

**MODEL
BYE-LAWS
OF
PUNE STOCK EXCHANGE LIMITED**

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THE PUNE STOCK EXCHANGE

MODEL BYE-LAWS, 2003

CHAPTER-1

Preamble

- 1.1** In exercise of the powers conferred under the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, The Pune Stock Exchange, Pune hereby makes the following Bye-laws which have been approved by the Securities and Exchange Board of India by its letter No.MRD/DSA/PSE/18348/04 dated August 18th, 2004 pursuant to the provisions of the Securities Contracts (Regulation) Act, 1956.
- 1.2** These Bye-laws shall be known as “The Bye-laws of Pune Stock Exchange Limited” and are for the sake of brevity and convenience, herein referred to as “these Bye-laws” or “the Bye-laws of the Exchange”.
- 1.3** These bye-laws shall come into force on the date of their publication in the Gazette of India as per the provisions of the Securities Contracts (Regulation) Act, 1956.
- 1.4** These Bye-laws shall at all times be read subject to the provisions of the Securities Contracts (Regulation) Act, 1956 {hereinafter referred to as “**SCRA**”}, the Securities Contracts (Regulation) Rules, 1957 {hereinafter referred to as “**SCRR**”} and the Securities and Exchange Board of India Act, 1992 {hereinafter referred to as “**SEBI Act**”} as amended from time to time and the rules, regulations, directives, orders, guidelines, norms and circulars issued by the Government of India and/or SEBI thereunder from time to time and in case of any inconsistency between these Bye-laws and any of the said enactments then the specific enactments shall prevail.

CHAPTER-2
DEFINITIONS

- 2.1** Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined, and defined in the following statutes, shall have the meanings respectively assigned to them therein:
- 2.1.1** Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder.
 - 2.1.2** Securities and Exchange Board of India Act, 1992 and the Rules and Regulations framed thereunder.
 - 2.1.3** Articles / Rules of Pune Stock Exchange.
 - 2.1.4** The Companies Act, 1956.
- 2.2** In case a term is defined in more than one statute, then its meaning as defined in that statute, which precedes the others mentioned hereinabove, shall prevail, unless in the context it is explicitly stated otherwise.
- 2.3** With regard to the Bye Laws of the Exchange, if not inconsistent with or repugnant to the subject or context hereof, the following words and expressions shall have the meanings given hereunder:
- 2.3.1** **Approved Office** means the registered office of the trading member, including such premises or offices from where the trading member is allowed by the Exchange to trade on the automated trading system of the Exchange and carry out back office activities.
 - 2.3.2** **Authorised Person** means a person, who is authorised by the Exchange as an approved user of a trading member or participant and employed whether through a contract of employment or otherwise by the trading member or participant for remuneration (whether by way of salary, commission, allowance or otherwise) expressed in terms of money or capable of being so expressed for any kind of work or activity, manual or otherwise, and who gets his remuneration directly or indirectly from the trading member or participant for any activity relating to the trades done and executed on the Exchange even if such person is not receiving any

consideration or remuneration from the trading member or participant for the services rendered by him, and shall include a remisier and a sub-broker.

Explanation:

2.3.2.1 For the purpose of these Bye Laws, the term, 'authorised person', shall also include any person who is undergoing any kind of training or who has been assigned any project work in pursuance of the requirements of any university or other academic body.

2.3.2.2 A person who is an authorised person of a trading member shall not be eligible to become an authorised person of any other trading member provided, however, if a trading member has multiple trading memberships and / or has trading membership in multiple segments, the same person can become the authorized person of such trading member in multiple trading memberships and / or in multiple segments.

2.3.2.3 Provided further that whenever any client is permitted to carry out trading activities through the CTCL terminal installed at his place by a trading member after the requirements specified in Bye-law 5.1.7 are strictly complied with, such client shall also be an authorised person for the purpose of these Bye-laws and Regulations.

2.3.3 **Approved User** is a person approved by the Exchange in accordance with the Regulations of the Exchange. The term 'user' may be used interchangeably with the term 'approved user'.

2.3.4 **Automated Trading System of the Exchange** means the computerised system for trading in securities developed by the Exchange, access to which is made available to a trading member, for use either by himself or by his sub-brokers, authorised persons, participants, authorised users, clients and the investing public, and which makes available, quotations in the securities traded on the Exchange, facilitates trading in such securities and disseminates information regarding trades effected, volumes transacted, other notifications, etc., as may be decided to be placed thereon by the Relevant Authority, The Automated Trading System shall hereafter be referred to as "ATS".

- 2.3.5 Books of Accounts, Records and Documents** include books of accounts, records and documents which are required to be maintained under the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Securities and Exchange Board of India Act, 1992 and the Rules and Regulations framed thereunder and the Rules, Bye-laws and Regulations of the Exchange and the records maintained in a computer or in any electronic form.
- 2.3.6 Branch Office** in relation to a trading member means:
- 2.3.6.1** any establishment described as a branch, and
- 2.3.6.2** any establishment carrying on either the same or substantially the same activity as that carried on by the head office, except the offices of the sub-brokers and of the clients trading through the trading member.
- 2.3.7 Buyer** means and includes, unless the context indicates otherwise, the buying client, the buying sub-broker and the buying trading member acting as an agent on behalf of the buying client or the buying sub-broker as the case may be and denotes the buying trading member when he is dealing on his own account.
- 2.3.8 Buy Order** means an order to buy a security.
- 2.3.9 Clearing Delivery** in relation to settlement of transactions means clearing and settlement of transactions through the Clearing House or Clearing Corporation in the manner prescribed in the relevant Bye-laws and Regulations of the Exchange.
- 2.3.10 Clearing Agency** means and includes the Clearing House and/or Clearing Corporation, whose services are availed of by the Exchange for carrying out settlement of transactions effected on the Exchange.
- 2.3.11 Clearing Corporation** means the entity providing the services of settlement of securities and funds to the trading members and clearing members, by whatever name called, and guaranteeing settlement obligations, on behalf of the Exchange.
- 2.3.12 Clearing House** means the entity providing the services of settlement of securities and funds to the trading members and clearing members, by whatever name called,, on behalf of the Exchange.

2.3.13 Client means a person who has executed the client broker agreement, as may be prescribed by SEBI from time to time and on whose instructions and on whose account, the trading member or the sub-broker enters into any order for purchase or sale of any security or does any act in relation thereto

Explanation:

If there is one person acting on behalf of two or more persons, such person shall be deemed to have acted in the capacity of a sub-broker unless such person has acted on behalf of his family members which shall include spouse, son, unmarried daughter and parents in which case, such person shall be deemed to have acted as a client, provided such person has acted under the power of attorney.

2.3.14 Circular Trading means and relates to trading by a client or a trading member or a group of related trading members and/or their clients, normally through more than one trading member and executing trades, with one or more entities of this group entering buy orders and on the other side one or more entities of the same group and/or with other unconnected entities in the market entering sell orders or vice versa with a design to manipulate the price of a security and / or by a design to create an artificial or false market, or by a design to defraud or misuse the system and the like.

2.3.15 Cross Deals mean and include deals in which the same trading member is both on buy and sell sides of a trade and where the buy and sell orders have been entered into within such time, as may be specified by the Relevant Authority from time to time, and where the price of both the orders is the same and where the quantity is by and large the same.

2.3.16 Custodian means and includes an entity which is registered as such with SEBI and which may acquire professional clearing membership of the Exchange and / or Clearing Corporation and renders services as a custodian, to whom all the requirements arising from the Rules, Bye-laws and Regulations of the Exchange / Clearing Corporation, or from the circulars, notices, orders or ruling, as may be given by the Exchange / Clearing Corporation from time to time, shall be applicable, mutatis mutandis, as are applicable to a professional clearing member.

- 2.3.17 Daily Official List** means the publication in whatever mode, including an electronic mode, issued by or under the authority of the Exchange which contains details of prices and quantities of the securities traded on any given day, and any other relevant information.
- 2.3.18 Financing or Financial Deals** mean and include deals entered into by two trading members for a common client or a common group of clients under the same trading member and / or different trading members, normally done to secure payment against the first leg of a transaction, which is carried out between the client and the trading member on principal-to-principal basis.
- 2.3.19 Hand Delivery**, in relation to settlement of transactions, means performance of contract by way of delivery of securities, as may be specified by SEBI or the Exchange from time to time.
- 2.3.20 Issuer** means and includes Government, Body Corporate or any other entity, whether incorporated or not, which issues a security or other instrument, or draws or accepts a negotiable instrument which is admitted to dealings on the Exchange.
- 2.3.21 Limit Order**, in the case of a buy order, means the rate at or below which the order may be matched on the ATS and in the case of a sell order means the rate at or above which the order may be matched on the ATS.
- 2.3.22 Limit Order Book** is a book maintained on the ATS of the Exchange which stores unmatched limit orders for matching on the day on which the limit orders, are intended to be executed.
- 2.3.23 Long Position** means outstanding purchase obligations in respect of a security, at any given point of time, whose settlement has yet to be effected.
- 2.3.24 Market Lot** means the minimum quantity of a security that may be purchased or sold, as may be specified by the Exchange from time to time.

2.3.25 Market Order means an order for a specified quantity of a security to be bought or sold at the best available quote or quotes prevailing on the ATS at the time of entry of the order on the ATS.

2.3.26 Market Maker means a trading member registered on such terms and conditions, as may be prescribed in these Bye Laws and Regulations, for making a market in the specific securities assigned to such trading member.

2.3.27 Market Type means and refers to the different markets in which trading is allowed on the ATS and includes Regular Market and Auction Market.

2.3.28 Notification, Notice or Communication means and refers to any intimation that is served at the address of the registered or corporate office and/or of ordinary place of residence and/or last known address of the addressee in any one or more or all of the following ways:

2.3.28.1 notification in official gazette.

2.3.28.2 delivering it by post.

2.3.28.3 sending it by registered post.

2.3.28.4 sending it under certificate of posting.

2.3.28.5 sending it by express delivery / courier services.

2.3.28.6 sending it by telegram.

2.3.28.7 affixing it on the door in the presence of atleast two witnesses.

2.3.28.8 advertising it atleast in one widely circulated national daily newspaper and in one regional language newspaper at any one of the places mentioned above.

2.3.28.9 sending a message through the ATS.

2.3.28.10 publishing on the website of the Exchange.

2.3.28.11 sending an electronic mail or fax.

2.3.29 Order means an offer to buy or sell any security through the ATS.

2.3.30 Participant means and refers to an entity registered as such in accordance with these Bye-Laws and Regulations framed from time to time for such purpose and subject to such terms and conditions, as may be prescribed by the Relevant Authority.

2.3.31 Pay-in, in respect of transactions done on the Exchange, means making available funds and / or securities to the clearing agency by the trading members / clearing members in accordance with the applicable settlement schedule notified by the clearing agency from time to time.

Pay-in of Funds, in respect of transactions done on the Exchange, means making available funds to the clearing agency by the trading members / clearing members who are obliged to pay the funds in fulfillment of their obligations for a settlement to the clearing agency in accordance with the applicable settlement schedule notified by the clearing agency from time to time.

Pay-in of Securities, in respect of transactions done on the Exchange, means making available securities to the clearing agency by the trading members / clearing members who are obliged to deliver the securities in fulfillment of their obligations for a settlement to the clearing agency in accordance with the applicable settlement schedule notified by the clearing agency from time to time.

Explanation:

For any quantity of a security or securities not delivered by a trading member / clearing member, the clearing agency may conduct buy-in auction for such short delivery and upon successful completion of auction, the securities obtained through auction is released to the receiving trading member / clearing member. If any quantity of a security or securities is not obtained through auction, or a trading member / clearing member, who has an obligation to deliver the concerned securities in auction settlement fails to deliver the security, in part or in full, such quantity of the security shall be closed out, in accordance with the norms specified by SEBI or clearing agency from time to time. If a selling trading member / delivering clearing member fails to deliver full or part quantity of securities, the value of such securities not delivered is debited to the account of the concerned selling trading member / delivering clearing member. If a trading member / clearing member fails to make the funds pay-in, in full or part, depending upon the extent of shortage of funds, the pay-out of securities otherwise to be credited to the account of the concerned trading member / clearing member may be withheld or the trading member may be disabled from trading, as may be provided in the relevant Regulations and as may be decided by the Relevant Authority from time to time.

- 2.3.32 Pay-in Date** means the date and time prescribed by the Exchange or clearing agency for each settlement by which date and time, trading members / clearing members are required to perform their obligations by way of delivery of securities and/or payment of funds as applicable, to the clearing agency.
- 2.3.33 Pay-out**, in respect of transactions done on the Exchange means release of funds and/or securities by the Exchange or Clearing Agency to the trading members / clearing members and / or clients who become entitled to receive them to the extent of and upon their fulfilling their pay-in obligations in relation to funds and/or securities to the clearing agency, in accordance with the applicable settlement schedule notified by the Exchange or clearing agency from time to time and thereupon the respective trading members / clearing members shall be deemed discharged of their respective obligations to the extent performed by them.
- 2.3.34 Pay-out Date** means the date and time prescribed by the Exchange or Clearing Agency for each settlement on which date and time, the Clearing Agency shall be required to release securities and /or funds to the respective accounts of the trading members / clearing members and / or clients.
- 2.3.35 Quote** means a bid price and/or an offer price given by a trading member for a security on the ATS.
- 2.3.36 Rate** means the price of one unit of a security transacted on the ATS.
- 2.3.37 Relative** means a person who is a relative within the meaning assigned under the Income Tax Act or under the Companies Act, in force from time to time and includes business associate and family member as defined in the Model Rules.
- 2.3.38 Relevant Authority** means and refers to the Securities and Exchange Board of India, the Governing Board, any Committee of the Governing Board, any Committee appointed by the Governing Board, Managing Director or any other official authorised by the Exchange or clearing agency to take decision and/or action in specific instances related to the operations of the Exchange or clearing agency, as may be provided for in the Rules, Bye Laws, Regulations, Circulars or

any Notice or any internal order that may be issued by the Exchange in this regard from time to time.

2.3.39 Relevant Exchange Securities mean those securities pertaining to the relevant trading segment of the Exchange

2.3.40 Retention Period, in relation to an order, means the period, upto which the unmatched quantity of an order is to be retained on the ATS of the Exchange, as a standing limit order in the online limit order book.

2.3.41 SCRA and SCRR mean the Securities Contracts (Regulation) Act and Securities Contracts (Regulation) Rules respectively.

2.3.42 Security admitted to dealings means and includes a security, which is allowed, whether listed or permitted, for trading by the Exchange.

2.3.43 Seller means and includes, unless the context indicates otherwise, the selling client, the selling sub-broker and the selling trading member acting as an agent on behalf of the selling client or the selling sub-broker as the case may be and denotes the selling trading member when he is dealing on his own account.

2.3.44 Sell Order means an order to sell a security through the ATS.

2.3.45 Short Position means outstanding sell obligations in respect of a security, at any given point of time, whose settlement has yet to be effected.

2.3.46 Structured Deals mean and are similar to cross deals except that the trading members on the buy and sell sides of the trade are different and include deals that subvert the fair price discovery mechanism.

2.3.47 Sub-broker–Client Agreement means an agreement, which is executed between a sub-broker, who is registered by SEBI / Exchange, and his client, as may be specified by SEBI / Exchange from time to time.

- 2.3.48 Subsidiary Trading Member** means and includes a trading member of a subsidiary of a regional stock exchange, where the subsidiary has acquired trading-cum-clearing membership of the Exchange and where such trading member has obtained necessary permission to deal in the securities market as a stock-broker from SEBI and/or the Exchange, as may be permitted from time to time.
- 2.3.49 Sub-broker-Trading Member Agreement** means an agreement, which is executed between a sub-broker and a trading member, as may be specified by SEBI / Exchange from time to time.
- 2.3.50 Subsidiary Trading-cum-Clearing Member** means and includes a subsidiary of a regional stock exchange, which has acquired trading-cum-clearing membership of the Exchange to deal in the securities market, as may be permitted from time to time.
- 2.3.51 To Input** means to transmit an order to buy or sell a security from a trader workstation (TWS) of a trading member and any other information, as may be required.
- 2.3.52 To Match** means the process by which an order to sell or a part of an order to sell corresponds with an order to buy or a part of an order to buy, or vice versa, in terms of price and quantity, either in part or full, and resulting into a trade.
- 2.3.53 Touch Line** means the best bid and offer, together with the related quantity for buy and sale, displayed on the TWS.
- 2.3.54 Trade** means a transaction for purchase and sale of a security resulting from the matching of a bid to buy or a part of a bid to buy with an offer to sell or a part of an offer to sell, or vice versa, on the ATS.
- 2.3.55 Trade Type** means the type of trades allowed in any security, which is admitted to dealings and includes normal market trades and odd lot trades, on the Exchange.

2.3.56 Trader Work Station (herein referred to as “TWS”) means a computer terminal of a trading member, by whatever name called, and by whatever mode of connection which is approved by the Exchange and which is installed and connected to the ATS of the Exchange, for the purpose of trading on the Exchange.

2.3.57 Trading Segment or Segments mean the different segments into which the securities admitted to dealings on the Exchange are classified by the Relevant Authority for the purpose of trading on the ATS.

2.3.58 Transaction Types refer to the different transaction types, which are allowed to be executed on the ATS, and includes spot delivery, rolling settlement and hand delivery transactions.

2.3.59 Trading Member–Client Agreement means an agreement, which is executed between a trading member and his client, as may be specified under the SEBI Regulations.

Chapter – 3

Preliminary

3.1 POWER TO FRAME AND AMEND REGULATIONS

Subject to the provisions of these Bye-laws and the Rules of the Exchange, the Governing Board or the Committee appointed by the Governing Board shall have exclusive powers to frame Regulations from time to time for efficient functioning and operations of the Exchange and to regulate the functioning and activities of the trading members of the Exchange, sub-brokers, remisiers, authorised persons, approved users, Clearing House or Clearing Corporation, Clearing Banks, company or issuer and all other persons operating under or through them or dealing with them both inter-se and in relation to the Exchange and to regulate listing of securities by an issuer, including providing for arbitration between an issuer or a company and an investor or any affected person. The Governing Board or the Committee may, from time to time, amend, add to, alter, modify, delete or repeal any of the provisions of the Regulations, as may be deemed necessary or appropriate or if so desired or directed by SEBI. The Regulations shall provide for necessary authorization for taking care of operational requirements which need to be enforced with immediate effect.

Any amendments, additions or alterations to any Regulations made by the Governing Board or the Committee in pursuance of the powers conferred by the Rules of the Exchange and these Bye-Laws, together with the reference to the Bye-law or Bye-laws to which such Regulations relate to, shall be communicated to SEBI not later than the next working day. The Governing Board or the Committee shall forthwith amend, alter or withdraw any Regulation, if so desired by SEBI. The Regulations brought into force by a direction of SEBI may be amended, added or altered by the Governing Board or the Committee, subject to the condition that such amendments, additions or alterations shall come into force only after the prior approval of SEBI, except those amendments, additions or alterations which are stricter in its nature than those directed by SEBI.

Without prejudice to the generality of the foregoing, the Governing Board or the Committee may from time to time prescribe the Regulations with a view to organize, facilitate, maintain, manage, control and regulate the operations, functions and supervision of the Exchange and to regulate the activities and functioning of the trading members, clearing members, custodians, sub-brokers, remisiers, authorised persons, approved users

and issuers of securities, as may be necessary or expedient, and provide for necessary authorization wherever requirements are operational in its nature and such requirements need to be enforced with immediate effect in the following matters:

3.1.1 LISTING OF SECURITIES

- 3.1.1.1** Conditions precedent to admission to dealings and trading on the Exchange.
- 3.1.1.2** Norms, procedures, forms, documents, requirements, terms and conditions to be complied with for listing (i.e. admission to dealings) of initial, original and further issues of securities.
- 3.1.1.3** Form of Listing Agreement required to be executed by the Issuer of the securities.
- 3.1.1.4** Determination of listing fees, security deposit and other monies payable by an Issuer of securities.
- 3.1.1.5** Imposition of fine, suspension or withdrawal of trading or admission to dealings.

3.1.2 Trading on the Exchange

- 3.1.2.1** Determination of trading sessions and proceedings in such trading sessions on the ATS of the Exchange.
- 3.1.2.2** Allotment of TWS to the trading members.
- 3.1.2.3** Determination of trading units and variations in bids and offers.
- 3.1.2.4** Forms, terms and conditions of contracts to be entered into and the time, mode and manner of performance of the contracts between clearing members and trading members, between trading members inter-se, between sub-brokers of the trading member inter-se, between trading members and sub-brokers, between trading members and their clients and between sub-brokers and their clients.
- 3.1.2.5** Determination of the scale of brokerage chargeable by the trading members and sub-brokers.
- 3.1.2.6** Determination of market lots.
- 3.1.2.7** Determination of Good and Bad Delivery.
- 3.1.2.8** Procedure for settlement of disputes relating to Good and Bad Delivery.
- 3.1.2.9** Norms, procedures, terms and conditions in respect of, incidental to or consequential to closing out of contracts.

3.1.2.10 Manner of operations and interface with custodians, depositories and clearing banks.

3.1.3 TRANSACTIONS IN SECURITIES SUBJECT TO RISK MANAGEMENT & SURVEILLANCE

3.1.3.1 Determination of various types of margins on the transactions.

3.1.3.2 Rates of normal margins and mode of payment.

3.1.3.3 Special or additional margins, and mode of payment.

3.1.3.4 Exemption from payment of margins.

3.1.3.5 Lien on capital and margin deposits.

3.1.3.6 Penalty for non-fulfillment and / or evasion of margin requirements.

3.1.3.7 Client's liability to pay margins.

3.1.3.8 Trading member's responsibility to collect margins from the clients.

3.1.4 CLEARING AND SETTLEMENT OF TRANSACTIONS

3.1.4.1 Procedure of delivery, payment and closing-out of transactions in securities where trading allowed.

3.1.4.2 Clearing and other settlement forms and returns, delivery and receive orders, statement of account and balance sheet, norms and procedures for clearing and settlement of transactions and delivery versus payment.

3.1.4.3 Norms and procedures for establishment and functioning of Clearing Agency for clearing and settlement of trades.

3.1.4.4 Supervision of Clearing Agency and framing of bye-laws and rules for supervision of clearing and settlement activities of the trading members/clearing members/custodians.

3.1.4.5 Norms and procedures for availing of banking, custodial and depository services from clearing banks, custodians and depositories for clearing and settlement of trades.

3.1.5 CONCILIATION AND ARBITRATION

In all claims, differences and disputes, irrespective of whether the Exchange is a party or not, arising out of or in relation to transactions on the Exchange including any agreements and contracts, made subject to the Rules, Bye-laws and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereof and including any question of whether such agreements, contracts and transactions

have been entered into or not, the parties shall be free to adopt conciliation proceedings subject to the provisions of these Bye-laws and the Arbitration and Conciliation Act. In case the conciliation proceedings do not result in any settlement, the dispute shall be referred to and decided by arbitration, as provided in these Bye-laws and Regulations and the manner specified below:

3.1.5.1 Norms, procedures, forms, jurisdiction, terms, conditions and scale of arbitration fees and other charges for reference to arbitration.

3.1.5.2 Appointment of conciliation officers, arbitrators, substitute arbitrators and umpires.

3.1.5.3 Procedure of serving notice of hearing and adjournment of hearings and communications to the parties and witnesses.

3.1.5.4 Procedure of appearance, hearing, filing of information and counter claims and taking witnesses and evidence of assessors and experts.

3.1.5.5 Delivery of arbitration awards.

3.1.5.6 Implementation of arbitration award

3.1.6 SETTING-UP OF SETTLEMENT GUARANTEE FUND, INVESTORS' PROTECTION FUND AND OTHER FUNDS

3.1.6.1 Norms, procedures, terms and conditions for contribution by trading members/clearing members/custodians and through other sources to Settlement Guarantee Fund, Investors' Protection Fund or any other fund established by the Exchange or Clearing Corporation.

3.1.6.2 Administration, utilization, maintenance and investment of the corpus of the Settlement Guarantee Fund, Investors' Protection Fund or any other fund established by the Exchange or Clearing Corporation.

3.1.6.3 Norms, procedures, terms and conditions for guaranteeing of settlement obligations, arising out of the transactions executed on the ATS of the Exchange through the Settlement Guarantee Fund.

3.1.7 Responsibility of the Exchange

Wherever the Exchange has established and/or may establish at any time any distinct entity of its own and / or through joint participation and/or has retained and/or may retain at any time any agency for the purpose of managing, looking after and/or carrying out function/s of risk management, surveillance, investigation and/or any other market related function/s, such entity/agency shall be deemed to be only an agent of the Exchange and the primary responsibility for

the discharge of such functions in accordance with the regulatory requirements in force from time to time shall be wholly of the Exchange.

3.1.8 Miscellaneous

3.1.8.1 Procedure for dissemination of information and announcements to be broadcast by the Exchange on the ATS.

3.1.8.2 Determination of the scale of transaction charges, clearing charges and other charges that may be collected from persons registered with or recognized by the Exchange.

3.1.8.3 Issue of guidelines for advertisements, booklets or circulars to be published by the trading members of the Exchange in connection with their business activities.

3.1.8.4 Any other matter, as may be decided by the Governing Board or Relevant Authority from time to time.

3.2 Power to Amend the Rules and Bye laws

Subject to the provisions of SCRA, the SEBI Act and the Rules and Regulations framed thereunder and the directives issued thereunder, the Governing Board shall have power to vary, amend, add to, alter, modify, delete or repeal any of the provisions of the Rules and / or Bye-laws of the Exchange framed by it, as may be deemed necessary for the effective and efficient management of the Exchange and to achieve its objects. Such changes in the Rules and/or Bye-laws referred to above shall come into force only after prior approval of SEBI. Such changes provided in the Bye-laws shall be subject to the requirement of previous publications in the Gazette of India and the Official Gazette of the State in which the principal office of the stock exchange is situate, and shall come into force only after prior approval of SEBI. The Exchange shall place on its website

ANY CHANGES THAT MAY BE REQUIRED TO BE CARRIED OUT IN ITS BYE-LAWS FOR PUBLIC COMMENTS SIMULTANEOUSLY WHILE PUBLISHING THEM IN THE GAZETTE OF INDIA AND IN THE OFFICIAL GAZETTE OF THE STATE AS REQUIRED.

3.3 POWER TO PRESCRIBE FURTHER ENABLING PROVISIONS

The Governing Board or Relevant Authority may, from time to time, issue clarifications or directives, as may be required from time to time, to remove any difficulty or ambiguity in implementing the provisions of the Rules, Bye-laws and Regulations of the Exchange.

3.4 APPLICABILITY OF OTHER LAWS AND REGULATIONS

These Bye-laws shall be in addition to, and shall not prejudice the applicability of the Rules, Bye-laws and Regulations of any Clearing Agency in force for the time being, applicable to the clearing and settlement of transactions entered into or executed through the ATS of the Exchange. In the event of any conflict between any Rules, Bye-laws and Regulations of the Clearing Agency with the Rules, Bye-laws and Regulations of the Exchange, the Rules, Bye-laws and Regulations of the Exchange shall prevail at all times.

3.5 JURISDICTION AGAINST THE EXCHANGE

These Bye-laws shall be applicable to all the trading members, sub-brokers, authorized persons, approved users, remisiers, clients and all entities involved in clearing and settlement of transactions, to the extent specified herein. These shall be subject to the jurisdiction of the Courts in Pune, irrespective of the place of business of the trading members of the Exchange in India. All transactions entered into or executed through the ATS of the Exchange located at the premises of the Exchange at Pune shall be deemed to have taken place in the city of Pune only and the place of contracting as between the trading members shall be at Pune, irrespective of the locations of the TWSs of the trading members connected thereto. All disputes under the Rules, Bye-laws and Regulations of the Exchange shall be subject to the exclusive jurisdiction of the Courts in Pune, irrespective of the location of the place of business of the trading members and of their clients or the place where the concerned transaction may have taken place. The Rules, Bye-laws and Regulations of the Exchange shall be governed by and construed in accordance with the laws in force in India. Every trading member shall expressly provide in the contract notes to be issued by him that only the Civil Court at Pune shall have the exclusive jurisdiction for claims in relation to any dispute arising out of or in connection with or in relation to such contract notes.

3.6 Location for Arbitration Between Trading Members, Other Intermediaries and Clients

The location where arbitration shall take place shall be such place as may be identified by the Exchange from time to time and intimated to the arbitrator and the parties to the dispute accordingly.

3.7 RECORDS FOR EVIDENCE

The records of the Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units or on the ATS of the Exchange, whether maintained in any register, magnetic storage units, electronic storage units, optical storage

units or computer storage units or in any other manner or on any other accepted media, shall constitute the agreed and authenticated record in relation to any transaction entered into or executed through the ATS of the Exchange. The records as maintained by the Exchange shall, for the purpose of any dispute or claim between any person involved in clearing and settlement activities and a trading member or a client, between the trading members inter se or between any trading member and his sub-brokers or clients or between the trading members and the Exchange or the Clearing Corporation or Clearing House regarding trading, clearing or settlement of any deal or transaction carried out on the ATS of the Exchange or reported to the Exchange, constitute valid, binding and conclusive evidence between the parties.

