require any Member to take such actions, including but not limited to close out all or any of the Currency Derivatives Contracts as GBOT may direct in respect of the Currency Derivatives Contracts or transactions affected by the force majeure event.

## **2.18 No waiver**

No failure to exercise and no delay in exercising any right, power or remedy under any Rule operates as a waiver. Nor does any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

## CHAPTER - 3

### MEMBERSHIP RULES

#### **3.1 General**

- 1) A body corporate or Financial Institution or commercial bank or development bank or cooperative bank or investment bank or primary or satellite dealer or foreign exchange house or their subsidiary who wishes to become a Member of GBOT may apply for any category of membership, subject to its fulfilment of the membership criteria, payment of all the required fees, contributions, charges, deposits or other monies and membership application forms.
- 2) The membership of GBOT shall entitle a Member to exercise such rights and privileges attached to such membership as it specifically applies for trading and/or clearing and settlement functions on GBOT, subject to these Rules as applicable from time to time.
- 3) All Members shall have to seek and obtain the relevant licence from the FSC prior to commencing operations on GBOT.
- 4) Every Member shall comply with and be bound by the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Notices and Circulars as may from time to time be issued by GBOT.
- 6) All Members shall satisfy that it has in place policies, procedures, systems and controls (including those for the prevention of money laundering and the prevention of terrorist financing) to ensure that it will comply on a continuous basis and in respect of each category of Membership for which admission is sought, with all requirements imposed by or pursuant to these Rules, including without limitation those set out in the Money Laundering Notices or directions that may be issued by GBOT, FSC, any other recognised monitoring agency or international regulatory body from time to time.
- 7) Membership on GBOT is not transferable for the first three years. After three years, the membership is transferable subject to the approval of GBOT and FSC and in terms of the Rules prevailing at such time.

### **3.2 Eligibility**

The following persons shall be eligible to become Members of GBOT:

- (a) Body corporate, or
- (b) Financial Institution, or
- (c) Commercial bank, or
- (d) Development bank, or
- (e) Cooperative bank, or
- (f) Investment bank, or
- (g) Primary or satellite dealer, or
- (h) Foreign exchange house, or
- (i) their subsidiary

### **3.3 Controlling shareholding norms for Members**

- 1) GBOT may from time to time prescribe norms relating to control of the Member corporates so as to ensure that those constituents or shareholders of each Member corporate is known, acceptable, are of good standing and that there is consistency in ownership and controlling interest to the satisfaction of GBOT.
- 2) These norms would be communicated to the Applicants and Members through Circulars, Notices and directions.
- 3) All Members shall adhere to such norms in order to maintain their membership on GBOT.

### **3.4 General and prudential requirements**

An Applicant shall be eligible for membership if such Applicant:

- (a) is a body corporate or Financial Institution or commercial bank, development bank or cooperative bank, investment bank or primary or

satellite dealer and foreign exchange house or their subsidiary which has good commercial standing,

- (b) be authorised / licensed / recognized or otherwise exempted by the FSC to carry out the activities which it intends to carry out on GBOT and must furnish proof to GBOT of such authorisation / recognition or exemption,
- (c) and its directors, those concerned in its management and those who have control or substantial control of the Applicant are of good character and of high business integrity and financial probity,
- (d) has or will have managerial, operational, financial and appropriate business continuity arrangements in place to enable it to meet its obligations as a Member,
- (e) has a minimum base capital, financial and prudential requirements, net worth and other financial requirements as GBOT may from time to time determine by Notices and/or Circulars,
- (f) has not been adjudged bankrupt or has not been subject to a receiving order in bankruptcy,
- (g) has not been convicted of an offence involving any crime or financial impropriety,
- (h) is not or has not been suspended by or expelled from any exchange, clearing house, self-regulatory organisation or other business or professional association for violating any rule of such organisation,
- (i) agrees to be bound by these Rules and amendments thereto, in a manner prescribed by GBOT and ensures that its directors, officers and employees comply with these Rules and amendments thereto,
- (j) Where the Member is incorporated in Mauritius, it shall ensure that its constitutional documents, articles or memorandum of association as the case may be complies with the laws of Mauritius, Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, and these Rules, Circulars and/or Notices and agrees to make all the required amendments to the same, if required,

- (k) In the case of Members not incorporated in Mauritius, their constitutional documents, articles or memorandum of association shall comply with the Laws of their country of incorporation.
- (l) is fit and proper to be a Member,
- (m) signs and submits a membership application form to GBOT, and
- (n) is entitled to clear and settle its trades either directly or through another Clearing Member of GBOT and is capable of meeting all clearing and settlement obligations and functions required of a Member.

### **3.5 Additional requirements for Clearing Members**

- 1) In addition to the requirements under Rule 3.4, an application for admission as Trading-cum-Clearing or Integrated Trading-cum-Clearing or Professional Clearing Member shall be made in such manner and form as GBOT shall prescribe and shall include all required information. The Applicant must satisfy that it complies with all the provisions of GBOT Notices and/or Circulars on capital, financial and prudential requirements and net worth which are relevant to its clearing membership and satisfy GBOT that its payment and settlement functions comply with GBOT requirements for clearing and settlement.
- 2) A Trading-cum-Clearing Member, Integrated Trading-cum-Clearing Member and Professional Clearing Member shall also at all times maintain adequate systems for the execution, reporting, recording, clearing and settlement of Currency Derivatives Contracts and transactions, comply with GBOT's capital, financial and prudential requirements and file financial reports and returns in such manner as prescribed by GBOT.

### **3.6 Categories of membership**

There shall be following categories of membership:

- (a) Trading Member also known as Broker Member

Trading Member is a body corporate or Financial Institution or commercial bank or development or cooperative bank or investment bank or primary or

satellite dealer or foreign exchange house or their subsidiary which has been admitted as a Member on GBOT. The Trading Member shall have rights to trade on its own account as well as on account of its clients, but shall have no right to clear and settle such trades by itself. All such trading members must be affiliated to any one of the Integrated Trading-cum-Clearing Members (ITCM) or Professional Clearing Members (PCM) of GBOT, having clearing rights on GBOT.

An Applicant for Trading Membership may be incorporated in Mauritius or outside Mauritius. Where the Trading Member is not incorporated in Mauritius, it has to be a Member/ Broker / Dealer of an Exchange outside Mauritius and be governed and regulated by such Exchange.

Banks that are incorporated outside Mauritius can seek Membership on GBOT's Currency Derivatives Market segment subject to them being licensed and regulated by its domicile country.

- (b) Trading-cum-Clearing Member also known as Trading-cum-Self Clearing Member

Trading-cum-Clearing Member is a body corporate or Financial Institution or commercial bank or development bank or cooperative bank or investment bank or primary or satellite dealer or foreign exchange house or their subsidiary which has been admitted as a Member on GBOT. The Trading-cum-Clearing Member shall have rights to trade on its own account as well as on account of its clients and clear all such trades through GBOT. Trading-cum-Clearing Member may however choose to affiliate itself with any other Integrated Trading-cum-Clearing Member or Professional Clearing Member for clearing and settling their trades, if they so desire.

- (c) Integrated Trading-cum-Clearing Member also known as General Clearing Member

Integrated Trading-cum-Clearing Member is a body corporate or Financial Institution or commercial bank or development bank or cooperative bank or investment bank or primary or satellite dealer or foreign exchange house or their subsidiary which has been admitted as a Member on GBOT. The Integrated Trading-cum-Clearing Member shall have rights to trade and clear trades on its own account as well as on account of its clients, through GBOT. The Integrated Trading-cum-Clearing Member can also clear and settle trades on behalf of other Trading Members and Trading-cum-

Clearing Member at their request, subject to the terms and conditions specified by GBOT. Integrated Trading-cum-Clearing Members may also choose to affiliate themselves with other Professional Clearing Members for clearing and settling their trades, if they so desire.

- (d) Professional Clearing Member also known as Special Clearing Member

Professional Clearing Member is a Financial Institution or commercial bank or development bank or cooperative bank or investment bank or primary or satellite dealer or foreign exchange house or their subsidiary who is admitted by GBOT as a Member, conferring upon them a right to clear and settle trades initiated by other Trading Members, Trading-cum-Clearing Members and Integrated Trading-cum-Clearing Members of GBOT as per terms and conditions of GBOT. Professional Clearing Members shall be allowed to clear and settle trades of such Member of GBOT who chooses to clear and settle their trades through such Professional Clearing Member.

GBOT would decide on the manner and timing for the commencement of the different categories of membership.

### **3.7 Admission process**

- 1) Every body corporate or Financial Institution or, development bank or cooperative bank or investment bank or primary or satellite dealer and foreign exchange house or their subsidiary who wishes to be a Member shall apply to GBOT in the prescribed form as provided by GBOT, together with such documents and information as GBOT shall deem necessary or appropriate.
- 2) Each membership application shall be accompanied by a payment of an application processing fee and such other fees as prescribed by GBOT. The application processing fee and the admission fee is non-refundable and the Applicant shall give an undertaking in the prescribed form to be bound by these Rules and any amendments thereto, once admitted.
- 3) A decision for admitting or rejecting any application for membership of GBOT shall be entirely at the discretion of GBOT and shall be final and conclusive.

- 4) GBOT may interview and/or test the Applicant before admitting it as a Member. Further, GBOT may examine and demand copies of the books, records or documents of the Applicant to ascertain those facts that may affect the application.
- 5) An Applicant may be refused admission if GBOT determines, it not to be in the public interest for the Member to be admitted on its Exchange.
- 6) In case of rejection of the application, GBOT will notify the Applicant in writing of its decision. GBOT is not obliged to provide any reasons for its decision.
- 8) A Member on admission shall not be entitled to exercise any of the rights or privileges of membership until it has paid in full the non-refundable admission and application processing fee, initial deposit/base capital and any other charges, deposits or fees as may be prescribed by GBOT.
- 8) A Member shall also pay the annual subscription fee for the year of admission in advance for the specific category of membership to which it has sought the admission and all annual subsequent subscriptions shall be payable in advance each year.
- 9) Where an Applicant fails to complete the membership process and/or fails to meet all the specifications as required by GBOT for admission as a Member or opts to withdraw from the membership admission process, the membership processing fee and admission fee already paid by the Applicant to GBOT shall stand forfeited.
- 10) An Applicant who has been granted Admission on the Currency Derivatives Market Segment of GBOT shall be eligible to trade on GBOT market upon the following conditions.
  - a. Where such Applicant is incorporated in Mauritius the FSC granting such Applicant an Investment Dealer License in terms of the Securities Act and
  - b. Where such Applicant is not incorporated in Mauritius and does not have any branch office registered in Mauritius;
    - i. The FSC granting the recognition as an Investment Dealer.

### **3.8 Initial deposit/base capital**

- 1) GBOT may from time to time prescribe the levels of Initial deposit/base capital for different categories of Members.
- 2) Such initial deposit/base capital if any shall be payable in the form of cash and/or collateral and the percentage of the total initial deposit/base capital to be maintained in cash shall be prescribed by GBOT from time to time.
- 3) The list of securities and financial instruments like bank guarantee, fixed deposit, etc. forming part of the collateral shall be notified by GBOT from time to time and the method of valuation on a periodic basis of such securities and financial instruments shall be computed by GBOT.
- 4) A part of such initial deposit /base capital so deposited by each Member would be made available by GBOT for meeting the respective Member's initial exposure requirements for trading on GBOT markets. The balance deposit would be earmarked by GBOT for liquid net worth purpose and held by GBOT to meet unfulfilled obligations of the Member and in the event of such Members non-compliance to the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Notices and Circulars.
- 5) GBOT may from time to time require the Member to deposit an additional amount in the form of cash, approved securities or other financial instruments to ensure that the valuation of such securities and cash is at least equal to the minimum initial deposit/base capital prescribed by GBOT.
- 6) Each Clearing Member shall be required to deposit additional capital in the form of cash or other approved collaterals as may be prescribed by GBOT from time to time so as to meet the additional margin requirements of the Members who are affiliated to such Clearing Member as well as towards the daily margins and settlement obligations of each Member for whom the Clearing Member undertakes to carry out Clearing and Settlement functions. The Clearing Member is entitled to collect similar sums in the form of cash or other collaterals from the respective Trading Members.
- 7) Any amount, including securities or instruments held by GBOT in excess of the amount prescribed by GBOT as initial deposit/base capital of the

Clearing Member is deemed to have been deposited for the purpose of satisfying Margin and/or daily settlement or other settlement obligations.

- 8) Such amount held by GBOT which are in excess of a Clearing Member's settlement obligations and/or in excess of initial deposit/base capital requirements are refundable to the Clearing Member by GBOT upon demand, provided that GBOT is satisfied that such amounts will not be required for settlement obligation regarding a Clearing Member Open Position.

### **3.9 Admission under misrepresentation**

GBOT may expel or take any other disciplinary action against a Member if in its opinion the Member has made any materially false statement or failed to state a material fact in or in connection with any application filed with GBOT and all fees as well as charges paid to GBOT shall stand forfeited.

### **3.10 Compliance with the laws of Mauritius, Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices**

All Members incorporated in Mauritius, their directors, officers, employees and agents shall at all times comply with all provisions of the laws of Mauritius, Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices and including but not limited to prudential conduct of business that affect the business of the Member with GBOT, the Clearing Bank and clients.

Member incorporated outside Mauritius, shall be bound by these Rules, Circulars and Notices of GBOT as may be issued from time to time.

### **3.11 Fees, deposits and other payments**

- 1) GBOT may from time to time impose:
  - (a) fees or charges, including but not limited to, application processing fee, admission fee, trading and clearing fees, annual fees, charges or other fees.

- (b) deposits including but not limited to initial deposit/base capital, contributions or other levies to support the obligations of GBOT.
- 2) GBOT may publish a Notice and/or Circulars to determine, among other things, terms and conditions, mode of payment or procedures in relation to deposits, contributions or similar payments and fees.
- 3) All Members shall have to seek and obtain the relevant licence or recognition from the FSC prior to commencing operations on GBOT.
- 4) Every Member incorporated in Mauritius shall comply with and be bound by the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Notices and Circulars as may from time to time be issued by GBOT.
- 5) Where the Member is incorporated outside Mauritius, it shall be bound by GBOT Rules, Circulars and Notices as may be issued from time to time.
- 6) If any Member fails or neglects to pay any deposit, fee or charge as required by GBOT by the prescribed date, GBOT may initiate measures against the Members, including but not limited to, bringing a disciplinary action against such Member, suspending or terminating such Member's membership with GBOT and/or declaring the Member as a Defaulter within the meaning of these Rules.

