

FORWARD CONTRACTS (REGULATION) RULES, 1954

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FORWARD CONTRACTS (REGULATION) RULES, 1954

¹1. Inserted by S.O. 1099, dated 15th May, 1961. In exercise of the powers conferred by Sec. 28 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952) the Central Government hereby makes the following rules, namely:-

1. Short title :-

These rules may be called the Forward Contracts (Regulation) Rules, 1954.

2. Definitions :-

In these rules, unless the context otherwise requires.-

(a) "form" means a form appended to these rules;

(b) "the Act" means the Forward Contracts (Regulation) Act, 1952 (74 of 1952).

3. Application for recognition :-

An application under Sec. 5 of the Act for recognition shall be made in triplicate in Form A to the Central Government through the Forward Markets Commission, Bombay.

3A. . :-

¹ An application under Sec. 14-A of the Act for registration of an association shall be made in triplicate in Form D to the Forward Markets Commission, Bombay.]

1. Inserted by S.O. 1099, dated 15th May, 1961.

4. . :-

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(1) There shall be paid in respect of every application under rule 3 a fee of rupees ²[two thousand five hundred and under rule 3-A a fee of rupees fifty.

(2) The amount of the fee shall either (i) be deposited in the nearest Government treasury or the nearest branch of the State Bank of India; provided that at Bombay, Calcutta, Delhi, Kanpur and Madras the amount shall be deposited in the Reserve Bank of India, or (ii) be remitted by a crossed Demand Draft on any State Bank of India or by a crossed Indian Postal Order in favour of the ³[Assistant Secretary]. Forward Markets Commission, Bombay.

(3) The amount of the fee so deposited shall be credited to the Receipt Head "XXXVI- Miscellaneous Receipts-Forward Markets Commission-Items adjustable by the Deputy Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, Bombay."

(4) The amount of the fee so deposited shall not be refundable.]

1. Substituted by S.O. 1099, dated 15th May, 1961.

2. The words "two hundred and fifty", subs by S.O. 531(E), dated 23rd July, 1993 (w.e.f. 25th July, 1965).

3. The word "Secretary" subs by S.O. 531(E), dated 23rd July, 1993 (w.e.f. 25th July, 1965).

5. Documents to be filed along with the application and particulars it should contain :-

Every application shall be accompanied by ¹[three] copies of the rules and bye-laws of the association ²[***] and the receipt granted by the Government treasury, or as the case may be, the ³[State Bank of India] or the Reserve Bank of India, ⁴[or the

Demand Draft on the State Bank of India or the Indian Postal Order] in respect of the amount to the deposited ⁴ [or remitted, as the case may be,] and shall contain clear particulars as to the matters specified in the Annexure to Form A.

1. Substituted by S.R.O. 2789, dated 15th November, 1956.
2. Omitted by S.O. 1099, dated 15th May, 1961.
3. Substituted by S.O. 1099, dated 15th May, 1961.
4. Inserted by S.O. 1099, dated 15th May, 1961.

6. Power to call for additional information :-

The Forward Markets Commission¹ [***] may require the applicant association to furnish within a period to be specified by it, such additional information as it may consider necessary.

1. Omitted by S.O. 1099, dated 15th May, 1961.

7. Grant of recognition :-

(1) Before granting recognition to an association under Sec. 6 of the Act, the Central Government may, besides making such inquiry and obtaining such further information as is referred to in that section, also consider the advice of the Forward Markets Commission.

(2) The recognition granted to an association shall be in Form B, specify the goods or the classes of goods with respect to which, ¹ [***] in which forward contracts may be entered into between the members of such association or through or any such member and be subject to the following conditions, namely:

(a) that the recognition granted shall be for such period not less than one year as may be specified in the recognition ;

(b) that the association shall comply with such directions as may from time to time be given by the Forward Markets Commission.

1. Omitted by S.O. 1099, dated 15th May, 1961.

7A. Certificate of registration :-

¹.-The certificate of registration granted to an association under sub-clause (b) of Cl. (3) of Sec. 14-A of the Act shall be in Form E and the certificate of registration granted to an association under Sec. 14-B of the Act² shall be in Form F; and in each case, the certificate shall incorporate the conditions, if any, subject to which it is granted.]

1. Substituted by S.O. 2581, dated 7th October, 1961.
2. The words "one hundred" subs by S.O. 531(E), dated 23rd July, 1993 (w.e.f. 23rd July, 1993).

8. Renewal of recognition :-

(1) Three months before the expiry of the period of recognition an association desirous of renewal of such recognition may make the Forward Markets Commission.