Explanation:

The records of the Exchange include the records maintained by the clearing agency and depositories.

3.8 INTERPRETATION

Unless the context otherwise requires in these Bye-laws, words denoting the singular shall include the plural and vice-versa and words denoting the masculine gender shall include the feminine gender and vice-versa and neutral gender in the case of a company/body corporate or an issuer of securities and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

3.9 GOVERNING LANGUAGE

All notices, writings, reports and documents, which shall be issued by the Exchange, in relation to the working and functions of the Exchange, shall be in English language, which shall be the governing language of the Exchange.

3.10 LIMITATION OF LIABILITY

The Exchange shall not be liable for any activities of its trading members or clearing members or custodians or of any other person, authorised or unauthorised, acting in the name of any trading member / clearing member / custodian and any act of commission or omission by any one of them, either singly or jointly, at any time shall not be in any way construed to be an act of commission or omission by any one of them, as an agent of the Exchange. Save as otherwise specifically provided in the Rules, Bye-laws and Regulations of the Exchange, the Exchange shall not incur or shall not be deemed to have incurred any liability and accordingly, no claim or recourse shall lie against the Exchange, any member of the Governing Board or any other authorised person acting for and on behalf of the Exchange, in respect of or in relation to any transactions in securities made by its trading

members and / or relating to clearing and settlement of transactions and any other matters connected therewith or related thereto, which are undertaken for promoting, facilitating, assisting, regulating, or otherwise managing the affairs of the Exchange to achieve its objects as defined in the Rules of the Exchange.

3.11 PROTECTION FOR ACTS DONE IN GOOD FAITH

No claim, suit, prosecution or any other legal proceedings shall lie against the Exchange or any member of the Governing Board or any other duly authorised person acting for and on behalf of the Exchange, in respect of any thing which is done or intended to be done or omitted or intended to be omitted in good faith in exercise of any power under the Rules, Bye-laws and Regulations of the Exchange or in pursuance of any order or any other kind of communication received by the Exchange, in writing, from any court, tribunal, Central or State Government, SEBI or any other competent regulatory or revenue authority empowered under any law or delegated legislation for the time being in force in that behalf.

3.12 SECRECY OR CONFIDENTIALITY

3.12.1 The Exchange shall take necessary steps to preserve and protect the details, particulars, data or information available in the ATS. The Exchange shall cause its employees who, in the normal course of discharge of their duties, are likely to have access to details, particulars, data or information relating to any business transactions of the trading members of the Exchange and settlement obligations of the clearing members / custodians, including any price sensitive information as defined under Regulation 2(k) of Securities and Exchange Board of India (Insider Trading) Regulations, 1992, to maintain complete confidentiality in respect of all such details, particulars, data and information by those employees at all times.

3.12.2 The Exchange may provide or disclose such details, particulars, data or information relating to any business transactions of its trading members or settlement obligations of the clearing members / custodians or in respect of any security admitted to dealings on the Exchange as may be required or directed in writing by any court, tribunal, Central or State Government, SEBI or any other competent regulatory or revenue authority empowered under any law or delegated legislation for the time being in force in that behalf.

3.12.3 No trading member, clearing member, custodian, sub-broker, remisier, approved user, authorised person or any of their employee shall be entitled to visit or inspect any premises of the Exchange, access where to is restricted, without the

prior written permission of the Exchange or to require discovery of any information with respect to any activities of the Exchange / Clearing Agency or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business and which, in the opinion of the Governing Board or Relevant Authority, may not be expedient in the interest of the Exchange to disclose.

3.13 INDEMNITY

Every trading member / clearing member / custodian of the Exchange / Clearing Agency, every issuer whose securities are admitted to dealings on the Exchange, and the Clearing Agency which is engaged in clearing and settlement of transactions entered into on the Exchange, shall indemnify and keep indemnified the Exchange from and against all harm, loss, damages, injury and penalty suffered or incurred and all costs, charges and expenses incurred in instituting and/or carrying on and/or defending any suits, action, litigation, arbitration, disciplinary action, prosecution or any other legal proceedings suffered or incurred by the Exchange on account of or as a result of any act of commission or omission or default in complying with any of the provisions of the SCRA, SEBI Act and the Rules and Regulations framed thereunder or the Rules, Bye-laws and Regulations of the Exchange or due to any agreement, contract or transaction executed or made in pursuance thereof or on account of negligence or fraud on the part of any trading member of the Exchange or any issuer of securities or the Clearing Agency, including the clearing members and the custodians, and their employees, servants and agents.

3.14 DISCLAIMER

Where any loss or damage is caused to or incurred by any party or person on account of or as a result of any act of commission or omission or default in complying with any of the provisions of the SCRA, SEBI Act, and the Rules and Regulations framed thereunder or the Rules, Bye-laws and Regulations of the Exchange or any agreement, transaction or contract executed or made in pursuance thereof or on account of negligence or fraud on the part of any trading member of the Exchange or any issuer of securities or the Clearing Agency, including the clearing members and the custodians or their employees, servants or agents, in the event of the Exchange making good or being required to make good such loss or damages (or any part thereof) to such party or person, the Exchange shall be entitled to recover the amount so made good by it from the trading member of the Exchange, the issuer of securities or the Clearing Agency, including the clearing members and the custodians, in default.

3.15 SEVERABILITY

If any provision of the Rules, Bye-laws and Regulations of the Exchange is rendered unlawful, void or unenforceable by reason of any statutory amendment, re-enactment, notification or any judicial decision or pronouncement by any competent court, tribunal or regulatory authority, such provision shall, to the extent required, be severed and rendered ineffective without in any way affecting the validity or enforceability of the rest of the provisions of the Rules, Bye-laws and Regulations of the Exchange, which shall continue to apply with full force and effect, provided further that the action already taken earlier under such provision shall remain unaffected.

3.16 FORCE MAJEURE

3.16.1 The Exchange shall provide its services on best effort basis and it shall not be liable for any harm, loss, damage, injury caused to any person arising in any way out of causes beyond its control.

3.16.2 Without prejudice and notwithstanding anything contained herein, such failure shall not in any way reduce, alter, limit or affect the liability of a trading member of the Exchange in respect of any transaction entered into or executed through the ATS of the Exchange by such trading member, and of a clearing member / custodian relating to clearing and settlement of transactions confirmed or deemed to have been confirmed by them.

3.16.3 Any delay or failure to observe or comply with any requirement, either in full or in part, under the Rules, Bye-laws and Regulations of the Exchange, may be dealt with by the Exchange as a violation of the Rules, Bye-laws or Regulations of the Exchange.

3.16.4 The provisions of the Rules, Bye-laws and Regulations of the Exchange are intended solely for the benefit of the trading members of the Exchange, clearing members and custodians associated with the trading members, their clients and their respective successors or permitted assigns, if any, to facilitate carrying out the orders by the trading members either for themselves and / or on behalf of the clients, whether such orders are placed directly with the trading members or through any one or other intermediary and to determine rights and liabilities inter se between the trading members, other intermediaries and clients and across themselves, in relation to trading, clearing and settlement of transactions as provided in these Bye-laws, and these provisions do not in any way, directly or indirectly, confer any beneficiary right to any other party or person.

CHAPTER - 4
LISTING OF SECURITIES

15.1.1 4. Listing of Securities

A company, desirous of listing its securities on the Exchange, shall be required to file an application, in the prescribed form, with the Exchange before issue of Prospectus by the company, where the securities are issued by way of a prospectus or before issue of 'Offer for Sale', where the securities are issued by way of an offer for sale. The company shall be responsible to follow all the requirements specified in the Companies Act, the listing norms issued by SEBI from time to time and such other conditions, requirements and norms that may be in force from time to time and included hereafter in these Bye-laws and Regulations to make the security eligible to be listed and for continuous listing on the Exchange.

4.1 Applications in Respect of New Issues or Offers for Sale or Book-Building

4.1.1 Except when otherwise allowed by the Governing Board or Managing Director or Relevant Authority in any particular case and subject to compliance with such conditions as it or he may impose, tenders or applications for subscription or purchase or book-building in respect of any new issue or offer for sale of any security shall not be submitted unless the issuer or offerer offers to all a fair and equal opportunity for subscription or purchase and on the same terms as to brokerage to all the trading members and unless it is provided that all tenders and applications for subscription or purchase or book-building shall rank alike for allotment or sale.

4.1.2 The issuer or the offerer, prior to issuing further securities or offering securities for sale, shall obtain an in principle approval from the Exchange for listing these securities on the Exchange.

4.2 Application for Admission to Dealings

The issuer shall submit an application for admission of its securities to dealings on the Exchange in such form, as may be prescribed by the Exchange from time to time, after ensuring compliance with the applicable provisions in the SCRA, SCRR, Companies Act and the Rules, Regulations and norms as may be issued by SEBI / Exchange in this regard from time to time

4.3 Units and Exchange Traded Funds

Units of Mutual Funds may be admitted to dealings on the Exchange subject to such conditions and requirements, as may be prescribed by the Governing Board or Relevant Authority from time to time.

4.4 Options or Futures in Securities

Options and futures in securities and in securities index or indices shall be admitted to dealings on the Exchange by the Governing Board or Relevant Authority in accordance with the provisions of SCRA and norms issued by SEBI from time to time and as may be specified in the relevant Bye-laws and Regulations framed in this regard.

4.5 Notice of Application for Admission to Dealings

Notice of any application for admission to dealings on the Exchange shall be posted on the notice board or displayed on the ATS or Website of the Exchange for the information of trading members and others, atleast one week prior to its consideration by the Exchange.

4.6 Underwriting, Placing and Preliminary Arrangements

Except when otherwise allowed by the Relevant Authority in any particular case and subject to compliance with such conditions as it may impose, a trading member shall not enter into an underwriting contract nor shall he contract either as a principal or agent to subscribe or purchase or to procure, whether through the market or otherwise, nor shall he act or agree to act as broker or underwriter in connection with any floatation or issue of any security, unless the trading member fulfills the capital adequacy requirements, as may be specified by SEBI or the Exchange from time to time, and the issuer conforms or agrees to conform to the listing requirements prescribed in these Bye-laws and Regulations and/or as provided under the SCRA and SCRR and undertakes to apply for admission of such security to dealings on the Exchange.

4.7 LISTING CONDITIONS AND REQUIREMENTS

4.7.1 The Governing Board or Managing Director or Relevant Authority may not grant admission to dealings on the Exchange to a security of an issuer unless the issuer complies with the listing conditions, requirements and norms, under the SCRA, SCRR, the Companies Act, the Rules, Bye-laws and Regulations of the Exchange and the norms, as may be prescribed by the Exchange and/or SEBI from time to time

4.7.2 The Governing Board or Managing Director or Relevant Authority shall ensure that no listing or trading permission is granted unless the issuer complies with all the conditions, requirements or norms, as may be provided in the relevant Regulations from time to time, including despatch of physical share certificates to,

and/or credit of demat shares to the accounts of all the security-holders, maintained with the depositories.

4.7.3 Where the Exchange is the stock exchange with whose consultation the basis of allotment is decided, the Governing Board or Managing Director or Relevant Authority of the said stock exchange shall intimate the depositories about approval granted for admission to dealings on the Exchange for any security.

4.7.4 The company shall execute a Listing Agreement, in the prescribed form with the Exchange, prior to approval of the listing application of the company. Any addition or amendment to the provisions of the Listing Agreement, as may be prescribed by SEBI and/or the Exchange shall become applicable to the company as if such addition or amendment was part of the Listing Agreement.

4.7.5 In the case of a new issue or further issue by any issuer the Governing Board or Managing Director or Relevant Authority may grant permission for trading in any security at the Exchange on the same day as on all other stock exchanges where such security admitted to dealings is granted permission for trading.

4.8 SECURITIES ISSUED ON PREFERENTIAL ALLOTMENT BASIS OR UNDER ESOP

Securities issued on preferential allotment basis or under the Employees Stock Option Scheme by an issuer, whose securities are already admitted to dealings on the Exchange, may be granted admission to dealings on the Exchange on complying with the listing conditions, requirements and norms, under the SCRA, SCRR, the Companies Act, the rules made thereunder, and these Bye-laws and Regulations, as may be prescribed by the Governing Board or Managing Director or Relevant Authority and/or SEBI from time to time.

4.9 ISSUERS REGISTERED OUTSIDE INDIA

Admission to dealings on the Exchange shall not be granted to a security issued by a body corporate or fund or other entity registered or formed outside India unless:

4.9.1 there is adequate public interest in such securities in India and

4.9.2 the body corporate, fund or other entity agrees to abide by the applicable statutory provisions, as may be in force and such requirements as may be prescribed in this regard by the Exchange or SEBI or Reserve Bank of India or any other statutory body.

4.10 APPLICABILITY OF LISTING CONDITIONS AND REQUIREMENTS

In the case of a body corporate, fund or other entity registered or formed outside India, the Governing Board or Managing Director or Relevant Authority may, for reasons to be recorded in writing, waive or dispense with the strict enforcement of any or all of the listing conditions and requirements prescribed in these Bye-laws and Regulations, except those prescribed in Bye Law 4.9 provided that the securities of such body corporate, fund or other entity are admitted to

dealings on any stock exchange outside India and the Governing Board or Managing Director or Relevant Authority is satisfied that it is in the interest of trade or in the public interest, so to do.

4.11 GRANT OR REFUSAL OF ADMISSION TO DEALINGS

The Governing Board or Managing Director or Relevant Authority may, in its/his discretion, approve subject to such terms as it/he deems proper or defer or reject any application for admission of a security of an issuer to the dealings on the Exchange, without assigning any reason whatsoever, within the time provided under the SCRA, the Companies Act and the Rules, Regulations and norms as may be issued by SEBI / Exchange, that may be in force from time to time.

4.12 Listing Approval

The Exchange may grant approval to the issuer for any security sought to be listed on the Exchange on completion of the listing conditions, requirements and norms by the issuer, as may be specified by the Exchange from time to time. Such security shall be called listed security.

4.13 ADMISSION TO DEALINGS

Admission to dealings shall mean permission granted by the Exchange to a security for commencement of trading on the ATS of the Exchange as provided in these Bye-laws and the relevant Regulations.

4.14 TRADING ALLOWED

Trading in securities admitted to dealings shall be allowed on the ATS of the Exchange as provided in these Bye-laws and the relevant Regulations, and save as otherwise so provided, no other mode of trading shall be allowed.

Explanation:

The Exchange shall ensure that the permission for trading in any security at the Exchange is given on the same day as on all other stock exchanges where such security admitted to dealings is granted permission for trading.

4.15 Trading in Securities Admitted to Dealings on Other Stock Exchanges

The Governing Board or Relevant Authority may, in its discretion and subject to such conditions as it may deem proper, allow trading in any security or securities, admitted to dealings on any other stock exchange. Such security shall be called permitted security.

4.16 Listing Fees

The Board or the Relevant Authority of the Exchange shall fix the listing fees at such rates and in such manner as may be deemed fit from time to time.

4.17 FEES OR DEPOSITS TO BE PAID BY ISSUER

Issuers, whose securities are granted admission to dealings on the Exchange, shall pay listing fees and deposits, within such time, as may be determined by the Exchange from time to time.

4.18 Trading in Government Securities

4.18.1 Trading shall be allowed in Government Securities, which term for the purposes of these Bye-laws and Regulations, denote securities issued by the Government of India, State Governments, Port Trusts, Municipal Corporations and other similar bodies.

4.18.2 Government Securities shall be deemed to have been admitted to dealings on the Exchange from the date on which they are issued.

4.18.3 Transactions in Government Securities shall be carried out and settled in accordance with the directions issued by the Reserve Bank of India from time to time.

4.19 Governing Board or Managing Director or Relevant Authority May Restrict or Prohibit Trading

4.19.1 The Governing Board or Managing Director or Relevant Authority may, in its/his absolute discretion, impose such restrictions on transactions in any security admitted to dealings, in the interest of orderly market in securities or in the interest of trade or in the public interest. During the operation of such restrictions, no trading member shall, either on his own account or on account of his sub-brokers or clients, enter into in any transaction in contravention of such restrictions.

4.19.2 The Governing Board or Managing Director or Relevant Authority may prohibit dealings on the ATS of the Exchange in any security or securities admitted to dealings for reasons to be recorded in writing.

4.20 CONSEQUENCES OF NON-COMPLIANCE BY ISSUER

4.20.1 SUSPENSION OF ADMISSION TO DEALINGS ON THE EXCHANGE

Subject to the provisions of SCRA and SCRR, the Governing Board or Managing Director or Relevant Authority may, at any time, for reasons to be recorded in writing, shift trading from normal basis to trade-for-trade basis or suspend the admission to dealings on the Exchange granted to any security for a breach of or non-compliance with any of the conditions of admission to dealings or for

manipulation of prices/trading or for any other reason whatsoever, for such period or periods and on such conditions, as it/he may determine. At the expiration of the period of suspension, the Governing Board or Managing Director or Relevant Authority may reinstate the dealings in such security subject to such conditions, as it/he deems fit.

4.20.2 Intimation of shifting of trading from normal basis to trade-for-trade basis or suspension of trading by the Exchange in any security on account of a violation of any of the provisions of the Listing Agreement or because of a surveillance action or for whatever other reason shall be communicated by the Exchange to other stock exchanges where the security is listed.

4.21 WITHDRAWAL OF ADMISSION TO DEALINGS OR REDEMPTION OR CONVERSION

The Governing Board or Managing Director or Relevant Authority may, if deemed necessary, withdraw admission to dealings granted to a security which is about to be exchanged with some other security or converted into some other security as a result of any scheme of re-organisation or reconstruction of the issuer company or to such security, redeemable or convertible in their nature, which is about to fall due for redemption or conversion.

4.22 LIQUIDATION OR MERGER

If any issuer whose securities have been granted admission to dealings on the Exchange, be placed in final or provisional liquidation or is about to be merged into or amalgamated with another company, the Governing Board or Managing Director or Relevant Authority may withdraw the admission to dealings on the Exchange granted to its securities. The Governing Board or Managing Director or Relevant Authority may accept such evidence as it/he deems sufficient as to such liquidation, merger or amalgamation. If the merger or amalgamation fails to take place or if any company placed in provisional liquidation be reinstated and an application be made by such company for readmission of its securities to dealings on the Exchange, the Governing Board or Managing Director or Relevant Authority shall have the power of considering and of approving, refusing or deferring such application.

4.23 Voluntary Delisting by Company

A company may be allowed to get its securities delisted (i.e. withdrawal of admission to dealings) from the Exchange, provided the provisions, guidelines, norms and procedures governing the listing/delisting and trading/suspension of trading in securities that may be stipulated by the SEBI/Central Listing Authority are duly complied with.

4.24 Buy-back of Securities by Company

A company may buy-back securities issued by it earlier, subject to the conditions, requirements and guidelines governing the scheme of buy-back of securities by a company, issued by SEBI and / or Central Government in that behalf. A company, making an offer to buy-back its

securities, shall be required to strictly adhere to the conditions, requirements and guidelines in force in that regard and any non-compliance or violation by the company shall render it liable for such action, as may be deemed fit by the Exchange.

4.25 WITHDRAWAL OF ADMISSION TO DEALINGS OR DELISTING ON THE EXCHANGE

Subject to the provisions of SCRA and SCRR, the Governing Board or Managing Director or Relevant Authority may, after giving an opportunity to the company to explain, withdraw the admission to dealings on the Exchange granted to its securities, either for breach of or non-compliance with any of the continuous listing requirements for admission to dealings or for any other reason whatsoever to be recorded in writing, and in such manner, as may be provided in relevant Regulations from time to time.

4.26 RIGHT TO APPEAL AGAINST DELISTING

Any person, who may be aggrieved or affected by the decision of the Exchange to delist a security of any company admitted to dealings on the Exchange, may appeal in writing, to SEBI, within thirty calendar days from the date the Exchange has notified the decision to the company.

4.27 READMISSION TO DEALINGS ON THE EXCHANGE

The Governing Board or Managing Director or Relevant Authority may readmit to dealings on the Exchange the security of a company whose admission to dealings had been previously withdrawn, on the fulfillment of conditions, norms, guidelines or requirements as may be prescribed by the Governing Board or Managing Director or Relevant Authority and / or SEBI from time to time.

4.28 Central Listing Authority

As and when the Central Listing Authority is constituted by SEBI or any authority under the relevant law in relation to listing / delisting and trading / suspension of trading in securities of companies on a stock exchange, the provisions, guidelines, norms and procedures governing the listing / delisting and trading / suspension of trading in securities that may be stipulated by such Central Listing Authority shall then be incorporated in the Bye-laws of the Exchange and shall be made applicable mutatis mutandis by the Exchange.

CHAPTER - 5
TRADING SYSTEM

5.1 Access to Trading

- 5.1.1** The Exchange shall provide an automated trading system to trading members to access and carry on trading in the securities admitted to dealings on the Exchange.
- 5.1.2** The Automated Trading System (ATS), as may be provided by the Exchange shall be called “ VECTOR system” or the system for short.
- 5.1.3** The ATS shall be available for facilitating trading in the securities admitted to dealings by the Exchange and also for trading in such other securities, which may be allowed by the Exchange for trading on the Exchange from time to time.
- 5.1.4** The Exchange may provide an architecture and the infrastructure related thereto, to the extent possible, to facilitate the trading members of the Exchange to establish connectivity with the ATS of the Exchange. The Relevant Authority shall have absolute right to specify the maximum number of TWSs that may be allotted to a trading member generally or to any trading member or trading members in particular and the conditions for such allotment. The Relevant Authority shall also have absolute right to reject any place or places where the TWS may not be installed.
- 5.1.5** The Relevant Authority may prescribe the specifications/descriptions of hardware, software and equipment and the specifications to carry out the required testing thereof in such manner and time as may be specified by the Relevant Authority from time to time, which a trading member shall be required to strictly adhere to have connectivity with, or use of the ATS of the Exchange to ensure compatibility and minimize / avoid technical issues arising out of incompatibility of hardware, software and equipment.
- 5.1.6** A trading member may be authorised to appoint such number of persons as authorised persons or authorised users, as may be provided in relevant Regulations that may be in force from time to time.
- 5.1.7** Any trading member desirous of extending his network, be it through VSAT connectivity and / or lease line connectivity and / or through any other means of connectivity, authorized by the Exchange, and / or through the CTCL software or any other software approved by the Exchange, which facilitates access to the trading system of the Exchange, shall be required to seek prior approval of the

Exchange. Such terminals of a trading member may be allowed to be installed by the Exchange at the places from where the trading members or sub-brokers or authorized persons or approved users or clients carry out trading activities. No trading member shall install either directly or indirectly any terminal through CTCL connectivity, having access to the trading system of the Exchange, without prior approval of the Exchange. Where a terminal is already installed without obtaining approval of the Exchange, the concerned trading member shall obtain necessary approval from the Exchange in such manner and within such time, as may be prescribed by the Exchange in this regard. In case any trading member fails to obtain necessary approval from the Exchange for any terminal installed through CTCL connectivity having access to the trading system of the Exchange, the concerned trading member shall be personally responsible for trading done through such terminals and also render himself liable for disciplinary action by the Exchange.

Explanation:

Provided where a client wishes to have a CTCL terminal installed at his place, such client shall be required to comply with such requirements relating to its use for his own activities and not using it for activities, which may be termed/viewed by the Exchange, as intermediary, by whatever name called, as may be specified by the Exchange from time to time. The decision of the Exchange in this regard shall be final, binding and conclusive on the concerned trading member and the client.

5.1.8 The Relevant Authority shall have the power to provide for:

- 5.1.8.1** the procedure for registration and cancellation of the registration of a person as an authorised person or approved user or client.
- 5.1.8.2** the conditions required to be fulfilled before a person can be registered as an authorized person/ approved user / client .
- 5.1.8.3** the conditions required to be fulfilled before an authorised person / approved user may have access to the ATS of the Exchange.
- 5.1.8.4** the maximum number of persons who may be permitted to have access to the ATS on behalf of a trading member.
- 5.1.8.5** the procedure for provision and modification of a password used by an authorised person / approved user / client to access the ATS.
- 5.1.8.6** the circumstances in which the Exchange may refuse and / or withdraw and/or cancel the permission to an authorised person/ approved user /

client to have access to the ATS of the Exchange, either indefinitely or for a specified period or until the fulfillment of conditions, as may be specified by the Exchange from time to time.

5.1.9 All the orders for purchase or sale of securities by a trading member shall be required to be entered only through the ATS.

15.1.2 5.2 Trading Sessions

5.2.1 The Relevant Authority may specify in the Regulations the type and duration of the different trading sessions on the ATS from time to time.

5.2.2 The Relevant Authority may, at its discretion, alter, contract, extend or suspend any or all the trading sessions in specific circumstances, for reasons to be recorded in writing. Wherever possible, such changes may be communicated to the trading members in advance.

5.3 Specification of Codes and Operational Parameters

The Relevant Authority may provide for an appropriate mechanism for specification, alteration and rescission of the unique codes for securities, trading members, clearing members, custodians, authorised persons, approved users, participants, clients and operational parameters, relating to tick sizes, trading units, order types, order attributes, order matching logic, market view contents, participation norms for trading through the ATS or any other parameters deemed necessary and as may be provided in the relevant Regulations that may be in force from time to time.

5.4 SURVEILLANCE, STOCK WATCH SYSTEM, INVESTIGATION AND TRADING MEMBERS DATABASE

5.4.1 The Exchange may, at its discretion, decide to look after the functions relating to surveillance, investigation and any other market related activities, either by itself or by a separate entity through outsourcing or by a separate and distinct entity established by it, either jointly or in collaboration with any other institution.

5.4.2 The provisions relating to surveillance, stock watch system, investigation, any other market related activities and trading members' database shall be specified in the relevant Regulations relating to these matters from time to time.

CHAPTER - 6

TRADING ON THE EXCHANGE

6.1 TRADING DAYS

The Exchange shall be open on all days except on such Exchange holidays as the Relevant Authority may declare in advance, or as may be specified by SEBI. The days on which the ATS of the Exchange shall be available for trading in securities other than mock trading shall be called as Trading Days.

The ATS of the Exchange shall, however, be available for trading on such holidays as the Governing Board or Managing Director may decide from time to time.

6.2 ALTERATION OR CANCELLATION OF EXCHANGE HOLIDAYS

6.2.1 In exceptional circumstances and for reasons to be recorded in writing, the Managing Director may at any time:

6.2.1.1 alter or cancel any of the Exchange holidays fixed in accordance with Bye-law 6.1,

6.2.1.2 keep the ATS of the Exchange available for trading on any day notwithstanding that such day had earlier been declared as an Exchange holiday,

6.2.1.3 close trading on the ATS of the Exchange for one day.

In exceptional circumstances and for reasons to be recorded in writing, the Governing Board / Relevant Authority may close trading on the ATS of the Exchange for more than one trading day:

Provided that the trading on the ATS of the Exchange shall not be so closed by the Governing Board / Relevant Authority at any time continuously for a period exceeding three trading days without the approval of SEBI:

Provided further that when information regarding closure of the trading on the ATS of the Exchange is conveyed so as to reach SEBI in the normal course not later than the next trading day, the Governing Board / Relevant Authority may close the trading on the ATS of the Exchange as aforesaid continuously for any period exceeding three trading days without the approval of SEBI till such time as the decision of SEBI is communicated to the Exchange.

6.3 TRADING SEGMENTS

The trading segment of the Exchange may include cash market, debt market, Government securities market, money market, futures and options market and other segments, as may be decided by the Governing Board / Relevant Authority and as may be specified in the relevant Regulations from time to time. The Governing Board or Managing Director may admit securities for dealings on the respective trading segments of the Exchange, as may be eligible under the Securities Contracts (Regulation) Act, 1956.

6.4 RESTRICTIONS ON TRADING

The Governing Board or Managing Director or the Relevant Authority may, from time to time, impose such restrictions on trading in such security, or on such trading member, as may be provided in the Bye-laws relating to risk management.

6.5 TRADING SESSIONS

The Governing Board or Managing Director or Relevant Authority may prescribe different trading sessions on the ATS of the Exchange and also decide on the timings and operational requirements for the same, as may be provided in the relevant Regulations from time to time. The Governing Board or Managing Director or Relevant Authority may reduce, extend or otherwise alter the timings of the trading sessions for any particular trading day.

6.5.1 Where the Managing Director or Relevant Authority has reduced, extended or otherwise altered the timing of any trading session or sessions on the ATS of the Exchange on any particular trading day, the reasons for the same shall be required to be recorded in writing.

