

MCX/SEC/2380

May 30, 2024

BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

Ref: Scrip code: 534091 Scrip ID: MCX
Sub: Annual Secretarial Compliance Report for FY 2023-2024

Dear Sir/ Madam,

Pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, please find enclosed the Annual Secretarial Compliance Report for the Financial Year ended March 31, 2024, issued by M/s. Prajot Vaidya & Co., Practicing Company Secretaries.

Kindly take the same on records.

Thanking you,

Yours faithfully,

For Multi Commodity Exchange of India Limited

Manisha Thakur
Company Secretary

Encl: as above

Prajot Vaidya & Co.

Office No.2, Shanta Niwas CHS,Near Karve Hospital, M.G. Road, Bhaskar Colony, Thane West 400602
Email: prajot@prajotvaidya.com (T) 9029872189

Annual Secretarial Compliance Report of Multi Commodity Exchange of India Limited for the year ended March 31, 2024

We, **M/s. Prajot Vaidya & Co.**, Practicing Company Secretaries, have examined:

- All the documents and records made available to us and explanation provided by **Multi Commodity Exchange of India Limited ("MCX or the Company or Listed Entity")**;
- The filings/submissions made by the listed entity to the Stock Exchange i.e. **BSE Limited**;
- Website of the Listed Entity;
- Any other document/filing, as may be relevant, which has been relied upon to make this certification;

for the financial year ended March 31, 2024 ("**Review Period**") in respect of compliance with the provisions of:

- The Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and the Regulations, circulars, and guidelines issued thereunder; and
- The Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), rules made thereunder and the Regulations, circulars, and guidelines issued thereunder by the Securities and Exchange Board of India ("**SEBI**");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:

- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 ('**SEBI (LODR) Regulations, 2015**');
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the review period**);
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the Company during the review period**);
- The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (**Not applicable to the Company during the review period**);
- The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (**Not applicable to the Company during the review period**);

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- (h) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015('SEBI (PIT) Regulations, 2015');
- (i) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ('SECC Regulations, 2018');
- (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 ('SEBI DP Regulations, 2018')

and circulars/guidelines issued thereunder applicable to the listed entity.

and based on the above examination, We hereby report that during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Not Applicable
Compliance Requirement (Regulations/circulars/ guidelines including specific clauses)	
Regulation / Circular No.	
Deviations	
Action Taken by	
Type of Action	
Details of Violation	
Fine Amount	
Observations/Remarks of the Practicing Company Secretary	
Management Response	
Remarks	

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(b) The listed entity has taken the following actions to comply with the observations made in the previous reports of 31.3.2023:

Sr. No.	1
Observations/ Remarks of the Practicing Company Secretary in the previous report	It is purported that by entering into an agreement with PESB for developing SPOT platform for Gold & Natural Gas and making payments to PESB towards the development, MCX has indirectly engaged itself in unrelated/nonincidental activity without the prior approval of SEBI and through the separate entity, which is in violation of the regulation 41(3) and 38(2) of SECC Regulations 2012 and 2018 respectively.
Observations made in the secretarial compliance report for the year ended 31.3.2023	
Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Regulation 38(2) of SECC Regulations, 2018 requires that the recognized stock exchange shall not carry on any activity whether involving the deployment of funds or otherwise without prior approval of the SEBI.
Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	As purported, the Company has entered into an agreement with PESB for developing the SPOT platform for Gold & Natural Gas and made payments to PESB toward the development without prior approval of SEBI. Consequently, SEBI has imposed a fine of Rs. 2 Lakhs on the Company under Regulation 38(2) of the SECC Regulations, 2018, for failing to secure prior approval.
Remedial actions, if any, taken by the listed entity	The Company abides by the applicable SEBI Regulations. The said SEBI Order is challenged by the Company before the Securities Appellate Tribunal ('SAT') and SAT by way of interim relief inter alia stayed the effect and operation of the impugned order till the disposal of the appeal.
Comments of the PCS on the actions taken by the listed entity	The Management has informed that the said SEBI Order was challenged by the Company before the SAT and SAT by way of interim relief, inter alia, stayed the effect and operation of the impugned order till the disposal of the appeal. The matter is pending before SAT.


