**Application for recognition/ renewal of recognition of a Bullion Clearing Corporation under Regulation 4 of the IFSC Authority (International Bullion Exchange) Regulations, 2020**

To

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**Application for recognition or renewal of recognition of a clearing corporation under Regulation 4 of the IFSC Authority (Bullion Exchange), 2020**

Sir,

1. We/I on behalf of.................. (name and address of Bullion Clearing Corporation) being a Bullion Clearing Corporation as defined in Regulation 2 of the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 hereby apply for recognition/renewal of recognition for the purposes of the said regulations in respect of clearing and settlement of bullion contracts.

2. Two copies of the rules, memorandum and articles of association relating in general to the constitution and management of the Bullion Clearing Corporation and two copies of the bye-laws for the clearing and settlement of bullion contracts are enclosed.

3. All the necessary information required in the Annexure to this Form is enclosed. Any additional information will be furnished as and when called for by the Authority.

4. We/I, on behalf of the said Bullion Clearing Corporation, hereby undertake to comply with the requirements of Regulation 5 of the IFSC Authority (International Bullion Exchange) Regulations, 2020 and such other conditions and terms as may be contained in the certificate of recognition or be provided or imposed subsequently.

5. Receipt No. ............. dated..................... for USD ..................is attached.

Yours faithfully,

Authorised Signatory

**ANNEXURE**

**Part I - General**

1. Name of the applicant Bullion Clearing Corporation.
2. Address.
3. Date of establishment or incorporation of Bullion Clearing Corporation.
4. Give details of your capital structure and attach three copies of the audited balance sheets and profit and loss account of the Bullion Clearing Corporation for the preceding three years.
5. Give details of shareholding pattern of the Bullion Clearing Corporation.
6. Has your business viability plan been appraised by a reputed agency having expertise in bullion market for its viability? Give a copy of the appraisal report.
7. Have you entered into an agreement with bullion exchange(s) for clearing and settling its trades? Give the name of such bullion exchange(s) and details of its organisation and management.

**Part II - Clearing membership of Bullion Clearing Corporation**

1. State the number of clearing members at the time of application. Also specify how many are inactive.
2. State whether there is any provision, resolution or convention for limiting the number of clearing members and whether in pursuance thereof you have fixed a ceiling on the number of clearing members that you would admit.
3. Do you insist on any minimum qualifications and experience before enrolling new clearing members? If so, give details.
4. State the different classes of clearing members, if any, the number thereof and the privileges enjoyed by each class. What is the procedure followed by your clearing corporation for the admission of different classes of new clearing members?
5. What are the rates of your annual subscription in respect of the different classes of clearing members? Do you collect any security deposit, admission or entrance fees from your clearing members? If so, give details and also state the manner in which the security deposits are utilised and the rate of interest allowed, if any.
6. Do you insist on your clearing members divesting themselves of other activities either as principal or as employee?
7. Give details of the scale of brokerage and other charges, if any, specified by your clearing corporation.
8. Do you prescribe standard form of agreement to be entered with the trading member for engaging the services of your clearing member? Attach two copies of such agreement.
9. Do you require clearing members to supply such information or explanation and to produce such books relating to their business as your governing board may require?
10. Do you undertake periodic inspection of your clearing members? Give details including the number of annual inspections and manpower available for conducting inspection.

**Part III - Governing Body**

1. What is the present strength of your governing body? Give details of the constitution, details of any government representatives, powers of management, election and tenure of office of members of the governing body, and the manner in which its business is transacted.
2. Are any trade or commercial interest represented on your governing board? If so, give details of interests represented.
3. Do you have any provision for the appointment of standing or ad hoc subcommittees of the governing board? If so, furnish details of their composition, appointment, term of office, powers and functions.
4. Give the designations, powers and duties of key management personnel of your clearing corporation. Give details as to the mode of their appointment, tenure of office and remuneration.
5. What are the disciplinary powers with the governing body to enforce due compliance by clearing members of the rules and bye-laws of the Bullion Clearing Corporation and generally to ensure proper standard of business conduct?
6. What provisions have you made for the levy and recovery of fees, fines and penalties?

**Part IV - Clearing and Settlement**

1. Describe the clearing and settlement system of the Bullion Clearing Corporation.
2. State the different kinds of products being cleared and settled or proposed to be cleared and settled in your Bullion Clearing Corporation. State the period of delivery, payment and the settlement mechanism in each case.
3. Give details of the clearing and settlement charges and other charges, if any, levied by your clearing corporation.
4. What provisions have you made for periodical settlement of contracts and differences thereunder, the delivery of, and payment for bullion contracts and the passing of delivery orders?
5. How do you fix, alter or postpone the dates of settlement?
6. Do you have the right to prohibit, withdraw or suspend clearing and settlement of dealings admitted for clearing and settlement? If so, under what circumstances is this right exercised?
7. Provide a detailed assessment of the measures adopted to address the various risks faced by the Bullion Clearing Corporation in terms of the BIS-IOSCO paper on ‘Principles for Financial Market Infrastructures.’
8. Do you publish any statistics in regard to business done on the clearing corporation including the value of Settlement Guarantee Fund and transactions settled through the clearing corporation, if maintained? In particular, have you evolved any machinery for computing the gross and net exposure of the clearing corporation and the value of clearing and settling of different kinds of contracts permitted on your clearing corporation? Give details.
9. (a) Do you have any bye-laws, contravention of which makes a contract void?

(b) Do you have necessary infrastructure, margin mechanism and adequate risk management mechanism to ensure market safety and integrity? Give Details.

 (c) Do you undertake any other activity other than clearing and settling? Give Details.

 (d) What is your net worth? Give Details.

 (e) Give details of business hours.

 (f) What are the conditions subject to which dealings are admitted for clearing and settlement?

1. Do you maintain Settlement Guarantee Fund? Give details of the corpus of the settlement guarantee fund, its contribution, circumstances for utilisation, priority of utilisation, etc.
2. How do you ensure the adequacy of the Settlement Guarantee Fund? Do you perform stress tests on a periodic basis? Give details and results of the latest stress test.
3. What is the netting procedure adopted by the Bullion Clearing Corporation for determining the obligations of the clearing member?
4. What provisions have you made for regulating— (a) the entering into contracts, their performance and rescission (b) the consequences of breach, default or insolvency on the part of trading or clearing members whether acting as buyers, sellers or intermediaries?

**Part V - Infrastructure**

1. Do you have any machinery for arbitration of disputes between clearing members and/or between clearing members and their constituents and trading member and clearing member? Give details.
2. Have you established connectivity with the depositories, bullion exchange and clearing members? Give details.
3. What is the average load that is being handled by your systems? What is the peak load that can be handled and the extent of scalability of the systems in times of stress?
4. What is your business continuity plan? Give details including details of the disaster recovery site.
5. What are the names, qualifications and expertise of your key management personnel?