6.6 WHO MAY BE PERMITTED TO TRADE

The Managing Director or Relevant Authority may, at his / its discretion, grant permission to the trading members of the Exchange or their authorised persons or approved users to trade through the TWS connected to the ATS of the Exchange. The trading members shall be solely responsible for all the transactions done by or through the respective TWSs on the Exchange, subject to the provisions contained in these Bye-laws.

6.7 WHO MAY NOT BE PERMITTED TO TRADE

A trading member, who has been de-activated or suspended by the Exchange, or his sub-broker, or remisier or authorized person or persons who are not approved by the Exchange or whose approval has been rejected or refused or withdrawn or cancelled and a period of three years thereafter is not over, shall not be allowed to trade on the Exchange.

6.8 Permission to Trade Through Trader Workstations

No person shall be permitted to trade through the TWS connected to the ATS unless such person complies with the requirements prescribed in the relevant Regulations or with such

other requirements as the Governing Board or Managing Director or Relevant Authority may prescribe from time to time.

6.9 Trading During Good Behaviour

A person shall be allowed to trade on the ATS of the Exchange only during good behaviour and shall be bound to observe the provisions contained in the Rules, Bye-laws and Regulations of the Exchange. The Governing Board or Managing Director or Relevant Authority may, in its/his absolute discretion, refuse any person to trade on the ATS and may, at any time, withdraw or terminate the right of trading of any such person for any reason whatsoever, to be recorded in writing for internal records.

6.10 MANAGEMENT OF THE ATS

The management of the ATS shall be under the charge of the employees of the Exchange or such other agency authorized by the Exchange in this behalf.

6.11 PRICES

Prices of the transactions in securities dealt in on the ATS of the Exchange shall be recorded daily in the manner, as may be prescribed in the relevant Regulations from time to time. No price of any transaction done on the Exchange shall be recorded unless it is made in the regular course of trading on the ATS.

6.12 DAILY OFFICIAL LIST

A daily official list of prices shall be issued by or under the authority of the Exchange. Such daily official list of prices may be published or provided in such media, as may be decided by the Exchange from time to time, or be made available on the official website of the Exchange.

6.13 TRADING FACILITY

6.13.1 Transactions on the ATS of the Exchange may be effected through order driven, quote driven (through market makers or jobbers) and / or such other system as the Exchange may provide for trading and as may be specified in the relevant Regulations from time to time.

6.13.2 The Exchange may, at its discretion, provide the ATS to its trading members and their sub-brokers, remisiers, authorised persons and approved users, which shall be on a non-discriminatory basis.

6.13.3 No trading member shall have any title, right or interest in the ATS of the Exchange, its facilities and software and the information provided on the ATS, and no such claim shall lie against the Exchange at any time.

6.13.4 The permission to use the ATS may be given to a trading member, subject to compliance with such terms and conditions as the Exchange may prescribe from time to time, and as may be specified in the relevant Regulations, which may, inter alia, include payment of such deposits and / or charges, as may be provided in the relevant Regulations from time to time.

6.13.5 A trading member shall not by himself or through any other person on his behalf publish, supply, show or make available to any other person, or reprocess, retransmit, store or use the facilities of the ATS or the information provided thereof, except in the ordinary course of business to complete the transactions on the Exchange, or except with the prior approval of the Exchange.

6.14 REGISTRATION AND DE-REGISTRATION OF APPROVED USERS

6.14.1 Trading members shall allow only their sub-brokers, authorized persons and / or approved users to operate the TWS approved by the Exchange, subject to the following conditions:

6.14.1.1 The appointment of users by a trading member and approval thereto by the Exchange shall be subject to such terms and conditions and submission of applications in such form as the Relevant Authority may prescribe from time to time.

6.14.1.2 The Exchange may, at its discretion, deregister sub-brokers, remisiers, authorized persons and approved users of a trading member for failure to comply with the applicable provisions of the Rules, Bye-laws and Regulations, as may be in force from time to time, and the concerned trading member shall continue to be liable for acts of commissions and / or omissions and / or loss / damage consequent to the de-registration, for such acts of commissions and / or omissions and / or loss / damage committed by such person/s upto the time of de-registration by the Exchange.

6.14.1.3 The Relevant Authority shall have the right to disallow any person from being registered as a sub-broker, remisier, an authorized person or an approved user, without assigning any reason whatever, and may allow registration with such conditions, as may be deemed necessary by the Relevant Authority from time to time.

6.14.1.4 No person shall be appointed at any time as a sub-broker remiser, an approved person or an approved user by more than one trading member.

6.14.1.5 The Relevant Authority shall have the power to prescribe different levels of usage on the ATS, provision for enquiry on the TWS, provision for order entry, etc. by the sub-brokers, remisiers, authorized persons or approved users of trading members.

6.15 OPERATIONAL PARAMETERS FOR TRADING

The Managing Director or Relevant Authority may prescribe from time to time in the relevant Regulations the operational parameters regarding transactions in securities on the ATS of the Exchange. Such operational parameters may include:

6.15.1 determination of functional details of the TWS including the system design, user infrastructure, user interface and system operation,

6.15.2 limits on the spread between bid and offer rates,

6.15.3 fixation of market lots and / or minimum quantity of securities which may be offered to be bought or sold,

6.15.4 fixation of tick sizes,

6.15.5 determination of the types of trades permitted for a trading member and for a security,

6.15.6 specifications of different order books, types of orders, order conditions and other details related to orders and trades, and

6.15.7 other matters, which may affect smooth operation of trading in securities, keeping in view the public interest.

All the parameters shall be strictly adhered to by the trading members such as regular market, auction market, etc. specifications of different types of transactions such as spot delivery or rolling settlement and other details related to the different markets offered on the ATS may be as specified in the relevant Regulations.

6.16 Loss of Access to ATS

In the event of a failure or malfunctioning of a trading member's TWS and / or loss of access to the ATS, the Exchange may, at its discretion, and without any guarantee, undertake on behalf of the trading member to close-out the outstanding transactions of the trading member on a valid request received from such trading member, subject to such terms and conditions as the Exchange may impose from time to time.

6.17 Loss on Closing-out – Trading Member’s Responsibility

The trading member shall be fully accountable for the closing out transactions effected by the Exchange on his behalf and shall indemnify the Exchange against any loss or cost arising out of or incidental to such close-out of transactions, either directly or indirectly

6.18 Contingency Pool of TWSs

To facilitate the trading members to carry on trading in the event of a failure or malfunctioning of their TWSs or loss of access to the ATS, the Exchange may, at its discretion, provide a contingency pool of TWSs at its premises and such facility may be extended to the trading members on such basis, as may be decided by the Exchange from time to time. The affected trading members may, with the prior written permission of the Exchange, use the facility of contingency pool to carry on trading in a limited manner.

6.19 Failure Not to Affect Liability

Without prejudice to the provisions contained in Bye-law 6.18, such failure shall not reduce, alter or affect the liability of a trading member in respect of any trades, already executed by or through such trading member.

6.20 Order Management

The conditions and procedures to be followed by a trading member or his sub-brokers, remisiers, authorised persons and approved users for entering, amending or cancelling orders on the ATS shall be, as may be specified in the relevant Regulations from time to time, which may, inter alia, specify details to be entered compulsorily from an approved TWS at the time of order entry, such as, client code, type of order, symbol or security code, etc.

6.21 Maintenance of Relevant Records

A trading member shall maintain the relevant records relating to the orders received from his client or modifications thereof, as may be specified in the Chapter relating to Compliance from time to time.

6.22 Trade Management

Trading may be allowed on the ATS in such securities as may be admitted to dealings on the Exchange and for such categories of trading members, trade types, market types, settlement periods and for such trading hours, as the Managing Director or Relevant Authority may specify from time to time or as may be provided in the Regulations from time to time.

6.23 Trading Member Liable For Trades

A trading member shall be liable for all the trades executed on the ATS arising out of orders entered into the system by him. The trading member shall be solely responsible for all the acts of commission and / or omission of authorised persons or approved users, employees and other persons deployed by such trading member, sub-brokers, remisiers, in relation to performance of obligations arising therefrom, connected therewith and incidental to such acts of commission and / or omission.

Provided, if the trading member satisfies the Exchange that the action and / or the trade took place due to fraud or misrepresentation by any person other than himself, his sub-broker, remisier, authorised person or approved user and / or that the action and / or the trade did not originate from any of his approved TWS, the Governing Board or Managing Director or Relevant Authority may issue such directions as it / he considers just and reasonable and the same shall be final and binding on the trading member. Such directions may include referring the matter to arbitration, and / or annulment of trades so effected, after affording an opportunity of being heard to the trading member.

6.24 Trades Irrevocable

Trades executed on the ATS are irrevocable and locked-in and shall be cleared and settled in accordance with the Rules, Bye Laws and Regulations of the Exchange. The Exchange may, however, by a notice annul the trades on an application by a trading member in that behalf, if the Governing Board or Managing Director is satisfied, after hearing the other trading member / s to the trades, that the trades are required to be annulled on account of fraud or wilful misrepresentation or material mistake in the trade.

6.24.1 Notwithstanding anything contained in Bye-law 6.24, the Exchange may, to protect the interest of investors in securities and for proper regulation of the securities market, *suo moto* annul trades in any security at any time, if the Governing Board or Managing Director is satisfied for reasons to be recorded in writing that such trades are vitiated by fraud, material mistake, misrepresentation or market or price manipulation or by a design to create an artificial or false market, or by a design to recover moneys or dues or to defraud or misuse the system and the like.

6.24.2 Annulment as provided herein may be for the full quantity or part quantity of the trades in a security.

6.24.3 Any annulment of the trades made pursuant to Bye-laws 6.24.1 and 6.24.2 shall be final, binding and conclusive upon the trading members. In such an event, the related contracts issued by the trading members to their sub-brokers and / or clients shall ipso facto stand cancelled and the sub-brokers and clients shall be bound by such annulment without any right of recourse between the trading members and sub-brokers / clients, as the case may be.

6.25 Order Validation

Orders placed on the ATS shall be subject to such validation checks relating to quantity and value etc., as may be prescribed in the relevant Regulations from time to time.

6.26 Matching Rules

The Exchange may from time to time specify in the relevant Regulations the rules or principles to be applied for matching orders on the ATS of the Exchange, which may vary for the different order books.

Unless specific approval is obtained from SEBI, the orders shall be matched on price-time priority.

6.27 Unavailability of Order Book, etc.

Where the Relevant Authority is of the opinion that it is in the interest of trade or public interest to do so, it may, at any time, make unavailable any particular order book or forms of matching, in the case of a specific security or a group of securities or for a trading member or a class of trading members or trading members as a whole.

6.28 Types of Transactions Allowed

Save as otherwise provided, the following types of transactions in securities may be allowed by the Governing Board or Relevant Authority from time to time:

6.28.1 For spot delivery contract as defined in the SCRA

6.28.2 For hand delivery i.e delivery of securities and payment of funds on the prescribed date, as may be notified by the Exchange from time to time, which date shall not be more than such number of days following the date of the transaction, as may be specified by SEBI from time to time.

6.28.3 For rolling settlement, i.e. delivery of securities and payment of funds on such date, following the date of such transaction, as may be notified by SEBI/ Exchange / Clearing Agency from time to time.

6.29 Transaction Where the Exchange / Clearing Corporation to Act as a Legal Counter Party

The Relevant Authority of the Exchange / Clearing Corporation may specify from time to time types of transactions to which the Exchange / Clearing Corporation shall act as a legal counter party and the transactions that may be excluded for this purpose.

Provided on an investigation by the Exchange, the Exchange / Clearing Corporation concludes that either all the transactions or part thereof in any security are found to have been executed on the ATS of the Exchange in a fraudulent manner and / or with a design to defraud the Settlement Guarantee Fund, the Relevant Authority of the Exchange / Clearing Corporation shall have absolute authority and discretion to withdraw as a legal counter party to any transaction. Provided further where the Relevant Authority decides to exercise its discretion to withdraw as a legal counter party to the transactions, either in full or in part, and / or either from both sides or single side of the transaction, it shall afford an opportunity of being heard to all the parties affected or likely to be affected by such decision. The decision taken by the Relevant Authority thereafter shall come into force forthwith and shall be final, binding and conclusive on all the parties concerned, including the clients.

6.30 Transactions Not Allowed

Transactions having any of the following characteristics shall not be allowed and shall be liable to be excluded from the purview of the Settlement Guarantee Fund:

6.30.1 Transactions for carry over of securities from one settlement to another between two or more trading members, whether done on the ATS or not, structured deals, cross deals, negotiated deals, financing or financial deals or deals effected to manipulate or subvert the fair price of a security or orders of two or more clients matched by a trading member within his office or as may be transacted on a trade for trade basis directly between the buyer and the seller and whose settlement may be done through the clearing agency or directly between the buying trading member and selling trading member.

6.31 Transactions in Government Securities and Debentures

Transactions in Government Securities and in bearer and registered debentures admitted to dealings on the Exchange may be for spot delivery or for rolling settlement or

for hand delivery. Transactions in Government Securities and in bearer and registered debentures shall be made through the ATS of the Exchange or through any other automated trading mechanism established with the approval of the relevant regulatory authority, and the delivery of such Government Securities and bearer and registered debentures shall be made either in physical form or in demat form, as may be prescribed by SEBI and / or any other regulatory authority from time to time.

6.32 Suspension of Trading

The Exchange shall intimate to the other stock exchanges immediately about suspension of trading in any security by it for market manipulation, price rigging or any other similar reason. Where information about suspension of trading in any security for reasons such as market manipulation, price rigging or any other similar reason is received by the Exchange from any other stock exchange, the Exchange shall ipso facto suspend trading in such security, if allowed for trading without notice to the issuer. In such cases, a detailed investigation will be conducted in the specific security by the Exchange in a reasonable period, as provided in the relevant Bye-laws and Regulations from time to time.

6.33 Use of Technology

The Exchange shall from time to time specify necessary norms and requirements relating to use of technology, which may include equipment, software, network, etc., to ensure safety, security and integrity of the ATS provided by the Exchange so as not to endanger or harm in any way the interest of investors and / or of the Exchange.

CHAPTER-7

TRANSACTIONS BY TRADING MEMBERS

7.1 All Transactions Subject to Rules, Bye-laws and Regulations

All transactions in securities in which trading is allowed by the Exchange shall, in all cases, be deemed to have been made subject to the Rules, Bye-laws, Regulations and usages of the Exchange which shall be part of the terms and conditions of all such transactions and they shall be subject to the exercise of the powers by the Governing Board and/or Managing Director with respect thereto vested in it or him under the Rules, Bye-laws and Regulations of the Exchange.

7.2 Trading Members Only Parties to Transactions

The Exchange does not recognise as parties to any transaction on the Exchange any party other than its own trading members and every trading member is directly and primarily liable to every other trading member with whom he effects a transaction for its due fulfillment in accordance with the Rules, Bye-laws and Regulations of the Exchange, whether such transaction be for the account of the trading member effecting the transaction or on account of his sub-broker / remisier or client.

7.3 Restrictions on Trading Members

7.3.1 Unless the Exchange otherwise specifies, a trading member shall not become a client of another trading member.

7.3.2 No trading member shall have any mechanism, either electronic or otherwise, whereby any order for buying and / or selling a security which is listed on any recognized stock exchange shall be processed for matching and thus culminating into a trade / transaction, other than through the trading mechanism, duly approved by the Exchange. If any trading member or any other person, either directly or indirectly, or intentionally or otherwise, is found to be using any mechanism not approved by the Exchange which facilitates matching of orders, culminating into a trade / transaction, such mechanism shall be deemed to be in violation of the stipulated requirements. Such trades / transactions done through such unapproved mechanism shall be void ab initio, and the concerned trading member shall render himself liable for disciplinary action under the Rules, Bye-

laws and Regulations of the Exchange, as may be deemed fit by the Relevant Authority.

7.4 Trading Members as Principal

Except to the extent and in the manner provided for in these Bye-laws and Regulations, every transaction for purchase or sale of securities made, whether between two trading members or between a trading member and his sub-broker and / or client, shall be deemed to have been made as between two principals, for the purpose of performance or otherwise of the transaction.

Provided, however, that any liability arising out of any dispute between a buying trading member and a selling trading member relating to such transaction shall not be passed on to their respective sub-brokers or clients.

Provided further that on a contracting trading member being declared a defaulter or expelled from the trading membership, it shall not affect the rights and obligations of sub-brokers and / or clients of the other contracting trading member/s.

7.5 Brokerage

7.5.1 Save as otherwise provided, brokerage shall be charged and collected by the trading members upon the execution of all trades for sub-brokers and clients in respect of purchase or sale of securities. Trading members are entitled to charge brokerage at rates not exceeding the official scale prescribed in the relevant Regulations as may be in force from time to time.

7.5.2 Where a trading member has transacted for a sub-broker, the aggregate amount of brokerage charged by the trading member to his sub-broker and the sub-broker to his client shall not exceed the maximum scale of brokerage prescribed by the Exchange or SEBI in this regard.

7.5.3 The brokerage charged by the trading member to his sub-broker or client and by a sub-broker to his client shall be shown separately in the contract note or in the confirmation memo, as the case may be.

7.6 Brokerage on Calls

A trading member buying securities on which calls have been prepaid by the seller may charge brokerage on the aggregate of the purchase price and the amount of such calls.

7.7 Brokerage on Put-Through Transactions

A trading member authorising a representative trading member to put through the transactions of a sub-broker or a client may pay the representative trading member a share of the brokerage charged to such sub-broker or client.

7.8 Underwriting Commission and Brokerage on New Issues and Offers for Sale

Unless otherwise determined by the Governing Board, a trading member may, at his discretion, charge such brokerage or commission for underwriting or placing or acting as a broker or entering into any preliminary arrangement in respect of any floatation or new issue or offer for sale or book-building of any security as he may agree upon with the issuer or offerer or with the principal underwriters or brokers engaged by such issuer or offerer, subject to the limits prescribed under the Companies Act, 1956 or any other relevant statutory provisions as may be applicable from time to time.

7.9 Brokerage on Application

Unless otherwise determined by the Governing Board, brokerage or commission on all tenders or applications by or through trading members for submission or purchase in respect of any floatation or new issue or offer for sale of any security shall be on the terms offered by the issuer or offerer or by the underwriters or brokers engaged by such issuer or offerer.

7.10 Rebate Not Allowed

No allowance, kickback, rebate, return or division of brokerage or commission of any nature or character in respect of operations in the primary market shall be made by a trading member to any sub-broker or client in respect of any transaction or to any applicant whose tender or

application for subscription or purchase has been submitted by or through him or to any other person except as hereinafter provided..

7.11 No Special or Unusual Advantage

For purposes of these provisions, a trading member shall not act as a principal or enter into any agreement or arrangement with a non- trading member whereby special and unusual rates are given with intent to give special or unusual advantage to such non-trading member for the purpose of securing his customer's business.

7.12 No Brokerage In Cases of Charity

A trading member may relinquish his brokerage in cases of transactions relating to charity.

7.13 With Whom Brokerage May be Shared

7.13.1 A trading member may share brokerage with a sub-broker, remisier or employee in his own exclusive employment subject to the provisions contained in Bye-law 7.5.2 and further subject to such terms of brokerage as agreed upon in writing by way of an agreement. He may similarly share brokerage with any other person introducing a client provided such person –

7.13.1.1 is not one for or with whom trading members are forbidden to do business under the Rules, Bye-laws and Regulations of the Exchange;

7.13.1.2 is not a sub-broker or remisier of any other trading member of the Exchange;

7.13.1.3 is not an employee of any other trading member;

7.13.1.4 does not advertise in the public, press or in any other manner that he is acting as a broker;

7.13.1.5 does not pass contracts in his own name.

7.13.2 Rebate or Return Disallowed

A sub-broker or a remisier or an employee or any other person sharing brokerage shall not make any allowance, rebate or return of such brokerage directly or indirectly to the client introduced by him or to any other person or agent.

7.13.3 Indemnity

In the absence of an agreement in writing to the contrary, a sub-broker or a remisier or an employee or other any person sharing brokerage shall be deemed to have agreed to give a full and complete indemnity to the trading member with whom he shares brokerage for any loss which such trading member may sustain by the failure of the client introduced by him in fulfilling his obligations, provided such client is not a trading member of the Exchange.

7.13.4 Failure by Client

7.13.4.1 In the event of any failure by a client, the sub-broker or remisier or employee or any other person sharing brokerage, as the case may be, introducing such client, shall pay the amount due forthwith to the trading member.

7.13.4.2 If a sub-broker or a remisier or an employee of a trading member or any other person sharing brokerage with the trading member fails to pay the amount as provided in Bye-law 7.13.4.1, the trading member shall be entitled to take such proceedings against such sub-broker, remisier, employee or any other person sharing brokerage, to recover the amount, as he, in his discretion deems fit.

7.13.5 Liability of Sub-broker, Remisier, Employee or Any Other Person

If a client introduced by a sub-broker or a remisier or any employee of a trading member or any other person sharing brokerage with the trading member fails to pay the amount due by the client introduced by him, the trading member shall be entitled to take such proceedings against such client and/or make such settlement or compromise with him as he, in his discretion, deems fit. The acceptance of a negotiable instrument from such client by the trading member for the part of the amount due from him shall not release the sub-broker, remisier, or employee or other person from his liability to pay to the trading member the balance amount due from such client nor shall any arrangement or compromise with such client diminish the liability of the sub-broker, remisier, employee or other person who shall pay to the trading member the unrealised balance of the original amount due from such client and the costs and expenses incurred in the course of realization.

7.13.6 Liability of Trading Member

7.13.6.1 Notwithstanding any arrangement for sharing of brokerage with any person, the trading member shall be directly and wholly responsible to the Exchange for the liability of clients of such persons.

7.13.6.2 The trading member shall also be directly and wholly responsible to the Exchange for the liability of clients of his sub-brokers.

7.13.6.3 The trading member shall also be directly and wholly responsible to the clients for the transactions done by him directly and / or through his sub-broker.

7.13.7 Arbitration

Any dispute between a trading member and his sub-broker or remisier, employee or any other person sharing brokerage with him in respect of any matter shall be referred to arbitration and decided in accordance with the Bye-laws and Regulations relating to arbitration of disputes.

7.14 Contract Notes

7.14.1 Mandatory to Issue

A trading member shall issue to clients contract notes in such form and within such time of execution of a transaction on the ATS of the Exchange, as may be prescribed in the relevant Regulations in respect of all trades done for and on

behalf as an agent, save where the transaction is made on spot delivery basis, the contract note shall be issued as a principal.

7.14.2 Bar on Issue of Contract Note

No contract note shall be issued by any trading member for any security other than for a transaction executed on the ATS of the Exchange or for a transaction which is not recognized and specified in these Bye-laws. Any claim arising from a contract note issued by any trading member in violation of this requirement may be good for initiating any action under civil laws by any affected person against the trading member but shall be void for enforcement under the Rules, Bye-laws and Regulations of the Exchange and for seeking remedy thereunder by a trading member against the affected person or vice versa.

7.14.3 Rules, Bye-laws, Regulations, etc. Applicable

The contract note issued by a trading member to clients shall state that the transaction is subject to the Rules, Bye-laws, Regulations, Circulars and Usages of the Exchange and subject to arbitration as provided in the Rules, Bye-laws and Regulations of the Exchange and subject to the jurisdiction of the Courts in Pune. The contract note shall not contain any provision inconsistent with the Rules, Bye-laws, Regulations, Circulars and Usages of the Exchange. The name of the sole proprietor of the firm or names of the partners of the partnership firm or of the designated directors of the company shall be printed on the contract notes. The contract notes shall also have the words “ trading member(s) of the Pune Stock Exchange Limited, Pune” immediately following the signature.

7.14.4 In case where a trading member chooses to issue a contract note-cum-bill, it shall be obligatory to follow the same format as is mandatorily required for the contract notes, with additional particulars relating to the information contained in a bill.

7.14.5 Contract Note to Contain Specified Details

The contract note issued by a trading member to clients shall disclose the order number, order execution time, trade number, client code and such other details, as may be prescribed by the Exchange in the relevant Regulations and/or by SEBI from time to time.

7.14.6 Period for Submitting / Making Claim / Complaint by a Client

If there is any claim, difference or dispute relating to a transaction, whether there exists a contract note or not or whether an order is executed on the ATS or not, the affected client may lodge a claim / complaint with the Investors' Grievance Cell of the Exchange within thirty calendar days from the date of transaction or from the date the client claims to have given instruction / order to buy or sell a security to the concerned trading member or from the date on which the client claims to have made payment of money or delivery of a security, as the case may be, to the concerned trading member, in relation to an instruction / order to buy or sell the security. Any claim, difference or dispute, not meeting with this requirement, shall be time-barred for the purpose of the same being taken up by the Investors' Grievance Cell under the Rules, Bye-laws, Regulations and Circulars of the Exchange. A claim, difference or dispute shall be time-barred under the Rules, Bye-laws, Regulations and Circulars of the Exchange, if it is not lodged within six months from the date of transaction or from the date the client claims to have given instruction / order to buy or sell a security to the concerned trading member or from the date on which the client claims to have made payment of money or delivery of a security, as the case may be, to the concerned trading member, in relation to an instruction / order to buy or sell the security. These requirements shall be incorporated in the Broker-Client Agreement and also conspicuously printed on the contract note.

7.15 Contract Notes Issued by Firms and Companies

7.15.1 In the case of a firm or a company registered as a trading member under the Rules, Bye-laws and Regulations of the Exchange, every contract note shall be signed and issued only in the name of the firm or company and no contract note shall be signed and issued in the name of the sole proprietor in the case of a proprietary firm or an individual partner in the case of a partnership firm or an individual director in the case of a company.

7.15.2 Even if the contract note is not signed or signed by an unauthorised person, it would not invalidate the contract provided the transaction has been executed on the ATS of the Exchange. In such a case, the trading member shall be fully liable for its performance, as may be provided in the Rules, Bye-laws and Regulations of the Exchange.

7.16 Contract Notes to Disclose Whether Trading Member Acted As Principal or Agent

The contract notes issued by a trading member to his clients for any transaction on a spot delivery basis shall be as a principal and for any transaction other than on a spot delivery basis shall be as an agent, in accordance with the provisions of the Rules, Bye-laws and Regulations of the Exchange and shall be in such form, as may be prescribed in the relevant Regulations. Contract notes shall disclose whether the trading member has acted as a principal or as an agent.

7.17 Signing of Contract Notes

A contract note issued by a trading member shall be signed by -

7.17.1 the sole proprietor in case of a proprietary firm;

7.17.2 a partner of the firm in case of a partnership firm;

7.17.3 a designated director or authorised signatory in case of a company; or

7.17.4 a constituted attorney of a trading member,

and that the contract note shall not be signed by any person other than the persons specified herein above.

Notwithstanding this requirement, where a contract note is not signed or not signed by an authorized person, it shall not invalidate the contract provided the transaction has been executed on the ATS of the Exchange. In such a case, the trading member shall be fully liable for its performance, as may be provided in the Rules, Bye-laws and Regulations of the Exchange.

7.18 Use of Digital Signatures on Contract Notes

A trading member may, if he so chooses, issue contract notes carrying digital signatures. Such contract notes have to be electronically authenticated and their digital certificates, obtained from any of the Certifying Authorities approved under the Information Technology Act, 2000, are affixed thereon.

Provided, however, that a client shall have the right to receive the contract note in printed form.

CHAPTER-8

RIGHTS AND LIABILITIES OF TRADING MEMBERS, SUB-BROKERS AND CLIENTS

8.1 Agreement With Sub-brokers and Clients

8.1.1 Prohibition on Sub-brokers for Engaging Intermediary

No sub-broker shall engage or appoint or retain any person as intermediary, other than appointing employees on salary / remuneration basis to carry on the business of selling / buying securities.

8.1.2 Assessment of Sub-brokers or Clients by Trading Members

When establishing a relationship with a new sub-broker or client, the trading member shall take reasonable steps to assess the background, genuineness, identity, financial soundness of such person and his investment objectives by requiring the new sub-broker to enter into an agreement with him and the client to fill in a Client Registration Form, as may be specified by the Exchange and/or SEBI from time to time. The trading member shall also obtain from all his corporate sub-brokers or corporate clients certified true copies of the resolutions passed by the Board of Directors of such companies permitting trading in securities.

8.1.3 Trading Members to Share Certain Details

Every trading member shall make the sub-broker or client aware of the trading segment to which the trading member is admitted, particulars of his SEBI registration number, the employees of the trading member normally responsible for the affairs of the sub-broker or client and the precise nature of the trading member's liability for business to be conducted.

8.1.4 Trading Member's Duty to Provide Certain Material

The trading member shall provide to the sub-broker or client, at no extra cost, extracts of the relevant provisions of the Rules, Bye-laws and Regulations of the Exchange governing the rights and obligations of the sub-brokers and clients, relevant manuals, notifications, circulars, any additions or amendments thereto, and of any regulatory authority to the extent it governs the relationship between the trading member and/or his sub-brokers and/or clients.