### **3.12 Members' ongoing obligations**

The ongoing obligations of Members are, including but without any limitation, as follows:

- (a) comply with these Rules, Notices and Circulars,
- (b) comply with prudential, conduct of business procedural, technical and operational requirements of GBOT,
- (c) pay such fees, Margins, initial deposit/base capital, contributions and charges in such amounts and on or before such dates as determined by GBOT,
- (d) maintain acceptable systems and procedures for the execution, recording, reporting, clearing and settlements of Currency Derivatives Contracts or

transactions,

- (e) ensure that its directors, officers, employees and agents comply with these Rules,
- (f) maintain adequate staff with adequate knowledge, expertise, training to comply with these Rules,
- (g) comply at all times with all the minimum capital, financial, prudential and conduct of business requirements prescribed by GBOT under these Rules, Notices and/or Circulars and the FSC rules and guidelines and circulars issued there under and other membership criteria,
- (h) file periodic financial or non-financial returns, annual report and other required documents as prescribed by GBOT,
- (i) comply with the notification obligation under Rule 3.13,
- (j) comply with all applicable laws, including but not limited to, anti-money laundering, terrorist financing, market misconduct, market manipulation and market abuse,
- (k) observe and maintain high ethical standards, integrity, fairness and act honestly and with due care,
- (l) comply with all clients money segregation and conduct of business provisions in the Act, FSA, Regulations, these Rules, Circulars and/or Notices and FSC rules and guidelines and circulars issued there under and in particular not accept any person as client without carrying out the client due diligence and the client duly signing a client agreement, with the Member,
- (m) not to provide GBOT with any document or information which is false, misleading or inaccurate,
- (n) not to disseminate any false, misleading or inaccurate information about GBOT or any Contract or transactions on GBOT markets,
- (o) comply with operational, procedural and technical requirements of GBOT systems and networks as specified by GBOT from time to time,

- (p) comply with such standards of infrastructure as may be prescribed by GBOT from time to time,
- (q) refrain from any act or cause of conduct which is likely to harm the reputation of GBOT,
- (r) comply with every provision of its membership agreement and every other undertaking and agreement between the Member and GBOT.
- (s) Trading Members incorporated outside Mauritius shall submit on half yearly basis a letter / Membership Certificate from the Exchange on which it is a Member within forty five days from the end of the six months period. If the Trading Member does not submit the same with forty five days, it would entail suspension of Membership till such certificate is received by the Exchange.

### **3.13 Notification obligation to GBOT**

- 1) A Member must give GBOT written notice as soon as he becomes aware of:
  - (a) any violation and/or potential violation of the Act, FSA, or these Rules, Circulars, Notices, Regulations, FSC rules and guidelines and circulars issued there under.
  - (b) any violation and/or potential violation of these Rules, Notices and Circulars.
  - (c) any Event of Default and/or potential Event of Default,
  - (d) any change of information, document, facts or circumstances provided to GBOT during the membership application process and which may materially affect the performance of its membership obligations under these Rules,
  - (e) any investigation, enforcement action, sanction or injunction against the Member or any of its directors, officer, employee by any self-regulatory organisation, exchange, regulator or law enforcement

agency.

- (f) any facts or circumstances which may affect the legal structure and organisation of the Member and its clearing and settlement activities including but not limited to merger, any change in control of the Member.
- (g) any change in the Controlling Shareholding Group as per rule.
- (h) any change of name, address or similar event,
- (i) any change in directors or shareholders or death, dissolution or bankruptcy of any of the foregoing persons or any change in the composition of its board of directors,
- (j) any change in its constitutional documents, articles or memorandum of association,
- (k) any similar event that would affect the business of the Member and its affairs with GBOT
- (l) any failure to meet the minimum capital and financial requirements, under the membership criteria and
- (m) any appointment and/or changes of any Authorised User.
- (n) Trading Member not incorporated in Mauritius shall, upon being suspended, expelled or declared defaulter or has surrendered his Membership or otherwise having its membership terminated on the Exchange terminated where they are members of the basis of which the membership of GBOT was granted shall
  - i. forthwith notify GBOT of such suspension, expulsion, declaration as defaulter, termination and surrender of membership;

- ii. forthwith stop trading on GBOT market till GBOT decides on the membership status.
  - (o) GBOT upon receipt of such notification from the Member / other sources place the trading facility granted to the Member and the Membership under suspension till appropriate decision is taken by GBOT.
- 2) Upon such notification, GBOT may request additional document or information and take such actions as it deems necessary.

### **3.14 Member's duty to Inform**

A Member shall be bound to notify GBOT immediately if there be a failure by any other Member to discharge his liabilities in full.

### **3.15 Records, annual accounts and audit**

Every Member shall:

- (a) comply with the Act, FSA, Rules, Circulars and/or Notices, Regulations, FSC rules and guidelines and circulars issued there under and any other statutory body in relation to maintenance of accounts, records and audits, subject to paragraph (b) below
- (b) where the Member is incorporated outside Mauritius, the maintenance of accounts, records and audits shall be in accordance with the Rules of GBOT and with the laws of the country of incorporation and regulation / rules of the relevant regulator
- (c) comply with these Rules, Notices and Circulars thereunder issued regarding the record keeping, accounts and audit requirements,
- (d) maintain financial statements, data, forms, books, records, client complaints, reports and filings in relation to its business with GBOT for a period of 7 (seven) years.
- (e) make available at any time such records, books, accounts or audits to GBOT for its inspection.

### 3.16 Conduct of Members

- 1) No Member shall:
  - (a) engage in any action or activity that causes or contributes to a violation of any applicable law, regulation or Rule by any other person including but not limited to any applicable law, regulation or Rule relating to financial crime, terrorist financing, money laundering or market misconduct,
  - (b) deal on behalf of a person other than in accordance with instructions received by the Member from that person,
  - (c) cheat, defraud or deceive or attempt to cheat, defraud or deceive any client in any manner,
  - (d) provide all relevant information to GBOT which the Member knows (or reasonably expects to know) to be false or misleading. Where a Member finds that information that it has previously provided to GBOT is false or misleading, the Member shall promptly submit the corrected information to GBOT,
  - (e) engage in any conduct which is likely to undermine the integrity and interests of GBOT and its Members,
  - (f) engage in any action or conduct which would result in or contribute to market manipulation and enter into any other types of trading to distort the operation of a fair, transparent, efficient and orderly market.
- 2) No Member shall buy, sell or deal in currency or in Currency Derivatives Contracts in a fraudulent manner or indulge in any unfair trade practices including but not limited to market manipulation, financial crime, money-laundering or terrorist financing.
- 3) Without prejudice to generality of the provisions contained in the above Rules, no person shall indulge in market manipulation, namely:
  - (a) affect, take part in or enter into either directly or indirectly

transactions in currency and Currency Derivatives Contracts which are likely to have the effect of artificially raising or depressing or stabilising the price of currency or Currency Derivatives Contracts,

- (b) engage in any act which is calculated to create a false or misleading appearance of trading on the currency and derivatives markets or, results in reflection of prices of currency or Currency Derivatives Contracts based on transactions, which are not genuine trade or
  - (c) purchase or sell any currency as a device to maintain, inflate, depress or cause fluctuations in the market price of currency or Currency Derivatives Contracts or
  - (d) pay, offer or agree to pay or offer, directly or indirectly, to any person to purchase or sell any Currency Derivatives Contract with the sole object to maintain, inflate, depress or cause fluctuations in the market price of currency or Currency Derivatives Contracts.
- 4) No person shall make a statement and/or disseminate information which is misleading and which is likely to induce the sale of currency or Currency Derivatives Contracts by other persons or is likely to have the effect of maintaining or stabilising the market price of currency or Currency Derivatives Contracts, when he makes or disseminates the information:
- (a) he does not care whether the statement or information is true or false or
  - (b) he knows or expects to reasonably know that the statement or information is false or misleading.
- 5) No member shall:
- (a) engage in any act and/or practice in course of its business which would operate as a fraud or deceit upon any person in connection with the purchase or sale of any currency or Currency Derivatives Contracts,
  - (b) buy, sell or deal in currency or Currency Derivatives Contracts on its own behalf or on behalf of a person associated with it pending the execution of the Order of its client or of its company or director for

the same security or in Currency Derivatives Contracts,

- (c) delay the transfer of currency or Currency Derivatives Contracts in the name of the transferee, which results in the price of the currency or Currency Derivatives Contracts increasing,
- (d) engage in any act to falsify its books, accounts and records for the purpose of market manipulation,
- (e) when acting as an agent, execute a transaction with a client at a price other than the price at which it was executed on GBOT or other than the price it was off-set against the transaction of another client or
- (f) either take opposite position to an order of a client or shall execute opposite orders which it is holding in respect of two clients except in the manner prescribed by GBOT.
- (g) accept anything less than a full and bona fide money payment in settlement of a debt arising out of a transaction in Currency Derivatives Contract shall be suspended for such period as the Disciplinary Committee may determine.

### **3.17 Additional conduct of business requirements for Members in relation to clients**

#### 3.17.1 Records and statements

- 1) Before accepting instructions to execute a trade on behalf of a client, trading on behalf of a client or accepting monies from a client with respect to such trading or instructions, a Member shall:
  - (a) enter into a client agreement with that client, in a form that complies with the minimum requirements specified by the FSC and GBOT,
  - (b) provide to the client a risk disclosure statement, in a form that complies with the minimum requirements specified by

the FSC and GBOT and also receive from the client an acknowledgement in writing, that the client has read and understood the risk disclosure statement and

- (c) comply with all the know-your-customer principles in the Act, FSA, Regulations, Rules, Circulars and/or Notices and FSC rules and guidelines and circulars issued there under and industry best practice.
- 2) Before accepting instructions from a client, a Member shall obtain such documents and information as GBOT may prescribe from time to time pursuant to the Act, FSA, Regulations, FSC rules and guidelines and circulars issued thereunder or these Rules, Circulars and/or Notices, in order to make sure that the client's identity and the source of monies to be used by the client in trading are established by the Member.
  - 3) A Member shall provide such further documents and information as GBOT may prescribe from time to time so as to make sure an ongoing compliance by the Member with the Act, FSA, Regulations, FSC rules and circulars and guidelines issued there under and these Rules, Circulars and/or Notices.
  - 4) A Member shall keep records of the information or documents obtained under this Rule for a period of not less than seven (7) years.
  - 5) A Member shall act on behalf of a client only pursuant to the instructions of that client unless to do so would be contrary to these Rules. Member acting on behalf of clients must keep internal records of instructions received from clients and trades executed for clients for a period of not less than seven (7) years from the date of each such trade, including:
    - (a) the nature of the instructions received,
    - (b) the name of the client,
    - (c) where applicable, the name of the person who gave the instructions,

- (d) the time and date of receipt of the instructions and the name of the person who received the instructions,
  - (e) the time and date of transmission of the instructions and the name of the person who transmitted the instructions and
  - (f) the time and date of execution of the instructions and the name of the person who executed the instructions.
- 6) A Member shall ensure that all Orders are entered into the ATS as soon as they are received and in the order in which they are received, unless the Member can demonstrate to the satisfaction of GBOT that:
- (a) the Member's client instructed the Member in respect of particular Orders made on behalf of that client, not to enter such Orders in order of receipt or
  - (b) in not entering those Orders in order of receipt, the Member was acting in the best interests of that client.
- 7) A Member shall not disclose another client's Orders or instructions to trade except:
- (a) to the extent necessary to enter the Order into the ATS.
  - (b) to an employee of GBOT as being authorised to receive such information.
  - (c) to the FSC or any other regulator which supervises the activities of that Member.
- 8) A Member must not offer or allocate trades to a client unless those trades have been entered into in accordance with the instructions previously received from that client.
- 9) A Member shall allocate trades to clients in the sequence in which Orders are received unless it would be fair and equitable as

determined by GBOT to do otherwise.

### 3.17.2 Use of GBOT Systems

Members shall not engage in conduct which is likely to impair the operation of GBOT Systems. Such conduct shall include, but are not limited to, submitting unwarranted or excessive electronic messages or requests to GBOT Systems provided that the use of an electronic trading engine shall not of itself be considered to give rise to excessive electronic messages.

### 3.17.3 Member's ongoing contact

Every Member shall appoint two persons as the ongoing contacts to act at all times as the Member's principal channel of communication with GBOT. These persons may be directors or from senior management of the Member and at least one of them must always be available to be contacted by GBOT immediately prior to and during the business hours of GBOT.

Guidance:

- (a) The Member's ongoing contact must be able to respond promptly to requests and day-to-day market enquiries from GBOT and in particular, be available before GBOT markets open each morning to resolve any issues which could impact the markets orderly operation.
- (b) Where the Member's ongoing contact is not available to be contacted by GBOT prior to and during the trading hours for the purpose of seeking clarification in respect of the conduct of the Member or any information which is published through the media but not disclosed by the Member to GBOT and where GBOT deems such conduct or information would hamper the smooth trading and/or clearing and settlement activities of GBOT, the trading and/or clearing and settlement functions of the Member may be suspended or disabled by GBOT till such time, clarification to the satisfaction of GBOT is obtained from the Member. Both ongoing contacts must be fully conversant with the Member's

responsibilities under these Rules and must have the authority to act as the Member's point of contact.

- (c) Where a Member appoints a Compliance Officer under the paragraph 3.18, such Compliance Officer may be nominated as the Member's ongoing contact for the purpose of these Rules.

### **3.18 Compliance Officer**

- 1) Every Member should have a Compliance Officer.
- 2) The Compliance Officer shall be a senior management staff of the Member and report to the board of directors of the Member.
- 3) The name and details of the Compliance Officer so appointed should be intimated to GBOT.
- 4) The Compliance Officer would ensure that all FSC rules and guidelines and circulars issued there under, Regulations, GBOT Rules, Circulars and/or Notices and other regulatory bodies are complied with internally as may be applicable to the Member. Any discrepancies and/or deviations shall be reported independently by the Compliance Officer to the board of the Member and to GBOT immediately.
- 5) The Compliance Officer shall ensure that observations made and/or deficiencies pointed out by FSC and/or GBOT during any inspection or investigation shall be addressed immediately. Remedial and control process initiated should be informed to FSC and GBOT along with the statement on how such deviations shall not be repeated.
- 6) Where GBOT is of the opinion that the Compliance Officer is not carrying out his functions effectively as per the requirements under Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Notices and Circulars as may be applicable to the Member, GBOT can compel the Member to replace such Compliance Officer.

