Circular No.: IGX/MO/55/2022 17th March 2022

Know Your Customers (KYC) Norm for Exchange Members and Clients

Dear Members,

In pursuance to PNGRB (Gas Exchange) Regulations 2020, Exchange Market Rules and Bye-Laws, Members of IGX may kindly note the following:

Under Regulation 55 (5) of PNGRB (Gas Exchange) Regulations 2020, it is mentioned that the Gas Exchange shall establish a Know Your Customers (KYC) system for members and clients of the exchange. Accordingly, IGX had applied to PNGRB for insertion of above regulation in IGX Market Rules for which PNGRB vide approval letter dated 9th March 2022, has approved to insert below lines in IGX Market Rules:

"4.1.3 KYC Norms: The members and clients shall also comply with the KYC Norms as issued by the Exchange from time to time by way of Circular. Provided that such Circulars shall not be in violation with

(i) Applicable laws of the place of its jurisdiction;
(ii) PNGRB Act and extant Regulations including Gas Exchange Regulations 2020;
(iii) Bye-Laws;
(iv) Market Rules.

Accordingly, the Exchange KYC Norms are attached as Annexure with this Circular. Also, the KYC Norms and updated Market Rules are available at IGX website. This Circular will come into effect from Trading date 24th March 2022.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)
Mritunjay Srivastava
Asst. Vice President
(Regulatory and Membership)

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KNOW YOUR CUSTOMER ("KYC")

NORMS OF

Indian Gas Exchange Limited ("IGX")

[Pursuant to Regulation 55 subclause (5) of

PNGRB (Gas Exchange) Regulations, 2020]

1. Objective

The objective of the document is to:

i. define KYC norms of IGX so as to identify the Members and Clients, their nature of business, ownership, financial strength and credit;
ii. define the terms and conditions for Members and Clients;
iii. take necessary steps to ensure that the concerned employees, Members and Clients are made aware of the KYC procedures of IGX.

2. Scope

This document shall apply to IGX and its Members and Clients. IGX will support and encourage its Members and Clients to achieve the highest standards of compliance and integrity.

The IGX's KYC norm comprises of the following three key elements for Members/Clients registration:

i. Customer Identification
ii. Customer Acceptance
iii. Monitoring and Record Keeping

2.1 Customer Identification:

i. The account of any Member/Client shall be opened only after ensuring that laid down KYC documentation and procedures are complied with.
ii. IGX shall verify the legal status of the legal person/ entity through proper and relevant documents.
iii. IGX shall seek documents to understand the ownership and control structure of the customer.
iv. To uniquely identify each of its Members and Clients IGX shall seek the right set of attributes. In the case of corporate bodies these would mean company name, certificate of incorporation, and personal identity attributes of directors and / or key management personnel etc.
v. PAN and GST shall be the sole identification number from KYC perspective for all participants transacting at IGX. It is therefore mandatory for all Members and Clients to furnish their PAN and GST details.
vi. The failure or refusal by an applicant to provide satisfactory identification evidence at the time of registration without adequate explanation may lead to rejection of application by IGX.
vii. The information collected from the Members and Clients during the course of compliance with KYC norms and while undertaking business transactions shall be treated as confidential and details thereof shall not be disclosed to any persons / entity except required under the law and/or by any government authority or except with the express permission of the Client.

viii. The document requirements would be reviewed periodically as and when required, keeping in view the emerging business requirements and amendments would be made to the list of such documents required for customer identification.

2.2 Customer Acceptance:

a. Customer Acceptance for new Members/Clients:
   i. IGX shall ensure that the KYC documents are properly filled up, signed and dated. IGX shall ensure that the details mentioned in the KYC matches with the documentary proofs provided.
   ii. IGX shall verify the PAN details on the Income Tax website
   iii. The customer shall be screened against sanction lists published by government or legal authorities at the time of registration and then on quarterly basis.

b. IGX shall obtain additional information/document from the Member/Client to ascertain his background and financial status.
   i. If required, documents like latest Income Tax returns, annual accounts, etc. would be obtained for ascertaining the financial status.
   ii. No accounts shall be opened in fictitious / benami / anonymous basis.
   iii. No accounts shall be opened where IGX is unable to apply appropriate KYC procedures.
   iv. IGX shall keep updating the financial status of the Member and Client, if required, by obtaining documents like Annual accounts on annual basis.
   v. If the Member/Client does not provide the required information, then IGX may not open the account of such Members/Clients.

c. The Member and Client shall ensure adherence to the anti-corruption, ethics and compliance provisions as described under Annexure-1.