8.1.5 Trading Member Responsible to Abide by Regulatory Requirements

Where the trading member manages a discretionary account for or on behalf of the sub-broker or client, he shall abide by the Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993, as may be in force from time to time.

8.1.6 Adequate Disclosure of Material Information by Trading Members

The trading member shall make adequate disclosure of material information in his dealing with his sub-brokers and clients, including the current best price of trade and trade or order quantities on the automated trading system, any relevant announcement from the Exchange relating to margin, trading restrictions as to price and quantity, etc.

8.1.7 Supplying False or Misleading Information Barred

The trading member shall not furnish any false or misleading information or advice with a view to inducing the sub-broker or client to do business in securities, which shall enable the trading member to gain thereby. Any trading member or sub-broker or client found to have indulged in furnishing any false or misleading information shall render himself liable for such action as may be deemed fit by the Relevant Authority from time to time.

8.2 Trading Member's Paramount Lien

8.2.1 Whenever and as long as a sub-broker or client is indebted to a trading member, all securities and other assets from time to time lodged with the trading member by such sub-broker or client or held by the trading member for and on behalf of such sub-broker or client and any cash lying to the credit of such sub-broker or client with the trading member shall be subject to a paramount lien of such trading member for any general balance of account or margin or other moneys that may be due at any time from such sub-broker or client, singly or jointly, to such trading member in respect of any transaction done subject to the Rules, Bye-laws and Regulations of the Exchange and shall be deemed a general security for payment to such trading member of all such moneys (including interest, commission, brokerage and other expenses) as may be due from such sub-broker or client.

8.2.2 Right to Sell

A trading member entitled to paramount lien on security, assets and cash as provided in Bye-law 8.2.1 above, shall be at liberty to sell such securities and assets in such manner and on such terms and at such time as he may deem fit and may pay to himself such money due to him from such sub-broker or client in respect of transactions done subject to the Rules, Bye-laws and Regulations of the Exchange.

8.2.3 Sub-broker or Client Indemnity

Every trading member entering into any transaction for purchase or sale of any security or doing any act in relation thereto on the instructions of any sub-broker or client and on account or request of such sub-broker or client shall be entitled to be indemnified by such sub-broker or client as an agent acting merely on behalf of his principal.

8.2.4 Trading Members Not Bound to Accept Instructions and Orders

A trading member shall not be bound to accept all or any of the instructions or orders of his sub-broker or client for purchase or sale of securities. He may, in his absolute discretion, decline to accept any such instructions or orders for execution wholly or in part and shall not be bound to assign any reason therefor:

Provided that when a trading member is not prepared to carry out such instructions or orders either wholly or in part, he shall immediately inform his sub-broker or client to that effect.

8.2.5 Risk Management and Surveillance

While carrying on the transactions on the ATS of the Exchange, every trading member shall be responsible to abide by the requirements relating to risk management and surveillance, as may be notified by the Exchange or Clearing Agency from time to time. The risk management and surveillance functions may, inter alia, include payment of all margins, reduction in exposure limits, etc., as may be stipulated by the Exchange or Clearing Agency from time to time.

8.2.6 Clients Responsible for Paying Margins

In respect of the transactions executed by trading members on behalf of their clients, the clients shall be responsible to pay margins to the trading members, who

shall be required to credit the same in the separate clients' account required to be maintained with any one or more clearing banks approved by the Exchange / Clearing Agency and in turn deposit the same with the Exchange / Clearing Agency, as may be required under the Rules, Bye-laws and Regulations of the Exchange.

8.2.7 Client Undertaking to Pay Margins When Demanded by Exchange or Clearing Agency

Every trading member shall obtain a written undertaking from each of his clients to the effect that the client shall, when called upon to do so, provide forthwith margin and/or furnish additional margins or deposits in respect of the transactions executed on behalf of the client and/or as agreed upon by the client with the trading member concerned, as may be required under the Rules, Bye-laws and Regulations of the Exchange.

8.2.8 Client Not Complying

No trading member shall make any transaction directly or indirectly or execute an order for a client who, to his knowledge, has not complied with the requirement of depositing money or security payable to any other trading member, unless such client shall have made a satisfactory arrangement otherwise with the other trading member.

8.2.9 Deposit of Moneys and Securities of Sub-broker or Client Not Complying Pending Arbitration

On an application by any creditor trading member, who refers or has referred to arbitration his claim against a sub-broker or client, who has not paid to him the amount due, in respect of the transactions done by the trading member under the Rules, Bye-laws and Regulations of the Exchange, the Relevant Authority may issue orders restraining the other trading members from paying or delivering to the sub-broker or client any moneys or securities upto an amount or value not exceeding the creditor trading member's claim against the sub-broker or client in respect of the transactions done subject to the Rules, Bye-laws and Regulations of the Exchange. On receipt of such order from the Relevant Authority, the concerned trading member or trading members shall forthwith deposit such moneys and/or securities, after satisfying his or their own dues, if any, arising out of the transactions made subject to the Rules, Bye-laws and Regulations of the Exchange and the sub-broker or client shall be deemed to have authorised the

concerned trading member or trading members to deposit the same with the Exchange. Such deposit of moneys and/or securities shall release the depositing trading member or trading members from all further liability and obligation to the counter party creditor-trading member or trading members. The application of the creditor-trading member pursuant to which the moneys and securities are deposited with the Exchange shall be deemed to form a part of the aforesaid reference to arbitration of his claim against the sub-broker or client. The moneys and securities deposited shall be dealt with in terms of the arbitral award and pending a decree shall be deposited with the Court while filing the award unless the creditor trading member and the debtor sub-broker or client mutually agree otherwise.

8.2.10 Same Client at Different Exchanges - Retention of Moneys, Securities, Receivables and Payment:

If there are any moneys, securities or any other receivables lying with or payable by any trading member or any defaulter or any expelled trading member to any sub-broker or client against any claim found admissible under the relevant Bye-laws or against an arbitration award, such moneys, securities or receivables shall be required to be deposited by the trading member on demand by the Exchange and shall be retained by the Exchange in respect of the defaulter or the expelled trading member. Where such moneys / securities / receivables are lying with the Exchange and a claim thereagainst, in writing, is received from any other stock exchange and / or SEBI for the reason that the concerned client or sub-broker has a crystallized liability to be met with, the Exchange shall not release such moneys, securities or receivables lying with it and shall process such claim in accordance with the Rules, Bye-laws and Regulations of the Exchange and / or the norms and procedures set out for processing any claim for payment out of Investors' Protection Fund of the Exchange. If the claim is admitted for payment upon its process, the Exchange, after settling the claims made by its trading members against such sub-broker or client, in full, shall pay such claim out of the moneys / securities / receivables of the sub-broker or client lying with or retained by the Exchange, as the case may be, if the moneys/ securities / receivables are adequate to pay such claim. If the moneys / securities / receivables of the sub-broker or client, as the case may be, are inadequate, the Exchange shall pay such admitted claims on a pro-rata basis.

8.3 Direct Delivery by Client

In respect of a trading member selling securities on behalf of a client, the client, whether dealing directly or through a sub-broker, shall effect delivery of securities in respect of his settlement obligations directly into the pool account of the concerned trading member, as per the schedule notified by the Exchange / Clearing Agency from time to time in this regard.

Where the delivery of securities is given by any client from his beneficiary account to the pool account of the trading member, such delivery of securities towards the settlement obligations of the client must be valid and in proper form, and not subject to any encumbrance, so as to constitute good delivery while effecting pay-out by the Exchange or Clearing Agency.

8.4 Direct Delivery to Client

In respect of a trading member buying securities on behalf of a client, the client, whether dealing directly or through a sub-broker, shall be given delivery of the securities in respect of his settlement obligations directly into his beneficiary account provided the client has remitted the full payment thereof to the account of the trading member, as per the schedule notified by the Exchange / Clearing Agency from time to time in this regard.

8.4.1 Where the delivery of securities is given by any trading member from his beneficiary or pool account, such delivery of securities towards payout to the client must be valid and in proper form and not subject to any encumbrance.

8.4.2 In respect of a trading member buying securities on behalf of a sub-broker or client, the date on which the trading member delivers such securities to the buying client direct or to his depository participant shall be deemed to be the date of delivery to the buying client.

8.5 Client to Deliver Securities Sold

A client shall deliver to the trading member by the due date any security which the trading member has sold for the client. The securities delivered must be valid and in proper form. The delivery of any security sold for a client, which the trading member is liable to deliver to the Exchange / Clearing Agency, must be valid and in proper form, and delivered in time to enable the trading member to meet the pay-in obligations in respect of these securities to the Exchange / Clearing Agency, in accordance with the relevant provisions of the Rules, Bye-laws and Regulations of the Exchange.

8.6 Client to Make Direct Payment

A client shall pay to the trading member direct all sums, which the trading member is liable to pay, on behalf of the client to the Exchange / Clearing Agency. Such payment must be made at least one banking day previous to the date on which the trading member is required to make payment to the Exchange or Clearing Agency towards pay-in, in compliance with the provisions in these Bye-laws and Regulations relating to such payment.

8.7 Failure by Client to Deliver or to Pay

A client, who fails to give delivery and/or make payment in accordance with these provisions, shall be liable to pay/compensate for any losses or damages which the trading member may incur as a result of closing out of the transactions, to the extent of payment not made or security not delivered, as the case may be

8.8 Trading Member When to Close-out Account of Client

8.8.1 Failure to Pay by Client

On the failure of a client to pay the settlement dues and/or differences in time, the trading member may close-out the transactions and / or sell the securities not paid for. In case the client fails to pay for the losses or damages sustained on closing-out effected against him by the trading member in conformity with the provisions of these Bye-laws and Regulations, the trading member may close-out his account either forthwith or at any time thereafter at his discretion during the time such client is in default, and the liability arising therefrom shall be restricted to the extent, as may be provided in the relevant Regulations from time to time.

8.8.2 Notice of and Payment on Closing-out

When the account of the client is closed out as provided in Bye-law 8.8.1 above, the trading member shall immediately send notice of such closing-out to his client and any amount due on such closing-out shall be immediately payable by the client to the trading member.

8.9 Death of Sub-broker or Client

A trading member may forthwith or at the earliest practicable date close-out all open transactions on account of a sub-broker or client, who dies and the amount payable on such closing-out shall be paid by the respective legal heirs or legal representatives on the ensuing due date of payment in respect of such transactions.

8.10 Closing-out in Case of Bankruptcy

A trading member may forthwith or at the earliest practicable date close-out all open transactions on account of a sub-broker or client who becomes bankrupt or insolvent or makes or attempts to make a compromise with his creditors or with any one of them or who shall have given any intimation or indication of the fact that he will be unable to fulfill his obligations, and the amount payable on such closing-out shall be recovered from his estate, if any.

8.11 Closing-out of the Account of Client How Effected

8.11.1 When closing out the account of a client under the provisions of the Rules, Bye-laws and Regulations of the Exchange, the trading member shall effect the close-out in the open market and if the transactions are not closed out for want of liquidity (there being no bid and / or offer for such security), the closing out shall be effected as per the provisions as may be provided for in the relevant Regulations from time to time.

8.11.2 Basis of close-out specified in Bye-law 8.11.1 shall also be applicable for non-delivery of securities by a client where on account of netting of transactions there is no obligation for the trading member to give delivery to the Exchange / Clearing Agency.

8.12 Sale Not Conditional on Transfer

A sale of securities is not conditional on the issuer of security transferring the securities to the name of the buyer when lodged for the purpose. On the sale of securities, the obligation on the seller is to tender documents that are not defective and he shall not be deemed to guarantee that the issuer of security will transfer the securities to the name of the buyer nor shall he incur any liability by reason of the refusal of the issuer of security to do so.

8.13 Trading Member Not Liable to Attend to Registration of Transfer

A trading member shall not be deemed to be under any obligation to attend to the transfer of securities and the registration thereof in the name of the client. If he attends to such work in the ordinary course or at the request or desire or by the consent of the client, he shall be deemed to be an agent of the client in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer nor be under any liability or obligation other than that specifically imposed by these Bye-laws and Regulations. The stamp duty, the

transfer fees and other charges payable to the company, the fee for attending to the registration of securities and all incidental expenses such as postage, etc. that may be incurred by the trading member shall be payable and borne by the client.

8.14 Registration of Securities When in Name of Trading Member or Nominee

When the time available to a client of a trading member is not sufficient for him to complete transfers and lodge the securities for registration before the closing of the transfer books or the record dates and where the seller is not liable for the interest, dividend, cash bonus, bonus or rights which the company may have announced or declared, the trading member may register the securities in his or his nominee's name and recover the transfer fee, stamp duty and other charges from the buying client and he shall stand indemnified for the consequences of any delay in delivery caused by such action.

8.15 Closing out by Client on Failure to Perform a Contract

If a trading member fails to pay to his client the settlement dues or differences or fails to complete the performance of a contract by delivery or payment in accordance with the provisions of the Rules, Bye-laws and Regulations of the Exchange, the client shall, after giving notice in writing to the trading member, close-out such contract through any other trading member of the Exchange within such number of trading days from the date the client is due to receive funds or securities, as may be specified in the relevant Regulations from time to time, and any losses or damages incurred as a result of such closing-out shall be immediately payable by the trading member to the client provided the client has fulfilled his obligations to the trading member. If the closing-out be not effected as provided herein, the damages between the parties shall be determined with reference to the closing prices on the days following the date of such default in such manner, as may be specified in the relevant Regulations from time to time, and all further right of recourse between the client and the trading member shall stand forfeited against each other.

8.16 Notice of and Payment on Closing-out

When the trading member's account is closed-out on account of failure, as provided in Bye-law 8.15 above, the client shall immediately send notice of such closing-out to the trading member and any amount payable on such closing-out shall be paid immediately by the trading member to his client.

8.17 No Lien on the Securities of a Client

If a trading member, who has delivered securities to the Exchange / Clearing Agency on account of his client, fails to meet settlement obligations, the client shall be entitled to claim the value of the securities so delivered at a price having reference to the closing price in such manner, as may be specified in the relevant Regulations from time to time, on offering proof of delivery that may be considered satisfactory by the Governing Board or the Managing Director or the Relevant Authority,

8.18 Complaint by a Client

When a complaint has been lodged by a client with the Relevant Authority that a trading member has failed to perform his stock broking obligations, the Relevant Authority may investigate the complaint and if it is satisfied that the complaint is justified, the Relevant Authority may suspend the trading member for such period and / or take such other disciplinary action as it deems fit

8.19 Regulation of Transactions Between Trading Members And Their Sub-brokers, Remisiers and Clients

Notwithstanding anything to the contrary contained in these Bye-laws, the transactions between the trading members and their sub-brokers, remisiers and clients shall be regulated in the manner provided in the Bye-laws relating to Compliance under Chapter-13.

8.20 Maintenance of Depository Pool Account

A trading member shall maintain a pool account with one or more depositories through depository participant/s for the purpose of settlement relating to securities. Trading members, sub-brokers and clients shall be required to deliver the securities against their respective settlement obligations relating to securities into the pool account maintained with the Exchange or Clearing Agency. The Exchange or Clearing Agency may release the securities towards pay-out due to a trading member, either to the pool account of the trading member or to the beneficiary accounts of the clients, submitted in the electronic form by the trading member, in accordance with the details, as may be provided in the relevant Regulations from time to time. The procedures relating to operation of the pool account shall be as provided in the relevant Bye-laws and Regulations of the Exchange and Business Rules of the depositories, as may be in force from time to time.

8.21 Interest, Dividends, Bonus, Rights and Calls

8.21.1 When Buyer Entitled and When Seller Entitled

The buyer shall be entitled to receive from the seller, all vouchers, coupons, dividends, cash bonus, bonus certificates or entitlements, rights and other privileges, relating to securities bought cum-voucher, cum-coupons, cum-dividends, cum-cash bonus, cum-bonus certificates or entitlements, cum-rights, etc. The seller shall be entitled to receive from the issuer and retain all vouchers, coupons, dividends, cash bonus, bonus certificates or entitlements, rights and other privileges, relating to securities sold ex-voucher, ex-coupons, ex-dividends, ex-cash bonus, ex-bonus certificates or entitlements, ex-rights, etc.

8.21.2 Adjustments As Prescribed by Exchange or Clearing Agency

The manner, mode, information requirements, alterations, date and timing, etc. of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus certificates or entitlements, rights and other privileges between the buyer and the seller shall be, as prescribed by the Relevant Authority from time to time. The trading members shall be responsible between themselves and to their respective clients for giving effect to such adjustments.

8.21.3 Obligation of Seller Under Reconstruction or Reorganization

In respect of a contract in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganization, the seller shall deliver to the buyer, as the Relevant Authority may direct, either the securities contracted for or the equivalent in securities and/or cash and/or other securities receivable under such scheme of reconstruction or reorganization.

8.22 Transactions in Government Securities

8.22.1 Not to Include Accrued Interest

Transactions in Government Securities shall be deemed not to include the accrued interest in the price and such transactions shall be subject to the accrued interest being accounted for between the buyer and the seller.

8.22.2 Payment of Accrued Interest

When the accrued interest is not deemed to be included in the contract price, the seller shall be entitled to receive from the buyer the interest accrued upto the day of payment less the amount of income tax, including surcharge, if any, deductible at source.

8.22.3 Accrued Interest When Not Payable

When the seller fails to deliver the securities on the due date of delivery, interest shall cease and the buyer shall not be liable to pay the accrued interest beyond the date on which the delivery should have been made.

8.22.4 Accrued Interest or Interest at the Ruling Bank Rate

When the buyer fails to pay for the securities on the date on which the contract falls due, the seller shall be entitled to claim either the interest accrued upto the date on which the payment is actually made or interest at the ruling Bank Rate for the days between the day on which payment should have been made and the day on which the payment is actually made, whichever is higher.

8.22.5 Government Securities When Cum and Ex-Voucher or Coupon

Transactions in Government Securities shall be ex-voucher and ex-coupon when so stipulated at the time of the transaction. In the absence of any such stipulation, such transactions shall be deemed ex-voucher and ex-coupon from the date on which the interest becomes payable.

8.22.6 Seller When Liable for Vouchers and Coupons

In respect of cum-voucher and cum-coupon transactions in Government Securities, the buyer shall be entitled to receive from the seller Government Securities with interest due for the period undrawn with the coupon sheets attached. When such securities are delivered after collecting the interest for the period or without the vouchers or without the coupons due for encashment, the full amount of income-tax, including surcharge, if any, deducted on the vouchers or coupons shall be paid by the seller to the buyer in lieu of the undelivered vouchers or coupons.

15.1.3

8.23 Transactions When Cum And Ex-Benefits

All transactions in securities shall be ex-dividend or ex-cash bonus or ex-bonus or ex-rights from such date as the Governing Board or the Managing Director or Relevant Authority may fix and notify in that behalf. All transactions before that date shall be deemed to be cum-dividend or cum-cash bonus or cum-bonus or cum-rights.

15.1.4 8.23.1 When Ex-Benefit, if Information Not Available

If information regarding the dividend or cash bonus or bonus or rights be not available to the Exchange at the stipulated time for the security to become ex-dividend or ex-cash bonus or ex-bonus or ex-rights as provided in Bye-law 8.23

above, all transactions in securities shall be ex-dividend or ex-cash bonus or ex-bonus or ex-rights from such date following the date on which such information becomes available to the Exchange, as may be decided by the Relevant Authority.

8.23.2 Trading Members Responsible for Adjustment in Respect of Ex-Dividend or Ex-Cash Bonus Transactions

On receipt of official information by the Exchange canceling or altering the declaration of a dividend or cash bonus, all ex-dividends or ex-cash bonus transactions entered upto such date as may be decided by the Relevant Authority shall be subject to modification. If the declaration of a dividend or cash bonus be cancelled, the ex-dividend or ex-cash bonus price shall be increased by the amount of the dividend or cash bonus and if there be a decrease or increase in the dividend or cash bonus declared, the ex-dividend or ex-cash bonus price shall be increased or decreased by the corresponding amount. The difference in respect of ex-dividend or ex-cash bonus transaction entered into and settled before such date shall be immediately adjusted between the buyer and the seller and the trading members shall be personally responsible between themselves and to their clients for effecting such adjustment. Ex-dividend or ex-cash bonus transactions, which have been entered into but not settled before such date, shall be completed on the basis of the prices so adjusted.

15.1.5 8.23.3 When Transactions Cease to be Ex-Cash Bonus or Ex-Dividend

On receipt of official intimation by the Exchange cancelling the declaration of a dividend or cash bonus, all transactions with effect from such date as may be decided by the Relevant Authority shall be entered into as if the security had not become ex-dividend or ex-cash bonus.

15.1.6 8.23.4 Deduction from Cum-Dividend or Cum-Cash Bonus Purchase Price

In respect of a cum-dividend or cum-cash bonus transaction, if the securities are delivered to the buyer by the Clearing Agency less than such number of days as may be decided by the Relevant Authority before the record date or date of closure of the Transfer Books for the purpose of payment of dividend or cash bonus, the Exchange or Clearing Agency may debit the account of the seller to the extent of the amount of dividend or cash bonus recommended or declared to which the buyer is entitled and correspondingly credit the account of the buyer with the same amount. When the dividend or cash bonus is not known, the Exchange may

provisionally deduct from the purchase price such amount as the Relevant Authority may fix and notify in that behalf.

15.1.7 8.23.5 Deduction From Cum-interest Purchase Price of Debentures or Bonds

In respect of a cum-interest transaction in debentures or bonds, the buyer shall deduct from the purchase price the interest on gross basis provided the securities are delivered to him by the seller or clearing agency less than such number of days before the record date or the date of closure of the Transfer Books of the debentures or bonds for the purpose of payment of interest, as may be decided by the Relevant Authority from time to time,

In respect of transactions in debentures or bonds entered into on cum-interest basis but settled after the debentures or bonds become ex-interest in the market due to the inability of the seller to deliver to the buyer the debentures or bonds in time, the buyer shall deduct from the purchase price the amount of interest on a gross basis.

15.1.8 8.23.6 Trading Members Responsible for Adjustment in Respect of Documents Sent for Transfer

If securities, in respect of which the amount of dividend or cash bonus has been deducted from the cum-dividend or cum-cash bonus price by the Exchange or Clearing Agency, are lodged for registration with the issuer before the record date or date of closure of the Transfer Books of the issuer for the purpose of dividend or cash bonus or if the actual dividend or cash bonus subsequently declared or paid by the issuer be different from the amount deducted from the cum dividend or cum cash bonus purchase price, the dividend or cash bonus or the difference, as the case may be, shall be immediately adjusted between the buyer and the seller and the trading members shall be personally responsible between themselves and to their clients for effecting such adjustment.

15.1.9 8.23.7 Claim Within Specified Period

All claims in respect of vouchers, coupons, interest, or cash bonus shall be made and adjusted as provided herein within such number of days from the date of payment of the interest, or cash bonus, as may be specified in the relevant Regulations from time to time and the trading members shall not be personally responsible between themselves or to their clients thereafter. The seller may deliver non-pari passu shares along with the payment of proportionate amount of

the dividend against his obligation to deliver pari passu shares. No claim of the buyer relating to dividend on non-pari passu shares shall be entertained by the seller after such number of days from the date of delivery of such non-pari passu shares, as may be specified in the relevant Regulations from time to time. In case of delivery of dematerialized shares through the depositories, the seller shall be required to make adjustments wherever the seller renders delivery of non-pari passu shares, as may be specified by the Relevant Authority from time to time.

15.1.10 8.24 Letters of Renunciation

8.24.1 How and When to be Tendered

Rights, carrying an entitlement, shall be settled by letters of renunciation when such letters are issued by the issuer. When proper letters of renunciation are delivered or tendered to the buyer on or before such number of days as may be decided by the Relevant Authority preceding the date fixed for the receipt of applications by the issuer or before such other date as the Relevant Authority may fix and notify in that behalf, the seller shall be relieved of all further liability in respect of such rights issues. A buyer shall not be bound to accept letters of renunciation not tendered within the prescribed time. Renunciation in rights issued may be settled by delivery of letters of renunciation.

8.24.2 Non-Delivery of Letters of Renunciation

If the settlement of claims to rights issues be not made by letters of renunciation by reason of the failure of the seller to deliver such letters of renunciation within the prescribed time, the seller shall be responsible for obtaining the rights issues and the buyer shall not be under any obligation to pay for the rights in advance. The seller shall also be responsible to the buyer for the extra expense of transfer, if any.

15.1.11 8.24.3 Payment in Respect of Rights

When the issuer does not issue the letters of renunciation, all payments as and when required by the Issuer in respect of issue of securities against the rights shall be advanced to the seller by the buyer in respect of a cum-rights transaction and the seller shall be bound to render every assistance for transfer of such rights securities to the name of the buyer.

15.1.12 8.24.4 Seller Trustee for Buyer

The amount in respect of rights to be paid to the issuer shall be paid by the buyer to the seller in respect of a cum-rights transaction in sufficient time and the buyer

may demand a receipt for the same. In such cases, trading members shall not be personally responsible and the selling sub-broker or client shall be deemed to be a trustee for the buying sub-broker or client in respect of such payments. The seller shall, however, be bound to render every assistance to the buyer in getting the rights securities from the selling sub-broker or client.

15.1.13 8.24.5 Buyer to Bear Transfer Expenses

When the issuer does not issue letters of renunciation, the expenses of transferring the rights securities to the name of the buyer shall be borne by the buyer.

15.1.14 8.25 Trading Members When Liable for Dividend or Bonus or Cash Bonus or Rights

In respect of cum-dividend, cum-cash bonus, cum-bonus or cum-rights transactions, selling trading members shall be personally responsible for the dividend, cash bonus, bonus issue or rights on the securities only when such securities are delivered to the buying trading members by the Clearing Agency less than such number of days before the record date or date of closure of the Transfer Books for the purpose of dividend, cash bonus, bonus issue or rights, as may be specified by the Relevant Authority from time to time.

8.26 Rights and Obligations of Buying Sub-brokers or Clients and Selling Sub-brokers or Clients

Trading members shall not be liable between themselves or to their sub-brokers or clients for vouchers, coupons, dividend, cash bonus, bonus issue or rights and other privileges save as provided in Bye-law 8.25 but nothing contained therein shall affect the rights and obligations of the buying and selling sub-brokers or clients respectively (where the buying trading members and/or selling trading members have dealt on their own account as principals include such trading members) between themselves as principals or shall affect the liability of the selling sub-brokers or clients in respect of such dividend, cash bonus, bonus issue or rights or other privileges.

8.27 Payment of Calls by Seller Where Obligatory

If securities have been purchased on condition that they should be paid up in respect of a particular call (with interest or other charges, if any) and the seller has not paid the same, the buyer may claim from the seller the call money together with interest or other charges, if any, so payable and shall be entitled to set off such call money together with interest or other charges against the price.

8.28 Payment of Calls by Seller Where Optional

A seller of partly paid securities may, previous to delivery, pay any call made on the securities though the last day fixed for payment of such call may not have expired. The seller shall then be entitled to claim the call money so paid from the buyer and may add the same to the purchase price.

8.29 Payment of Calls by Buyer

A buyer shall pay every call or contribution which becomes payable to the issuer after delivery of the certificate by the seller and transfer of securities in his name. The buyer shall, however, not be obliged to pay such call or contribution if the issuer refuses to register the transfer on account of any lien or for any other reason. In any other case, if the buyer fails to make such payment and the seller has to pay the same, the seller shall be entitled to claim and recover the same from the buyer, notwithstanding that the buyer has submitted the transfer documents to the issuer, who refuses to transfer the same to the buyer, for whatever reason.

8.30 Trading Members Not Liable for Calls

Save as provided in these Bye-laws and Regulations, no trading member shall, in respect of any transaction made by him on behalf of a sub-broker or client, be personally liable or responsible in any way to any party or person for making payment of calls made by an issuer.

15.1.15 8.31 Issuer in Liquidation

If a company be wound up on the date of the contract or between the date of the contract and the due date of delivery, the buyer shall nevertheless pay to the seller the purchase money and the seller shall be entitled to recover from the buyer any contribution or call required to be paid even though the liquidator refuses to consent to the transfer. If the buyer or his nominee cannot get the securities transferred to his name, the seller shall, if required to do so by the buyer and at the buyer's cost, arrange for the assignment of the seller's title to and the rights in the securities to the buyer or his nominee and for the execution of an irrevocable Power of Attorney in favour of the buyer or his nominee to enable him to recover any return of capital and dividends becoming payable after the date of the contract in respect of the securities bought.

15.1.16 8.32 Delivery of Equivalent Securities

In respect of a contract in securities which shall become or are exchangeable for new or other securities and/or cash and/or other securities under a scheme of reconstruction or reorganisation, the seller shall deliver to the buyer equivalent securities as the Relevant

Authority may direct, which may be either the securities contracted for or the equivalent in securities and/or cash and/or other securities receivable under such scheme of reconstruction or reorganisation.