### **3.19 Client monies**

- 1) Every Member shall:

- (a) segregate client's monies and assets from the Member's monies and assets,
- (b) deposit client's monies and assets in trust or custody accounts,
- (c) separately account for the monies and assets of every client and
- (d) comply with all segregation requirements under the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices.

### **3.20 Client Margins**

- 1) Margins payable by a Clearing Member to GBOT are governed by the clearing and settlement provisions under these Rules.
- 2) Before executing client instruction, a Member shall issue a call to that client for the minimum Initial Margin that is prescribed by GBOT in such manner as GBOT deems appropriate or such larger sum of Initial Margin that the Member deems fit under the circumstances. Initial Margin shall be due upon execution of the instructions given by the client irrespective of the time when the call is made.
- 3) A Member shall call Variation Margin from the client when the client has a net debit Variation Margin unless the client is a Clearing Member and the Contracts are recorded with GBOT in the name of that Clearing Member. However, where the amount of a call would be less than an amount determined by GBOT, the making of such a call shall be at the discretion of the Member. Variation Margin shall be due at the same time as the Variation Margin comes into existence, irrespective of the time when any call is made.
- 4) A Member shall call Delivery Margin from the client at a time specified by GBOT with respect to a deliverable Currency Derivatives Contract. Delivery Margin shall be due when determined by GBOT in respect of a deliverable Currency Derivatives Contract.
- 5) A Member shall call Special Margin from the client immediately following the determination by GBOT that such Margin shall apply to that Currency

Derivatives Contract. Special Margin shall be due when GBOT determines that Special Margin shall apply to a particular Currency Derivatives Contract.

- 6) Calls for all Margins shall be satisfied by cash payment or any other method prescribed by GBOT within specified time period as determined by GBOT. Initial Margin must be covered at all times. Calls for Variation Margin shall be satisfied by cash payment.
- 7) Where a client is in default by failing to pay a call or satisfy the same with other methods prescribed by GBOT within the time specified by GBOT, a Member must immediately upon expiry of the specified time, close out to the extent necessary to counter the call, all or any existing Open Positions held by that Member on account of that client. A Member shall not be liable to the client for any loss sustained by the client as a result of that Member closing out Open Positions under this Rule. Further, a Member shall not be obliged to close out futures positions under this Rule where the Member exercises a reasonable discretion not to do so.

### **3.21 Resignation, suspension and termination of membership**

#### **3.21.1 Resignation**

Members may seek to resign from membership of GBOT after an initial lock in period of three years from the date of final admission by providing written notice of resignation to GBOT, the resignation notice shall be effective 3 (three) months after the receipt of such notice unless GBOT and the Member agree on a different date.

The resignation of a Member is subject to the prior written approval of GBOT.

#### **3.21.2 Suspension**

- 1) GBOT may, without any Notice, suspend a Member if any of the following circumstances relating to such member occur:
  - (a) an Event of Default,

- (b) any violation of these Rules, Notices or Circulars made thereunder,
  - (c) failure to meet minimum capital and financial requirements on an ongoing basis,
  - (d) failure to maintain initial deposit/base capital, meet settlement obligations or make payments for charges, fees or any other amount within the specified time,
  - (e) any alleged violation of these Rules where such violation could have a material adverse effect on GBOT,
  - (f) notified by any recognised monitoring agency or regulatory body for involvement in Money Laundering activities and/or in violation of the Financial Intelligence and Anti Money Laundering Act of the Republic of Mauritius or alleged involvement in terrorist financing anywhere in the world,
  - (g) any change in Controlling Shareholding Group of the Member without the approval of GBOT,
  - (h) as directed by FSC.
- 2) Suspension of membership may be immediate or deferred and for an indefinite or fixed term or duration that may be determined by GBOT. GBOT shall take any other action or measure in relation to the suspension.

### 3.21.3 Termination

- 1) GBOT shall be entitled to terminate immediately the membership of a Member if any of the following circumstances occurs:
  - (a) an Event of Default, whether it is declared default or not,
  - (b) any violation of these Rules, Notices or Circulars made

thereunder,

- (c) the Member is suspended and GBOT determines that the Member has not remedied to the satisfaction of GBOT the matters giving rise to the suspension, within the specified period,
  - (d) being adjudged bankrupt or receiving an order against it or being declared as insolvent,
  - (e) being wound up or dissolved,
  - (f) being convicted of any crime or financial impropriety,
  - (g) as a result of disciplinary action under Chapter 9.
  - (h) fail to replenish the initial deposit/base capital as may be required under these Rules,
  - (i) as directed by FSC.
- 2) GBOT may terminate membership with immediate effect or by fixing a future date and take any action or measure in relation to such termination.

#### 3.21.4 Consequences of resignation, suspension or termination

- 1) A Member who has resigned, been suspended or whose membership has been terminated, shall be liable to GBOT for all pending obligations and liabilities incurred by it under these Rules during the period of its membership and continue being subject to the disciplinary powers of GBOT for any act or omission committed by it during its membership.
- 2) A resigning, suspended or terminated Member shall co-operate with and assist GBOT in all matters arising out of such resignation, suspension or termination, including but not limited to, transferring

its Open Positions to other Members or liquidating the same.

- 3) A resigning, suspended or terminated Member shall complete all pending transactions or Currency Derivatives Contracts unless otherwise as may be decided by GBOT and would be liable to its own clients counterparties and GBOT in respect of all the transactions it has executed as a Member of GBOT in the same manner as would any other Member of GBOT.
- 4) GBOT may publish the resignation, suspension and termination of a Member and notify FSC, other Members and third parties.
- 5) The Member who resigned or has been suspended or terminated is not entitled to a refund of its membership, annual or such other fees that are already paid.
- 6) All the monies including Margin and payout would be held out at the discretion of GBOT. A decision to release such money would be made by GBOT after computing the Member's liabilities and obligations towards its clients, GBOT, counter parties and any other persons. The order of the disposal or appropriation of the money withheld would be in the following priority:
  - (a) GBOT,
  - (b) FSC,
  - (c) clients of the Member and
  - (d) any other person.

## **CHAPTER - 4**

### **TRADING RULES**

#### **4.1 Scope of this Chapter**

Chapter 4 shall cover all types of Currency Derivatives Contracts that are eligible to be traded on GBOT and trading on GBOT and apply to all Members and any other party in relation to trading of Currency Derivatives Contracts on GBOT.

#### **4.2 Contracts admitted to trading on GBOT**

##### **4.2.1 General**

- 1) GBOT may admit a Currency Derivatives Contract or group of Currency Derivatives Contracts for trading on GBOT with the terms and conditions of each Currency Derivatives Contract comprising Contract Specifications for each Currency Derivatives Contract, the applicability of these Rules and other relevant matters.
- 2) Every Currency Derivatives Contract is governed by these Rules and Contract Specifications. In the event that there is a conflict between the Contract Specifications and these Rules, the Contract Specifications shall prevail.
- 3) Upon a decision to admit each Currency Derivatives Contract, the expiry date of each Currency Derivatives Contract for trading on GBOT shall be entered into the ATS system.
- 4) GBOT would provide the Contract Specifications at the time of introduction of the Currency Derivatives Contract. In the event of a change in the Expiry Date of a Currency Derivatives Contract from that mentioned in the Contract Specification, the Last Trading Day that was previously determined will be changed correspondingly as per the Expiry Date.
- 5) GBOT may remove any Currency Derivatives Contract from the approved list of Currency Derivatives Contracts admitted for trading. If there are no Open Positions in the relevant Currency Derivatives

Contract which GBOT decides to remove, any such removal shall be effective at such time as GBOT shall determine. However, in the event that there are Open Positions in the relevant Currency Derivatives Contract which GBOT has decided to remove, trading shall be allowed only to enable the closing out of those Open Positions to the extent GBOT deems such trading to be necessary for a fair, efficient and orderly market.

- 6) GBOT shall determine, among other things, trading hours and trading sessions for each Currency Derivatives Contract including the close of trading timings on the Expiry Date in relation to each contract.
- 7) Subject to the approval of the FSC, GBOT may introduce trading in different Currency Derivatives Contract after due notice to the market through directions and/or Circulars and/or Notices.

#### **4.3 Futures Contracts**

- 1) Under a Futures Contract, in case of deliverable Currency Derivatives Contracts, both the Seller and the Buyer will deliver and accept the currency which is the subject of the Futures Contract as agreed between the parties and pursuant to the Contract Specifications for that Currency Derivatives Contract.
- 2) All Futures Contracts executed between Members shall be cleared and settled through GBOT in accordance with clearing and settlement provisions of these Rules, Circulars and/or Notices. All Rules, Circulars and/or Notices in relation to clearing and settlement shall to the extent applicable to a Member be binding on each such Member.

#### **4.4 Options Contracts**

- 1) Options Contracts include but is not limited to Options in a Futures Contract. Options Contracts can either be call or put Options Contracts.
- 2) (a) In the case of a call Options Contract,
  - (i) the Buyer of the call Options Contract acquires in consideration for a Contract Premium and at a Strike Price chosen from a list of such prices fixed under the relevant

Contract Specifications and agreed between the parties, the right to acquire the Underlying as in the relevant Contract Specifications for that call Options Contract and

- (ii) in the event that the Buyer of the call Options Contract exercises that right, a Seller as assigned by GBOT shall be vested with a sold position in the Underlying at the same price and in the same Delivery Month as that assumed by the Buyer of the call Options Contract and
- (iii) where a call Options Contract based on futures is exercised, the resulting Futures Contract shall be recorded at the Strike Price agreed pursuant to above subparagraph (a) (i).

(b) In the case of a put Options Contract,

- (i) the Buyer of the put Options Contract acquires in consideration for a Contract Premium and at a Strike Price chosen from a list of such prices fixed under the relevant Contract Specifications and agreed between the parties, the right to sell the Underlying as in the relevant Contract Specifications for that put Options Contract, and
- (ii) if the Buyer of the put Options Contract exercises that right, a Seller assigned by GBOT shall be vested with a bought position in the relevant Underlying at the same price and in the same Delivery Month as that assumed by the Buyer of that put Options Contract.
- (iii) where a put Options Contract based on futures is exercised, the resulting Futures Contract shall be recorded at the Strike Price agreed in accordance with above subparagraph b) (i).

3) (a) Right of a Buyer and Seller to close out:

- (i) the Buyer of an Options Contract may prior to the expiration of trading on the Declaration Date, sell an Options Contract of the same series as that Options Contract bought, in which case the bought and sold positions may be closed out.
- (ii) the Seller of an Options Contract may prior to the expiration

of trading on the Declaration Date, buy an Options Contract in the same series as that Options Contract sold, in which case the sold and bought positions may be closed out.

- (b) The Buyer of an Options Contract may:
    - (i) subject to subparagraph (c) below exercise the Options at any time prior to the time fixed by GBOT for lodging exercise notices in the relevant Options Contract, in which case, the Buyer shall become the holder of a bought futures position, in the case of a call Options Contract or holder of sold futures position in the case of put Options Contract, in the Underlying Futures Contract in the same Delivery Month and at the same price as the Strike Price of the Options Contract, or
    - (ii) permit GBOT on the Declaration Date to automatically exercise the Options Contract or let it lapse in accordance with the relevant Contract Specifications.
  - (c) The Buyer shall not have the right to exercise an out-of-the-money Options Contract.
- 4) An Options Contract shall be entered into in consideration of a Contract Premium payable by the Buyer. The Contract Premium shall be in pursuant to these Rules, Circulars and/or Notices and payment thereof shall be governed by Margin requirements under these Rules.
  - 5) Strike Prices shall be fixed and published by GBOT from time to time.
  - 6) Exercise of an Options Contract may be carried out by lodging an exercise notice with GBOT, in a form prescribed by GBOT. A Member who holds a call Options Contract or a put Options Contract on behalf of a client may exercise the Options Contract provided that the Member has received the relevant instructions from the client prior to the time for lodgement of the exercise notice.
  - 7) On the Declaration Date of Options Contracts, GBOT shall unless otherwise directed by an exercise notice (a) exercise all in-the-money Options Contract and allow all other Options Contracts to expire.

- 8) An option over a Futures Contract is in-the-money if the Daily Settlement Price during the Delivery Period of the Underlying Futures Contract on the Declaration Date is greater than the Strike Price in the case of a call Options Contract or is less than the Strike Price in the case of a put Options Contract.
- 9) (a) Upon receipt of an exercise notice, GBOT will notify the Seller that the Seller has become the holder of a sold futures position in the case of a call Options Contract or the holder of a bought futures position in the case of a put Options Contract, in the Underlying Futures Contract in the same month and at a price equal to the Strike Price of the Options Contract sold.
- (b) On the Declaration Date, the Seller will receive such notification after the exercise notice is lodged with GBOT and by not later than the time prescribed by GBOT for each relevant Options Contract.
- (c) On all Business Days, the Seller will act upon such notification after the conclusion of business processing at the end of the day on which the exercise notice was lodged by the Buyer and by not later than the time prescribed by GBOT for each relevant Options Contract.
- 10) Where the Buyer and Seller have become the holders of a futures position in accordance with the exercise of an Options Contract, the Buyer and Seller shall comply with the provisions of these Rules in relation to the futures positions.
- 4.4.1 The daily premium settlement for Option contracts, the exercise procedure and assignment will be prescribed by GBOT from time to time through Circulars and or Notices.

## **4.5 Trading on GBOT**

### **4.5.1 Trading platform**

Trading on GBOT shall take place on the ATS.

#### 4.5.2 Trading days and hours

- 1) GBOT will publish by Notice and/or Circulars the Business Days for a calendar year and trading hours.
- 2) Trading hours may be extended or reduced in exceptional circumstances by GBOT.

#### 4.5.3 Maintenance of trading records

Members shall maintain records of each trade made by them for a period of not less than seven (7) years from the date of such trade, including:

- (a) the time and date of receipt of instructions,
- (b) the nature of the instructions received,
- (c) the person who received the instructions,
- (d) the time and date of transmission of those instructions and the person who transmitted the instructions,
- (e) the time and date of execution of those instructions and the person who executed the instructions and
- (f) any other information prescribed by GBOT from time to time.