(2) The provisions of rule 3, rule 4, rule 5, rule 6 and rule 7 shall apply in relation to renewal of recognition as they apply in relation to grant of recognition subject to the modification that the fee payable in respect of an application for renewal of recognition shall be rupees ¹ [one thousand]

1. The words "one hundred" subs by S.O. 531(E), dated 23rd July, 1993 (w.e.f. 23rd July, 1993).

8A. . :-

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(1) Three months before the expiry of the period of registration, an association desirous of renewing the certificate of registration may make an application in triplicate in Form D to the Forward Markets Commission.

(2) The provisions of rule 3-A, rule 4, rule 5, rule 6 and rule 7-A shall apply in relation to the renewal of a certificate of registration as they apply in relation to the grant of the certificate subject to the modification that the fee payable in respect of an application for renewal shall be Rs. 20.]

1. Inserted by S.O. 1099, dated 15th May, 1961. Rule 8-A has since been omitted by S.O. 73, dated 7th January, 1963.

9. Withdrawal of recognition :-

(1) Before withdrawing the recognition granted to an association the Central Government may, besides complying with the provisions of Sec. 7 of the Act, also consider the advice of the Forward Markets Commission.

(2) Reasonable opportunity to the association to be heard, referred to in Sec. 7 of the Act, shall be given by means of a notice which shall be in Form C.

9A. Refusal to grant registration :-

1 .-Opportunity to the association to be heard, referred to in the proviso to Sec. 14-B of the Act, shall be given by means of a notice which shall be in Form G.

1. Inserted by S.O. 1099, dated 15th May, 1961.

10. Submission of periodical returns :-

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(1) Every recognised association and every registered association shall send to the Forward Markets Commission returns relating to its affairs and the affairs of its members in such form and in such manner and at such times as may be specified in this behalf by the Forward Markets Commission.

(2) Every member of a recognised association or of a registered association shall send to the Forward Markets Commission returns relating to his affairs in such form and in such manner and at such times as may be specified in this behalf by the Forward Markets Commission.]

1. Substituted by S.O. 1099, dated 15th May, 1961.

11. Manner of publication of by-laws for criticism :-

1 .-The following provisions shall apply to bye-laws which are subject to the condition of being made after previous publication under sub-section (4) of Sec. 11 of the Act, namely :

(a) the recognised association making such bye-laws shall post a draft there of on the notice board of the association for the information of persons likely to be affected thereby ;

(b) there shall be posted with the draft a notice that the draft will be taken into consideration by the association on or after a certain date (hereinafter in this rule referred to as the specified date) which shall not be earlier than seven days from the date of such posting and that any objections or suggestions with respect to the said draft received from any person before the specified date will be considered by the association ;

(c) the association and also the Central Government when granting approval shall consider any objections or suggestions received by the association before the specified date.]

1. Substituted by S.O. 12, dated 11th February, 1958.

11A. Manner of publication of bye-laws by the Central

Government for criticism :-

1 .-Except in cases where previous publication is dispensed with, the following shall be the conditions in regard to previous publication of any bye-law made, amended or revised by the Central Government under Sec. 12 of the Act, namely:

(a) the Central Government shall publish a draft of the bye-law, or the amendment or revision of a bye-law, in the Gazette of India for the information of persons likely to be affected thereby ;

(b) there shall be published with the draft a notice that the draft will be taken into consideration by the Central Government on or after a certain date (hereinafter in this rule referred to as the specified date) which shall not be earlier than seven days from the date of such publication in the Gazette of India and that any objections or suggestions with respect to the said draft received from any person before the specified date will be considered by the Central Government.]

1. Inserted by S.O. 1099, dated 15th May, 1961.

12. Particulars to be included in annual reports :-

1 The annual report of a recognised association shall inter alia contain particulars relating to the following matters, namely ;

(a) a survey of the year giving an analysis of the movement of prices and mentioning special benefits, if any, conferred by the forward market on the trade, during the year ;

(b) changes in rules and by-laws, if any ;

(c) changes in the composition of the governing body ;

(d) sub-committees set up, changes in the composition of existing ones and the work done by the sub-committees ;

(e) admissions, re-admissions, deaths or resignations of members and the total number of members and their distribution among the different classes and panels, if any, as at the end of the year ;

(f) disciplinary action taken against members ;

(g) arbitration of disputes relating to quality (number passings and rejections);

(h) arbitration of other disputes (nature, number and manner of disposal);

- (i) defaults committed by members such as non-payment of difference, failure to tender and the like ;
- (j) forward and ready prices during the year;
- (k) settlement rates, amounts of differences cleared, due date rates and tendering differences;
- (l) rates of margin and amount of margin deposited from time to time ;
- (m) allowances payable by the seller in the event of mofussil delivery, fixed or altered during the year ;
- (n) volume of transactions and quantity delivered against forward con tracts.]

1. Substituted by S.O. 12, dated 11 th February. 1958.