5.1.1.1. MARKET SURVEILLANCE AND INVESTIGATION

9. Market Surveillance and Investigation

The Exchange shall provide adequate and effective surveillance and monitoring mechanism for the purpose of initiating timely and pro-active measures to facilitate checking and detecting suspected or alleged market manipulation, price rigging or insider trading to ensure the market integrity and fairness in trading. For this purpose, the Exchange may, from time to time, apply, adopt, determine and implement various measures, mechanisms and requirements, as may be provided in the relevant Regulations and as may be decided by the Relevant Authority from time to time.

9.1 Price Bands

There may be daily/intra-day/weekly price bands, as the case may be, for all the securities, as may be provided in the relevant Regulations from time to time, except in respect of securities in which trading in its derivative instruments is permitted and the securities included in the indices on which derivative products are available for trading, unless specifically decided otherwise by the Relevant Authority. These price bands may be made uniformly applicable and implemented at all the stock exchanges. The base price, in relation to a security, shall be determined in such manner, as may be provided in the relevant Regulations from time to time. The Exchange shall publish the changes effected in the price bands on the Website / ATS of the Exchange, latest on the next working day.

9.2 Circuit Breakers or Filters

There may be market wide circuit breakers, as may be decided by the Relevant Authority from time to time. There may be circuit filters specific to securities, as may be decided by Relevant Authority from time to time. Market wide circuit breakers or security specific circuit breakers shall cause temporary or permanent trading halts for market as a whole or specific to a security, as the case may be, and as may be decided by the Relevant Authority from time to time.

9.3 Market Alerts or Watch

There shall be pre-determined parameters to generate alerts in securities, based on abnormal fluctuation in prices or volumes, variations in the order or trade prices and/or order or traded quantities in relation to time intervals or trading members' activities, or by following any other criteria.

9.4 Alerts to Trading Members

The Exchange shall, on the basis of pre-determined parameters relating to aberrations in prices and volumes of transactions, identify the securities and disseminate information about the same to the trading members cautioning them to be alert / to exercise due diligence, while dealing in such securities, at such intervals, as may be specified in the relevant Regulations from time to time,

9.5 Rumour / News Verification

On the basis of rumour / news appearing in print media in relation to any corporate development in respect of any listed company, necessary clarification or confirmation shall be sought, from the concerned company and such clarification or confirmation shall be disseminated to the market through electronic media by the Exchange as soon as possible from the time such confirmation or clarification is received.

9.6 Dissemination of Price Sensitive Information to Market or Public

Any price sensitive information in relation to any securities received from a company shall be disseminated to the market or public through electronic display, as soon as possible, as may be provided in the relevant Regulations from time to time. The price sensitive information shall include any positive / negative information capable of influencing the movement of prices and may, inter alia, relate to dividend, bonus, rights and/or any other privilege being considered in favour of shareholders, in general, and/or any other information, such as strike, lock-out, closing of any unit, etc.

9.7 Preventive Measures

For reasons of suspected or alleged market manipulation, price rigging or insider trading or any other similar reason, the Relevant Authority may at its discretion, take at any time any of the corrective actions and for such period, as may be decided by the Relevant Authority from time to time, which may include the following:

9.7.1 disallow trading in any security or securities in the specific segment or market types, or

9.7.2 take such measures, as may be provided in the Bye-laws and Regulations relating to risk management, as may be specifically provided under the Bye-laws relating to additional/special risk containment measures, and

9.7.3 Whenever trading in any security is suspended by any stock exchange for market manipulation, price rigging or any other similar reason, the Exchange shall ipso facto suspend trading in such security on receiving intimation in writing from the concerned stock exchange to that effect, and shall revoke suspension on

receiving intimation so to do, from the concerned stock exchange which had suspended trading, or as may be directed by SEBI.

9.8 Price or Quantity Freeze

The Relevant Authority may, from time to time, decide various parameters like price, quantity, value or such other parameters for the purpose of applying price, quantity or value freeze to any order placed by any trading member and such order shall be allowed to be processed for execution only after ascertaining from the trading member about the genuineness of the order and about adequacy of capital with the Clearing Agency. The Exchange or Clearing Agency shall, on best endeavour basis, proceed to ascertain and complete this process. The Exchange or Clearing Agency shall, however, in no way, be liable for any delay in completing the process for execution and attendant consequences, if any.

9.9 Trade Cancellation or Modification

The Relevant Authority may, at its discretion, cancel/modify a trade, either in part or in full, at any time, where it is satisfied that the circumstances warrant such measure in the interest of market integrity and fairness in trading, without any written or oral request from the concerned trading members to the trade and without giving any reason thereof. Wherever any trade or trades are cancelled or modified in pursuance of the discretion exercised by the Relevant Authority as provided herein, such cancellation and/or modification shall be final, binding and conclusive for the concerned trading members and/or sub-brokers and/or clients.

9.10 Surveillance Analysis of Alerts

The alerts generated as provided herein shall be analysed by taking into account concentration of transactions by trading member(s) and/or by client(s) at gross level and/or net level, price movements, prima facie relationship between client(s) and/or trading member(s), and/or other related or connected person(s), price sensitive corporate announcements or news or any other relevant information, cause or reason, which is likely to influence the movement of price and/or activity in the transactions, as may be provided in the relevant Regulations or as may be decided by the Relevant Authority from time to time.

9.10.1 Trading Member Required to Furnish Information or Details

Every trading member shall be required to furnish all updated details of client(s), alongwith all the enclosures, as may be prescribed in the relevant client registration form under the relevant Regulations, as may be in force from time to time, order or trade details in respect of security/securities, and other relevant documents, as may be prescribed in the relevant Regulations from time to time and such other information, details and/or document which, in the opinion of the Relevant Authority, are necessary for the purpose of conducting and completing the analysis under Bye-law 9.10 and are essential to constitute evidence for the purpose of investigation.

9.10.2 Non-Compliance by Any Trading Member in Furnishing Information or Details or Documents Demanded

If any trading member fails and/or delays in providing any information, details or documents, as may be required herein or as may be provided in the relevant Regulations within the stipulated time, as may be specified by the Relevant Authority from time to time, such trading member shall render himself liable for fine and/or any other disciplinary action, as may be provided in the Rules, Bye-laws and Regulations of the Exchange from time to time.

9.10.3 Conclusion of Analysis

Based on the details obtained from the concerned trading members as provided herein and after analyzing them taking into account such parameters, as may be provided in the relevant Regulations and as may be decided by the Relevant Authority from time to time, which may relate to liquidity of securities, concentration at gross level as well as at net level, both for clients and trading members, the securities where concentration coupled with prima facie observation of suspected relationship between trading members and/or between clients of trading members and/or between any other persons related or connected to the trading members and/or to the clients and/or to the directors or any officials of the company whose securities are being analyzed, such cases shall be required to be further taken up for detailed scrutiny and investigation. All other cases, where such concentration and/or such prima facie relationships are not observed, shall not be taken up for further scrutiny and investigation and as such shall be closed after proper recording, as may be provided in the relevant Regulations from time to time.

9.11 Detailed Scrutiny and Investigation

All cases not closed as provided in Bye-law 9.10 shall be taken up for investigation requiring the concerned trading member(s) to provide various details relating to the relevant period of investigation, including complete trade or order details of client(s), updated details of client(s), as may be prescribed in the relevant client registration form along with all the enclosures as may be prescribed by the Relevant Authority from time to time, copies of member-client agreements, relevant documents, including memorandum of association, balance sheet, statements of trading members' bank or demat accounts and such other information, details and documents, as may be specified by the Relevant Authority and within such time as may be stipulated from time to time.

9.11.1 Conclusion of Scrutiny and Investigation

Based on the information, details and documents obtained from the concerned trading members and after detailed analysis, an inference shall be drawn as to whether or not there appears to be

any involvement of trading member(s), either by themselves or through their partner(s) or their director(s) or associate(s) or with other trading member(s) and/or through their partner(s) or their director(s) or associate(s), or clients either by themselves or through their partner(s) or their director(s) or associate(s) or with other trading member(s) and/or through their partner(s) or their director(s) or associates and companies, by themselves or by their other directors and/or officials, whose security is being scrutinized and investigated, which suggest relationship or collusion, pattern in trading, nature of deals appearing to be cross deals or structured deals, or any other deals executed by a trading member or trading members with a design or an intent to rig or manipulate the price and/or activity in such security or conducting business in any manner in violation of the provisions contained in SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 or leaving a suspicion of being privy to inside information and executing orders to the advantage of entities privy to inside information, whether knowingly or otherwise.

9.11.2 Post Investigation Action Against Trading Member

In case where the inference drawn is against any trading member(s), such cases shall be taken up for suitable disciplinary action, as may be provided in the relevant Regulations from time to time.

9.11.3 Post Investigation Action Against Client or Company Director or Company Official

In case where the inference drawn is against any client(s), a director or an official of a company, such cases shall be forwarded to SEBI for such action as may be deemed fit by SEBI.

9.11.4 Post Investigation Action

In case where the inference drawn is against trading member(s) as well as client(s), or a director or an official of a company, action as stipulated above against the concerned trading member(s) shall be initiated by the Exchange without prejudice to the action that may be taken by SEBI against the concerned trading member for the same offence and for action against client(s), or a director or an official of a company, such cases shall be forwarded to SEBI for such action as may be deemed fit by SEBI.

9.11.5 Cases Treated as Closed After Scrutiny And Investigation

If a case does not fall under any of the aforesaid categories requiring action, such case shall be treated as closed after proper recording, as may be provided in the relevant Regulations from time to time.

9.12 Impounding of Auction And Close-out Proceeds

15.1.17 If the Relevant Authority is satisfied that there are justifiable reasons to believe that the proceeds or pay-out against any transactions in any one security or set of securities or auction or close out should not be released, the Relevant Authority may, at its discretion, after recording the reasons in writing, decide and order to keep in abeyance such proceeds or pay-out otherwise due to be released to any trading member and/or any client, until a detailed investigation is carried out and the investigation report is submitted to the Relevant Authority. If the investigation report draws a conclusion that releasing of proceeds or pay-out to any trading member and/or any client will tantamount to benefiting such trading member and/or client involved in manipulation or in any other fraudulent transaction, the Relevant Authority may, at its discretion, after affording an opportunity of being heard to the affected trading members or clients, decide and order to impound such proceeds or pay-out and credit such amount to such fund, as may be decided by the Relevant Authority from time to time.

9.13 Disclosure of Action Taken

Where the Relevant Authority has taken any disciplinary action against any trading member found to be guilty on any of the above reasons, the Exchange shall immediately display such action on its Website and inform SEBI.

9.14 Code of Ethics

The Exchange shall strictly enforce applicable code of ethics, on the trading members, directors, members of various committees and employees of the Exchange, as may be specified by SEBI from time to time.

9.15 Co-ordination Between Stock Exchanges

To facilitate better and quicker co-ordination among the stock exchanges, the Exchange shall designate a co-ordination officer who may be contacted for immediate exchange of information and establish a mechanism for exchange of information relating to price movements, circuit breakers or filters or any other information found necessary, so as to be effective in risk management, surveillance and investigation areas.

CHAPTER – 10

RISK MANAGEMENT

10 Risk Management

The Exchange shall provide adequate and effective risk management mechanism for creating a proper risk management framework and for enforcing the requirements uniformly, to the extent possible, which may be provided herein, or provided in the relevant Regulations from time to time, to ensure market safety and security and to ensure smooth and orderly completion of settlement of transactions.

10.1 Capital Adequacy

The Exchange shall prescribe appropriate capital adequacy norms for the different trading segments, which shall be in accordance with the requirements, as may be prescribed by SEBI from time to time.

10.1.1 Base Minimum Capital

Every trading member/clearing member shall be required to maintain base minimum capital at all times as provided under the relevant Rule.

10.1.2 Additional Base Capital

A trading member/clearing member, in consideration of his business requirements, may deposit additional base capital at any point of time in such form and in such proportion, as may be prescribed in the relevant Regulations from time to time, and such deposit shall be withheld or released to the trading member / clearing member, as may be decided by the Relevant Authority from time to time.

10.1.3 Value of Securities to be Maintained

If a trading member/clearing member has deposited approved securities with the Exchange or Clearing Agency towards base minimum capital and/or additional base capital or for any other purposes, such securities shall be valued at such rates applying such hair-cut and at each intervals, as may be provided in the relevant Regulations from time to time. In case of any shortfall arising on account of such valuation, a trading member/clearing member shall be required to make good the shortfall amount by depositing the equivalent amount or other approved collateral of equivalent value within such period, as may be decided by the Relevant Authority from time to time.

10.1.4 Upper Limit

There shall be an upper limit for creating obligations through transactions for every trading member / clearing member, either by himself or otherwise, as may be prescribed in relation to the base minimum capital and additional base capital, as may be decided by the Relevant Authority from time to time.

10.1.5 Online Position Monitoring System

The Exchange or Clearing Agency shall have an online position monitoring system to facilitate displaying alerts upon any trading member/ clearing member, crossing pre-determined levels of net exposure or turnover, either by himself or otherwise, compared to allowable net exposure or turnover, as is applicable. The terminals of the concerned trading members or the terminals of the trading members associated with the concerned clearing members shall automatically be de-activated, whenever an allowable limit of net exposure or turnover, as is applicable, is exceeded. Such monitoring may relate to positions in specific scrips, over all positions, crystallized losses, notional losses, keeping in view the current price level of the securities and such other details required to facilitate effective risk management.

10.1.6 Non-Compliance

Any trading member / clearing member not complying with the requirements specified above and in the Regulations applicable thereto, shall be liable for penal or disciplinary action, as may be provided under the Rules, Bye-laws and Regulations from time to time

10.2 Margin Requirements

Transactions in securities shall be subject to margin requirements and every trading member / clearing member shall deposit or pay such amount of margins and in such form, as may be prescribed by SEBI or the Exchange or Clearing Agency and in turn collect such margins from their clients.

The Exchange / Clearing Agency may provide an automatic mechanism to compute margin liability taking into account the obligations, arising out of the transactions executed in the capital market segment, futures and options segment and any other segment/s that the Exchange may have at any point of time and after providing for such risk containment mechanisms, as may be put in place by the Exchange / Clearing Agency or as may be directed by SEBI from time to time.

10.2.1 Margin on Gross Client Basis

All margins shall be computed and payable by all clients on gross basis, except those exempted by SEBI from time to time, at such rate, form and proportion, as may be decided by SEBI and/or the Exchange or Clearing Agency, and as may be provided in the relevant Regulations from time to time.

10.2.2 Mark to Market Margin

Every trading member / clearing member shall be liable to pay mark to market margin in the form, proportion and at the time, as may be provided in the relevant Regulations on the basis of a report downloaded or provided by the Exchange or Clearing Agency from time to time.

10.2.3 Normal Margin

Every trading member / clearing member shall be liable to pay normal margin, which may be on the basis of value at risk (VaR) or any such other basis approved by the Relevant Authority and keeping in view the volatility and liquidity, in the form, proportion and at the time, as may be provided in the relevant Regulations on the basis of the information or a report downloaded or provided by the Exchange or Clearing Agency from time to time.

10.2.4 Additional or Special Margin

A trading member / clearing member shall be liable to pay additional margin, as may be decided by the Relevant Authority from time to time, on the basis of concentration of position by the trading member or by the trading members associated with the clearing member, in any one or group of securities, fluctuations in prices, crystallized loss in relation to the closing price, notional loss worked out by applying statistical parameters, unusual pay-in liability in consideration of average pay-in liability, positions in illiquid securities or for any other reason, as may be deemed necessary by the Relevant Authority from time to time. Such margin shall be payable in the form, proportion and at the time, as may be provided in the relevant Regulations from time to time.

10.2.5 Client Liability to Pay Margin Upfront

Any client placing an order for buy or sell of a security shall be required to deposit or pay margin upfront to the concerned trading member / clearing member, through whom such order is being placed, in the form, proportion and at the time, as may be provided in the relevant Regulations from time to time. The client shall be liable to pay all types of margin as are applicable to and levied by the Exchange or Clearing Agency on the trading members / clearing members, as may be provided in the relevant Regulations from time to time.

10.2.6 Deposit or Margin to be Kept in Separate Bank Account

Every trading member / clearing member shall ensure that any amount deposited or paid by any client towards buy or sell of any security shall be kept and maintained in a separate bank account and shall be used only for the purpose of meeting the liability of the concerned client and not for any other purpose unless specifically authorized by the concerned client. If this requirement is not strictly adhered to by any trading member / clearing member, such trading member / clearing member shall render himself liable for penal and / or disciplinary action, as may be provided in the relevant Regulations from time to time.

10.2.7 Exemption From Margin

Any transaction executed on the ATS by a trading member for and on behalf of any of the institutions, as may be specified in the relevant Regulations from time to time, may be exempt from payment of margin.

10.2.8 Withholding Additional Base Capital or Margin

The Clearing Agency may, at its discretion, or shall on the instructions of any stock exchange or the Exchange may, at its discretion, withhold release to a trading member / clearing member additional base capital or margin deposited by that trading member / clearing member with the Clearing Agency or the Exchange for any period, as may be decided by the Clearing Agency or the Exchange. Where a trading member / clearing member has open transactions, he shall continue to pay applicable margin or discharge other obligations without taking into account such additional base capital or margin withheld by the Clearing Agency or the Exchange, notwithstanding that such additional base capital or margin is lying deposited with the Exchange or Clearing Agency.

10.3 Capital, Margin Money and/or Other Money to be Held by the Exchange or Clearing Agency.

The base minimum capital, additional base capital, margin money and/or other money shall be held by the Exchange or Clearing Agency, as may be provided in the relevant Regulations from time to time. In case of bank deposit receipts and approved securities, they shall be held in the form and manner, as may be provided in the relevant Regulations from time to time.

10.4 Lien on Moneys or Securities

The base minimum capital, additional base capital, bank deposit receipts, securities, other moneys and assets deposited by a trading member / clearing member shall be subject to a first and paramount lien for any sum due to the Exchange or Clearing Agency. Subject to this, the amount deposited towards margin shall be available, in preference to all other moneys of the trading member / clearing member, for the due fulfillment of his engagements, obligations and liabilities arising out of or incidental to any trade, transactions and contracts made on the ATS of the Exchange or anything done in pursuance thereof.

10.5 Early Pay-in of Funds And Securities

The Exchange or Clearing Agency shall make necessary arrangements to facilitate trading members / Clearing members to effect early pay-in of funds and/or securities through electronic mode for themselves and/or for and on behalf of their clients and give corresponding benefit in exposure and/or margin thereagainst, as may be provided in the relevant Regulations from time to time.

10.6 Additional or Special Risk Containment Measures

Besides the requirements specified hereinabove, the Exchange or Clearing Agency shall have absolute right to initiate additional or special risk containment measures on the market as a whole or on specific trading members / clearing member or specific securities, as may be warranted, depending upon the condition and development taking place in the market and with a view to providing greater safety and security to the settlement system, as may be provided in these Bye-laws and relevant Regulations from time to time, and all transactions in the securities shall be deemed subject to such additional and special risk containment measures. If, in the opinion of the Relevant Authority or SEBI, an exceptional situation exists or has arisen or is likely to occur, which may make free trading in the securities extremely difficult, the Relevant Authority may take such action, as deemed fit, for stabilizing the market. Without in any way limiting or derogating from the generality of this provision, the Relevant Authority may proceed and initiate such measures as hereinafter provided:

10.6.1 Acquiring Control

Whenever the Relevant Authority is of the opinion that an interested person or group of interested persons has indulged in cornering any security or securities whereby delivery on existing transactions cannot be obtained through normal closing out process, the Relevant Authority may prohibit further trading in such security or securities, subject to such restrictions as it may determine, notwithstanding anything to the contrary contained in these Bye-laws and Regulations.

10.6.2 Exceptional Situation

In an exceptional situation of a panic or bear raid or of reckless heavy sales, or where prices are unduly depressed, or where prices are rigged up, or fair or normal market does not or may not exist, the Relevant Authority may, for such period or periods continuously as it may determine from time to time, initiate at any time, the following measures:

10.6.2.1 Restrict or Prohibit Trading

Restrict or prohibit further trading in any security or securities, while permitting closing-out in any security or securities, prohibit short selling or fix minimum prices or restrict or prohibit long purchases or fix maximum prices subject to such conditions and restrictions as the Relevant Authority may from time to time determine, notwithstanding

anything to the contrary contained in these Bye-laws and Regulations, that may be in force from time to time.

10.6.2.2 Initiate Various Risk Containment Measures

The Relevant Authority may, pending investigation as may be decided by it at the relevant time, initiate such other risk containment measures on specific trading members / clearing members or specific securities, as deemed fit, taking into account the market conditions prevailing then and to ensure safety and security to the settlement system. These risk containment measures may include differential exposure to different set of securities, imposing specific margin on specific security or securities, requiring closing-out of open positions in any security, specifying limits on outstanding positions and/or on net exposure, shifting securities from normal trading to trade for trade trading, suspension of any security from trading, fixing of maximum price in a security, suspension of buying-in, fixing of minimum price in a security, suspension of selling-out, keeping in abeyance the pay-out in respect of any security or securities, either in full or in part, and such other measures, which in the opinion of the Relevant Authority are deemed necessary and subject to applying such conditions as deemed necessary at the relevant time.

10.7 Non-Compliance of Capital Adequacy and Margin Requirements

If any trading member / clearing member fails to comply with any one or more of the requirements of capital adequacy and/or margin requirements contained herein above, such trading member and/or trading members associated with the clearing member shall be liable for de-activation of the trading facility forthwith and consequential measures of closing out of positions, selling out of securities withheld, penalty, penalty points or disciplinary action, as may be provided in the relevant Regulations from time to time, shall automatically be initiated and the trading facility shall remain de-activated until all the requirements are fully complied with. The Managing Director or Relevant Authority may, however, order continuation of de-activation of the trading facility of the trading member and/or of the trading members associated with the clearing member for

such longer period as may be decided by him after recording the reasons in writing.

10.8 Non-Compliance by Clients

In case of non-payment of up-front margin and/or applicable margin by a client to facilitate the concerned trading member / clearing member to make available such money at the appointed time in making payment to the Exchange / Clearing Agency, the trading member / clearing member shall have a right to close out the outstanding transaction of such client by selling and/or buying the securities, unless the client has an equivalent or more credit in any form available with the trading member / clearing member. The loss, if any, incurred on closing out of such transactions, shall be payable by the client and the trading member / clearing member shall have the right to adjust the said loss amount from any money deposited by the client with the trading member / clearing member or from any money due to the client by the trading member / clearing member. The gain, if any, arising out of such closing out shall be paid to the client by the trading member / clearing member, within two working days of payout.

10.9 Evasion of Margin Requirements Forbidden

No trading member / clearing member shall directly or indirectly enter into any arrangement or adopt any practice for the purpose of evading or assisting in the evasion of the margin requirements.

CHAPTER-11
CLEARING AND SETTLEMENT PROCEDURES

11.1 General Requirement

11.1.1 Settlement by Clearing Agency

Unless otherwise prescribed by the Governing Board or Managing Director or Relevant Authority, all transactions in securities shall be settled through the Clearing Agency, by delivery and payment by the clearing members to the Clearing Agency, in accordance with the provisions in that behalf contained in these Bye-laws and the relevant Regulations or such other provisions, as the Governing Board or Managing Director or Relevant Authority may from time to time prescribe.

11.1.2 Settlement Bye-laws and Regulations Form Part of Contracts

The Bye-laws and Regulations in force from time to time relating to any procedure for clearing and settlement of transactions by or through the Clearing Agency and the resolutions, notices, directions, decisions and ruling of the Governing Board or Managing Director or Relevant Authority thereunder for the time being in force and posted on the notice board of the Exchange or displayed on the ATS of the Exchange or communicated through any other medium shall form part of the terms and conditions of every contract entered into by any trading member with his sub-brokers or clients and between trading members, inter-se, in any security or securities.

11.1.3 Settlement Procedure

The Relevant Authority of the Exchange or Clearing Agency shall prescribe the procedure, schedule, manner and mode to be followed in respect of settlement of all contracts entered into or to be entered into in any security or securities by the clearing members through the Clearing Agency. All the clearing members, custodians, clearing banks, depositories, depository participants and other persons having beneficial interest in settlement shall comply with the provisions contained in the Rules, Bye-laws and Regulations of the Exchange and the settlement procedure and the orders, directions, notices, circulars and other notifications, as may be issued by the Governing Board or Managing Director or Relevant Authority of the Exchange or Clearing Agency from time to time.

11.1.4 Contracts Subject to Change in Settlement Procedure

The Relevant Authority of the Exchange or Clearing Agency may, at any time, resolve and through a notice in that behalf posted on the notice board of the Exchange or displayed on the ATS of the Exchange or communicated through any other medium, bring into effect in respect of any transaction entered into any substitution of or any additions to, deletions from or variations, alterations or amendments in any settlement procedure, schedule, manner and mode prescribed therefor from time to time.

11.2 Exchange or Clearing Agency

11.2.1 Functions of Clearing Agency

The Exchange shall maintain a Clearing Agency, which may be a Clearing House or a Clearing Corporation and such Clearing Agency shall be under the control of the Governing Board or Managing Director or Relevant Authority of the Exchange. The functions relating to clearing and settlement of transactions and risk management shall be performed by the Exchange or Clearing Agency or any other person authorised by the Exchange on its behalf. The Clearing Agency shall act as the common agent of the clearing members for clearing and settlement of obligations of the clearing members and for delivering securities to and receiving securities from clearing members and making payment to and receiving payment from clearing members in connection with any of the obligations and to do all acts and functions necessary or proper for carrying out the foregoing purposes. The Clearing Agency may be part of the Exchange or may be a subsidiary of the Exchange or an outside agency that may be appointed by the Exchange to perform clearing and settlement functions.

11.2.2 Liability of the Exchange or Clearing Agency

No liability shall attach either to the Exchange or the Governing Board or any member of the Governing Board or any employee of the Exchange or the Clearing Agency by reason of anything done or omitted to be done by the Exchange or Clearing Agency in the course of its operations nor shall the Exchange or the Governing Board or any member of the Governing Board or any employee of the Exchange or Clearing Agency be liable to answer in any way for the title, ownership, genuineness, regularity or validity of any securities, transfer deeds or any other documents passing through the Clearing Agency nor shall any liability attach to the Exchange, the Governing Board or any member of the Governing

Board or any employee of the Exchange or Clearing Agency in any way in respect of such securities, transfer deeds and any other documents.

11.2.3 Guaranteeing Settlement Obligations, Certain Transactions Excluded

The Settlement Guarantee Fund maintained by the Exchange or the Clearing Corporation shall guarantee settlement of obligations of clearing members. The transactions not covered under the provisions of the Settlement Guarantee Fund shall be excluded from the guarantee.

11.2.4 Liability of Trading Member / Clearing Member

No liability shall attach to any trading member of the Exchange or clearing member of Clearing Agency, for any delay on its part in the course of its operations.

11.2.5 Clearing Agency to Deliver Securities at Discretion

11.2.5.1 Clearing Agency shall be entitled, at its discretion, to deliver securities which it has received from a clearing member (or to instruct a clearing member to give direct delivery of securities which he has to deliver) under these Bye-laws and Regulations to another clearing member who shall be entitled under these Bye-laws and Regulations to receive delivery of securities of a like kind.

11.2.5.2 The Clearing Agency may, at its discretion, determine settlement obligations relating to delivery and receipt of securities by and between clearing members to be exchanged through the clearing and settlement system of the Exchange or Clearing Agency, as may be in force from time to time, notwithstanding that no direct contract exists between them to have made a contract with each other as sellers and buyers.

11.2.5.3 The Clearing Agency shall be entitled to deliver securities which it has received from a clearing member to another clearing member, who shall be entitled to receive delivery of securities of a like kind, under these Bye-laws and Regulations in force from time to time.

11.2.6 Privity of Contract

Clearing members giving and receiving delivery as provided in Bye-law 11.2.5 shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with each other as sellers and buyers. The rights and

liabilities of such clearing members in relation to their immediate contracting parties shall, however, not be deemed to be affected thereby except that the selling clearing member, who is the immediate contracting party of the receiving clearing member shall be (unless he be himself the delivering clearing member) released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving clearing member and in regard to the loss and damages arising therefrom which shall be dealt with in accordance with the Bye-laws and Regulations relating to Documents and Registration.

11.2.7 Release of Intermediaries

If a clearing member delivers securities outside the Clearing Agency except when so provided in these Bye-laws and Regulations or so directed by the Governing Board or Relevant Authority, clearing members delivering and receiving such delivery of securities shall release all intermediate parties from all liabilities. The deliverer of securities shall alone remain responsible to the receiver of the securities.