#### 4.5.4 Trading system

- 1) Except where otherwise prescribed by GBOT, all trading shall take place on the ATS.
- 2) Access to the ATS shall be by way of:
  - (a) Trade Work Stations ("TWS") approved by GBOT as to

technical specifications and location and any other factors that GBOT may determine to be relevant and

- (b) User Ids allocated to Members on such terms and conditions, including but not limited to the Authorised Users to whom User Ids may be allocated as GBOT may prescribe.
- 3) GBOT may disconnect any User Ids allocated to an Authorised User if it is of the opinion that the continued access of the ATS by that Authorised User will affect the orderly conduct of the market.
- 4) GBOT may issue Notices and/or Circulars regarding the procedures to be followed in using the TWS(s).
- 5) No Member shall have any title, right or interest in the ATS or any other trading system of GBOT, its facilities and software and the information provided on the ATS or any other trading system of GBOT and no such claim shall lie against GBOT at any time.

#### 4.5.5 Authorised User

- 1) No person shall be allowed to trade through a TWS connected to the ATS unless he is authorised to trade by a Member and is registered with GBOT as an Authorised User.
- 2) An Authorised User shall at all times comply with the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices as may be prescribed by GBOT from time to time.
- 3) A person who is a director, an officer, an employee or an agent of a Member or a client of a Member and in either case who has been authorised to trade by that Member is eligible to apply to GBOT for registration as an Authorised User.
- 4) No person shall be registered with GBOT as an Authorised User unless he or she possesses the requisite skills and qualifications as may be prescribed by GBOT from time to time through Circulars and/or Notices.

- 5) A Member may at its discretion withdraw an authorisation at any time and shall simultaneously inform GBOT.
- 6) A Member shall immediately withdraw the authorisation of an Authorised User in case there has been a failure on the part of that Authorised User to comply with the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices that has been prescribed by GBOT. Thereafter, the Member shall at the earliest inform GBOT of the same.
- 7) A Member shall accept full responsibility for all its Authorised Users and take all reasonable steps to make sure that the Member and its Authorised Users shall comply with these Rules, Circulars and/or Notices.
- 8) GBOT may refuse to register a person as an Authorised User or terminate such registration if it considers that the person is not or is no longer fit or proper to act as the Authorised User.
- 9) A Member who permits access to a TWS to a person who is not an Authorised User may have its membership suspended by GBOT for a period to be determined by GBOT or be subject to a disciplinary action, among other things.

#### 4.5.6 Connection to the ATS

- 1) GBOT may where it deems necessary in the interests of fair, efficient and orderly markets determine that a Member shall not provide a connection to the ATS to a particular client in relation to a particular order system.
- 2) Subject to these Rules, Circulars and/or Notices the allocation of User Ids and the approval of TWS shall be done by GBOT. GBOT may determine the number of User Ids to be issued to a particular Member, determine the required specifications and location of any TWS and disable any User Ids as required when it is of the opinion that continued use of such User Ids will affect the operation of a fair, efficient and orderly market.

#### 4.5.7 Market interruption

The ATS is not in operation for the purposes of these Rules when the computer system is not operating because of hardware or software breakdown and/or GBOT is of the opinion that for any reason trading in Currency Derivatives Contracts cannot occur in an orderly manner and gives Notice affecting a market interruption on available TWS's.

#### 4.5.8 Order acceptance

A Member or its Authorised User may not accept any order for execution on the ATS unless such order includes the following information:

- (a) currency,
- (b) Contract Month,
- (c) purchase or sale,
- (d) quantity,
- (e) Strike Prices for Options Contract.

#### 4.5.9 Order cancellation

- 1) Subject to subparagraph (2), GBOT may at its discretion, cancel an Order or direct a Member to withdraw an Order, where in the opinion of GBOT, an Order has been entered which is not in the best interests of an orderly, fair and transparent market and the matter cannot be adequately or appropriately dealt with under these Rules, Notices and Circulars issues there under.
- 2) GBOT will give notice of a decision made under this Rule to the relevant Members as soon as possible and practical.

#### 4.5.10 Emergency powers

- 1) Whenever GBOT considers that there is an emergency, force majeure event or crisis in the nature of manipulation, squeeze, bear raid or wherever it appears to GBOT that the Currency Derivatives Contracts or transactions are executed for the purpose of inducing a false or artificial appearance of activity or upsetting the price

equilibrium or that the business is being conducted in a manner prejudicial to the interests of the trade or the interests of GBOT or undesirable situation or practice has developed or is developing such as any unusual or unforeseeable events or adverse circumstances, it may, among other things:

- (a) suspend or curtail a Currency Derivatives Contract or a transaction for such period as it specifies,
  - (b) limit trading in any Currency Derivatives Contract or transaction,
  - (c) effect special clearance of outstanding Currency Derivatives Contracts or transactions,
  - (d) close out a Currency Derivatives Contract or transaction at a price determined by GBOT,
  - (e) amend or cancel a Currency Derivatives Contract,
  - (f) amend, delete or add to these Rules, Notices and Circulars,
  - (g) impose Variation or Special Margins or
  - (h) take such other measures that GBOT may decide.
- 2) GBOT shall have power to call upon all or any Member to submit detailed statement providing information relating to Currency Derivatives Contracts or transactions entered into by such Member in such form and in such manner as may be prescribed.

In particular and without prejudice to the generality of the foregoing power, such information may relate to the following matters, among other things:

- (a) transactions or Currency Derivatives Contracts entered into by a Member with another Member on its own-account,

- (b) transactions or Currency Derivatives Contracts entered into by a Member on behalf of others,
  - (c) Open Positions of a Member and of others on whose behalf the Member has entered into transactions or Currency Derivatives Contracts and
  - (d) stocks of currency held by a Member or its clients.
- 3) (a) GBOT shall have power for the purpose of verifying or checking any statement submitted by a Member under these Rules, Circulars and/or Notices to call for the production of the books of any Member and/or call for explanation from any Member.
- (b) A Member failing or neglecting to submit any such statement or to produce any such books to give any such explanation shall be subject to a disciplinary action under these Rules, among other things.
- 4) If, in the opinion of GBOT, an emergency has arisen or exists or it is expedient in the general interests of the trade of GBOT to do so, notwithstanding anything to the contrary contained in these Rules or any Currency Derivatives Contract made subject to these Rules, every transaction relating to any Contract Month notified under these Rules and entered into between Members or between a Member and a client, GBOT may, among other things, close out all transactions at such rate or rates, appropriate to such Currency Derivatives Contract or transaction and with effect from such date as shall be fixed by GBOT.
- 5) GBOT's decisions under this Chapter are binding on all Members, its clients and representatives.

#### 4.5.11 Market Maker

- 1) GBOT may appoint one or more Market Makers in respect of a particular Currency Derivatives Contract or Currency Derivatives Contracts. A Member desirous of becoming a Market Maker will sign an agreement with GBOT on such terms and conditions, as may be prescribed by GBOT in Notices and/or Circulars for making

a market in the specific currency and/or Currency Derivatives Contracts assigned to such Member and on such terms and conditions as may be prescribed by GBOT from time to time.

- 2) Market Maker shall offer at all times during the trading hours of GBOT and during the period he has agreed to function as a Market Maker, quotations for both buying and selling of contracts in specific currency as determined by GBOT for such Market Maker.

#### 4.5.12 Surveillance, Market Watch System, Investigation and GBOT Members Database

GBOT shall carry out and supervise the functions relating to surveillance, investigation and any other market related activities. GBOT with the approval of FSC may outsource such functions to a separate entity or by a separate and distinct entity established by it either jointly or in collaboration with any other institution. The provisions relating to surveillance, market watch system, investigation, any other market related activities and Members' database shall be specified in the relevant Rules and Circulars and/or Notices issued by GBOT from time to time relating to these matters.

## **CHAPTER - 5**

### **CLEARING AND SETTLEMENT RULES**

#### **5.1 GBOT**

- 1) GBOT shall clear and settle Currency Derivatives Contracts that are traded on GBOT, in so far as the same are accepted for clearing and settlement by GBOT.
- 2) Notwithstanding the foregoing, GBOT may at its discretion, at any time decline to accept a Currency Derivatives Contract or transaction for clearing and settlement or may impose conditions including additional Margins on the acceptance of the Currency Derivatives Contract or a transaction, without being required to give any reason and shall notify any such decision to the Clearing Member.

#### **5.2 Clearing Members**

- 1) A Clearing Member shall clear and settle all Currency Derivatives Contracts or transactions executed by it or a Member for whom it undertakes clearing and settlement in accordance with a clearing agreement. A Clearing Member shall enter into a clearing agreement with a Member for whom it has agreed to provide clearing and settlement services. The clearing agreement shall, among other things, govern the relationship between the Clearing Member and the Member and their rights and obligations. A copy of the clearing agreement shall be given to GBOT.
- 2) Professional Clearing Member shall remain responsible for Currency Derivatives Contracts and transactions even if it is no longer acting for the Member which executed relevant Currency Derivatives Contracts and transactions and/or the Member is in Default of its obligations to the Professional Clearing Member and/or is declared as a Defaulter Member.
- 3) A Clearing Member shall not be entitled to refuse any Currency Derivatives Contract arising out of a transaction or trade executed by a Member for whom the Clearing Member undertakes clearing and settlement in accordance with a clearing agreement.

- 4) Members whose Currency Derivatives Contracts are cleared by Clearing Members shall pay the prescribed Margins, deposits and fees for their respective Outstanding Obligations to remain valid.

### **5.3 Substitution (Novation)**

- 1) GBOT shall be the central-counter party to a Currency Derivatives Contract or transaction received pursuant to this Chapter and shall clear and settle the same, subject to Rule 5.1 above and 5.3 and upon the creation of a binding contract between Members engaged in trading the Currency Derivatives Contract or transaction shall be novated to GBOT. Substitution shall result in two contracts, one between the selling Clearing Member and GBOT and the other between GBOT and the buying Clearing Member, at the moment that:
  - (a) the relevant Orders are matched on the GBOT system,
  - (b) in the case of a Currency Derivatives Contract that forms as a result of an Options Contract being exercised, immediately upon such exercise being registered with GBOT.
- 2) Without any prejudice to Rules 5.1 and 5.3, no Currency Derivatives Contract shall arise and GBOT shall have no liability to any person for a Currency Derivatives Contract or transaction for which incomplete or conflicting trade details or information are received by GBOT. In the case of a Currency Derivatives Contract being void, all amounts paid in accordance with the purported Contract shall be returned by the relevant Clearing Member and GBOT to the concerned parties without any interest. Further, GBOT shall have the right to render any Currency Derivatives Contract void, which is not void under Rule 5.2, including but without any limitation, if the concerned Currency Derivatives Contract or transaction whether in whole or in part, (i) is or seems to be incomplete or erroneous in any way, (ii) is or seems to be affected by or connected with illegality, insider dealing, market abuse, money laundering, fraud or any other breach of these Rules and applicable laws, and (iii) is one where a relevant governmental or judicial authority requires that GBOT treat as void or voidable.

- 3) Each separate Currency Derivatives Contract shall be identical to the original trade or transaction, except for the parties thereto. The rights and obligations of a Clearing Member with respect to a Currency Derivatives Contract shall entirely supersede and replace the rights and obligations of a Member engaged in trading (if not the same entity) in relation to the original trade or transaction.
- 4) Subject to Rules 5.1 and 5.3 above, GBOT shall be substituted as counterparty for all net liabilities of the Clearing Members in Currency Derivatives Contracts or transactions in which GBOT has decided to accept the responsibility of guaranteeing the financial obligations under such Currency Derivatives Contracts or transactions.
- 5) GBOT shall not be liable for any obligations or liabilities of a Clearing Member to a non-Member nor for any obligations or liabilities of a Clearing Member to another Member of GBOT.
- 6) Without any prejudice to the rights of GBOT under these Rules, GBOT shall not have any liability or obligation to any client of a Clearing Member or Member or any client or customer of such client.
- 7) GBOT shall rely conclusively on the authenticity and accuracy of any and all information, documents and data regarding any transaction, trade or Currency Derivatives Contract submitted to GBOT by any Clearing Member, whether or not a Clearing Member or its client has in fact authorised the submission of such information, data, document or the details so submitted.

#### **5.4 Clearing Members act as principal**

- 1) Each Open Contract (whether designated to a Proprietary Position or a client position) shall be between GBOT and a Clearing Member as principal and not as agent.
- 2) No other person or any third party, including any Member which is guaranteed by the Clearing Member or a client, shall have any rights or obligations under any Open Contract between the Clearing Member and GBOT.

## 5.5 Transfer of Contracts

- 1) GBOT may:
  - (a) upon the request of a Clearing Member,
  - (b) where provided in these Rules or
  - (c) pursuant to Default Rules under Chapter 10,

transfer an Open Contract held in the name of a Clearing Member (the "Transferor Member") to another Clearing Member (the "Transferee Member").

- 2) Notwithstanding Rule 5.5(1), GBOT may decline to affect a transfer of a Currency Derivatives Contract without providing any reason.
- 3) A transfer may be made subject to the Transferor Member and Transferee Member complying with any conditions imposed by GBOT including the deposit of Margin, cash, securities or collateral by either or both of the Transferor and Transferee Member or any other party.
- 4) The transfer shall be affected in such manner and at such time as GBOT determines and shall be subject to the acceptance of the Transferee Member.
- 5) Upon the Transferee Member accepting the transfer in the manner prescribed by GBOT, the Open Contract between the Transferor Member and GBOT shall be extinguished and a new Open Contract will come into existence between GBOT and the Transferee Member to which the Open Contract has been transferred on the same terms as the extinguished Open Contract.

## 5.6 Open Positions

All Currency Derivatives Contracts or transactions shall remain open and in force and shall continue to be binding upon the Clearing Members until liquidated by offsetting Currency Derivatives Contract or transaction, or Delivery or such other

method as may be specified by GBOT from time to time, provided however that all Open Positions shall cease to exist after Expiration Day.

## **5.7 Rules forming part of Currency Derivatives Contracts**

All Currency Derivatives Contracts or transactions shall be made subject to the Act, FSA, Regulations, FSC rules and guidelines and circulars issued thereunder and these Rules, Circulars and/or Notices, subject to any amendment from time to time. All Members shall make sure that in their agreement with any third party in order to provide trading, clearing and settlement services that it be so agreed and provided.

## **5.8 Margins**

### **5.8.1 General**

- 1) In respect of trades which are cleared and settled by GBOT, Clearing Members shall comply with Margin requirements as prescribed by GBOT, from time to time.
  
- 2) The Margin requirement of a Clearing Member will be the total of the following Margins as may be specified by GBOT, from time to time:
  - (a) Initial Margin,
  - (b) Variation Margin,
  - (c) Special Margin and
  - (d) Delivery Margin.