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Sr. No.	2
Observations/ Remarks of the Practicing Company Secretary in the previous report	a) MCX did not have systems in place for verification of Sikkim-based clients who are exempted from submission of PAN and therefore violated Clause 4 of SEBI Circular dated September 16, 2016.
Observations made in the secretarial compliance report for the year ended 31.3.2023	b) Monetary fine imposed on the Trading Members for incorrect uploading of KYC details in the Exchange UCC system levied by MD & CEO was by applying incorrect circular. It was purported that MD & CEO was not the relevant Authority for levying of penalty according to 2 nd and 3 rd Clause of ToR of Member & Core SGF Committee prescribed in Annexure A of SEBI Circular dated January 10, 2019 and that penalty ought to have been levied by MCSGFC formulating policy.
Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	a) MCX should have the system in place for verification of Sikkim-based clients who are exempted from submission of PAN. b) The Member and Core Settlement Guarantee Fund Committee is the relevant authority for taking action including imposing fines on trading members for submission of incorrect KYC details in the UCC System of the Company.
Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	a) MCX did not have systems in place for verification of Sikkim-based clients who are exempted from submission of PAN and therefore violated Clause 4 of SEBI Circular dated September 16, 2016. b) Monetary Fine imposed on the trading members for submission of incorrect KYC details in the UCC System of the Company by the MD & CEO of MCX instead of the Member and Core Settlement Guarantee Fund Committee by way of formulating a policy as per SEBI Circulars dated September 16, 2016 and January 10, 2019 respectively. Moreover, SEBI imposed a fine of INR 6 Lakhs on the Company for this oversight which was paid on April 12, 2023.
Remedial actions, if any, taken by the listed entity	The Company adheres to all relevant SEBI regulations. A penalty of INR 6 Lakhs was duly paid by the Company on April 12, 2023.
Comments of the PCS on the actions taken by the listed entity	-


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(c) We hereby report that, during the review period the compliance status of the listed entity with the following requirements:

NO.	PARTICULARS	COMPLIANCE STATUS (YES/NO/NA)	OBSERVATIONS/ REMARKS BY PCS
01.	<p>Secretarial Standards:</p> <p>The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).</p>	YES	To endeavor to circulate the complete agenda 7 days before the meeting.
02.	<p>Adoption and timely updation of the Policies:</p> <p>(a) All applicable policies under SEBI Regulations are adopted with the approval of the board of directors of the listed entities</p> <p>(b) All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/guidelines issued by SEBI.</p>	YES	-
03.	<p>Maintenance and disclosures on the Website:</p> <p>a) The Listed entity is maintaining a functional website</p> <p>b) Timely dissemination of the documents/ information under a separate section on the website</p> <p>c) Web links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/section of the website.</p>	YES	-
04.	<p>Disqualification of Director:</p> <p>None of the Directors (s) of the Company is/ are disqualified under Section 164 of the Companies Act, 2013 as confirmed by the listed entity.</p>	YES	-

05.	<p>Details related to Subsidiaries of listed entities have been examined w.r.t:</p> <p>(a) Identification of material subsidiary companies</p> <p>(b) Requirements with respect to disclosure of material as well as other subsidiaries</p>	YES	-
06.	<p>Preservation of Documents:</p> <p>The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per the Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.</p>	YES	-
07.	<p>Performance Evaluation:</p> <p>The listed entity has conducted a performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.</p>	YES	-
08.	<p>Related Party Transactions:</p> <p>(a) The listed entity has obtained prior approval of the Audit Committee for all related party transactions; or</p> <p>(b) In case no prior approval is obtained, the listed entity shall provide detailed reasons along with confirmation of whether the transactions were subsequently approved/ratified / rejected by the Audit committee.</p>	Yes	-
09.	<p>Disclosure of events or information:</p> <p>The listed entity has generally provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.</p>	YES	-

10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	YES	The Company is required to strengthen its process and system for capturing the flow of UPSI in the SDD system.
11.	Actions taken by SEBI or Stock Exchange(s), if any: No actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchange (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	YES	-
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	No such event of the resignation of a statutory auditor occurred during the review period.
13.	Additional Non-Compliances, if any: No additional non-compliance observed for any of the SEBI regulation/circular/guidance note etc. except as reported above.	YES	-

Additional Information/Affirmation:

(a) Upon examining the issues related to the contracts executed with software vendors, SEBI issued a Show Cause Notice ('SCN') dated October 16, 2023, to MCX, four of its key management personnel ('KMPs'), its subsidiary i.e. Multi Commodity Exchange Clearing Corporation Limited ('MCXCCL') and one of the subsidiary's KMP. The SCN alleges that the management of both MCX and MCXCCL failed to implement the SEBI circular dated September 13, 2017. MCX, MCXCCL and the concerned KMP's have filed their responses to the matter. Additionally, MCX and MCXCCL have submitted settlement applications under the applicable SEBI regulations, which are pending. Hearings regarding the SCN are also pending.

