



**National Commodity Exchange Limited**  
9th Floor PRC Towers, 32-A Lalazar Drive  
M.T.Khan Road, Karachi  
Phone : 5611214 / 5611220  
Fax : 5611263

**Circular No: NCEL/003/052007**

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**Circular Name: Online Banking Procedures**

This Circular explains the role of the Exchange designated Clearing Banks and Online banking procedures for transfer of funds to the Exchange.

**a. Designated Clearing Banks**

As part of the NCEL Business Model, NCEL will ultimately operate an 18 hour trading day, and therefore seamless transfer of funds 24 hours of the day becomes imperative. Therefore, all registered NCEL Brokers are required to open bank accounts at any of the Exchange designated Clearing Banks, which presently are:

- a. MCB Bank Limited
- b. Faysal bank Limited

NCEL has designated key branches of these Clearing Banks for the opening of NCEL Brokers Accounts, the list of which are attached as Annexure A.

**b. NCEL Bank Accounts**

For the purpose of payment and collection of funds, the Exchange has the following purpose specific accounts with each of the designated Clearing Banks:

1	Initial Margin Account	Payment and collection of initial, variation, trading fees, spot month, special and delivery margins
2	Clearing Deposit Account	Payment and collection of clearing and additional deposits
3	Penalties Account	Payment of Exchange imposed fines
4	Fees Account	Payment and collection of Exchange Fees and periodic charges
5	Settlement Account	Payment and collection of final delivery settlement

**NCEL Bank Account Number details are attached herewith as Annexure B.**

**c. Segregation of Funds**

Brokers, in their books, shall at all times, segregate all monies received from each of their Clients for trading on the Exchange.

Exchange Regulations requires that prior to taking a position in a commodity futures contract or initiation of a trade there should be adequate Margins held in Brokers' own account and its Clients' accounts with the NCEL Clearinghouse. A pre-trade check is employed by the Exchange, at the order entry stage, to ensure sufficient Start-of-day-Net-Liquidity (SODNLV) is available. Therefore, to facilitate uninterrupted trading it is mandatory for all Brokers to open the following two accounts with any of the Exchange designated Clearing Banks:

- a. Brokers' House Account - For own funds
- b. Brokers' Client Group Account - For Clients' funds

The above two accounts must be opened prior to the activation of the Brokers' account with the NCEL Clearinghouse.

#### **d. Brokers' Responsibility for Operating Bank Accounts**

Brokers are responsible for transfer of funds from their 'House Account' as well as their 'Client Group Account' to the appropriate accounts maintained with the NCEL Clearinghouse using the online fund transfer facility provided by the Exchange designated Clearing Banks as follows:.

<b>S. No</b>	<b>Account Particulars</b>	<b>Purpose of the Account</b>
1	Brokers' House Account	Payment of Exchange Fees, Charges and Penalties Payment and collection of initial, variation, spot month, deliver margins for Brokers' proprietary trades, Clearing Deposit and delivery settlement
2	Brokers' Client Group Account	Payment and Collection of initial, variation, spot month, deliver margins for Clients trades

No other form or mode of payment will be acceptable to the Exchange. Brokers are also required to adhere to procedures and timetable for transfer of funds to the Exchange. Failure to comply with Exchange specified procedures will attract fines and may also lead to disciplinary action.

#### **e. Online Transfer of Initial and Variation (Mark-to-Market) Margins**

Brokers are required to transfer the Initial Margin and meet the daily Margin Calls for their proprietary trading as well as their Client's trading to the NCEL "Initial Margin" account, by the Exchange determined cut-off time on each trading day. These funds should be transferred through their online banking facility provided by the Clearing Banks. Funds transferred during the course of the day will be updated in Brokers' own account and their Client Group Account maintained with the NCEL Clearinghouse upon identifying the account (**Source**) from which the funds have originated.

#### **f. Release of Funds by the Exchange**

Brokers can withdraw excess funds in their own and Clients' accounts maintained with the NCEL Clearinghouse by submitting an on-line request through NCEL's CSR System of the Exchange on any business day between 2:00 am to 7:30 pm.

Exchange will only release funds if there are excess balances over and above the minimum required margins. Cash Release requests will not be entertained if the minimum margin requirements are breached.

The accepted Cash Release amount will be deducted from the cash margin balance at the end of each business day and will be credited to the respective account of the Broker at the Clearing Bank on the next business day.

Withdrawal Request facility will be available for 30 minutes during the Exchange End of Day Process to withdraw own or Clients Margins and Clearing Deposits. The Exchange will transfer funds directly to the Broker's "House Account" or "Client Group Account", as the case may be, maintained with any of the Exchange designated Clearing Banks after ensuring that the Broker's margins and Outstanding Exposure on outstanding positions are fully covered.

**Exchange will not entertain any requests directly received from Brokers' Clients.**

**g. Exchange Fee collection**

NCEL "Fee Account" will be used for collecting all fees imposed by the Exchange other than trading and settlement fees through online transfer of funds from the Brokers' House Account maintained with the Exchange designated Clearing Bank. No other form or mode of payment will be acceptable.

Trading and Settlement fees which will be deducted automatically from segregated Traders' Accounts maintained with the Clearinghouse.

**h. Collection against Final Settlements**

NCEL "Final Settlement Account" will be used for collecting outstanding funds against the settlement obligation through online transfer of funds from the Brokers' House Account for Proprietary and Client Settlements maintained with the Exchange designated Clearing Bank. No other form or mode of payment will be acceptable.

## **ANNEXURE A - Designated Clearing Bank**

### **Muslim Commercial Bank Limited**

- a). **I.I Chundrigar Road Branch, karachi**
- b). **Karachi Stock Exchange Branch, Karachi**
- c). **Lahore Stock Exchange Branch, Lahore**
- d). **Nila Gumbat Branch, Lahore**
- e). **Islamabad Stock Exchange Branch, Islamabad**
- f). **Main Branch, Blue Area, Islamabad**

### **Faysal bank Limited**

### **All Main Branches**

**ANNEXURE B- NCEL Bank Account with MCB Bank**

<b>S. No</b>	<b>Account Particulars</b>	<b>Account Number</b>
1	NCEL Initial Margin Account	005401010069021
2	NCEL Clearing Deposit Account	005401010068991
3	NCEL Fees Account	005401010068983
4	NCEL Penalties Account	005401010069002
5	NCEL Settlement Account	005401010069013

**ANNEXURE B- NCEL Bank Account with Faysal Bank Ltd.**

<b>S. No</b>	<b>Account Particulars</b>	<b>Account Number</b>
1	NCEL Initial Margin Account	1102173573006
2	NCEL Clearing Deposit Account	1102173565006
3	NCEL Fees Account	1102173603006
4	NCEL Penalties Account	1102173581006
5	NCEL Settlement Account	1102173591006