The methods and formula for calculating the above Margins, their payment, among other things, will be determined by GBOT by Notices and/or Circulars. The method of calculation of the Margin may include gross position basis, net position basis and client level basis or in any other manner, as may be prescribed by GBOT.

- 3) The following Margin provisions, among other things, shall apply in respect of Currency Derivatives Contracts and other transactions cleared and settled by GBOT:

Every Clearing Member shall pay the appropriate Margin amount to GBOT against the aggregate Open Positions cleared by the Clearing Member:

- (i) for the Clearing Member's own-account where applicable and
  - (ii) for other Members with whom the Clearing Member has an agreement and
  - (iii) clients, other than Members, where applicable.
- 4) GBOT may take such measures including disciplinary action, suspension or termination of membership against a Clearing Member who failed to pay any Margin including Variation or Special Margin or any other payment.
  - 5) No Clearing Member shall directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of Margin requirements or any other payment as prescribed under these Rules, Notices and/or Circulars issued there under.
  - 6) All monies, Margins, deposits or other payments received by Clearing Members from their clients in any form shall be accounted for and maintained separately in segregated accounts and shall be used solely for the benefit of the respective client's positions.
  - 7) GBOT may specify the type or quantum of Margin and the applicability of same from time to time. Such Margin may vary from currency to currency and for different Contract Months.
  - 8) GBOT shall prescribe such Special and Variation Margins as may be considered necessary and at such times as deemed necessary by GBOT.
  - 9) A Clearing Member shall not be refunded, repaid or request a release of any amount so deposited except pursuant to these Rules, Notices and/or Circulars made there under and until any Open Position is closed out or completed by Delivery, acceptance

of Delivery or any other method prescribed by GBOT. The decision to refund, repay or release any amount so deposited shall be at the discretion of GBOT.

#### 5.8.2 Difference in Margin between Clearing Members

- 1) GBOT may determine a higher rate of Margin for a particular Member or for all or some Clearing Members for a particular transaction, Currency Derivatives Contract or Contract Month or in such other manner, as it considers appropriate.
- 2) Margins applicable to Open Positions held by Clearing Members may be changed by GBOT from time to time and relate to both existing and new Open Positions.

#### 5.8.3 Initial Margin

- 1) A Clearing Member shall deposit with respect to each Open Position with GBOT, an amount determined by GBOT from time to time, whether before or after the opening of such Open Positions, upon demand or by such time as prescribed by GBOT.
- 2) A Clearing Member shall not be entitled to a refund or repayment of any amount so deposited except in accordance with these Rules, and until the position is closed out or completed by Delivery or acceptance of Delivery.

#### 5.8.4 Variation Margin

The Clearing Member shall pay Variation Margins at such intervals as prescribed by GBOT. The amount of Variation Margin on any Business Day for each account, Proprietary Account and Client Account, of a Clearing Member shall be the net gain or loss, as the case may be, on all Currency Derivatives Contracts in such account, represented by the difference between:

- (a) the Daily Settlement Price on such day of each Contract in the account and
- (b) the price at which each such Currency Derivatives Contract was bought or sold on such day or the Daily Settlement Price for each

such Currency Derivatives Contract on the previous Business Day.

#### 5.8.5 Special Margin

Any Margin deposit that is required from the Clearing Members to establish, maintain a position in a Currency Derivatives Contract and/or to deal with sudden fluctuations of any market operated by GBOT shall be payable in a manner and within such time as may be specified by GBOT from time to time.

#### 5.8.6 Delivery Margin

- 1) Delivery Margin is the amount of Margin (other than Initial Margin, Variation Margin or Special Margin) specified from time to time by GBOT as being payable in relation to a Currency Derivatives Contract during or immediately prior to, the period in which a Delivery notice may be issued for that Currency Derivatives Contract.
- 2) The Clearing Member shall pay the Delivery Margin as prescribed in the Contract Specifications or as may be prescribed by GBOT from time to time.

#### 5.8.7 Intra-day Margin

- 1) GBOT may, at its discretion, revalue the Open Positions during the course of the trading day, when the market is open for trading.
- 2) A Clearing Member shall by no later than the prescribed time on each Business Day deposit with GBOT by way of intra-day Margins, as a result of the revaluation of Open Positions held by the Clearing Member.

#### 5.8.8 Margin from clients

- 1) The Clearing Member shall demand from its clients the Margin monies which the Clearing Member has to provide under these Rules in respect of transactions carried out by the Clearing Member for such clients.

- 2) The Clearing Member shall collect from its clients applicable Margins, within such time, as prescribed and decided by GBOT. The Clearing Member may collect Margins from its clients which is higher than that prescribed by GBOT, if it deems fit.
- 3) The Clearing Member as and when required by GBOT shall inform GBOT, specifically the amount deposited as Margin on behalf of its clients.
- 4) The Clearing Member shall not allow the utilisation of Margin monies paid by one client to the Margin money dues of its own account or of other clients.

## **5.9 Position limits**

### 5.9.1 Position limits

- 1) GBOT may at its discretion at any time prescribe:
  - (a) maximum Long and/or Short Open Positions for all or any of the Clearing Members and their clients including quantity or value for any or all Currency Derivatives Contracts,
  - (b) the maximum number of Open Positions that may be held by a Clearing Member in any Currency Derivatives Contract or Currency Derivatives Contracts,
  - (c) the number of Open Positions that may be held by a Clearing Member in any Currency Derivatives Contract or currency as a percentage of the total Open Positions in that Currency Derivatives Contract or currency,
  - (d) any other criteria relating to the Clearing Member's Open Positions or exposure as GBOT deems fit.
- 2) GBOT may at its discretion and at any time restrict the Clearing Member from taking positions beyond a prescribed percentage of the total deposits of the Clearing Member with GBOT, to be known

as the Exposure Limit.

- 3) GBOT may fix the exposure limit of the Clearing Member by reference to the Initial Margin liability, Variation Margin liability or daily settlement liability of the Clearing Member or any other method deemed fit.
- 4) GBOT may, at any time, impose, increase, reduce or remove the Exposure Limits pursuant to the above Rules by notifying the relevant Clearing Member. Any imposition, removal or change in clearing or Exposure Limits so notified shall take effect as stipulated in such Notices.

#### 5.9.2 Exceeding Exposure Limits

- 1) If a Clearing Member exceeds limits imposed under these Rules, GBOT shall be entitled to advise the Clearing Member to close out Open Positions or may itself close out such Open Positions on the Clearing Member's behalf or take such other measures including withdrawal of clearing facility as deemed fit by GBOT from time to time.
- 2) GBOT shall not be responsible for any loss or liability arising out of or in connection with the close out of the Open Positions and the Clearing Member shall be liable for settlement of any such loss or liability incurred if any in respect of such actions taken by GBOT on behalf of the Clearing Member.

#### 5.10 Daily Settlement Price

- 1) GBOT shall at the close of trading hours, determine the Daily Settlement Price for each transaction or Currency Derivatives Contract. The basis of such determination shall be communicated in advance through Circulars and/or Notices.
- 2) The Daily Settlement Price determined by GBOT shall be binding on all Members.
- 3) Any amount required to be paid under this Rule shall be paid by such time

and manner as prescribed by GBOT.

### 5.11 Daily Settlement

- 1) GBOT shall on each Business Day after the determination of the Daily Settlement Price and at any other time that it may determine, affect Daily Settlement of all Open Contracts arising from Currency Derivatives Contracts traded prior to that time at the Daily Settlement Price.
- 2) All Open Positions whether Long or Short of a Clearing Member shall be deemed to have been closed out at the Daily Settlement Price.
- 3) Daily Settlement Amount: Each Clearing Member shall be liable to pay to or entitled to collect from GBOT any loss or profit, as the case may be, for Proprietary position and clients' position separately. The loss or profit for each Currency Derivatives Contract shall be calculated as the difference between:
  - (a) the Daily Settlement Price of each Currency Derivatives Contract declared at the end of the Business Day and
  - (b) the price at which each such Currency Derivatives Contract was bought or sold on that Business Day or the Daily Settlement Price for each Currency Derivatives Contract on the previous Business Day, as the case may be.

The Daily Settlement Amount shall be the aggregate of the loss or profit so calculated across all Currency Derivatives Contracts.
- 4) After making such settlement with GBOT, the Clearing Member shall be Long or Short of such Currency Derivatives Contract, as the case may be, at the Daily Settlement Price.
- 5) On the Business Day following the determination of the relevant Daily Settlement Price in relation to an Open Position:

- (a) each Clearing Member shall pay to GBOT any Daily Settlement Amount payable by it on demand or by the prescribed time.
  - (b) GBOT shall pay any Daily Settlement Amount owed to a Member.
- 6) All transactions in Currency Derivatives Contracts permitted on GBOT shall be subject to marking to market and clearing and settlement by GBOT at intervals specified by it under its Rules, except on holidays and/or upon the occurrence of a force majeure when there is no trading and/or clearing and settlement. GBOT shall have the right to effect marking to market and settlements more than once during the course of a Business day, if deemed fit on account of the market risk and other parameters.

#### **5.12 Final Settlement Price**

- 1) All Open Positions of Clearing Members in Currency Derivatives Contracts at the close of trading hours on the Last Trading Day shall be settled in cash or by Delivery or as per the conditions prescribed in the respective Contract Specifications by GBOT. On completion of final settlement, Open Positions in such Currency Derivatives Contracts shall ipso facto cease to exist.
- 2) The Final Settlement Price shall be the Daily Settlement Price on the Last Trading Day of the Currency Derivatives Contract or such other price as may be announced by GBOT. The Final Settlement Price shall be binding on all Members.
- 3) Any amount required to be paid under this Rule shall be paid by such time and manner as prescribed by GBOT.

#### **5.13 Clearing and settlement reports**

GBOT shall generate and provide to each Clearing Member, daily and final clearing and settlement reports pertaining to transactions in different Currency Derivatives Contracts and shall include other relevant details and account information as may be prescribed by GBOT, from time to time.

## 5.14 Set-off

- 1) GBOT may at its discretion:
  - (a) consolidate or combine, at any time, any balance arising from, including but not limited to any settlement or Margin, with respect to any or all of the Open Contracts relating to Open Positions designated to a Clearing Member's Proprietary Account, or
  - (b) set-off, at any time, any amount that is standing to the credit of any of the Clearing Member's Proprietary Account, for the purposes of the payment or satisfaction of any or all Clearing Member's obligations to GBOT with respect to or in relation to:
    - (i) Open Positions designated to that Clearing Member's Proprietary Account,
    - (ii) Open Positions designated to any of that Clearing Member's Client Accounts, to the extent of any deficiency where proceeds of a Client Account are inadequate to satisfy its obligations to GBOT with respect to any Open Contracts designated to such Account or
    - (iii) all other obligations of the Member to GBOT.
- 2) GBOT may at its discretion at any time, consolidate or combine:
  - (a) the balances, whether arising from settlements, Margin payments or otherwise, in respect of all or any of the Open Positions designated to a Clearing Member's client Accounts and
  - (b) set-off any amount standing from time to time to the credit of any of a Clearing Member's client Accounts in or towards payment or satisfaction of all or any of the Clearing Member's liabilities to GBOT in respect of Open Positions designated to the Clearing Member's client Accounts.

## 5.15 Settlement of Options Contract

### 5.15.1 Exercise Settlement

Exercise settlement may be Interim or Final. GBOT may specify from time to time the procedure, mode, method, days, time etc. for Interim Exercise settlement and Final Exercise settlement.

1) Exercise Settlement

GBOT may specify the exercise type and mechanism of settlement from time to time.

2) Mode of settlement: Mode of settlement may be either

Cash Settled or by creation of obligations in Underlying segment or such other mode as may be specified by GBOT from time to time. Settlement by creation of obligations in Underlying segment may be either cash based or delivery based.

3) Method of settlement:

(a) Cash settlement:

- (i) An exercised Option Contract and the Short Position, to which such exercised Option Contract has been assigned, shall be settled at the exercise Settlement Price or such other price, as may be specified by GBOT from time to time.
- (ii) Clearing Member, who has been assigned the Option Contract, shall be liable to pay to GBOT the exercise settlement value for each unit of the Option Contract, as the case may be, subject to the Rules, Circulars and/or Notices.

(iii) Clearing Member, who has exercised the Option Contract, shall be entitled to receive from GBOT the exercise settlement value for each unit of the Option Contract, as the case may be, subject to the Rules, Circulars and/or Notices.

(b) Settlement by Creation of Obligation in the Underlying security

GBOT shall, at its discretion, be entitled to create obligations in the Underlying currency, in respect of both Clearing Members, who have exercised Option Contract and to whom such exercised Option Contracts have been assigned.

An Option Contract, which has been exercised and the Short Position to which such exercised Option Contract has been assigned, shall be settled by the method of creating obligations in an equivalent amount of relevant currency, conveyed by the Option Contract, at the Strike Price of the Option Contract or such other method as may be specified by GBOT from time to time.

(c) Delivery Based

(i) Obligations in an equivalent amount of relevant currency, conveyed by an exercised Option Contract, shall be created, in accordance with the option type and series, at the Strike Price, on or after the day of exercise, in the relevant Underlying currencies. GBOT may specify from time to time the day and time for creation of obligations in the underlying currencies for valid exercised Option Contracts.

(ii) Obligations in an equivalent amount of relevant currency, conveyed by an assigned Option Contract, shall be created, in accordance with the option type and series, at the Strike Price, on or after the day of exercise, in the Underlying currency. GBOT may specify from time to time the day and time for creation of obligations in the Underlying currencies for valid assigned Option Contracts.

- (iii) The Clearing Member who has exercised or has been assigned, as the case may be, the Option Contract, shall be liable to fulfil the delivery or payment obligations, so created, as the case may be, to GBOT. On fulfilment of such obligation, he shall be entitled to receive Underlying currency, as the case may be, from GBOT, subject to and in accordance with the Rules, Notices and/or Circulars.
  - (iv) Obligations, in relation to an Option Contract, shall be deemed to have been settled, in accordance with the Rules, Circulars and/or Notices, ipso facto, upon creation of obligations in the relevant Underlying currencies; Provided however if a Clearing Member fails to meet his obligations so created in the Underlying currencies, the Settlement Guarantee Fund to the extent available may be utilised to meet such obligations in accordance with the Rules, Circulars and/or Notices.
  - (v) Obligations created in the relevant Underlying currencies, pursuant to the exercise and assignment of an Option Contract shall be settled, as per the Rules, Circulars and/or Notices.
- (d) Cash Based:
- (i) An exercised Option Contract and assigned Option Contract shall be settled by the method of creating obligations in the relevant Underlying currencies, conveyed by the Option Contract, on or after the day of exercise. GBOT may specify from time to time the day and time for creation of obligations in the Underlying currencies for valid exercised Option Contracts.
  - (ii) Clearing Member, who has been assigned the Option Contract, shall be liable to pay to or entitled to receive from GBOT the exercise settlement value for each unit of the Option Contract, as the case may be, subject to the Rules, Circulars and/or Notices.