2.3 Monitoring and Record Keeping

IGX shall place a system for periodical review of transactions carried out by Members/Clients, their financial status, and risk categorization of the Members and Clients on the basis of these information. Such review shall be carried out at a periodicity of not less than once in a year for which IGX shall obtain additional information/document from the Member/Client to ascertain his financial status.

IGX shall ensure that a record of exchange transactions is preserved and maintained as required in terms of section 12 of the Prevention of Money-Laundering (PML) Act, 2002.

IGX shall also ensure that books and records is maintained as required in terms of regulation 34 and regulation 42 of the PNGRB (Gas Exchange) Regulations, 2020.

The Members of IGX shall also keep records as required under Chapter 4, clause 13 of IGX Bye-Laws.

IGX reserves the right to change, amend, alter or delete some or all parts of the KYC norms, include new procedure and exclude existing procedures in this document.

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Annexure 1

Anti-corruption, Ethics and Compliance Requirement –Guidelines

1. Purpose

This part of the KYC Norms is to describe the Exchange requirement for better governance practices, prohibiting bribery & corruption and other improper payments in the conduct of the Exchange operations. It also establishes requirement to ensure that the Exchange, Members and Clients of exchange shall abide by a) PNGRB (Gas Exchange) Regulations, 2020 and further amendments, b) Byelaws, Market Rules, Circulars, KYC norm, Notifications & Office Orders as issued by IGX from time to time and c) Anti-Corruption Laws; where Anti-Corruption Laws mean anti-bribery or anti-corruption laws under relevant jurisdiction, as may be applicable to the Parties, which has as its objective, the prevention of corruption including, (a) the Indian Prevention of Corruption Act, 1988; (b) Prevention of Money Laundering Act, 2002, (c) in relation to the offence of abetment, the Indian Penal Code 1860; (d) the United States Foreign Corrupt Practices Act of 1977; (e) the United Kingdom Bribery Act 2010.

2. Compliances

Each Member and Client warrants, and covenants that in connection with each Contract:

(a) it undertakes all its business activities in compliance with the Anti-Corruption Laws, and shall, at all times, comply with Anti-Corruption Laws;

(b) it has not, whether directly or indirectly, made, offered, authorized, or accepted and will not make, offer, authorize, or accept any payment, gift[1], promise, or other advantage, to or for the use or benefit of any government official or any other person where that payment, gift, promise, or other advantage would comprise a facilitation payment or otherwise violate the Anti-Corruption Laws;

(c) it maintains and will maintain adequate internal controls, including but not limited to using reasonable efforts to ensure that all transactions are accurately recorded and reported in its books and records to reflect truly the activities to which they pertain, such as the purpose of each transaction, with whom it was entered into, for whom it was undertaken, or what was exchanged;

(d) it is not a Restricted Party, where Restricted Party means any Member or Client who is identified by any government or legal authority under applicable trade sanctions, export controls, anti-money laundering, non-proliferation, anti-terrorism and similar laws as a

[1] Gift: These are money, vouchers, goods or services, which should be given without expectation of consideration or value in return. Gifts should have no business roles other than marking and enhancing relations or promoting the giver's company by incorporating a logo or message on a promotional item. They should be made for the right reason(s), with no obligation or expectation on the recipient, not capable of achieving undue influence in relation to a business transaction, not be performed in secret and be undocumented, and should be compliant with relevant laws and companies' policies.

person with whom trade, or financial dealings and transactions are prohibited or restricted;

(e) it maintains and will adequately maintain and retain its books and records for the period required by applicable law or a Member's or Client's own retention policies, whichever is longer; and

(f) Only a Member or a Direct Client (and not its Affiliates or a third party) or the Exchange shall make payments to the other party to a Contract, except with that other party's prior written consent.

