



Circular No.: IEX/MO/265/2017

Date: 22nd December, 2017

Dear Members,

In pursuance of Rules, Bye-Laws and Business Rules of the Exchange, the Members of the Exchange are notified as under:-

As per the GST Act, it is the responsibility of the sellers to pay the GST. However, in view of the issues raised by some of the participants regarding applicability of GST on RECs, we had referred the matter to GST Council and CERC. We have not received any clarification from GST Council so far. Further, CERC vide their letter dated 15.09.2017 had directed IEX to ensure a mechanism to recover GST in case it is clarified to be applicable. Accordingly, as a security mechanism for recovery of GST amount, IEX will take bank guarantee from buyers for a minimum period of three months. However, for Discoms and Govt. companies Undertaking can also be accepted. Further, clients who are not willing to offer bank guarantee or undertaking (for Discom and Govt. companies), in their case amount equivalent to 20% of trade value shall be recovered as additional security till the GST payment is settled by respective parties.

Kindly find attached bank guarantee format as Annexure 1 for reference.

Annexure 2 contains list of approved banks for issuance of bank guarantee.

This supersedes Circular number 250 dated 29/08/2017 and 252 dated 19/09/2017 issued earlier.

For and on behalf of

Indian Energy Exchange Limited

Akhilesh Awasthy
Director (Market Operations)

Annexure 1

Bank Guarantee format

INSTRUCTIONS TO SUBMIT THE BANK GUARANTEE

1. Enclosed Bank Guarantee should be stamped on a Non-Judicial stamp paper of Rs. 300 or the value prevailing in the State where executed, whichever is higher.
2. The following is required to be typed on the Stamp Paper as the First Page and duly signed:

This Non-Judicial Stamp paper of Rs. 300 forms part and parcel of this Bank Guarantee number..... dated.....issued in favour of Indian Energy Exchange Ltd. by us for M/s.

FOR..... (BANK)

.....(BRANCH)

AUTHORISED SIGNATORIES

SEAL OF THE BANK:

3. All the blanks in the format are required to be duly filled by the issuing bank along with their stamp and signature against each blank if filled separately.
4. **Each page** of the bank guarantee should bear the **bank guarantee number** and should be signed **by two authorized signatories of the bank.**
5. The bank guarantee can be obtained only from the Approved Banks

Format of the Bank Guarantee for Security

GUARANTEE

This guarantee bearing No.is issued by.....
(bank), a body corporate constituted under the Act 19....., having its Head Office at (hereinafter referred to as the "Bank" which term shall wherever the context so permits, includes its successors and assigns) in favour of Indian Energy Exchange Ltd., a company established under the Companies Act, 1956 and having its registered office at Unit No. 3,4,5 and 6, Plot No. 7 Fourth Floor, TDI Centre, District Center, Jasola, New Delhi – 110025(hereinafter referred to as "IEX" which expression shall include its successors and assigns),

WHEREAS

1. M/s Limited, incorporated as a company under the Companies Act, 1956 and having its registered office at(Complete Address), I am trading on IEX as client of M/s----- who is a registered Member on IEX (hereinafter referred to as the " Client", which expression shall include its successors and assigns) * is/are a Client of IEX.
2. IEX provides platform to trade Renewable Energy Certificates \and has sought a clarification from the appropriate authority about applicability of GST on the value of REC being traded.
3. In so far as the liability to pay GST is concerned, the same is on the parties to the transaction. Therefore, in the event it is clarified that GST is applicable on REC value, it is the responsibility of the buyers to pay to the sellers and that of the sellers to remit the applicable GST to the appropriate authority and ensure respective compliance with the provisions of the GST Act.
4. In so far as IEX is concerned. It is only providing the platform to transact the RECs. It has been clarified time and again that IEX has no responsibility / financial risk qua the transaction. Considering the possibility of applicability of GST, Central Electricity Regulatory Commission vide letter dated 15.09.2017 has advised IEX to establish mechanism for ensuring recovery of GST amount from the buying entities in case the same is applicable, and accordingly IEX has asked its Clients to deposit amount equivalent to the GST amount with IEX.

5. That the client has traded ----- Nos of REC valuing Rs.-----,(Rs.----- only) on which if GST becomes applicable the GST amount would be Rs. ----- (Rs.----- only).
6. However, the Client has requested IEX, In lieu of finding a solution to the issue and to ensure that all Regulatory provisions stand complied with, IEX has agreed to accept a bank guarantee in lieu of the probable liability of GST. The Bank Guarantee is to be in favor of IEX from an approved commercial bank for an equivalent amount of Rs. ----- (Rs ----- only).This bank guarantee shall be returned by the exchange once the Obligation of GST with reference to 12% transaction is settled by the respective parties.
7. The Client has requested the Bank to furnish to IEX a guarantee for Rs -----/- (Rs ----- only).