- (iii) Clearing Member, who has exercised the Option Contract, shall be entitled to receive from or liable to pay to GBOT the exercise settlement value for each unit of the Option Contract, as the case may be, subject to the Rules, Circulars and/or Notices.
- (iv) Obligations created on behalf of a Clearing Member in the relevant Underlying currencies, pursuant to the exercise and assignment of an Option Contract shall be settled, as per the Rules, Circulars and/or Notices.
- (v) Obligations, in relation to an Option Contract, shall be deemed to have been settled, in accordance with the Rules, Circulars and/or Notices, ipso facto, upon creation of obligations in the relevant Underlying currencies; Provided however if a Clearing Member fails to meet his obligations so created in the Underlying segment, the Settlement Guarantee Fund may be utilised to meet such obligations in accordance with the Rules, Circulars and/or Notices.

#### 5.15.2 Day and Time of Settlement

GBOT may specify from time to time the day and time when the settlement shall take place.

#### 5.15.3 Clearing Forms

All Clearing Forms shall be as specified in the relative regulation or in such other form or forms as GBOT may from time to time prescribe in addition thereto or in modification or substitution thereof.

#### 5.15.4 Settlement Obligations Statements

GBOT may facilitate download of relevant data to Clearing Members and Trading Members to enable them to generate Premium Settlement, Other Settlement Obligations Statements pertaining to transactions in different kinds of Option Contracts.

#### 5.15.5 Mode of Payment

All Clearing Members shall, on the designated pay-in-day, have clear balance of funds in their clearing account to the extent of their funds obligation; provided however GBOT may specify different mode of payment of funds for all or any of the Clearing Members.

#### 5.15.6 Receipt of Funds

The Clearing Bank shall credit the clearing accounts of the Clearing Members who are due to receive funds as per the instructions of GBOT. All funds due to a Clearing Member shall normally be credited to his account unless

- (a) the Clearing Member does not perform his obligations to GBOT or
- (b) it is otherwise ordered by GBOT; Provided however GBOT may specify different mode of funds credit for all or any of the Clearing Members.

### 5.16 Closing-Out

- 1) GBOT entitled to close-out without notice:

In respect of Currency Derivatives Contracts settled through GBOT, GBOT shall be entitled to close-out against the party in default. In such cases no notice of closing-out shall be given to the Clearing Member against whom the closing-out is to be effected. Closing-out without notice may be effected in cases specified in the relative Circulars and/or Notices or in such other cases as GBOT may from time to time specify.

- 2) Members are entitled to close-out their positions including those of their clients as provided in these Rules, Circulars and/or Notices which may be issued from time to time by GBOT.
- 3) GBOT may from time to time prescribe the closing-out process through Circulars and/or Notices.

## 5.17 Clearing Bank

### Appointment of Clearing Banks

- 1) GBOT shall appoint Clearing Bank(s) from time to time for the purpose of daily and final settlement, for the collection of deposits, Margins and other amounts for all transactions entered into through GBOT and any other monies movement between Clearing Members and GBOT.
- 2) GBOT shall specify, from time to time, the processes, account types, denominated currencies, procedures and operations that every Clearing Member shall be required to follow for the purpose of monies settlement through their accounts maintained with the appointed Clearing Bank(s).

### Members to maintain accounts with the Clearing Bank

In order to facilitate smooth clearing and settlement, all Clearing Members shall be required:

- (a) to open such number of bank accounts, including but not limited to the settlement account, with designated Clearing Banks as may be advised by GBOT,
- (b) to strictly follow instructions of GBOT in respect of operation of such bank accounts, minimum balance, segregation of clients' monies and their own monies,
- (c) to submit an irrevocable authorisation in writing empowering GBOT to operate on such bank accounts for affecting the payment of daily or final settlement, Margins, deposits and any other amounts due and payable to GBOT and debit and credit all accounts electronically, as it deems fit,
- (d) to keep the accounts adequately funded, so as to enable GBOT to recover its dues or other payments by debiting their respective bank accounts.

## Accounts to be maintained by Clearing Members

The Clearing Members shall open and maintain the following accounts with one of the designated Clearing Banks for the purpose of monies settlement through GBOT:

- (a) Clearing and Settlement Account,
- (b) Proprietary Account,
- (c) Client Account and
- (d) Any other such account required by GBOT, from time to time.

## Clearing Bank to inform GBOT of Default

If there is any monies default arising out of the instructions received from GBOT, the Clearing Bank shall inform GBOT forthwith.

## Purpose and Operation of the Accounts to be maintained with the Clearing Bank

### 1) Proprietary Account

Each Clearing Member shall open and maintain a bank account in one of the designated Clearing Banks to be called as the Proprietary Accounts, which shall be utilised for monies settlement pertaining to the Proprietary Positions of the Clearing Member.

### 2) Client Account

- (a) Each Clearing Member shall open and maintain a bank account in one of the designated Clearing Banks to be called as the Client Account. All monies or deposits received from the clients shall be deposited into or paid to the clients' from the Client Account.
- (b) The amount lying in this Client Account shall not be utilised for any purpose except for payment of Margins or meeting the obligations of the client of the Clearing Member in respect of transactions executed by the clients' on GBOT.

7) Clearing and Settlement Account

- (a) Each Clearing Member shall open and maintain a bank account in one of the designated Clearing Banks for clearing and settlement of transactions through GBOT and such account shall be known as the Clearing and Settlement Account of the Clearing Member.
- (b) The Clearing Member shall deposit all monies owing to GBOT into the Clearing and Settlement Account within specified time, in relation to Proprietary Positions and client positions from the respective Proprietary Account and Client Account maintained with the Clearing Bank or any other account.
- (c) All monies, deposits, release of Margin monies due to the Clearing Member shall be deposited by GBOT into the Clearing and Settlement Account.
- (d) The Clearing Member shall then transfer monies in relation to the client Positions into the Client Account within twenty-four (24) hours of receiving such credit into the Clearing and Settlement Account from GBOT.

Clearing accounts of GBOT in the Clearing Bank

Unless otherwise specified in respect of any transactions or Currency Derivatives Contracts as may be specified by GBOT, no Clearing Member or any Member or any other third party claiming through or any other person shall have or be deemed to have any right, title or interest in any monies in the Clearing and Settlement Account or segregated Client Account of the Clearing Member or on monies, deposits or any other amounts of the Clearing Member deposited with GBOT.

**5.18 Accounts and segregation Rules**

The Proprietary Account and Client Account shall be subject to the following provisions, among other things:

- 1) Margin and Daily Settlement Amounts shall be calculated separately for the Proprietary Account and the Client Account of each Clearing Member. Any Margin deposited with GBOT, Daily Settlement Amount or Final

settlement amount paid to GBOT by a Clearing Member with respect to an Open Position shall be designated to the account of that Clearing Member to which the Open Position is designated.

- 2) For avoidance of doubt, a Clearing Member, who has a Proprietary Positions (where the Clearing Member also has trading rights) and a client position, shall be responsible, among other things, for the provision of Margin, maintaining Margin and all other obligations assumed by that Clearing Member to GBOT notwithstanding the fact that its business is segregated as Proprietary and client. A Clearing Member's failure to meet Margin shall be an Event of Default regardless of whether the Margin was segregated into or calculated for Proprietary Account and Client Account.
- 3) Without prejudice to any rights of GBOT under these Rules, GBOT shall at all times and without Notice to a Clearing Member, be entitled to apply all or any surplus monies, cash or securities that is standing to the credit of the Proprietary Account of a Clearing Member against all or any deficiency on the Client Account.
- 4) Under no circumstances shall any monies payable to or securities or collateral or assets pertaining to the clients be paid or used on the account of or in relation to Proprietary Positions.
- 5) The classification by a Clearing Member of an Open Position as a client position shall not in any way derogate from the fact that GBOT deals with Clearing Members as principals. Accordingly, GBOT shall not recognise any clients of the Clearing Member and not be responsible for the performance of any obligations or liabilities under Open Contracts to such clients.

## **CHAPTER - 6**

### **DELIVERY RULES**

#### **6.1 General**

- 1) A Delivery or settlement in performance of any Currency Derivatives Contract that is traded on GBOT shall be made through GBOT. Any currency bought or sold under any Currency Derivatives Contract that is traded on GBOT shall be delivered, excluding cash-settled Contracts, in accordance with these Rules, Circulars and/or Notices and Contract Specifications that are applicable to such currency or Currency Derivatives Contract.
- 2) Cash-settled Contracts may be satisfied by payment of cash.
- 3) GBOT shall make and take Delivery or cause the Delivery to be made or taken by Buyers and Sellers of currency in relation to Open Contracts which are deliverable Currency Derivatives Contracts pursuant to these Rules, Circulars and/or Notices.
- 4) GBOT may delegate, with the approval of FSC its Clearing, Settlement and/or Delivery powers to any corporations, agencies or clearing house.

#### **6.2 Delivery process**

- 1) Delivery under deliverable Currency Derivatives Contracts shall, at the discretion of GBOT, be affected by:
  - (a) GBOT directing Clearing Member holding Open Contracts under which they are obliged to make or take Delivery from a Clearing Member holding an opposite obligation nominated by GBOT and to make or receive the settlement amount accordingly. Clearing Members shall comply with any direction so given and any failure to do so shall be deemed to be in Default, or
  - (b) GBOT making or taking Delivery under Open Contracts subject to Delivery obligations and paying or receiving the settlement amounts

accordingly. Any failure by a Clearing Member to give or take Delivery or pay the settlement amount under an Open Contract with GBOT shall be deemed to be in Default.

- 2) GBOT may from time to time prescribe through Circulars and/or Notices the processes that Members would be required to follow while making or taking delivery in fulfilment of their obligations which would include and not limited to:
  - (a) intention of delivery,
  - (b) method of communication on intention of physical settlement,
  - (c) Delivery Period,
  - (d) currency to be delivered,,
  - (e) assignment of Delivery Order among Clearing Members,
  - (f) pay in and pay out dates,
  - (g) powers to extend Delivery Period,

### **6.3 Liability of GBOT**

Without any prejudice of the rights of GBOT under these Rules:

- 1) GBOT shall have no liability with respect to any currency which is as per the forged document delivered to Clearing Members or other Members pursuant to Rule 6.2 and the sole recourse of a Clearing Member receiving such currency which is as per the forged document shall be against that Clearing Member which delivered or caused to be delivered that currency which is as per forged documents to the Clearing Member or GBOT. GBOT shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.
- 2) GBOT shall have no liability with respect to any transactions in the case of failure, insolvency or bankruptcy of any bank including the Clearing Bank, Financial Institution, depository, custodian or warehouse.
- 3) Unless otherwise provided under these Rules, GBOT accepts no liability either to affect or ensure or guarantee the discharge or satisfactory discharge of any obligation under any Currency Derivatives Contract subject to Delivery.
- 4) GBOT shall not be deemed to guarantee the Delivery, or any documents

passing through GBOT.

- 5) GBOT shall not be liable under any circumstances to make deliveries from a client of Clearing Members or in any way become obligated to a client by reason of any Currency Derivatives Contract or otherwise or except as otherwise provided, to exercise any Options Contract or accept assignment of such exercise on behalf of a client of its Clearing Member, made for the client by a Clearing Member.
- 6) GBOT shall not check or verify any document received from a Clearing Member in relation to an obligation to give or take Delivery under an Open Contract.

#### **6.4 Delivery in full discharge of obligations**

Delivery affected under Rule 6.2 shall be in full and complete satisfaction and shall discharge the liabilities and obligations under the relevant Open Contracts.

#### **6.5 Clearing Members' Delivery obligations**

- 1) A Clearing Member shall comply with these Rules, Contract Specifications for each currency relating to the Delivery of information, documents or currency to GBOT or to Clearing Members and shall comply with all time limits therein imposed.
- 2) A Clearing Member shall be obliged to accept Delivery or the payment in the currency pursuant to the Contract Specifications.

#### **6.6 Failure to deliver**

- 1) Where GBOT is required under Open Contracts to make or have effected Delivery of a particular currency and does not receive Delivery or Delivery is unavailable under an Open Contract pursuant to these Rules, it shall not be required to affect or have affected Delivery of the said currency but may affect cash settlement with the Buyer at a price determined by GBOT which price may include as per subsection (2) any compensation fixed by GBOT in accordance with these Rules, Circulars and/or Notices.

- 2) Where GBOT is satisfied that any failure of a Clearing Member to deliver to GBOT or to deliver at its direction is due to Delivery being rendered impossible, GBOT may instead, decide or direct that such Clearing Member may make cash settlement in US Dollar currency or any other currency that GBOT may determine from time to time.

## **6.7 Reports**

- 1) In respect of all trades done by the Members, GBOT will electronically forward reports to the respective Members, including settlement obligations relating thereto. All such reports and obligations shall be binding on the Members.
- 2) The Members shall provide GBOT with such reports that it may seek from time to time. Details of such reports will be provided in the Rules and through Circulars and/or Notices issued from time to time by GBOT.
- 3) The Members shall provide such reports, as FSC or as GBOT may prescribe.
- 4) A Clearing Member shall notify GBOT of any incident which may endanger the Clearing Member's financial strength or interfere with the Clearing Member's ability to conduct its business in the best interests of GBOT.
- 5) All Members as well as other market intermediaries shall be required to maintain such Books of Accounts, Registers, Statements and other Records, in physical form or electronically as may be specified by the Board. All such documents and records shall be kept in good order and preserved at least for such period as may be specified by GBOT. All such documents and records shall be made available to GBOT by the Member for inspection, whenever required.
- 6) Each Member shall submit itself to audit, inspection and/or investigation and furnish all books, records, files and such other information as required upon the direction of GBOT. The audit, inspection and/or investigation shall be restricted to the affairs the Member as a provider of trading, clearing and settlement services to their client and also in respect of his trading, either directly or through another Clearing Member.
- 7) In case of any dispute or difference of opinion originating from or

pertaining to Orders or trades due to a mismatch between the Member's report and GBOT's report, the report as per the records of GBOT shall be final, conclusive and binding on the Members.