11.2.8 Governing Board Trustees

All sums of money paid to the Clearing Agency and all credits appearing in the books of the Clearing Agency on account of any clearing member or custodian entitled thereto shall be held by the Exchange or Clearing Agency in trust for such clearing member or custodian, save and except any dues payable by such clearing member to the Exchange or Clearing Agency, on any account whatsoever, under the Rules, Bye-laws and Regulations of the Exchange / Clearing Agency. The making of such payment or credit entry shall be deemed to be payment or credit by such clearing member or custodian. No other clearing member or custodian shall be entitled to levy any attachment or execution thereon and neither any clearing member or custodian thereof nor any other person shall, subject to any law for the time being in force, be deemed to have any right, title or interest in or to any such money or credit.

11.2.9 Charges and Bills by the Exchange or Clearing Agency

11.2.9.1 Exchange or Clearing Agency Bills

The Exchange or Clearing Agency may periodically render bills for the fees, charges, fines and other dues payable by the clearing members or custodians to the Exchange and/or Clearing Agency.

11.2.9.2 Charges for Settlement

The Governing Board or Managing Director or Relevant Authority or Clearing Agency shall from time to time prescribe the scale of settlement charges for the settlement of transactions through the Clearing Agency as well as charges, fines and other dues payable on account of the transactions settled through the Clearing Agency and debit the amount payable by the clearing members or custodians to their accounts with the Clearing Agency, as may be prescribed by the Exchange or Clearing Agency from time to time.

11.2.10 Right to information

The Exchange and/or Clearing Agency may call for such information from the clearing members, custodians, clearing banks, depositories and depository participants about securities and payments relating to transactions, as may be deemed necessary by it from time to time, in accordance with any arrangement in vogue and for the purpose of redressing any claim or disputes or for the purpose of investigation. The clearing members, custodians, clearing banks, depositories and depository participants shall make available the required information, within such time and in such form, as may be specified by the Exchange or Clearing Agency from time to time.

11.2.11 Levy of Penalty

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may from time to time prescribe the schedule of penalty, to the extent possible, to be imposed for failure by any clearing member to comply with the provisions in the Bye-laws and Regulations relating to the settlement of transactions and the resolutions, orders, notices, circulars, directions, decisions and ruling of the Governing Board or Managing Director or Relevant Authority or Clearing Agency that may be in force from time to time.

11.3 Clearing Banks

11.3.1 Empanelment of Clearing Banks

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may from time to time empanel, for rendering banking services, one or more banks, which satisfy the terms, conditions and requirements, as may be prescribed by the Exchange or Clearing Agency from time to time. The Governing Board or Managing Director or Relevant Authority may, at its discretion, remove any clearing bank empanelled and also add any bank as an empanelled clearing bank.

11.3.2 Functions of Clearing Bank

The empanelled clearing bank(s) shall act as an agent of the Exchange or Clearing Agency for collection and payment of funds towards settlement obligations, margins and such other dues.

11.3.3 Clearing Members to Have Designated Accounts With Clearing Bank

Every clearing member of the Clearing Agency shall maintain a designated bank account with any of the clearing banks. The clearing members shall operate the designated bank accounts only for the purpose of payment of their monetary obligations to the Exchange or Clearing Agency and/or monetary entitlements from the Exchange or Clearing Agency. No clearing member shall operate this designated bank account for any other purpose.

11.3.4 Clearing Bank(s) to Act on Instructions of the Exchange or Clearing Agency

The Managing Director or Relevant Authority or Clearing Agency shall instruct the clearing banks to debit or credit the account maintained by the Clearing Agency and also the designated bank accounts of the clearing members. The clearing banks shall act on such instructions, which shall be deemed to be confirmed orders by the clearing members to debit and/or credit funds, as may be specified in the instructions from time to time.

11.3.5 Authority by Clearing Members

Clearing members shall authorize clearing banks to access their designated bank accounts for debiting and/or crediting their accounts electronically, on the instructions of the Exchange or Managing Director or Relevant Authority or Clearing Agency.

11.3.6 Clearing Banks to Inform Status

If there is any shortage in meeting monetary obligations by a clearing member relating to debits into a designated bank account, the clearing bank shall forthwith report such instances of shortage to the officer of the Exchange or Clearing Agency designated for the purpose in a mutually agreed mode of communication.

11.4 Depositories

11.4.1 The Exchange or Clearing Agency shall put in place necessary arrangement to avail of the services of depositories registered with SEBI, for settlement of eligible securities in demat mode.

11.4.2 The Exchange or Clearing Agency shall maintain necessary connectivity with the depositories for settlement of securities in demat mode.

11.5 Clearing Members to Open Depository Accounts With Depositories

A clearing member shall be required to maintain a designated account with one or more depositories, as may be required by SEBI or the Exchange or the Clearing Agency from time to time.

11.6 Services by Depositories

11.6.1 Services As Per Agreement

Depositories shall be required to render services relating to settlement of securities in demat mode in accordance with the provisions, as may be contained in the agreement entered into between the Exchange or Clearing Agency and the depositories.

11.6.2 Adherence to Settlement Schedule of the Exchange or Clearing Agency

Depositories shall adhere to the schedule relating to settlement of securities in demat mode, as may be notified by the Exchange or Clearing Agency from time to time.

11.6.3 Furnishing of Information to the Exchange or Clearing Agency

Depositories shall submit information relating to instructions given by clearing members towards completion of their pay-in obligations in an electronic mode to the Exchange or Clearing Agency at such times, as may be required by the Exchange or Clearing Agency from time to time. Information relating to settlement of securities and holding of settlement of securities and holding of clearing members shall be provided to the Exchange and/or Clearing Agency in such form, as may be prescribed in this regard from time to time

11.6.4 Provisions of the Bye-laws and Regulations of the Exchange or Clearing Agency Binding on Depositories

The Depositories shall be bound by the provisions of the Bye-laws and Regulations of the Exchange or Clearing Agency and any amendments thereto in force from time to time with respect to delivery of transactions done on the ATS of the Exchange.

11.6.5 Paramount Lien of the Exchange or Clearing Agency on Pool Account Credits

The Exchange or Clearing Agency shall have a paramount lien on the securities lying in the pool account of the clearing members.

11.6.6 Additional Services Demanded by the Exchange or Clearing Agency

The Depositories shall provide additional services or facilities, as may be required for smooth settlement of delivery of securities in demat mode, and as may be specified by the Exchange or Clearing Agency from time to time.

11.7 Clearing Account With Depositories by the Exchange or Clearing Agency

11.7.1 Settlement Account

The Exchange or Clearing Agency shall maintain an account for the purpose of settlement with the depositories, hereinafter called the “settlement account”. The Exchange or Clearing Agency may maintain such other accounts with the depositories, as may be deemed necessary for its operations. No clearing member, custodian, trading member or any other person claiming through or under him shall have or be deemed to have, at any time, any right, title or interest in the settlement account maintained by the Exchange or Clearing Agency with the depositories.

11.7.2 Securities Lying in Settlement Accounts Held in Trust by the Exchange or Clearing Agency

The securities of the trading members, clearing members, custodians, sub-brokers, participants, or clients in respect of and/or in connection with the transactions done on the Exchange and lying to the credit of such entity in the settlement accounts required to be maintained with the Exchange or Clearing Agency shall be held in trust by the Exchange or Clearing Agency.

11.8 Settlement of Funds

11.8.1 Informing Obligations to Clearing Members and Custodians

The Clearing Agency shall inform the clearing members and custodians the net fund to pay or to receive in respect of their respective positions in such manner and at such time, as may be specified by the Exchange or Clearing Agency from time to time in the relevant Regulations.

11.8.2 Margin Payment

The clearing members and custodians, if required, shall pay to the Clearing Agency the margin moneys payable by them and the Clearing Agency shall release the margin moneys due to the clearing members and custodians based on the information provided by the Exchange or Clearing Agency, as may be specified by the Clearing Agency in the relevant Regulations from time to time.

11.8.3 Settlement Dues

The clearing members and custodians shall pay to the Clearing Agency the dues for every settlement of their cleared positions and the Clearing Agency shall pay to the clearing members and custodians moneys payable to them for every settlement for their cleared positions based on the information provided by the Exchange or Clearing Agency in such manner and at such time, as may be specified by the Exchange or Clearing Agency in the relevant Regulations from time to time.

11.8.4 Non-Settlement Dues

The clearing members and custodians shall pay to the Clearing Agency non-settlement dues, from time to time, based on the information provided by the Exchange or Clearing Agency, which may include fees, charges, fines , penalties, etc.

11.8.5 Failure to Pay Settlement Dues or Non-Settlement Dues or Margin Money

A clearing member, failing to discharge his funds obligations relating to settlement dues, margin money or non-settlement dues at the notified time, shall render him liable for withdrawal of trading facility or such other actions including disciplinary actions, as may be decided by the Relevant Authority.

11.9 Settlement of Securities in Demat

11.9.1 Settlement Through the Depository Clearing System

Delivery of securities arising out of the transactions done on the Exchange, allowed to be settled in demat mode, shall be settled through the depositories clearing system by such processes and procedures, as the Exchange or Clearing Agency may from time to time prescribe in the relevant Regulations.

11.9.2 Clearing Members to Authorize Depository Participants

The clearing members shall authorize the depositories and depositories participants with whom they have a pool account to debit and/or credit their accounts in accordance with the instructions received from the Exchange or Clearing Agency and to report balances and other credit and/or debit information to the Exchange or

Clearing Agency, as may be required by the Exchange or Clearing Agency from time to time.

11.9.3 Eligible Securities

The Exchange and/or SEBI may from time to time decide securities eligible for settlement through the depository clearing system.

11.9.4 Exchange or Clearing Agency to Regulate

11.9.4.1 The Exchange or Clearing Agency shall prescribe the processes and procedures from time to time in relation to the operations of the depositories clearing system and for regulating the operations of the depositories clearing system.

11.9.4.2 The Exchange or Clearing Agency shall specify from time to time processes, procedures and operational requirements that every clearing member and/or custodian shall follow to be eligible for participating in the depositories clearing system.

11.9.5 No Delivery Period

11.9.5.1 Abolition of No-delivery Period in Demat Mode

There shall not be any no-delivery period in respect of transactions announced to be settled in demat mode.

11.9.5.2 Duration of No-delivery Period in Physical Mode

For transactions notified to be settled in physical mode, duration of no-delivery period shall be for such period, as may be provided in the relevant Regulations from time to time.

11.10 Settlement of Securities in Physical Mode

11.10.1 Delivery of Securities Not Eligible in Demat Mode

Delivery of securities arising out of the transactions done on the Exchange, not eligible to be settled in the demat mode, shall be settled through the Clearing Agency by such process or processes and or procedures, as the Exchange/Clearing Agency may prescribe in the relevant Regulations from time to time. The Regulations relating to the Clearing Agency shall be deemed to form part of any settlement procedure prescribed by the Exchange or Clearing Agency from time to time.

11.10.2 Delivery of Documents

Delivery of all documents and papers in respect of all the transactions shall be made in such manner, at such place, on such day and at such time, as may be prescribed by the Clearing Agency from time to time, and the clearing members and custodians shall be bound to give and take delivery of securities accordingly.

11.10.3 Good and Bad Delivery

The Exchange or Clearing Agency may from time to time specify, taking into consideration the guidelines relating to Good or Bad delivery issued by SEBI, the documents that shall constitute good delivery for performance of settlement obligations by clearing members or custodians.

11.10.4 Disputed Documents

When documents tendered for delivery in settlement of contracts are considered by the buying trading members / clearing members to be defective in their title, ownership, genuineness, regularity or validity or not in order for any other reason and the objections are not accepted by the selling trading members / delivering clearing members, the disputes relating thereto shall be resolved through dispute settlement mechanism provided hereunder. Such matters may include the following:

- 01 Which documents shall form good delivery,
- 02 Certificates accompanied by transfer deeds when good delivery,
- 03 Allotment letter when good delivery,
- 04 Split and transfer receipts when good delivery,
- 05 Certified transfer when good delivery,
- 06 Delivery units,
- 07 Renewal fees for securities,
- 08 Transfer stamp and registration fees,
- 09 Delivery in part,
- 10 Closing out on refusal to accept delivery,
- 11 Disputes relating to good or bad delivery,
- 12 Rectification or replacement of bad delivery,
- 13 Delivery when complete in case of disputed documents,
- 14 Delivery when not complete in case of disputed documents,
- 15 Closing out by buying in,

- 16 When delivering member debited,
- 17 Penalty for bad delivery ,
- 18 Documents when deemed to be defective,
- 19 Trading Members when not liable for defective Government and Bearer securities,
- 20 Trading Member when liable for defective Government and Bearer securities,
- 21 Original selling trading / delivering trading member when liable for defective securities (other than Government and Bearer Securities),
- 22 Subsequent selling trading / delivering trading member when liable for defective securities (other than Government and Bearer Securities),
- 23 Trading member when not liable,
- 24 Rectification or replacement of defective documents,
- 25 Refund of moneys,
- 26 Documents to be returned and power of attorney to be executed on refund,
- 27 Rectification or replacement after refund,
- 28 Responsibility of selling trading / delivering trading member for dividend, bonus and rights,
- 29 Buying-in,
- 30 Apportionment of loss and damages,
- 31 Fresh transfer on refusal of company, and
- 32 Dispute after registration

11.10.4.1 Dispute Resolution

If the objection raised or defects pointed out by the buying trading member / receiving clearing member or the concerned company or the Registrar and Transfer Agent are not accepted by the selling trading member / delivering clearing member, a reference may be made by the aggrieved trading member / clearing member to the Dispute Resolution Committee, which Committee shall be set up by the Exchange / Clearing Agency comprising of such persons as the Relevant Authority may deem fit from time to time to adjudicate the dispute as soon as possible.

Re-consideration of Decision by Disputes Resolution Committee

The decision of the Dispute Resolution Committee may be referred back by the Exchange to the Dispute Resolution Committee for its re-consideration, if the Exchange deems fit either on its own motion or on an application made by the aggrieved trading member / clearing member. The decision of the Dispute Resolution Committee upon such re-consideration shall be final, binding and conclusive on the parties, subject to the provisions relating to Arbitration Proceedings.

11.10.4.2 Reference to Arbitration

The clearing members, custodians, sub-brokers, remisiers, authorised persons, participants, authorised users, or clients may make a reference to arbitration, as may be provided in these Bye-laws and Regulations of the Exchange or Clearing Agency from time to time.

11.10.5 Rights and Liabilities of Trading Members or Clearing Members, Custodians and Their Sub-brokers and Clients

All rights and liabilities of clearing members, trading members and their sub-brokers and clients, and custodians in respect of performance of contracts relating to delivery in physical mode shall be as per the provisions, as may be specified in the relevant Regulations from time to time.

11.10.6 Delivery in Part

The buying trading members / receiving clearing members shall accept such portion of the securities as may be specified in the delivery orders, provided it is in lots of trading unit and the Exchange or Managing Director or Relevant Authority or Clearing Agency on behalf of the buying trading members / receiving clearing members may buy in the undelivered portion in accordance with the provisions contained in the Bye-laws and Regulations relating to closing-out that may be in force from time to time.

11.11 Closing Out

The Exchange or Clearing Agency shall conduct auction by buying-in securities to the extent of quantity of securities not delivered by the selling / delivering clearing member, as may be provided in the relevant Regulations from time to time.

11.11.1Buying-in or Selling-out

A contract in securities may be closed out by buying-in or selling-out by the Exchange or Clearing Agency against a clearing member on his failure to comply with any of the provisions relating to delivery, payment and settlement of transactions or on any failure to fulfil the terms and conditions subject to which the transaction has been made or on such other circumstances as the Relevant Authority or Clearing Agency may specify in this regard from time to time.

11.11.2Closing Out When Effected

Without prejudice to the generality of the provisions contained in Bye-law 11.11.1, closing out may be effected in cases specified in the relevant Regulations. Closing out may be effected in such manner, within such time and subject to such terms and conditions, including penalty and procedures, as the Governing Board or Managing Director or Relevant Authority and/or SEBI may prescribe from time to time.

11.11.3Securities Delivered Due Performance

Securities delivered by a selling / delivering clearing member, irrespective of whether or not securities are released by the Exchange or Clearing Agency to the account of a buying / receiving clearing member or withheld by the Exchange or Clearing Agency on behalf of the buying / receiving clearing member, shall be deemed to be due performance of the contract by the concerned selling / delivering clearing member, relating to delivery of securities, to the extent of securities so delivered.

11.11.4Short Delivery by Clearing Members

Whenever a selling / delivering clearing member fails to deliver a security, in full or in part, against the settlement obligations, such quantity of short deliveries by the selling / delivering clearing member shall ipso facto constitute the auctionable quantity for auction through buying-in by the Exchange / Clearing Agency.

11.11.5Clearing Members When Not Entitled to Participate

A selling / delivering clearing member, failing to deliver any security in performance of his contracts shall not be entitled to offer the said security, in the relevant auction conducted by the Exchange or Clearing agency, to buy-in the said security.

11.11.6 Monetary Compensation On Close-Out

Upon conducting auction through buying-in, if full quantity of a security is not bought in by the Exchange or Clearing Agency or where the selling / delivering clearing member in the auction settlement fails to deliver the security in full or in part, the quantity of the security not bought in by the Exchange or Clearing Agency in auction through buying in or not delivered by the clearing member who participated in the auction settlement, shall be closed out and the buying / receiving clearing member shall be compensated in monetary value, as may be provided in the relevant Regulations from time to time, at the cost and risk of the selling / delivering clearing member failing to deliver the security, to the extent of the security not so bought in or so delivered.

11.11.7 Clearing Members Failing to Deliver Security Not Entitled to Profit in Auction

A selling / delivering clearing member failing to deliver a security, in full or in part, shall not be entitled to receive any difference or profit arising out of the auction and/or close out effected against him. Such difference or profit shall be credited to the Investors' Protection Fund.

11.11.8 Closing-Out Clearing Members' Responsibility

Save as otherwise provided, the clearing members, at whose instance or on whose behalf, the buying-in or selling-out is effected by the Exchange or Clearing Agency, shall be fully and solely responsible for the closing out made on his behalf. No liability or responsibility shall attach to the Exchange or Clearing Agency or their employees for any transaction made in pursuance of such closing out.

11.12 Consequences For Failure in Meeting Settlement Obligations

11.12.1 Failure to Meet Settlement Obligations and Use of Settlement Guarantee Fund

When a clearing member fails to meet his settlement obligations, the Exchange or Clearing Agency may fulfil such settlement obligations of the clearing member by using the required funds from the Settlement Guarantee Fund, as may be decided by the Relevant Authority.

11.12.2 Penalty for Failure to Meet Settlement Obligations

If a clearing member fails to meet his settlement obligations, such clearing member shall render himself liable for such penal action, as may be provided in

the relevant Regulations, which may, inter alia, include the immediate withdrawal of trading facility, other risk containment measures specified in the Bye-laws relating to Risk Management and/or declaring such clearing member a defaulter.

11.13 Suspension or Postponement of Closing-Out

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may, for reasons to be recorded in writing, suspend or postpone buying-in or selling-out in respect of any security or securities and from time to time extend the period of such suspension or postponement when circumstances appear in its/his view to make such suspension or postponement desirable in the general interest and/or in its/his opinion a fair market is not available. Notwithstanding such suspension or postponement, the liability of the clearing members in respect of contracts in such securities settled through the Clearing Agency shall continue during the period of such suspension or postponement.

Provided that, except with the prior approval of SEBI, buying in or selling out in any security or securities shall not be so suspended or postponed by the Governing Board or Managing Director or Relevant Authority or Clearing Agency at any time for a period exceeding seven trading days.

11.14 Liability in the Event of Unforeseen Circumstances

In circumstances not specifically covered by these Bye-laws and Regulations, the Governing Board or Managing Director or Relevant Authority or Clearing Agency may determine the liability of any trading or clearing member and non-trading or non-clearing member on equitable considerations.

CHAPTER-12

SETTLEMENT GUARANTEE FUND

12.1 Clearing Corporation or the Exchange to Maintain Settlement Guarantee Fund

12.1.1 The Clearing Corporation or the Exchange shall maintain Settlement Guarantee Fund(s), either separately or jointly, in respect of different clearing segment(s) for such purposes, as may be prescribed by the Relevant Authority from time to time.

12.1.2 The Relevant Authority may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may, inter-alia, specify the amount of deposit or contribution to be made by each clearing member to the relevant Settlement Guarantee Fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the Settlement Guarantee Fund, charges for utilisation, penalties and disciplinary actions for non-performance thereof.

12.2 Contribution to and Deposits With Settlement Guarantee Fund

12.2.1 Each clearing member shall be required to contribute to and provide a deposit, as may be determined by the Relevant Authority from time to time, to the relevant Settlement Guarantee Fund. The Settlement Guarantee Fund shall be held by the Clearing Corporation or the Exchange. The money in the Settlement Guarantee Fund shall be applied in the manner, as may be provided in these Bye-Laws and Regulations from time to time.

12.2.2 The Relevant Authority may specify the amount of contribution or deposit to be made by each clearing member and/or category of clearing members which may, inter alia, include the minimum amount to be provided by each clearing member.

12.2.3 The Clearing Corporation or the Exchange shall, as a result of multi-lateral netting followed by it in respect of settlement of transactions, guarantee financial settlement of such transactions to the extent it has acted as a legal counter party, as may be provided in the relevant Bye-laws from time to time.

12.2.4 The Relevant Authority may also specify such additional contribution or deposit that shall have to be provided by any clearing member towards the Settlement Guarantee Fund from time to time to form part of the Settlement Guarantee Fund.

12.2.5 The total amount of base minimum capital, additional base capital, margin money and any other money, deposited and maintained by a clearing member with the Clearing Corporation or the Exchange, in any form as specified herein, shall form part of the Settlement Guarantee Fund.

12.2.6 The amount deposited by any clearing member towards the base minimum capital shall be non-refundable except as provided in Bye-law 12.11 herein. Any other amount deposited or paid by the clearing member may be refunded provided such amount is surplus and there is no actual / crystallized or contingent liability or a claim from any client or clearing bank to be discharged by the clearing member.

12.3 Form of Contribution or Deposit

The Relevant Authority may, in its discretion, permit a clearing member to contribute to or provide the deposit to be maintained with the Settlement Guarantee Fund, in the form of either cash, fixed deposit receipts, securities, bank guarantees or in such other form or method and subject to such terms and conditions, as may be specified by the Relevant Authority from time to time.

12.4 Replacement of Deposit

By giving a suitable notice to the Clearing Corporation or the Exchange and subject to such conditions, as may be specified by the Relevant Authority from time to time, a clearing member may withdraw fixed deposit receipts, securities or bank guarantees given to the Clearing Corporation or the Exchange, representing the clearing member's contribution or deposit towards the Settlement Guarantee Fund, provided that the clearing member has, simultaneously with such withdrawal, deposited cash, fixed deposit receipts, securities or bank guarantees with the Clearing Corporation or the Exchange or made contribution through such other mode, as may be approved by the Clearing Corporation or the Exchange from time to time, to meet his required contribution or deposit, except as provided in Bye-law 12.11 herein.

12.5 Investment of Settlement Guarantee Fund

Funds in the Settlement Guarantee Fund may be invested in such approved securities and/or other avenues of investments, as may be provided for in the relevant Regulations from time to time.

12.6 Administration and Utilization of Settlement Guarantee Fund

- 12.6.1** The Settlement Guarantee Fund may be utilised for such purposes, as may be provided in these Bye-Laws and Regulations and subject to such conditions as the Relevant Authority may prescribe from time to time, which may include:
- 12.6.1.1** defraying the expenses of creation and maintenance of Settlement Guarantee Fund,
 - 12.6.1.2** temporary application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement obligations of clearing members of such transactions, as may be provided in these Bye Laws and Regulations from time to time,
 - 12.6.1.3** payment of premia on insurance cover(s) which the Relevant Authority may take from time to time, and / or creating a Default Reserve Fund by transferring a specified amount every year, as may be decided by the Relevant Authority from time to time,
 - 12.6.1.4** meeting any loss or liability of the Clearing Corporation or the Exchange arising out of clearing and settlement operations of such transactions, as may be provided in these Bye-Laws and Regulations from time to time,
 - 12.6.1.5** repayment of the balance amount to the clearing member pursuant to the provisions regarding the repayment of deposit after meeting all obligations under the Rules, Bye-Laws and Regulations of the Exchange when such clearing member ceases to be a clearing member, and
 - 12.6.1.6** any other purpose, as may be specified by the Relevant Authority, from time to time.
- 12.6.2** Save as otherwise expressly provided for in these Bye-Laws and Regulations, the Settlement Guarantee Fund shall not be utilised for any other purpose.
- 12.6.3** The Clearing Corporation or the Exchange shall have full power and authority to pledge, re-pledge, hypothecate, transfer or create an interest in a security or assign any or all of the (a) cash or fixed deposit receipts of the Settlement Guarantee Fund (b) securities or other instruments in which the cash of Settlement Guarantee Fund is invested, and (c) qualifying securities pledged by a clearing member or letters of credit or bank guarantees or any other instrument issued on behalf of a clearing member in favour of the Clearing Corporation or the Exchange towards deposit to the Settlement Guarantee Fund.

12.7 Utilization for Failure to Meet Obligations

Whenever a clearing member fails to meet his settlement obligations to the Clearing Corporation or the Exchange arising out of his clearing and settlement operations of his transactions, as may be provided in these Bye-Laws and Regulations, the Relevant Authority may utilise the Settlement Guarantee Fund and other moneys lying to the credit of the clearing member to the extent necessary to fulfill his obligations under such terms and conditions, as the Relevant Authority may specify from time to time.

12.8 Utilisation in Case of Failure to Meet Settlement Obligations or on Declaration of Defaulter

Whenever a clearing member fails to meet his settlement obligations to the Clearing Corporation or the Exchange arising out of the transactions, as may be provided in these Bye-Laws and Regulations from time to time, or whenever a clearing member is declared a defaulter, the Relevant Authority may utilise the Settlement Guarantee Fund and other moneys of the clearing member to the extent necessary to fulfil the obligations in the following order:

- 12.8.1** any amount that may have been paid in the form of margin or any other money, other than bank guarantees or letters of credit, deposited with or retained by the Clearing Corporation or the Exchange for the purpose of meeting the clearing and settlement obligations;
- 12.8.2** the proceeds, if any, recovered from disposal of any security or securities, other than those deposited towards base minimum capital and/or additional base capital by the clearing member with the Clearing Corporation or the Exchange,
- 12.8.3** any contribution or deposit made towards additional base capital to the Settlement Guarantee Fund, in the form of cash or fixed deposit receipts or securities;
- 12.8.4** any amount that may have been paid towards margin in the form of bank guarantees or letters of credit, and deposited with the Clearing Corporation or the Exchange;
- 12.8.5** any amount that may have been deposited towards additional base capital in the form of bank guarantees or letters of credit with the Clearing Corporation or the Exchange;
- 12.8.6** any amount that may have been deposited towards base minimum capital in the form, other than bank guarantees, with the Clearing Corporation or the Exchange;

- 12.8.7** any amount that may have been deposited towards base minimum capital in the form of bank guarantees with the Clearing Corporation or the Exchange;
- 12.8.8** the amount lying to the credit of the defaulter with the Exchange to the extent not appropriated by the Exchange towards the obligations of the defaulter to it;
- 12.8.9** the proceeds, if any, recovered from auctioning or disposing of the trading membership right vested in the Exchange, subject to deduction of the expenses relating or incidental to the auction or disposal, as the case may be;
- 12.8.10** the fines, penalties, penal charges, interest on delayed payments, interest or other income, if any, earned by investment or disinvestment of the Settlement Guarantee Fund or interest earned on margin moneys that form part of the Settlement Guarantee Fund to the extent, as may be decided by the Clearing Corporation or the Exchange;
- 12.8.11** the profits available for appropriation in the Settlement Guarantee Fund in the year in which the clearing member is declared a defaulter;
- 12.8.12** the retained earnings of the Clearing Corporation or the Exchange to the extent available;
- 12.8.13** the amount of contribution and/or deposit made towards base minimum capital by all categories of clearing members to the Settlement Guarantee Fund in proportion to the total contribution and/or deposit made by each clearing member,
Note: The Relevant Authority may, at its discretion, alter the order of utilization of the Settlement Guarantee Fund from time to time.
- 12.8.14** If the cumulative amount under all the above heads is not sufficient, the balance obligations shall be assessed against all the clearing members in the same proportion as their total contribution and deposit towards base minimum capital, and the clearing members shall be required to contribute or deposit the deficient amount in the Settlement Guarantee Fund within such time, as the Relevant Authority may specify in this behalf from time to time.

12.9 Obligation to Bring in Additional Contribution or Deposit

- 12.9.1** If a pro-rata charge is made as mentioned in Bye-law 12.8.14 against a clearing member's actual contribution or deposit, and as a consequence, the clearing member's remaining contribution and deposit towards the Settlement Guarantee Fund falls below his required contribution and deposit, the clearing member shall

contribute or deposit towards the shortfall in the Settlement Guarantee Fund within such time as the Relevant Authority may specify.