NOW IN CONSIDERATION OF THE FOREGOING,

1. We, the.....(Name of Bank) having a branch at.....(Complete Address of Branch) at the request and desire of the Client do hereby irrevocably and unconditionally guarantee to pay a sum of Rs ----- (Rs ----- only). to IEX as and when IEX demands the same for transfer this amount to the seller for payment of GST, whether or not a clarification as discussed above, has been received from the appropriate authority. Decision of IEX about the same shall be final and binding on the Bank. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling obligation or liability of the Client as described above and as directed and decided by IEX, with no reference to the Client.
2. The Bank hereby agrees that if in the opinion of IEX, the Client has been or may become unable to meet, satisfy, discharge or fulfill any obligations, liability or commitments or any part thereof to IEX, then without prejudice to the rights of IEX under its Rules, Bye-Laws or Regulations or otherwise, IEX may at any time thereafter and without giving any notice to the Client invoke this guarantee to meet the aforesaid obligations, liabilities, commitments or contingent liability of the Client in regards to the payment of GST.
3. The Bank undertakes that it shall, on first demand of IEX, without any demur, protest or contestation and without any reference to the Client and notwithstanding any contestation by the Client, pay to IEX such sums not exceeding Rs ----- (Rs ----- only) as may be demanded by IEX. The decision of IEX as to the amount claimed shall be final and binding on the Bank, and any demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee.
4. Notwithstanding the above, Bank agrees that this guarantee can be invoked by IEX even in respect of the obligations, liabilities, commitments or contingent liability of the Client towards GST which might have arisen prior to the execution of this guarantee.
5. The validity of this guarantee shall not be affected in any manner whatsoever if IEX takes any action against the Client including DECLARATION OF A DEFAULTER, SUSPENSION or EXPULSION of the Client from the clientship of IEX.
6. This guarantee shall not be affected by any change to the constitution of IEX or the Client or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by IEX to Client.

7. The Bank undertakes to pay to IEX, the amount hereby guaranteed within 24 hours of being served with a written notice requiring the payment of the amount either by hand delivery or by Registered Post or by Speed Post.
8. This guarantee may be invoked by IEX in part(s) without affecting its rights to invoke this guarantee for any liabilities that may devolve later.
9. The Bank undertakes not to revoke this guarantee during its currency except with the previous consent of IEX in writing and this guarantee shall be a continuous and irrevocable guarantee upto a sum of Rs ----- (Rs ----- only).
10. It is clarified that -
 - a. the liability of the Bank under this guarantee shall not exceed Rs ----- (Rs -----only).
 - b. This guarantee shall be valid for a period of months i.e. upto
 - c. The bank is liable to pay the guaranteed amount only if IEX serves upon the Bank a written claim or demand on or before (i.e. within fifteen days after the date of expiry of the bank guarantee as mentioned in clause 10 b above).

Executed this.....day of at(place).

FOR (BANK)
..... (BRANCH)

AUTHORISED SIGNATORIES

SEAL OF THE BANK

Annexure 2

List of approved banks

S. No	Public Sector Banks
1.	Allahabad Bank
2.	Andhra Bank
3.	Bank of Baroda
4.	Bank of India
5.	Bank of Maharashtra
6.	Canara Bank
7.	Central Bank of India
8.	Corporation Bank
9.	Dena Bank
10.	Indian Bank
11.	Indian Overseas Bank
12.	Oriental Bank of Commerce
13.	Punjab and Sind Bank
14.	Punjab National Bank
15.	State Bank of India
16.	Syndicate Bank
17.	Union Bank Of India
18.	United Bank Of India
19.	Vijaya Bank
20.	UCO Bank

S. No.	Private Banks
1.	Axis Bank Ltd
2.	Federal Bank Ltd.
3.	HDFC Bank Ltd.
4.	ICICI Bank Ltd.
5.	IDBI Bank Ltd.
6.	IndusInd Bank Ltd
7.	Jammu & Kashmir Bank Ltd
8.	Kotak Mahindra Bank Ltd.
9.	The Karnataka Bank Ltd
10.	The Karur Vyasa Bank Ltd.
11.	The South Indian Bank Ltd..
12.	Tamilnad Mercantile Bank Ltd
S.No.	Foreign Banks
1.	Citibank N.A.
2.	Deutsche Bank A-G
3.	Hong Kong and Shanghai Bank Ltd.
4.	Standard Chartered Bank