## CHAPTER - 7

### SETTLEMENT GUARANTEE FUND

#### **7.1 General**

- 1) GBOT shall establish and maintain a Settlement Guarantee Fund. The Settlement Guarantee Fund shall be used by GBOT to ensure daily or final settlement as a result of the failure of one or more of Clearing Members to discharge obligations and liabilities in accordance with these Rules.
- 2) The corpus of the Settlement Guarantee Fund shall be made up of:
  - (a) certain portion of the initial deposit/base capital if any, deposited by the different categories of Members for membership of GBOT in the currency derivatives market segments.
  - (b) initial margin that every Trading Member is required to deposit through its Clearing Member including the initial margin that the Trading-cum-Clearing Member and the Integrated Trading-cum-Clearing Member are required to deposit under these Rules, Circulars and/or Notices.
  - (c) additional margins that the Trading Members may deposit through their Clearing Members and those brought in by the Clearing Members themselves.
  - (d) any other amounts as may be decided by GBOT.
- 3) GBOT may permit a Clearing Member to contribute to or provide the deposit to be maintained with the Settlement Guarantee Fund, in the form of either cash, fixed deposit receipts, bank guarantees, securities, letter of guarantees or in such other form or method and subject to such terms and conditions as may be notified by GBOT from time to time.
- 4) GBOT shall in respect of settlement of transactions, guarantee financial settlement of such transactions to the extent it has acted as a legal counter party and to the extent provided by the Rules from time to time.

- 5) In the case of a Member being declared a Defaulter, the corpus of the Settlement Guarantee Fund will be applied as per the Rules relating to Default.
- 6) The monies dedicated towards the Settlement Guarantee Fund shall be segregated, administered and invested separately.

## **7.2 Administration and Utilisation of Settlement Guarantee Fund**

The Settlement Guarantee Fund may be utilised for such purposes, as may be provided in these Rules and subject to such conditions as the Board may prescribe from time to time, which may include:

- (a) defraying the expenses of creation and maintenance of Settlement Guarantee Fund,
- (b) temporary application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement obligations of Clearing Members in respect of such transactions, as may be provided in these Rules in force from time to time,
- (c) payment of premium on insurance cover(s) which GBOT may take from time to time,
- (d) meeting any loss or liability of GBOT arising out of clearing and settlement operations of such transactions, as may be provided in these Rules, Circulars and/or or Notices in force from time to time,
- (e) repayment of the balance amount to the Member pursuant to the provisions regarding the repayment of deposit after meeting all obligations under the Rules, when such Member ceases to be a Member, and
- (f) any other purpose, as may be specified by the Board, from time to time.

## **7.3 Obligation to Bring in Additional Contribution or Deposit**

- 1) If a pro-rata charge is made as mentioned in Rule 10.10 (g) against a Member's actual contribution or deposit, and as a consequence, the

Clearing Member's remaining contribution and deposit towards the Settlement Guarantee Fund falls below his required contribution and deposit, the Clearing Member shall contribute or deposit towards the shortfall in the Settlement Guarantee Fund within such time as GBOT may specify.

- 2) Where any Clearing Member, who is required to contribute or deposit, as specified in the Rules fails to do so, GBOT may charge such rate of interest on the shortfall, as it may determine from time to time and also take suitable disciplinary action, including imposition of fines and penalties against the Clearing Member. Any disciplinary action which GBOT may take pursuant to these provisions or the Clearing Member ceasing to be a Member, for whatever reasons, shall not affect the obligations of the Clearing Member to GBOT or any remedy to which GBOT may be entitled to under these Rules, Circulars and/or Notices and the applicable laws.

#### **7.4 Repayment to the Clearing Member**

After a Clearing Member ceases to be a Member of GBOT and after all obligations, (including all expenses, attorney and or expert fees incurred or suffered by GBOT in connection with the Member's deposit or its return thereof), of such Clearing Member to GBOT shall have been discharged in full, the balance amount of all such deposits of such Member shall be returned provided that:

- (a) currently there is no case of Default by a Clearing Member towards which the deposit or monies available in the Settlement Guarantee Fund of Clearing Members not in Default under Rule 10.8 (1) (d), is to be utilised by GBOT to meet its obligations,
- (b) the Clearing Member shall not be entitled to a refund within three (3) years from the date of payment of initial deposit/base capital or any other contribution to Fund.

#### **7.5 Liability of GBOT**

- 1) The liability of GBOT resulting from the Currency Derivatives Contracts of Members with GBOT and to losses in connection therefrom shall be limited to the extent of contributions made to the Settlement Guarantee Fund.

- 2) The Settlement Guarantee Fund of GBOT shall not be available for obligations of a non-Clearing Member, obligations of a Member to a non-Clearing Member, obligations of a Member to another Member of GBOT towards transactions to which GBOT is not a counter party or where GBOT withdraws as a counter party on account of fraud or fraudulent transactions as provided in the relevant Rules from time to time or obligations to a client by a Member and to losses arising there from or in connection therewith or incidental thereto.

## **CHAPTER - 8**

### **ENFORCEMENT POWERS**

#### **8.1 Complaints**

GBOT shall have the power to receive and consider complaints against a Member. GBOT may suo moto or where directed by the FSC shall investigate the complaint and initiate further action, if deemed fit against a Member, its directors, officers, employees or agents.

#### **8.2 Investigations**

- 1) GBOT may, among other things, for the purpose of investigating, monitoring and obtaining information about any matter which it considers may relate to these Rules and its functions:
  - (a) require the prompt production by a Member of relevant documents which shall include anything in which information of any description recorded, in the Member's possession or control and if any such documents cannot be produced, require the Member to state to the best of its knowledge and belief where and in whose possession or control they are and require the Member to take all steps to produce them or procure their production,
  - (b) require the prompt production by a Member of any relevant information, data or document in respect of its transactions in any format, as specified by GBOT,
  - (c) upon notification, require the attendance of any employee, officer, director, or agent of a Member at a specified date, time and place, to answer questions, provide explanations and/or present evidence and require the Member to secure such attendance,
  - (d) upon notification, interview any employee, director, officer or agent of a Member and require such person to answer questions and provide explanations and/or give evidence and record such answers, explanations and evidence electronically or otherwise,

- (e) require the submission of information or document related to any person who is to be, is or has been a director, an officer, an employee, an agent of the Member and
  - (f) send any representative of GBOT to a Member's offices to conduct inspections or investigations to ensure compliance with the Act, FSA, Rules, Notices and or Circulars.
- 2) A Member shall not do anything to frustrate the employee, director, officer or agent from co-operating with a GBOT's investigation and shall use its best efforts to make sure that its directors, officers, employees or agents co-operate with GBOT. A Member shall be responsible to GBOT for the conduct of its employees, directors, officers or agents.

### **8.3 Co-operation with others**

In exercising its enforcement powers and performing its functions, GBOT shall co-operate with FSC, any governmental or statutory body, self-regulatory organisation or enforcement agency in Mauritius or elsewhere in such manner as may be necessary and disclose to any of the foregoing persons any information or document regarding a Member and its affairs for the purpose of compliance with any applicable laws.

## **CHAPTER - 9**

### **DISCIPLINARY AND APPEALS RULES**

#### **9.1 Application of Disciplinary Rules**

These Disciplinary Rules shall apply to all Members, their directors, officers, employees and agents. GBOT shall retain its jurisdiction over former Members, their directors, officers and employees with respect to any action or matter which occurred prior to the termination of or resignation from membership.

#### **9.2 Disciplinary actions**

GBOT may after investigating the matter initiate a disciplinary action against a Member, any persons employed by or contracted to a Member or its directors, employees, officers or agents and refer the matter to the Disciplinary Committee if in the opinion of GBOT, the Member has or may have contravened any of these Act, FSA, Regulations, these Rules, Notices and/or Circulars, FSC rules and guidelines and circulars issued there under.

#### **9.3 Panel**

- 1) The Board shall constitute a group of persons to form part of two Panels for all market segments of GBOT. One Panel shall be the Disciplinary Committee Panel and it shall constitute the group of members from which the Disciplinary Committee would be chosen for a particular hearing. The Panel shall consist of at least five persons and appointed by the Board.
- 2) The other Panel shall be the Appeals Committee Panel and it shall constitute the group of members from which the Appeals Committee would be chosen for a particular hearing. The Panel shall consist of at least five persons and appointed by the Board.
- 3) No director, officer, employee or agent of a Member or of GBOT shall be appointed as persons in the panel so constituted.

#### **9.4 Disciplinary Committee**

- 1) The Board shall constitute a Disciplinary Committee of persons from the Disciplinary Committee Panel.
- 2) Each Disciplinary Committee shall comprise of at least three members. The quorum for a meeting of the Disciplinary Committee shall consist of 3 (three) members.
- 3) The members within a Committee shall appoint the chairperson of the Committee.
- 4) The Disciplinary Committee shall reach decisions on a majority basis. In the event of an equality of votes, the chairperson shall have a deciding (casting) vote.

#### **9.5 Conflict of interest**

No person who has any financial, personal or other interest in the matter to be considered by the Disciplinary Committee may serve on the Committee. Any member interested must notify the chairperson promptly.

#### **9.6 Powers of the Disciplinary Committee**

The powers of the Disciplinary Committee include, without any limitation

- (a) enquire in an alleged breach of Rules by the Members,
- (b) order to impose a fine which is proportionate to the seriousness of the violation,
- (c) public, or private warning of the Member in violation,
- (d) ordering a restitution to any aggrieved person,
- (e) suspension of membership

- (f) termination of membership,
- (g) dismiss the charges, or
- (h) award costs.

## **9.7 Disciplinary Procedure**

- 1) GBOT shall give 15 (fifteen) calendar days notice to the Member against whom disciplinary action has been brought, specifying details of the matter and the date, place and time of the meeting of the Disciplinary Committee.
- 2) The Disciplinary Committee may require evidence to be given either orally or in writing and may require any evidence to be verified by an affidavit. It shall be a violation of these Rules if a Member rejects or fails to attend and provide evidence when required to do so by the Disciplinary Committee or answer falsely any question put to it by the Disciplinary Committee or fails to produce to the Disciplinary Committee any books, written materials, records, recording, papers or information, whether electronic or, otherwise required of it.
- 3) The Disciplinary Committee may require any officer, director, employee, agent, consultant or contractor of a Member to attend and provide evidence before it at the hearing and produce any books, written material, records and any information, whether electronic or otherwise, that are in possession, control of custody of the person relating to any matter of any disciplinary action.
- 4) The Disciplinary Committee may require that oral evidence be received only after the witness has taken an appropriate oath or similar affirmation.
- 5) At any hearing of the Disciplinary Committee, the Member shall be given a reasonable opportunity of being heard and shall be entitled to call witnesses or submit evidence. The Disciplinary Committee may adjourn the meetings.
- 6) GBOT shall present its case at the hearing.

- 7) The Disciplinary Committee shall send GBOT and the Member its written decision including its findings and recommendations.
- 8) Unless otherwise provided in this Rule, the proceedings shall be conducted in such manner as the Disciplinary Committee may determine.

#### **9.8 Right to counsel**

GBOT and the Member are entitled to be represented by a legal representative and/or any other representative of his choice.

#### **9.9 Payment of expenses and costs**

The Disciplinary Committee may require the Member to pay within a specified period all or any part of the costs and expenses of the hearing, investigation or inspection incurred by GBOT.

#### **9.10 Payment of fines**

Any fine imposed or modified by the Disciplinary Committee shall be due and payable on the effective date of the Disciplinary Committee's decision unless otherwise decided by the Disciplinary Committee.

#### **9.11 Right to appeal**

- 1) A Member aggrieved by a decision of the Disciplinary Committee shall exhaust the appeals process provided by these Rules, Circulars and/or Notices before exercising any right of review or appeal under the laws of Mauritius, Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under.
- 2) GBOT may appeal to the Appeals Committee against a decision of the Disciplinary Committee.

## 9.12 Categories of breaches/violations

Breaches/violations under these Rules are classified as major breaches/violations and minor breaches/violations

- (a) Major breaches/violations include:
- (i) to act in bad faith or fraudulently or dishonestly,
  - (ii) to attempt or engage in any misconduct, including but not limited to, in its dealing with or in relations to GBOT or any Member or for any disreputable or fraudulent transactions with any person whether a Member or not, or any violation of market misconduct and anti-money laundering and terrorist financing provisions under the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, the laws of Mauritius, these Rules, Notices and/or Circulars.
  - (iii) to violate, disobey or disregard any of the Act, FSA, Regulations, FSC rules and guidelines and circulars issued there under, these Rules, Circulars and/or Notices or any directions in respect of trading, clearing and settlement of any currency or Currency Derivatives Contracts,
  - (iv) to disseminate or permit to be disseminated in any newspapers, circulars or in any other manner, any misrepresentation or misleading information relating to trading, clearing and settlement of any currency or Currency Derivatives Contracts,
  - (v) not to comply with any notice or request made to it by or on behalf of GBOT requiring it to attend any meeting of any Committee or to produce any books, documents, correspondence or other papers in its possession, power or control or knowledge,
  - (vi) to refuse or neglect to answer any question put to it by GBOT, as the case may be, relevant to any business at any such meeting,
  - (vii) not to pay any amount including but not limited to initial deposit/base capital, fees, contribution, charges due under these

Rules, Circulars and/or Notices or under any order of GBOT within the prescribed time,

- (viii) wilful or intentional non-fulfilment of contractual obligations, fraudulent or flagrant violation of Contract,
- (ix) frivolous repudiation of Contract,
- (x) to refuse to refer any question in dispute to arbitration, survey or an Appeals Committee or any other Committee, or refuse to comply with any award, order and decision of arbitrators, surveyors, Appeals Committee, Disciplinary Committee and any other Committee,
- (xi) to communicate secretly or indirectly with any arbitrator, surveyor or member of Appeals Committee, Disciplinary Committee or any Committee to which the dispute has been referred to under these Rules,
- (xii) to attempt or engage in any conduct, act or omission knowingly carried out to subvert the objects and purposes of GBOT or which is subversive of these Rules or which defeats the agreements entered into by GBOT with other organisations, agencies or entities for promoting the interests and activities of GBOT,
- (xiii) to attempt or engage in any conduct, act, omission or negligence which renders the Member liable to be declared a Defaulter under any of these Rules,
- (xiv) to act or attempt to act in a manner which is detrimental to the interest of GBOT,
- (xv) to disclose of one client's Open Position to other clients or Members,
- (xvi) any Delivery Default including but not limited to not giving or taking Delivery,

- (xvii) to violate any rules of any exchange, clearing agency or any laws of Mauritius, or FSC rules and guidelines and circulars issued there under which govern that Member's activities,
  - (xviii) to default in any market segment of GBOT where he is a Member,
  - (xix) to make a material misstatement to GBOT or any of its Committees,
  - (xx) to trade, clear or settle or accept Margins after insolvency and/or after being declared a Defaulter,
  - (xxi) to mishandle client monies, or
  - (xxii) non-resolution of an investor or client complaint.
- (b) Minor breaches/violations include:
- (i) violation of any Rule, the violation of which is not a major offence or
  - (ii) acting or attempting to act in a manner which is not consistent with common trade practices.