12.9.2 Where any clearing member, who is required to contribute or deposit, as specified in Bye-law 12.9.1, fails to do so, the Relevant Authority may charge such rate of interest on the shortfall, as it may determine from time to time and also take suitable disciplinary action, including imposition of fines and penalties against the clearing member. Any disciplinary action which the Relevant Authority may take pursuant to the above provisions or the clearing member ceasing to be a trading member, for whatever reasons, shall not affect the obligations of the clearing member to the Clearing Corporation or the Exchange or any remedy to which the Clearing Corporation or the Exchange may be entitled to under these Bye-laws and Regulations and the applicable laws.

12.10 Allocation of the Contribution or Deposit

Each clearing member's contribution and deposit towards the Settlement Guarantee Fund shall be allocated by the Clearing Corporation or the Exchange among the various segments of trading, which are designated as such by the Clearing Corporation or the Exchange and in which the clearing member may participate, in such proportion as the Clearing Corporation or the Exchange may decide from time to time. The Clearing Corporation or the Exchange shall retain the right to utilise the fund allocated to a particular segment of trading to the satisfaction of losses or liabilities of the Clearing Corporation or the Exchange, incidental to the operation of that segment or for any other segment, as may be decided by the Clearing Corporation or the Exchange at its discretion.

12.11 Repayment to the Clearing Member on His Cessation

12.11.1 A clearing member shall be entitled to repayment of the actual amount of contribution or deposit, if any, made by him to the Settlement Guarantee Fund after-

12.11.1.1 the clearing member ceases to be a trading member on account of any reason whatsoever,

12.11.1.2 all pending transactions at the time the clearing member ceases to be a clearing member, which may result in a charge to the Settlement Guarantee Fund, have been closed and settled,

12.11.1.3 all obligations to the Clearing Corporation or the Exchange for which the clearing member was responsible while he was a trading member have been satisfied, or at the discretion of the Relevant

Authority, have been deducted by the Clearing Corporation or the Exchange from the clearing member's actual deposit; provided, the clearing member has presented to the Clearing Corporation or the Exchange such indemnities or guarantees as the Relevant Authority may deem necessary or another clearing member has been substituted owning liability for all the transactions and obligations of the clearing member,

12.11.1.4 a suitable amount, as may be determined by the Relevant Authority at its discretion, has been set aside for taking care of any loss/liability/obligation arising from any defective document that may be reported in future, and

12.11.1.5 a suitable amount, as may be determined by the Relevant Authority at its discretion, towards such other obligations, as may be perceived to exist or be perceived to arise in future by the Clearing Corporation or the Exchange, has been set aside by the Clearing Corporation or the Exchange.

12.11.2 The Relevant Authority may specify norms for repayment of deposit including the manner, amount and period within which it may be paid. The repayment amount, at no point of time, will exceed the actual contribution or deposit available to the credit of the clearing member after deducting the necessary dues or charges payable by such clearing member from time to time

12.11.3 Any obligation of a clearing member to the Clearing Corporation or the Exchange, remaining unsatisfied at the time he ceases to be a clearing member, shall not be affected by his cessation of trading membership, and the Clearing Corporation shall have a remedy as provided in Bye-law 12.9.2.

12.12 Recovery of Loss and Re-distribution

If a loss charged pro-rata is afterwards recovered from the assets of the defaulter or the expelled clearing member, whether directly or otherwise, by the Clearing Corporation or the Exchange, in whole or in part, other than through insurance, the net amount of recovery shall first be credited to the clearing members from whom the loss was charged in proportion to the amounts actually charged. The amount of recovery made through

insurance shall be dealt with in accordance with the terms and conditions of the insurance cover obtained by the Clearing Corporation or the Exchange from time to time.

12.13 Limitation of Liability

The liability of the Clearing Corporation or the Exchange resulting from the deemed contracts of clearing members with the Clearing Corporation or the Exchange and to losses in connection therefrom shall be limited to the extent of contributions made to the Settlement Guarantee Fund. The Settlement Guarantee Fund of the Clearing Corporation or the Exchange shall not be available for obligations of a non-clearing member, obligations of a clearing member to a non-clearing member, obligations of a clearing member to another clearing member of the Clearing Corporation or the Exchange towards transactions to which the Clearing Corporation or the Exchange is not a counter party or where the Exchange or the Clearing Corporation withdraws as a counter party on account of fraud or fraudulent transactions as provided in the relevant Bye-laws and Regulations from time to time or obligations to a sub-broker or a client by a trading member, and to losses arising therefrom or in connection therewith or incidental thereto.

Chapter – 13

5.1.1.2. COMPLIANCE

By a Trading Member / Clearing Member

13.1 Annual Accounts and Audit

13.1.1 Every trading member / clearing member shall prepare annual accounts for each financial year ending on 31st March or on such other date, as may be specified by the Relevant Authority from time to time.

13.1.2 The assets and liabilities of a trading member / clearing member shall be brought into account in the balance sheet and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the state of affairs of such business as on the date to which it relates.

Every trading member / clearing member shall submit to the Exchange its audited financial statement within such period, not later than the period by which the return of income tax is required to be filed. If the Relevant Authority is, however, satisfied that circumstances warrant an extension of time to furnish such report beyond the period by which the return of income tax is required to be filed, it may grant an extension of such time not exceeding one month at a time, subject to such conditions as it may deem fit, which extension, in aggregate, shall not be for a period of more than three months.

13.2 Maintenance of Records and Accounts

13.2.1 Records and Accounts

Every trading member / clearing member shall comply with all relevant statutory Acts, including Securities Contracts (Regulation) Act and the Rules made thereunder, Securities and Exchange Board of India Act and the Rules and Regulations and guidelines issued thereunder, and the requirements of or under any notifications, directives and guidelines relating to maintenance of accounts and records issued by the Central Government, SEBI or any other statutory body or local authority or any other body or authority, acting under the authority or direction of the Central Government, to the extent applicable to each of them.

13.2.2 Other Maintenance Requirements

In addition to the requirements specified in Bye-law 13.2.1, every trading member / clearing member shall comply with the following requirements and such other requirements relating to maintenance of books of accounts, records and documents in respect of his trading / clearing membership and applicable to the relevant clearing segments of the Exchange / Clearing Corporation.

13.2.3 Maintenance of Other Records, Accounts and Documents

Every trading member / clearing member of the Exchange / Clearing Corporation shall maintain the following records, accounts and documents relating to his business for a period of five years.

- 13.2.3.1** A register of transactions, in electronic mode in non-tamperable form or in hard copy, containing the details pertaining, inter-alia, to all sale or purchase transactions entered into, the parties to such transactions, date and time of placement of orders for transactions and date and time of execution of such transactions, the price at which the securities were bought/sold, names of the concerned clients, and the brokerage and clearing charges, if any, charged by the trading member.
- 13.2.3.2** A Clients' ledger, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.3** A General ledger, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.4** Journal book, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.5** Cash book, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.6** Bank pass-book or bank statement, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.7** Documents register showing full particulars of shares and securities received and delivered, in electronic mode in non-tamperable form or in hard copy.
- 13.2.3.8** Statements of obligations received from the Clearing Agency relating to different clearing(s), in electronic mode in non-tamperable form or in hard copy.

- 13.2.3.9** Records of all statements received from the Clearing Agency and Clearing Bank and record of all correspondence with them.
 - 13.2.3.10** Trading member's contract books showing details of all contracts entered into by him with other trading members of the exchange or counter-foils or duplicates of memos of confirmation issued to such other trading members, in electronic mode in non-tamperable form or in hard copy.
 - 13.2.3.11** Counter-foils or duplicates of contract notes issued to clients, in electronic mode in non-tamperable form or in hard copy.
 - 13.2.3.12** Written consent of clients in respect of contracts entered into as principals.
 - 13.2.3.13** Copies of all instructions obtained in writing from each of the clients.
 - 13.2.3.14** Records in respect of monies borrowed and loaned, including monies received.
 - 13.2.3.15** Records in respect of clearing charges collected separately from each of the clients.
 - 13.2.3.16** Such records and books of accounts, as may be necessary to distinguish clients' information from his own information, including details of transactions, margins and settlement related information, as may be provided in the relevant Regulations and for such period, as may be specified by the Relevant Authority from time to time.
- 13.2.4** Every trading member / clearing member shall maintain and preserve the following documents for a period of two years to the extent applicable to each of them:
- 13.2.4.1** Copies of contract notes showing details of all contracts entered into by him with other trading members on the Exchange, in soft copy or in hard copy.
 - 13.2.4.2** Duplicates of contract notes issued to the clients and duly acknowledged by them, in soft copy or in hard copy.
 - 13.2.4.3** Written consent of clients in respect of contracts entered into as principals.
 - 13.2.4.4** Copies of all instructions obtained in writing from each of the clients.

- 13.2.4.5** Records in respect of moneys borrowed and loaned, including moneys received.
- 13.2.4.6** Records in respect of clearing charges collected separately from each of the clients.
- 13.2.4.7** Such records and books of accounts, as may be necessary to distinguish clients' information from his own information, including details of transactions, margins and settlement related information, as may be provided in the relevant Regulations and for such period, as may be specified by the Relevant Authority from time to time.

The books of account, records and documents required to be maintained and preserved as above shall be subject to the provisions of the Information Technology Act, 2000 in so far as these provisions are applicable.

13.3 Maintenance of Separate Clients' Bank Account

Every trading member / clearing member shall keep the money of his clients in one or more separate bank accounts and his own money shall also be kept in one or more separate bank accounts. No payment for transactions in which the trading member has taken a position as a principal for his own account shall be allowed to be made from the clients' account

13.4 Records of Moneys Received and Paid

Every trading member / clearing member shall keep such books of accounts, as will be necessary, in connection with his business as a trading member / clearing member, to the extent applicable to each of them to show and distinguish:

13.4.1 the moneys received from or on account of each of his clients and the moneys paid to or on account of each of his clients, and

13.4.2 the moneys received and the moneys paid on trading member's / clearing member's own account.

13.5 Transfers To and From Clients' Accounts

No money shall be drawn from clients' account other than money properly required for payment to or on behalf of clients or for or towards payment of a debt due to the trading member / clearing member from clients or money drawn on client's authority, or money

in respect of which there is a liability of clients to the trading member / clearing member, provided that the total money so drawn shall not in any case exceed the total of the money so held for the time being for clients, such money belonging to the trading member / clearing member as may have been paid into the clients' account as contained herein above, and money, which may by mistake or accident has been paid into clients' account in contravention of requirements specified herein.

15.1.18 **13.6** *Right to Lien, Set-off Not Affected*

Nothing in these Bye-laws shall deprive a trading member / clearing member of any recourse or right, whether by way of lien, set-off, counter claim, charge(s) or otherwise against moneys standing to the credit of a client's account and a trading member's / clearing member's account.

13.7 **Place Where Records Maintained**

Every trading member / clearing member shall be required to maintain his records, accounts and documents at the Registered Office or Corporate Office of the trading member / clearing member unless the trading member / clearing member has obtained specific prior approval from the Exchange to maintain at a place other than the Registered Office or Corporate office, and the same shall be made available, at any time, for audit or inspection by the Exchange.

13.8 **Agreement with Clients**

Every trading member shall enter into an agreement, as may be prescribed by the Exchange or SEBI from time to time, with each of his clients before executing any order from any client for buy or sell of any security on the Exchange. If any trading member is found to have violated or not strictly adhered to this requirement, such trading member shall render himself liable for fine and/or any other disciplinary action, as may be provided in the relevant Regulations from time to time and as the Relevant Authority may deem fit. Every trading member shall be required to maintain strict confidentiality of information relating to each of the clients and shall disclose or submit the same to the Exchange, Clearing Agency, SEBI or any other government or regulatory authority or any other agency specifically authorized by the Exchange, on demand made in writing.

13.9 Agreement with Sub-brokers

Every trading member shall enter into an agreement, as may be prescribed by the Exchange or SEBI from time to time, with each of his sub-brokers before executing any order from any sub-broker to buy or sell any security on the Exchange. The agreement shall provide for a right to the trading member to inspect the books of account and other documents of the sub-broker. If any trading member is found to have violated or not strictly adhered to this requirement, such trading member shall render himself liable for fine and/or other disciplinary action, as may be provided in the relevant Regulations from time to time and as the Relevant Authority may deem fit.

13.10 Furnish Particulars of Unique Client Code

Every trading member shall be responsible to furnish to the Exchange, in an electronic mode, particulars of unique client codes of each of his clients, as may be specified by the Exchange or SEBI, at such intervals and within such time, and as may be provided in the relevant Regulations from time to time.

13.11 Compliance Officer

Every trading member / clearing member shall be required to appoint a compliance officer, as may be required under the applicable SEBI Regulations, to ensure due compliance with various regulatory requirements, as may be specified in relevant Acts, Statutory Rules, Bye-laws, Rules, Regulations, directives, guidelines, circulars, orders or any order or document conveying the decision or order of the Central Government or SEBI or the Exchange or Clearing Agency or any other Government or Statutory Authority, from time to time and more particularly in relation to the requirements set out herein below, which will be the responsibility of the trading member to strictly adhere to. The compliance officer shall be responsible for submitting a report to the Exchange or Clearing Agency, as the case may be, with regard to compliance with each of the requirements set out herein below at such time and in such manner, as may be specified by SEBI or the Exchange or

Clearing Agency, pointing out any non-compliance, delay in compliance or violation observed by him:

13.11.1 Base Minimum Capital Requirement

That the trading member / clearing member has maintained the base minimum capital requirements, in the form and proportion, as specified by the Exchange from time to time.

13.11.2 Annual Subscription

That the trading member / clearing member has paid the annual subscription within the time, as specified by the Exchange from time to time.

13.11.3 Registration Fees to SEBI

That the trading member has paid the applicable registration fees to SEBI, as is payable within the time, as specified under the SEBI Rules and Regulations that may be in force from time to time.

13.11.4 Have Insurance Cover or Policy

That the trading member / clearing member has taken insurance cover or policy, as specified by SEBI and, inter alia, covering the risk against introduction of fake or forged share certificate and/or transfer deeds, infidelity of employees working, errors and omissions in relation to punching of any order on behalf of a client or carrying out any activity relating to trading and/or settlement to discharge timely obligations, either directly or through any other agency recognized for that purpose, to the Exchange or Clearing Agency from time to time.

13.11.5 Collect Upfront Margin or Applicable Margin from Clients

That the trading member / clearing member has collected the upfront margin or deposit in the form and proportion, that are in force and payable from time to time and also other applicable margins from each of the clients, as specified by the Exchange or Clearing Agency from time to time, and pointing out the extent of violation and/or non-compliance as stipulated above.

13.11.6 Furnish Particulars of Unique Client Code to the Exchange

That the trading member has collected the requisite particulars relating to unique client code from each of the clients, as required by the Exchange from time to time, and pointing out the extent of non-compliance, if there is any non-compliance on account of non-submission and/or concealment of requisite particulars.

13.11.7 Reconcile Accounts With Each of the Clients

That the trading member / clearing member has reconciled accounts with each of the clients up to the last date of relevant calendar quarter, and pointing out the extent of discrepancy observed, if any.

13.11.8 Redress Investors' Grievance or Complaint Within One Month

That the trading member / clearing member has maintained a register for the purpose of recording receipts of any complaint or grievance received from any client and that there is no complaint pending for a period exceeding one month as on the last day of the relevant calendar quarter, and pointing out details of complaints pending for a period exceeding one month, if any.

13.11.9 Have Separate Bank Account for Clients

That the trading member / clearing member has maintained a separate single consolidated bank account for all the clients or for each of the clients or combination thereof and the requirement specified in the Bye-laws in relation to depositing any amount received from clients and its use are fully complied with, and pointing out the extent of non-compliance of this requirement and details thereof, if any

13.11.10 Issue of Contract Notes only by Trading Members

That the trading member has issued contract notes, incorporating the details as required by the Exchange, for the transactions executed on the ATS of the Exchange, to the sub-brokers wherever they exist or to each of the clients separately, latest on the next working day, and pointing out the extent of non-compliance of this requirement and details thereof, if any.

13.11.11 Submission of Net worth Certificate by Trading Members / Clearing Members to the Exchange

That the trading member / clearing member has submitted a net worth certificate to the Exchange or Clearing Agency, as required within the stipulated time and certifying that the prescribed computation method has been adopted to arrive at the net worth.

13.11.12 Submission of Various Details or Documents by Trading Members / Clearing Members to the Exchange

That the trading member/clearing member has submitted various details, undertakings and documents, as specified by the Exchange or Clearing Agency from time to time, where the compliance officer is made responsible to send a report to the Exchange.

13.12 Compliance Requirements Equally Applicable to Sub-brokers

Every trading member shall be responsible to ensure that all the regulatory requirements that may be in force from time to time and specifically enumerated hereinabove and as may be included in the relevant Regulations from time to time, shall be applicable mutatis mutandis to each of his sub-brokers. The concerned trading members shall be fully accountable and responsible for any of the non-compliances or violations or delays in compliance by the sub-brokers and shall be subject to fine and/or any other disciplinary actions, as may be provided in the relevant Regulations from time to time, and as the Relevant Authority may deem fit, taking into account the facts and circumstances and gravity of consequences of non-compliance in each case.

13.13 Non-compliance or Delay in Compliance or Violation of Requirements by Trading Members / Clearing Members

A trading member / clearing member, not complying with or violating any one or more of the requirements specified in this Chapter, shall be liable for fine and/or any other disciplinary action, as may be provided in the relevant Regulations from time to time, which may, inter alia, include reduction of exposure limits and/or withdrawal of or restriction in trading facility until each of such requirements not complied with, is fully and strictly adhered to.

13.14 By a Client

Every client shall be required to exercise due diligence and comply with the stipulated requirements as may be in force from time to time and as may be specified by the Exchange in that regard before placing any order for buy or sell of a security, which will assist the Exchange in rendering grievance redressal services effectively. Such requirements may, inter alia, include the following:

13.14.1 Details Required by the Exchange or SEBI

Furnish all such details as are required by a trading member and in such form as may be prescribed by the Relevant Authority from time to time, more particularly as may be specified by SEBI or the Exchange or Clearing Agency, before entering into an arrangement for buy or sell of a security through the

trading system of the Exchange, to satisfy the trading member about his credentials.

13.14.2 Executing Agreement

Execute a broker-client relationship agreement in the form prescribed by SEBI or the Relevant Authority from time to time.

13.14.3 Demanding Details From Trading Member

Demand such information, details and documents, for the purpose of verification, as are necessary to satisfy about the credentials of the trading member.

13.14.4 Mode of Giving Orders to Trading Member

Give any order for buy or sell of a security, as far as possible in writing, or in such other form or manner, as may be specifically agreed upon in writing by the client and the trading member.

13.14.5 Demand Trade Confirmation

Demand trade confirmation number from the trading member for execution of an order, either in writing or in any agreed mode or over phone.

13.14.6 Make Payment of Margin or Deposit Upfront

Make payment of upfront margin and/or other applicable margins, including additional or special margin, and/or of advance pay-in of funds, as may be specified by the Exchange or Clearing Agency from time to time, by an account payee's cheque or demand draft or pay order or through any other approved mode, crediting the account of the concerned trading member.

13.14.7 Delivery of Securities Sold On Time

Deliver the securities in the demat mode by crediting the pool account of the concerned trading member by giving necessary delivery instructions to the Depository Participant with whom the client has a beneficiary account, as may be provided in the relevant Bye-laws and Regulations from time to time, to facilitate the concerned trading member to discharge the obligations to the Exchange or Clearing Agency against the settlement obligations and also avail of benefits in exposure and applicable margin by effecting early pay-in of securities.

13.14.8 Demand Confirmation for Payment Made

Demand confirmation of receipt of payment made to the trading member, either by obtaining a receipt therefor or a confirmation in writing therefor or getting such details incorporated in the contract note or bill that is required to

be issued to the client by the concerned trading member, or by obtaining a statement of account, within five working days from the last day of the previous calendar month, in which the payment was made.

13.14.9 Demand Pay-out of Securities or Money Due from Trading Member / Clearing Member

If payment and/or delivery arising out of pay-out is not made by the trading member / clearing member within one working day of the pay-out effected by the Exchange or Clearing Agency, or during an agreed period not exceeding five working days following the due date for payment / delivery, demand payment against the securities sold and delivered, or towards credit arising out of the executed transactions and/or demand delivery for the payment made.

13.14.10 Complaint Against Trading Member / Clearing Member

In case where a client has any complaint against his trading member / clearing member arising on account of the trading member not complying with any one or more of the requirements specified in the relevant Bye-laws and Regulations, within the time and in the manner as required therein, the concerned client may lodge a complaint with the Exchange or Clearing Agency, within a period not exceeding thirty calendar days reckoned from the date of transaction or from the date on which the client claims to have given instruction / order to buy or sell a security or from the date the client claims to have paid money or given a security, as the case may be, to the concerned trading member / clearing member, citing the exact details of non-compliance by the trading member and providing information about the independent efforts made by the client with the trading member to get the complaint redressed by the trading member.

13.14.11 Resolving Complaint or Grievance

Any complaint or grievance received from a client against a trading member shall be dealt with by the Exchange as may be provided in the relevant Bye-laws from time to time, relating to Investors' complaints or grievances, and as may be provided in the relevant Regulations from time to time.

13.15 By a Company

Every company listed on the Exchange shall be required to notify to the Exchange the name, address, telephone numbers, fax numbers, e-mail address and such other particulars as may be required from time to time in

relation to the compliance officer, who shall be a qualified Company Secretary and who shall be solely and fully responsible for the purpose of sending a report to the Exchange, for every calendar quarter, within such time as may be provided in the relevant Regulations from time to time, pointing out the violations, non-compliances or delays in compliance, specifically with respect to various requirements, as may be contained in the Listing Agreement entered into by the company with the Exchange or such other requirements, as may be advised by the Exchange to the company from time to time, with a view to safeguarding and protecting the interests of the investors and for ensuring market integrity and fairness in trading. The requirements may, inter alia, include the following:

13.15.1 Transfer of Securities Within Stipulated Time

Transfer of securities in favour of the transferee within such time reckoned from the date of receipt of the transfer documents and found to be otherwise in order, as may be provided in the relevant Regulations from time to time.

13.15.2 Return of Transfer Documents Under Objection Within Stipulated Time

Return of the transfer documents to the transferee with an objection memo citing the reason for non-transfer and attaching therewith a copy of any order or interim order or injunction or stay order or plaint duly lodged with a competent court, issued by the competent court or authority, within such time reckoned from the date of receipt of the transfer documents, as may be provided in the relevant Regulations from time to time.

13.15.3 Converting Physical Form Into Demat Mode

Convert the physical form of shares or securities into demat form within such time, reckoned from the date of receipt of the requisite documents from the holder of the shares or securities and intimate to the shareholder about the fact of the securities being converted into demat, specifying the date of effecting demat, as may be provided in the relevant Regulations from time to time.

13.15.4 Issuing Certificates or Crediting Securities Within Stipulated Time

Issue certificates for equity shares or preference shares or debentures and/or allotment letters to the holders, be they in relation to the public issue, further issue or bonus issue or any other issue, within such time, as may be specified in the relevant Regulations from time to time.

13.15.5 Payment of Dividend

Pay the dividend, by way of account payee's cheque payable at par or credit the dividend to the accounts of the shareholders who have given such instructions, within the time stipulated in the Companies Act, to the shareholders or persons entitled to receive them.

13.15.6 Payment of Interest and Other Amounts

Pay the interest accrued on the debentures and/or deposits, and/or the amount payable on redemption of the debenture and/or on maturity of the deposits, by way of account payee's cheque payable at par, so as to reach the holders of the debentures or deposits on or before the last date upto which such interest is paid, or within seven calendar days from the date the debenture is redeemed or the deposits have matured.

13.15.7 Refund Excess Money in Public or Other Issue

Refund the excess money received and/or return the stock invests against the application made by any investor or shareholder, in respect of any public issue, further issue or any other issue, rejected in part or full, within such time as may be specified by SEBI and as may be required under the Companies Act, from time to time in that regard. In case where the company delays in refunding the excess money to the applicant, the company shall be liable to pay interest on such amount for the delayed period at the rate, as may be prescribed by SEBI or under the Companies Act from time to time.

13.15.8 Despatching Rights Forms Within Stipulated Time

Despatch forms relating to the rights issue to the shareholders within such time and in such form and manner, as may be specified in the Companies Act and/or other requirements, as may be specified by SEBI or the Exchange from time to time.

13.15.9 Book-Closure or Record Date Intimation to the Exchange

Intimate in writing to the Exchange about the date of book-closure and/or record date, giving a notice of the prescribed period, as may be specified in the Listing Agreement and/or in the relevant Bye-laws and Regulations from time to time.

13.15.10 Submitting Information, Details and Documents Within Stipulated Time

Submit various information, details and documents, within such time and in such manner and mode, as may be specified in the Listing Agreement and/or in the relevant Bye-laws and Regulations from time to time and submit necessary clarification or confirmation, as the case may be, in writing, in compliance with the Exchange communication relating to news item.

13.16 Non-compliance by a Company

In case where a company has failed to comply with or violated or made delay in compliance with any one or more of the requirements that may be specified by the Exchange from time to time, or as contained in the Listing Agreement or under the Companies Act or the Rules made thereunder or under Depositories Act and the Rules and Bye-laws made thereunder, or guidelines, notifications, circulars issued by SEBI from time to time, such non-compliance, violation and delay in compliance shall be dealt with by the Exchange in the manner, as may be provided in these Bye-laws and Regulations from time to time.

CHAPTER 14

INVESTORS' COMPLAINTS OR GRIEVANCE

14. Investors' Complaints or Grievances

The Exchange shall provide adequate and appropriate mechanism to redress any investor complaint or grievance that may be lodged by any client against any trading member and/or by any investor against any company listed on the Exchange.

14.1 Complaint or Grievance Against a Trading Member, Not Contested or Disputed

On receipt of any complaint/grievance from a client, the Exchange may take up the complaint/grievance with the concerned trading member. In case any complaint or grievance is found to be, prima-facie, genuine, and not contested or disputed by the concerned trading member, or the trading member has admitted such claim/s of the client, such complaint or grievance shall be enforced by the Exchange, if the claim for non-receipt of payment of money is supported with the sufficient proof of delivery as provided by the client and/or the claim for non-receipt of delivery of securities is supported with the sufficient proof of payment as provided by the client. In such an event, the trading member shall be required to redress such complaint or grievance within such time, as may be specified by SEBI or the Exchange from time to time.

14.2 Complaint or Grievance Against a Trading Member, Contested or Disputed

Where the statement of account provided by a client is not accepted by the trading member or vice versa and thereby the complaint remains contested or disputed, or such complaint does not get resolved through the intervention of, or administrative conciliation by, an official of the Exchange, the concerned complainant may then be advised by the Exchange to refer such complaint contested or disputed or not resolved by the concerned trading member to the arbitration, as may be provided in the relevant Bye-laws and Regulations of the Exchange from time to time. The Exchange may also, suo motto, file a reference to arbitration for such complaint, as may be provided in the relevant Bye-laws and Regulations from time to time.

14.3 Complaints Against a Company Listed on the Exchange

Any investor, who is aggrieved for any one or more of the reasons mentioned below, may lodge a complaint or grievance with the Exchange:

14.3.1 Non-receipt of refund orders or stock-invests or interest on delayed refunds.

14.3.2 Non-receipt of allotment letters.

14.3.3 Non-receipt of certificates of equity shares or preference shares or debentures or non-credit of shares or debentures into the demat beneficiary account.

14.3.4 Non-receipt of dividend.

14.3.5 Non-receipt of bonus share certificates.

14.3.6 Non-receipt of interest on debentures and/or deposits and amount payable on redemption of debentures and/or maturity of deposits.

14.3.7 Non-receipt of rights forms.

14.3.8 Delay in transfer of securities.

14.3.9 Delay in dematerialization of securities.

14.3.10 Any other matter relating to acts of commission or omission for which the company is obliged and accountable under the Listing Agreement or under any other laws, rules, regulations, guidelines, orders, notifications, or circulars that may be in force from time to time.

14.3.11 On receipt of any complaint from an investor, the Exchange may refer such complaint to the concerned company and/or to the concerned registrar and transfer agent (hereafter referred to as RTA) for its redressal. The Exchange shall require the company or RTA to redress the complaint or grievance of the investor within such time, as may be required under the SEBI Regulations. In case the company or RTA fails to, or delays in, redressing the complaint or grievance, the Exchange shall initiate measures, as may be provided herein and/or in the relevant Regulations from time to time.