3. Suspension and Termination of Contract

Any Member or Client shall be entitled to either suspend performance of the affected contract for trade at the Exchange ("**Contract**") or terminate such affected Contract; in each case without any further obligation or liability of the parties to the Contract, save for any accrued rights and / or remedies, by providing: (i) a written notice of three (3) business days prior to the said suspension / termination; and (ii) documentary evidence to the other party (to the Contract) as well as the Exchange, upon occurrence of any of the events listed below:

a) where a Member / Client itself becomes a Restricted Party;

b) where the other party to the Contract (Member or Client, as the case may be) becomes a Restricted Party;

c) where a Member / Client is in breach of any representation or warranty as stated under point 2 above; or

d) where a Member / Client is in breach of any Anti-Corruption Laws, as determined by the final judgment of a court or other tribunal having jurisdiction over such party; or

e) due to any change in existing laws; or enforcement of any new laws; or imposition of trade restrictions; or issuance of any governmental directive ("**Change of Laws Event**"), where each such Change of Laws Event: (i) results or may result in a Member / Client becoming a Restricted Party; or (ii) materially affects a Member's / Client's ability to perform the Contract, including but not limited to curtailment or interference with such party's ability to take (including from a third party supplier, where receipt of such supply is necessary to fulfil the obligations under the Contract) or make delivery or make or receive any payments as may be required in the performance of the Contract.

Notwithstanding anything stated above, it is clarified that where any applicable law so requires, a Member / Client shall have the right to suspend / terminate the affected Contract with immediate effect upon occurrence of any of the events listed above, and in such case the requirement to serve the three (3) business days' notice period before suspension / termination of the Contract may be dispensed with.

The parties agree and acknowledge that where an affected Contract is suspended by the non-breaching party, the Contract may be resumed by such non-breaching party within forty-eight

(48) hours of cure of the event due to which the Contract was suspended in the first place, for the remaining duration of the Contract, in its sole discretion.

4. <u>Roles and Responsibility</u>

a) The Members / Clients agree, understand and acknowledge that the Exchange is not a regulatory organisation and is not required or obligated to undertake any measures to ensure compliance by the Members / Clients of the applicable laws, including Anti-Corruption Laws, and other obligations imposed on such Members / Clients. The Members / Clients agree, understand and acknowledge that the Exchange shall not be liable for any direct or indirect losses, liabilities, damages, fines, penalties, costs, fees, charges, claims or expenses, including any third party claims, suffered by any Member / Client, resulting from or arising in connection with any breach or violation by any other Member / Client of the applicable laws, including Anti-Corruption Laws and other obligations imposed on such Members / Clients.

b) Notwithstanding anything to the contrary, any Member / Client being in breach of any representation or warranty included in IGX Bye-Laws or as included herein in point 2 above or in breach of any applicable laws including the Anti-Corruption Laws, as determined by the final judgment of a court or other tribunal having jurisdiction over such party, shall be obligated to indemnify, defend and hold harmless the Exchange and its directors and officers, from and against all losses, liabilities, damages, penalties, costs, claims or expenses, incurred or suffered by the Exchange on account of, in connection with or resulting from such breach by any Member / Client.

c) The Member / Client suspending or terminating a Contract shall be relieved of its obligations under such Contract upon expiry of the three (3) business days' notice period, or on an immediate basis as the case may be, in accordance with the provision in point 3 above. The Members / Clients agree, understand and acknowledge that suspension or termination of Contract, as stated above, shall be the sole financial remedy available to the Member / Client who intends to terminate the Contract with respect to the trade transacted on the Exchange.

d) A Restricted Party or a party breaching any applicable laws including Anti-Corruption laws and / or representations, warranties or covenants included herein shall be obligated to make all payments which have become due and have accrued till the date of suspension / termination of the affected Contract, such as cost of the gas supplied, cost of gas transportation, transaction fees, applicable taxes and duties, and any other amounts or penalties as may be applicable, including any ship-or-pay or other transportation related charges for the entire duration of the Contract, as applicable, in case of a Delivered Transaction.

e) The Member / Client intending to suspend / terminate the Contract shall be required to provide documentary evidence, such as a formal order, notice, letter issued by a governmental / regulatory authority or publication of information on the official portal of a Sanction Authority or correspondence exchanged between the parties etc.

f) In case of any conflict or disagreement between the Members and Clients, the decision of the Exchange, shall be final and binding on the concerned parties. Notwithstanding this, a Member and / or Client shall have the right to initiate the Grievance Redressal Mechanism as per the PNGRB approved Exchange Bye laws & Market Rules, as amended from time to time.

5. <u>Data Privacy</u>

The Exchange, Members and Clients may provide each other with information related to an identified or identifiable individual ("Personal Data"), the processing and transfer of which will be done in accordance with applicable Indian laws and shall include appropriate technical and organizational security measures, as may be required pursuant to the applicable Indian laws. The parties shall promptly, and in any case within seventy-two (72) hours of detecting or reasonably suspecting the same, inform each other if they detect or reasonably suspect that an unauthorized acquisition, access (including remote access), use or disclosure of Personal Data has occurred.

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