### **9.13 Appeals Rules**

- 1) Appeals against decisions of GBOT or the Disciplinary Committee shall be made by service of a notice in writing on GBOT within 15 (fifteen) days of the service of the decision of GBOT or the Disciplinary Committee, as the case may be.
- 2) The notice must set out the name of the appellant, the decision appealed against, the grounds of appeal and attaching copies of any documents relied upon.

#### **9.14 Appeals Committee**

- 1) The Appeals Committee shall hear and determine appeals against the decisions of GBOT or the Disciplinary Committee, as the case may be.
- 2) The Appeals Committee comprises of persons appointed by the Board as members of the Appeal Committee Panel and each Appeals Committee shall have at least three members.
- 3) In case of an appeal against the decisions of a Disciplinary Committee, the members constituting the Appeals Committee shall not be those members who were a part of the Disciplinary Committee against whose decision the appeal is preferred.
- 4) The members of the Appeals Committee shall appoint the chairperson of the Committee.
- 5) The quorum for a meeting of the Appeals Committee shall consist of 3 (three) members. The Appeals Committee shall reach decisions on a majority basis. In the event of an equality of votes, the chairperson shall have a deciding (casting) vote.
- 6) The Appeals Committee may, among other things, uphold, dismiss or vary any decision of the Disciplinary Committee.
- 7) Except where it is explicitly provided under these Rules, the Appeals Committee may establish its own terms of reference and procedures.

#### **9.15 Conflict of interest**

No person who has participated at an earlier stage in the disciplinary process nor any person who has any personal, financial or other interest in the matter to be considered by the Appeals Committee shall serve on the Appeals Committee. Any member interested shall promptly notify the chairperson.

### **9.16 Appeals procedure**

- 1) The Appeals Committee shall give 15 (fifteen) days notice to the appellant and other party of the date, place and time of the appeal hearing.
- 2) If any party fails to attend at the hearing, the Appeals Committee may proceed in its absence.
- 3) The Appeals Committee may call, allow or disallow any witness. The Appeals Committee may receive evidence that was not available to the Disciplinary Committee. In such circumstance, the Appeals Committee may consider whether the evidence was available to the Disciplinary Committee and why it was not presented at that time.
- 4) The Appeals Committee shall prepare and send to the parties the decision of the Appeals Committee.
- 5) Unless otherwise provided in this Rule, the proceedings shall be conducted in such manner as the Appeals Committee may determine.

### **9.17 Right to representation**

Any party may be represented by a legal representative and/or any other representative of his choice at an appeal hearing.

### **9.18 Payment of expenses and costs**

The Appeals Committee may require the Member to pay all or part of the costs and expenses of the hearing, investigation and inspection incurred by GBOT.

### **9.19 Payment of fines**

Any fine imposed by or modified by the Appeals Committee shall be due and payable on the effective date of the Appeals Committee's decision unless otherwise decided by the Appeals Committee.

## **9.20 Utilisation of the fines**

Any fine and penalties paid by Members following a decision of the Disciplinary Committee and/or an Appeals Committee shall be placed in a fund constituted by GBOT solely for the purpose of investor protection and / or education.

## **9.21 Finality of decisions**

The decisions of the Appeals Committee are final and binding on the parties and there shall be no further appeal under the Rules of GBOT.

## CHAPTER - 10

### DEFAULT RULES

#### **10.1 Event of Default**

The occurrence of any of the following events with respect to a Member shall constitute an Event of Default and will be dealt in accordance with these Rules:

- (a) the Member is in violation of these Rules, Notices and/or Circulars issued there under,
- (b) the Member is in default in any market segment of GBOT,
- (c) the Member fails to make any payment required to be made by it for the purpose of satisfying its clearing and settlement obligations, including but not limited to, payment of Margins, Daily Settlement Amount, contribution or initial deposit/base capital to the Settlement Guarantee Fund and other dues,
- (d) the Member fails to make or accept Delivery as in performance of an Open Contract subject to Delivery or for the purpose of satisfying its clearing and settlement obligations,
- (e) the Member defaults in any other obligation under these Rules which if capable of being remedied, is not remedied to the satisfaction of GBOT within the time prescribed for such rectification by GBOT,
- (f) the Member is in violation of its membership agreement with GBOT,
- (g) the Member is expelled or suspended from membership of any exchange or clearing agency or its membership terminated by such exchange or clearing agency,
- (h) an application, in Mauritius or any jurisdiction, is filed or an order made for the winding up, dissolution, bankruptcy, management or administration of the Member or similar event; or an assignment or composition is made by the Member for the benefit of creditor(s),

- (i) any representation, warranty or document made or submitted by a Member in its membership application was or has become false in any material respect,
- (j) the Member fails to comply with its ongoing obligations under these Rules,
- (k) an enforcement action, proceeding, sanction or injunction against the Member is filed by a regulator or law enforcement agency,
- (l) a Default is declared against a Member under these Rules,
- (m) the Member is in violation of an applicable law or regulation governing its business and affairs.

## **10.2 Declaration of Defaulter**

A Member may be declared a Defaulter by GBOT or by such Committee as if any one or more of the events as mentioned under Rule 10.1 occurs.

## **10.3 Declared Default**

- 1) GBOT shall at its discretion determine whether it shall treat an Event of Default as a Declared Default and shall determine the date and time of such declared Default.
- 2) GBOT shall notify, in writing, the Defaulter Member as well as other Members of the declared Default and its date and timing.

## **10.4 Defaulters books and documents**

When a Member has been declared a Defaulter, he shall hand over to GBOT or the Defaulter's Committee all his books, documents, papers, assets, cheque books and other documents, as may be specified by GBOT.

## **10.5 List of debtors and/or creditors**

The Defaulter shall file with GBOT or with the Defaulter's Committee within such time of the declaration of his Default, as may be directed by GBOT, a written statement containing a complete list of his debtors and creditors and the sum owing by and to each of them.

## **10.6 Defaulter to give information**

The Defaulter shall submit to GBOT and the Defaulter's Committee such statement of accounts, information and particulars of his affairs as may from time to time require and if GBOT so desires, he shall appear before such Committee at its meeting in connection with his Default, when ever called upon to do so.

## **10.7 Consequences of Declaration of Defaulter**

- 1) Cessation of Membership at once: A Member of GBOT who is declared a Defaulter shall at once cease to be a Member of GBOT and as such ceases to enjoy any of the rights and privileges of membership on GBOT but the rights of his creditors arising out of or incidental to the transactions against him shall remain unimpaired as provided herein.
- 2) Lapse of right of Membership of the Exchange: The right of Member of the Exchange shall lapse or forfeit and vest in GBOT ipso facto upon such Member being declared a Defaulter.
- 3) Prohibition to Re-admission: No person who was a Member of GBOT and declared a Defaulter shall be readmitted to the membership of GBOT.

## **10.8 Rights of GBOT**

- 1) Upon the occurrence of a Declared Default, in relation to a Trading-cum-Clearing Member, Integrated Trading-cum-Clearing Member and Professional Clearing Member, GBOT may at its discretion and without any limitation, take such steps as it may deem necessary. Such steps may include all or any of the following in any order:

- (a) closing out all or any Open Positions of the Clearing Member in Default including Open Positions of client(s) by closing out any opposite positions and/or by buying or selling opposite positions on GBOT and to appropriate any excess,
- (b) selling, realising, applying and setting off any monies, securities, collateral or other assets deposited with GBOT by the Clearing Member in Default by way of Margin, initial deposit/base capital or otherwise and to apply the proceeds without being required to give notice to or obtain the consent of the Clearing Member in Default or any court order, with full power to execute any documents in its own name or as attorney for the Clearing Member in Default for that purpose, provided always that any monies, securities or collateral deposited with GBOT with respect to Open Positions designated to a Client Account may be used to meet obligations in a Client Account and shall not be used to meet any obligations in a Proprietary Account except where the client of the Clearing Member is in Default,
- (c) applying any any surplus in any Proprietary Account of the Clearing Member in Default to any deficiency on any Client Account of the Clearing Member in Default,
- (d) transferring all or any Open Positions of a client of the Clearing Member in Default to another Clearing Member together with any Initial Margins which in the opinion of GBOT are held with respect to such Open Positions,
- (e) exercising or abandoning any Options Contract of the Clearing Member in Default or any such exercise or abandonment shall be deemed to have been affected by the Member which is the party to the Options Contract,
- (f) making payment or Delivery from the account of the Clearing Member in Default in performance of its settlement obligations,
- (g) closing out the Open Positions of the Clearing Member in Default by trading on GBOT or any available futures, forward, cash or spot market or by compulsorily closing out such Open Positions by way of cash settlement at a price to be decided by GBOT and the same shall be binding on all Members,

- (h) making one or more drawings from the Settlement Guarantee Fund, and/or
  - (i) doing all such other necessary acts and things as are in the opinion of GBOT necessary to reduce or determine its exposure under Open Contracts or otherwise, arising from or as a result of the Default.
- 2) Upon the occurrence of a Declared Default in relation to a Member which does not have the right to clear through GBOT, GBOT may in its discretion without any limitation, take such steps as GBOT deems necessary. Such steps may include all or any of the following in any order:
- (a) cancelling any Order or transaction of such Member,
  - (b) suspending such Member's connection to the ATS or markets operated by GBOT,
  - (c) selling all or any securities, collateral or any other property standing to the credit of such Member,
  - (d) freezing such Member's accounts and/or
  - (e) doing all such other necessary acts and things as are in the opinion of GBOT necessary to reduce or determine its exposure arising from or as a result of the Default.

## **10.9 Loss of GBOT**

Any deficiency in the accounts of a Defaulter Member after the application of Rule 10.8 shall be termed the "Loss of GBOT".

## **10.10 Settlement of GBOT's Obligations in the event of Declaration of Default**

Without prejudice to the rights of GBOT as otherwise provided in these Rules, upon the declaration of a Member as a Defaulter as the case may be, GBOT shall be entitled, in satisfying its obligations, to apply the following assets in the order

stipulated, in whole or in part:

- (a) any monies, securities or collateral held by GBOT on any account of the Defaulter Member in the currency derivatives market segment,
- (b) the proceeds of the initial deposit/base capital of the Defaulter Member in the currency derivatives market segment,
- (c) any monies, securities, collateral, initial deposits/base capital held by GBOT on any account of the Defaulter Member in any other market segment of GBOT where the Member has no outstanding obligations in that market segment,
- (d) the fines, penalties, penal charges, interest on delayed payments levied by the clearing house of GBOT in relation to the clearing and settlement functions or other income, if any, earned by investment or disinvestments of the Settlement Guarantee Fund or interest earned on margin moneys that form part of the Settlement Guarantee Fund to the extent, as may be decided by GBOT,
- (e) the proceeds of the initial deposit/base capitals of Members other than the Defaulter Member, other than that part of any such initial deposit/base capital which have not been applied by GBOT to the Margin obligations of the Member in the currency derivatives market segment,
- (f) balance of the assets of the Settlement Guarantee Fund, if any,
- (g) if the above is not sufficient, the balance obligation remaining after application of the above funds shall be assessed against the Clearing Members, in the same proportion as their total contribution and deposit and Clearing Members shall be required to contribute or deposit in the Settlement Guarantee Fund, within such time as GBOT shall require, the deficient amount.

#### **10.11 Call for replenishment of initial deposit/base capital**

- 1) If GBOT applies the proceeds of the Settlement Guarantee fund comprising of the initial deposit/base capital of a Clearing Member under these Rules, in full or in part, GBOT may request the Clearing Member to replenish the initial deposit/base capital by way of deposit of cash, securities or collateral in such amount and at

such times as GBOT deems necessary to provide continuing financial support for the obligations of GBOT.

- 2) A Clearing Member that declines to provide the further commitment referred to in this Rule shall thereupon cease to be a Clearing Member, but shall be under no further obligation to provide such further initial deposit/base capital.
- 3) A Clearing Member who has declined to replenish the initial deposit/base capital as referred to in this Rule, Circulars and/or Notices and continues to decline same; its membership shall be terminated.

#### **10.12 Subsequent recovery from the Defaulter Member**

Any amount later recovered from the Defaulter Member shall to the extent of such recovery reduce the Loss of GBOT.

#### **10.13 Finality of settlements**

For the purposes of insolvency laws and property laws, this Chapter is intended to relate to the finality of acquisitions and dispositions pursuant to this Rule.

## **CHAPTER - 11**

### **ARBITRATION**

- 1) This Chapter applies to disputes between Members, between a Member and its client.
- 2) Where any dispute arises from or in connection with a Currency Derivatives Contract or transaction, traded on or cleared by GBOT, the disputing parties shall try to settle the dispute through the prescribed procedure under the relevant Contract Specifications. In the absence of a prescribed procedure, the disputing parties shall attempt to settle the dispute through mutual negotiations in good faith, failing which the disputing parties shall settle the dispute through arbitration.
- 3) Sub-paragraph (1) shall not apply to any disciplinary action taken or proposed to be taken under Chapter 9.
- 4) The submission of any dispute to arbitration under these Rules shall not limit in any way or preclude the taking of any other action or exercise of any power by GBOT to such dispute under these Rules.
- 5) The award of the arbitrator(s) shall be binding on all relevant parties to the dispute.

## **CHAPTER - 12**

### **CONTRACTS**

#### **12.1 Contract Specifications**

- (i) The Contract Specifications for each Underlying shall be notified and published in advance by GBOT. The Notice and/or Circular so issued will specify full details of the quantity, quality standards, Delivery procedure and other trading and settlement parameters, along with details relating to tick size, Unit of Trading, minimum and maximum Order size, unit of Delivery and Delivery centres etc. and other relevant issues wherever applicable.
- (ii) All such Contract Specifications will be notified through Notices and/or Circulars which will form an integral part of these Rules and shall be binding on all parties trading on GBOT.
- (iii) Contracts in violation of these Rules or not confirming to the Contract Specifications laid down by GBOT shall be considered as null and void.