14.4 Non-redressal of Complaints or Grievances of Clients or Investors

14.4.1 By a Trading Member Where the Complaint is not Contested or Disputed

If a trading member fails and/or delays redressal of a complaint or a grievance of a client or of an investor beyond such time as may be provided in the SEBI Regulations, the Exchange may decide to initiate such action as it may deem fit against the concerned trading member so as to ensure expeditious redressal of such pending complaint of the client. Such action may, inter alia, include reduction in exposure limit and/or withdrawal of trading facility until such complaint is fully redressed to the satisfaction of the Relevant Authority or such other disciplinary action as the Relevant Authority may deem fit, considering the amount involved, time elapsed since the Exchange required the trading member to redress the complaint and the track record of the concerned trading member.

14.4.2 By a Trading Member Where the Complaint is Contested or Disputed

In case the complaint of a client is contested or disputed by the concerned trading member, the Relevant Authority may, at its discretion, decide to take such measures as it may deem fit for risk containment, as may be provided in the

relevant Bye-laws and Regulations from time to time, taking into account the amount involved, time elapsed since the Exchange required the trading member to redress the complaint/s and track record of the concerned trading member.

14.4.3 By a Company Where the Complaint or Grievance Not Redressed

In case any complaint or grievance is not redressed by the company or RTA within such time as may be provided in the relevant Regulations, the Exchange may decide to initiate such measures as it may deem fit against the company. Such measures may, inter alia, include shifting trading of the security/ies of such company to trade for trade basis, levying of fine per day of delay beyond such time, as may be decided by the Relevant Authority from time to time, or suspending trading of the security/ies until the complaint is redressed to the satisfaction of the Exchange.

14.4.4 By a Company Where the Complainant Claiming Opportunity Loss

In case the company or RTA fails or delays the redressal of the investor's complaint or grievance beyond the permissible and/or reasonable time and thereby the complainant makes a claim for opportunity loss which is prima facie attributable to such company or RTA, the Exchange may suo motto make a reference to, or advise the complainant to refer any of the complaints emanating out of the causes specified in Bye-law 14.3 above to arbitration as may be provided in these Bye-laws or Regulations from time to time.

14.5 Compliance

14.5.1 Company

The provisions relating to appointment of a compliance officer by a company listed on the Exchange and the duties of the compliance officer shall be the same as provided in Bye-law 13.15 of these Bye-laws.

14.5.2 By a Trading Member / Clearing Member

Every trading member / clearing member shall appoint a Compliance Officer as provided in Bye-law 13.11 and such compliance officer shall be accountable and responsible to comply with the various requirements, as may be specified in the relevant Bye-laws and Regulations from time to time. The compliance officer shall particularly point out any violation,

non-compliance or delay in compliance with regard to various matters specified in the relevant Bye-laws and Regulations, within such time, and at such intervals, as may be specified by the Exchange in the relevant Regulations or as may be specified by the Relevant Authority from time to time.

14.5.3 By a Client or an Investor

Every client or investor shall be required to exercise due diligence and comply with the stipulated requirements as may be in force from time to time, before placing any order for buy or sell of a security or before applying for subscription of any security being issued by any company proposed to be listed on the Exchange as provided in the prospectus, as may be specifically provided in the relevant Bye-laws and Regulations from time to time.

CHAPTER - 15
ARBITRATION, DISPUTE RESOLUTION AND CONCILIATION

15.2 Definitions

15.2.1 ‘Arbitrator’ means an arbitrator selected from the panel of arbitrators.

15.2.2 ‘Arbitral Tribunal’ means one or more arbitrators constituting a tribunal to adjudicate a reference to arbitration.

15.2.3 ‘Arbitration and Conciliation Act’ means Arbitration and Conciliation Act, 1996 and any amendments thereto.

15.2.4 ‘Applicant’ means a person who makes a reference to arbitration by filing an application as prescribed by the Exchange.

15.2.5 ‘Respondent’ means a person against whom the applicant makes a reference to arbitration whether or not there exists a transaction or is a claim against such person.

15.2.6 ‘Panel of Arbitrators’ means a body of arbitrators, constituted by the Relevant Authority from time to time.

15.2 Arbitration Subject to the Arbitration and Conciliation Act

The Bye-laws and Regulations relating to arbitration shall be consistent with the provisions of the Arbitration and Conciliation Act. The provisions not included in these Bye-laws but found in the Arbitration and Conciliation Act shall be deemed to be applicable, as if they were part of these Bye-laws.

15.3 Reference to Arbitration Other than Between Company And Investor or Affected person

All claims, differences or disputes between the clearing members interse, trading members interse, between a clearing member and a trading member, between a clearing member and a non-trading member, between a trading member and a non-trading member, arising out of or in relation to trades, contracts and transactions executed on the ATS of the Exchange or reported to the Exchange and made subject to the Rules, Bye-laws and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation or fulfillment and/or the rights obligations and liabilities of the parties thereto and including any

question of whether such trades, contracts and transactions have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations that may be in force from time to time.

Provided these bye-laws shall not in any way affect the jurisdiction of the Exchange on the clearing member or trading member, through whom such a non-trading member has dealt with or traded in regard thereto and such clearing member or trading member shall continue to remain responsible, accountable and liable to the Exchange in this behalf.

15.4 Reference to Arbitration Between Company and Investor or Affected Person

All claims, differences or disputes between a company and any of the parties defined hereunder shall be submitted to arbitration in accordance with the provisions of these Bye-laws and Regulations that may be in force from time to time.

Definition: For the purpose of these Bye-laws, the term ‘parties’ shall mean an investor or an affected person, who has acquired a security of a company and / or has subscribed to any issue made by a company and shall include trading members, clients of trading members, sub-brokers and participants, by whatever name called.

15.5 Causes of Arbitration with the Company

The claims, differences or disputes between a company and any party may be:

- 15.5.1 arising out of or in relation to transfer, non-transfer, delay in transfer, non-receipt of dividend, interest, securities and/or any other corporate entitlements, delay in conversion into demat or non-demat or keeping in abeyance any one or more of the aforesaid actions;
- 15.5.2 arising from and in connection with any one or more of the actions mentioned in Bye-law 15.5.1 above, which affects the right to ownership of securities and / or any entitlement thereon, or
- 15.5.3 arising out of or in relation to issue or non-issue of company objections / duplicate company objections, delay in issue of company objections and / or non-submission of valid, requisite and supporting papers / documents thereto

Provided that all the causes/actions mentioned under Bye-laws 15.5.1, 15.5.2 and 15.5.3 arise out of or in relation to or with reference to the provisions in the Bye-laws, Rules and Regulations of the Exchange and / or with reference to Good/Bad Delivery Guidelines, Depository Guidelines, provisions under the Companies Act

and/or any other guidelines or circulars issued by the Government or statutory bodies and/or any depository.

15.6 Matters Between Company and Investor or Affected Person or Parties

The company and the parties referred to in Bye-law 15.4 shall be deemed to have entered into an arbitration agreement in writing for all matters arising out of claims, differences or disputes between the company and any of the parties.

15.7 Trades, Contracts and Transactions Subject to Arbitration

In all trades, contracts and transactions, which are made or deemed to be made subject to the Rules, Bye-laws and Regulations of the Exchange, the provisions relating to arbitration as provided in these Bye-laws and Regulations shall form and shall be deemed to form part of the trades, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in Bye-law 15.5 shall be submitted to arbitration in accordance with the provisions of these Bye laws and Regulations that may be in force from time to time.

15.8 Jurisdiction

All parties to a reference to arbitration under these Bye-laws and Regulations and the persons, if any, submitting claims under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Pune or any other court, as may be prescribed by the Governing Board or Managing Director or Relevant Authority for the purpose of giving effect to the provisions of the Arbitration and Conciliation Act, these Bye-laws and Regulations.

15.9 Construction of References

For the purpose of the Arbitration and Conciliation Act, in all claims, differences or disputes which are required to be submitted to arbitration in accordance with the provisions of these Bye-laws and Regulations, wherever the Arbitration and Conciliation Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorized the Managing Director or Relevant Authority to determine that issue.

15.10 Administrative Assistance

For the purpose of the Act, in all claims, differences or disputes which are required to be submitted to arbitration in accordance with the provisions of these Bye-laws and Regulations, the parties shall be deemed to have agreed for administrative assistance of the Relevant Authority in order to facilitate the conduct of the arbitral proceedings.

15.11 Trading Members Liable for Transactions Executed on the ATS

The provisions of these Bye-laws shall become applicable to all claims, differences and disputes between the parties mentioned therein for all trades, contracts and transactions executed on the ATS of the Exchange and made subject to the Bye-laws, Rules and Regulations of the Exchange provided such trades, contracts and transactions had been entered into between the parties mentioned therein upto and including the date on which the clearing member or trading member was either declared a defaulter or expelled or has surrendered his clearing membership or trading membership.

Explanation :

Rules, Bye-laws and Regulations and circulars, orders, directions, or rulings issued by the Exchange or Clearing Agency shall form part of all trades, contracts and transactions.

15.12 Companies Liable For Securities Listed On the Exchange

The provisions of these Bye-laws shall become applicable to all claims, differences and disputes between a company and the parties referred to in Bye-law 15.4 and the liabilities of the company shall remain till the date upto which the company and the concerned securities of the company remain listed on the Exchange.

15.13 Reference of the Claims, Differences or Disputes

Save as otherwise specified by the Governing Board or Managing Director or Relevant Authority, if the value of the claim, difference or dispute is more than such value, as may be specified in the relevant Regulations on the date of application, then such claim, difference or disputes shall be referred to an arbitral tribunal comprising of odd number of arbitrators who are more than one , as may be decided by the Regulatory Authority from time to time and if the value of claims, difference or dispute is upto the value referred to above, then the same shall be referred to an arbitral tribunal comprising a sole arbitrator.

Provided no claim, difference or dispute which is less than such value, as may be specified in the relevant Regulations on the date of the application, shall be allowed to be submitted to arbitration by the Exchange and the same may be decided administratively by the Managing Director or Relevant Authority from time to time.

15.14 Limitation Period for Reference to Arbitration

All claims, differences or disputes referred to in the Bye-laws above shall be submitted to arbitration within six months from the date of the transaction or from the date on which

the client claims to have given instruction/order to buy or sell a security or from the date on which the client claims to have paid money or given a security, whichever is earlier, provided where the claim/complaint is not settled/resolved through the process of the Investors' Grievance Cell of the Exchange within three months of the receipt of the claim / complaint, the Exchange shall in such cases advise the concerned client to refer the case to arbitration. The time taken in dispute resolution and/or conciliation proceedings, if any, initiated and conducted in accordance with the provisions of the Arbitration and Conciliation Act and these Bye-laws and the time taken by the Managing Director or Relevant Authority or the investors' Grievance Cell to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the limitation period of six months under the Rules, Bye-laws and Regulations of the Exchange. Any claim made or any difference/dispute raised by any complainant/aggrieved person, after expiry of the time limit specified herein, shall become time-barred for the purpose of availing of the remedy under the Rules, Bye-laws and Regulations of the Exchange and may not, however, be invalid for seeking remedy under appropriate civil laws.

Provided where a company fails or refuses to submit or abide or comply with any award in arbitration, such company shall render itself liable for suspension of trading in its security. The other party in whose favour the arbitration award has been given shall be entitled to institute legal proceedings to enforce the award.

15.15 Penalty on Failure to Submit to or Abide by Award in Arbitration

A trading member/clearing member, who fails or refuses to submit to or abide by or comply with any award in arbitration between clearing members, between a clearing member and a trading member, between a clearing member and a non-trading member, between trading member or between a trading member and a non-trading member, as may be provided in these Bye-laws and Regulations, shall be declared a defaulter or expelled by the Relevant Authority, as is applicable, and thereupon the other party shall be entitled to institute legal proceedings to enforce the award under the Civil Procedure Code in the same manner as if it is a decree of the court.

15.16 Selection of Arbitrators

The procedure for selection of arbitrators shall be in accordance with the provisions, as may be specified by the Relevant Authority from time to time.

15.17 Procedure for Appointment of Arbitrators

The procedure for appointment of arbitrators, in each case, by the applicant and the respondent, or the Exchange shall be, as may be provided in the relevant Regulations from time to time.

15.18 Vacancy in the Office of the Arbitrator

At any time before making of the arbitral award, if the office of the arbitrator falls vacant for any reason whatsoever, including any vacancy due to the illness or death of the arbitrator or termination of the mandate of the arbitrator by the Managing Director or Relevant Authority, or for any other reason, the vacancy shall be filled in by the Managing Director or Relevant Authority by following the same procedure as specified by the Exchange for appointment of the arbitrator.

15.19 Recorded Proceedings and Evidence

Unless otherwise agreed upon by the parties, any arbitrator who has been appointed by the Managing Director or Relevant Authority to fill the vacancy of the office of the arbitrator may rely on the proceedings and evidence recorded earlier or may conduct any hearing afresh for any hearing previously held.

15.20 Order or Ruling of Previous Arbitrator

An order or ruling of the arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated;

Provided that when the termination has been effected pursuant to Bye-laws 15.21 and 15.22.4, the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid, unless otherwise agreed upon by parties.

15.21 Disclosure by Person to be Appointed as Arbitrators

Every person, who is approached in connection with his possible appointment as an arbitrator, shall disclose to the Managing Director or Relevant Authority in writing, any circumstances likely to give rise to justifiable doubts as to his independence and impartiality. If the person discloses any circumstances, which, in the opinion of the Managing Director or Relevant Authority, are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be appointed as an arbitrator in respect of such case.

15.22 Termination of Mandate of the Arbitrator

The mandate of the arbitrator shall terminate if;

15.22.1The arbitrator withdraws from office for any reason; or

15.22.2In the opinion of the Managing Director or Relevant Authority, which shall be final and binding on the parties, the arbitrator becomes de jure or de facto unable to perform his functions or for other reasons, fails to act without undue delay, including failure to make the arbitral award within the time period prescribed; or

15.22.3the mandate of the arbitrator is terminated by the Managing Director or Relevant Authority upon receipt of written request for the termination of the mandate of the arbitrator from both the parties to arbitration; or

15.22.4the arbitrator discloses any circumstances referred to in Byelaws 15.21 which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality; or

15.22.5the arbitral proceedings are terminated as provided for herein.

15.23 Place of Arbitration

The place of arbitration shall be any office of the Exchange, as may be notified by the Exchange from time to time, or any such other place, as may be designated by the Exchange or the Regulatory Authority from time to time.

15.24 Fees and Charges

The fees for arbitration and the charges for submitting to and for regulating the proceedings of the reference prescribed in the relevant Regulations shall be payable in advance and when there is a failure, neglect or refusal on the part of a party or parties to pay accordingly, the other party shall be responsible for making such payment in advance without prejudice, however, to its right, if any, to recover the same from such party or parties failing, neglecting or refusing to pay. It shall be a condition precedent to the hearing of any reference that the prescribed fees and charges shall have been paid in advance to the Exchange by the party or parties to the reference. The Exchange shall collect all such fees and charges and make the necessary payments for regulating the proceedings of the reference, provided that the sum collected shall not be greater than the sum to be paid, and provided further that the fees and charges payable by the other party shall not be collected from a client, who may lodge a claim against a trading member, whether active or inactive or a trading member who has been declared a defaulter or has been expelled from the trading membership if there is no adequate asset vesting in the Committee for Settlement of Claims Against Defaulters and such defaulter/expelled trading member has not paid the fees.

15.25 Appearance by Counsel, Attorney or Advocate

In arbitral proceedings where both the parties to the dispute are clearing members or trading members, the parties shall not be permitted to appear by counsel, attorney or advocate. In case one of the parties is a sub-broker or a client, the sub-broker or the client may be permitted to appear by counsel, attorney or advocate. If the sub-broker or the client chooses to appear by counsel, attorney or advocate, then the clearing member or

trading member may also be entitled to appear through his counsel, attorney or advocate, after obtaining necessary approval from the arbitral tribunal.

Provided in any arbitral proceeding between the company and any party, the company may be entitled to appear through its counsel, attorney or advocate only after the other party has chosen to appear by counsel attorney or advocate.

15.26 Set-off and Counter Claim

On a reference to arbitration by one party, the other party or parties shall be entitled to claim a set-off or make a counter claim against the former party provided such set-off or counter claim arises out of or relates to trades, contracts and transactions made subject to the Rules, Bye-laws and Regulations of the Exchange and subject to arbitration as provided herein and provided further such set-off or counter claim is presented, together with full particulars, at or before the first hearing of the reference but not afterwards unless specifically permitted by the arbitral tribunal.

Provided in a reference by any party against the company, the other party being company shall not be entitled to claim the set off or make a counter claim against the former party.

15.27 Proceedings

The arbitral tribunal may, however, proceed with the reference notwithstanding any failure to file a written statement by the respondent within the time, as may be prescribed for this purpose in the relevant Regulations from time to time and may also proceed with the reference in the absence of any or all the parties who after due notice fail or neglect or refuse to attend at the appointed time and place. The arbitral tribunal may require the documents and submissions recorded during the process of conciliation or the proceedings conducted by the Dispute Resolution Committee or by any other Committee, as the case may be, to be placed before it for its consideration.

The arbitral tribunal may not proceed with the reference where the applicant has failed to file a written statement within the stipulated time and may dismiss the case summarily, unless the respondent consents to proceed.

15.28 Adjournment of Hearings

The arbitral tribunal may adjourn the hearing from time to time upon the application of any party to the reference, on not more than two occasions for each party or suo moto, provided, however, that when the adjournment is granted at the request of one of the parties to the reference, the arbitral tribunal may, if deemed fit, require such party to pay the fees and costs in respect of the adjourned hearing borne by the other party and in the event of such party failing to do so, may refuse to hear him further or dismiss his case or otherwise deal with the matter in any way the arbitral tribunal may think just.

15.29 Written Statements By Parties and Hearing

A reference may be decided by the arbitral tribunal on the written statements of the parties and the documents produced by them. Any party may however require the arbitral tribunal to give him hearing. In that event, the party shall be heard and the other party or parties shall have a similar privilege of being heard.

15.30 Permission Necessary For Witness or Evidence

No party shall be entitled, without the permission of the Arbitral tribunal, to insist on a request to the arbitral tribunal to hear or examine witness or receive oral or documentary evidence, other than what is deemed necessary by the arbitral tribunal.

15.31 Ex Parte Decision and Summary Disposal

If the party against whom the reference is filed be not present at the appointed time and place, the arbitral tribunal may hear and decide the reference ex parte, and if the party filing the reference be not present, the arbitral tribunal may dismiss the reference summarily.

15.32 Disputed Matter to be Arbitrated Only Once

If after duly informing the arbitral tribunal, the parties to the arbitration themselves enter into any arrangement to completely settle the matter so submitted for arbitration, then such parties or any other person claiming through them shall not be entitled to initiate the arbitration proceedings for a second time with regard to the same matter and the Relevant Authority shall have the power to reject and/or refuse such reference to arbitration.

15.33 Settlement

15.33.1 The arbitral tribunal may, with the agreement of the parties, use mediation, conciliation or any other procedure at any time during the arbitral proceedings to encourage settlement.

15.33.2 If, during the proceedings, parties settle the dispute, the arbitral tribunal shall terminate the proceedings and record the settlement in the form of an arbitral award on agreed terms, which shall have the same status and effect as any other arbitral award on the substance of the dispute.

15.34 Interim Arbitral Award and interim Measures

The arbitral tribunal is empowered to make an interim arbitral award and/or provide interim measures of protection. The arbitral tribunal may require a party to provide appropriate security in connection with an interim award and/or measures.

15.35 Arbitral Award

The arbitral tribunal shall make the arbitral award within three months from the date of entering upon the reference and the time to make the award may be extended from time to time by the Managing Director or Relevant Authority on an application by either of the parties or the arbitral tribunal, as the case may be, provided however, such extension shall not in aggregate exceed three months from the date of expiry of the three months referred to herein. For the purpose of this Bye-law, the arbitral tribunal shall be deemed to have entered upon a reference on the date on which the arbitral tribunal holds the first hearing.

15.36 Arbitral Award

Every award shall be made in writing and shall be signed by the arbitral tribunal.

15.36.1 The award shall state the reasons upon which it is based, unless the parties have agreed that no reasons are to be given; or

15.36.2 the award is on the terms agreed upon between the parties; or

15.36.3 the award shall state its date and the place of arbitration and the award shall be deemed to have been made at that place.

15.37 Award to Classify Award Amount

Whether the award is interim or otherwise, the Arbitral Tribunal shall clearly specify as to whether the amount/securities awarded relate to a transaction executed on the ATS of the Exchange or to any order/instruction to buy or sell a security or to the money paid or security deposited with the trading member / clearing member in respect of any order/instruction to buy or sell the security or for any reason other than those specified herein.

15.38 Award to Adjudge Interest

Where an award is for the payment of money, the arbitral tribunal may adjudge in the award the interest to be paid on the principal sum adjudged for any period prior to the institution of the arbitration proceedings and may also adjudge the additional interest on such principal sum for the period from the date of the institution of the arbitration proceedings to the date of the award and also the interest on the aggregate sum so adjudged at such rate from the date of the award to the date of payment. The rate of interest that may be stipulated in the award shall be the Bank Rate, as may be fixed by the Reserve Bank of India from time to time, plus penal interest not exceeding four percent per annum.

15.39 Intimation of Award

After the award is made, a signed copy of the award shall be delivered to each party.

15.40 Award Binding on Parties and Their Representatives

The parties to the reference shall in all matters abide by and forthwith carry into effect the award of the arbitral tribunal which shall be final and binding on the parties and their respective representatives, notwithstanding the death of or legal disability occurring to any party before or after the making of the award and such death or legal disability shall not operate as a revocation of the reference or award or shall not affect the rights under the award of the awardee in any manner, whatsoever.

15.41 Correction in and Clarification on Award

15.41.1 Within such days as may be specified by the Exchange from the receipt of the arbitral award:

15.41.1.1 any party to an arbitration agreement, with notice to the other party, may request the arbitral tribunal to correct any computational error, any arithmetical error, any clerical or typographical error or any other error of a similar nature occurring in the award, or

15.41.1.2 any party, with notice to the other party, may request the arbitral tribunal to give a clarification on any specific point or part of the award.

15.41.2 If the arbitral tribunal finds the above request to be justified, it shall make the correction or provide the required correction and clarification to the parties concerned. The correction and clarification provided shall form part of the award.

15.41.3 The arbitral tribunal may, on its own, correct the errors within such number of days from the date of the making of the award, as may be specified by the Exchange in the relevant Regulations from time to time and inform the parties accordingly.

15.41.4 Any party, with notice to the other party, may request the arbitral tribunal, within such number of days from the date of receipt of the award, as may be specified in the relevant Regulations from time to time, to make an additional award as to the claims presented in the arbitral proceedings, but omitted from the arbitral award.

15.41.5 If the arbitral tribunal finds the request made under Bye-law 15.41.4 to be justified, it shall make the additional arbitral award within such number of days from the date of receipt of such request, as may be specified in the relevant Regulations from time to time.

15.42 Honouring of Arbitral Awards

The Exchange shall on receipt of an arbitral award against a trading member or a clearing member follow such procedure with respect to honouring of the award, as may be provided in the relevant Regulations from time to time, or as may be specified by SEBI from time to time.

Provided where the arbitral award is against the company, the Exchange may follow such procedure, as may be provided in the relevant Bye-laws and Regulations from time to time and as may be specified by SEBI from time to time.

15.43 Right to Appeal

15.43.1 Award Final and Additional Risk Containment Measures Applicable

A party to a reference who is dis-satisfied with an award of the arbitral tribunal may appeal to the appellate competent court of jurisdiction as provided in the Arbitration and Conciliation Act. The award shall be final under these Bye-laws and Regulations of the Exchange and vis-à-vis the Exchange in terms of any action, which is required to be initiated by the Relevant Authority, as may be provided for in the Bye-laws relating to additional risk containment measures from time to time.

15.43.2 Enforceability of Award As a Decree

When the time for preferring an appeal has expired and no appeal has been preferred or the appeal has been preferred and the appeal has been rejected and when the time for making an application to set aside the award under the relevant provisions of the Arbitration and Conciliation Act has expired, or such application having been made, it has been refused, the final award shall be enforceable by the Exchange in the same manner as if it were a decree of the Court, if the award is against a trading member or a clearing member.

15.44 Setting Aside of Award and Fresh Reference

15.44.1 An arbitral award may be set aside by the competent court on an application made under relevant provision of the Arbitration and Conciliation Act, on the grounds mentioned in that provision.

15.44.2 Whenever an award made under these Bye-laws and Regulations is set aside by the court, the matter shall again be referred to arbitration, as may be provided in these Bye-laws and Regulations from time to time and the claims, differences and disputes shall be decided by a fresh reference to arbitration.

Where the Court has for the time being set aside the award and made the reference to the Arbitral Tribunal, only such a reference shall be decided by a fresh reference to arbitration as directed by the Court.

15.45 Cost

15.45.1 Unless otherwise agreed upon by the parties, the cost of arbitration shall be fixed by the arbitral tribunal.

15.45.2 The arbitral tribunal shall specify the party entitled to cost, the party who shall pay the cost, the amount of cost or method of determining that amount, and the manner in which the cost shall be paid.

Explanation: For the purpose of this Bye-law, cost means reasonable cost relating to the fees and expenses of the arbitrators and witness, legal fees and expenses, any administration fees of the institution supervising the arbitration, and any other expenses incurred in connection with the arbitral proceedings and the arbitral award.

15.46 Notices and Communications How to be Served

Notices and communications to a trading member or to a clearing member or a non-trading member or to a company or an investor or an affected person shall be served in any one or more or all of the following ways and any such notice or communication hereunder shall be served at his ordinary business address and/or at his ordinary place of residence and/or his last known address:

15.46.1 by delivering it by hand;

15.46.2 by sending it by registered post;

15.46.3 by sending it under certificate of posting;

15.46.4 by sending it by express delivery post;

15.46.5 by sending it by telegram/fax/internet;

15.46.6 by affixing it on the door at the last known business or residential address;

15.46.7 by oral communication to the party in the presence of a third person;

15.46.8 by advertising it at least once in any daily newspaper published at the place where the Exchange is located; or

15.46.9 if no address is known, by a notice posted on the notice board of the Exchange or displayed on the ATS of the Exchange or on the website of the Exchange.

15.47 Service by Hand Delivery When Complete

A notice or communication served by hand shall be deemed to have been received by the party on the production of a certificate to that effect signed by the person delivering the notice or communication and the same shall constitute due and proper service of notice.

15.48 Service by Fax / Internet When Complete

A notice or communication served by fax or internet shall be deemed to have been received by the party at the time when the same, in the ordinary course, has been transmitted to the fax number and / or the internet address specified by such party

15.49 Service by Post or Telegram When Complete

A notice or communication served by post or telegram shall be deemed to have been received by the party at the time when the same, in the ordinary course of post or telegram, has been delivered. Production of a letter of confirmation from the post office or of the post office receipt for the registered letter or telegram or of a certificate of posting shall in all cases be conclusive proof of the posting or despatch of such notice or communication and shall constitute due and proper service of notice.

15.50 Service by Advertisement or by Notice on Notice Board When Complete

A notice or communication published in a newspaper or posted on the notice board of the Exchange or displayed on the ATS of the Exchange or on the Website of the Exchange shall be deemed to have been served on the party on the day on which it is published or posted or so displayed.

Provided where a notice or communication is in relation to a matter between a company and any party, a notice or communication published in a newspaper as above shall be deemed to have been served on the party the day on which it is published.

15.51 Refusal to Accept Delivery Does Not Affect Service

Any refusal to take delivery of the notice or communication shall, in no case, affect the validity of its service.

15.52 Indemnity

No party shall bring or file any suit or proceeding whatever against the Exchange, the Governing Board, Managing Director, Relevant Authority, or any employee or employees of the Exchange acting under his/its authority or against the arbitral tribunal for or in respect of any matter or thing purported to have to been done under these Bye-laws and Regulations, save and except any suit or proceeding for the enforcement of the award against the other party or parties to the reference.

15.52.1 Parties When Not Discharged

If any difficulty arises in giving effect to the provisions of these Bye-laws and Regulations in the conduct of arbitration, the provisions of the Arbitration and Conciliation Act shall prevail over the provisions of these Bye-laws and Regulations.

15.53 Secretarial Duties

The Secretary or the officer designated by the Exchange in this behalf and the employees of the Exchange acting under his authority shall;

- 15.53.1** maintain a register of reference,
- 15.53.2** maintain a register of reference rejected by the Secretary or the designated officer,
- 15.53.3** receive all applications for arbitration, reference and communication addressed by the parties before or during the course of arbitration or otherwise in relation thereto,
- 15.53.4** receive payment of all costs, charges, fees and other expenses,
- 15.53.5** give notices of hearing and all other notices to be given to the parties before or during the course of the arbitration or otherwise in relation thereto,
- 15.53.6** communicate to parties all orders and directions of the arbitral tribunal,
- 15.53.7** receive and record all documents and papers relating to the references; and keep in custody all such documents and papers except those the parties are allowed to retain, for such period, as may be prescribed by the Relevant Authority from time to time,
- 15.53.8** publish the award on behalf of the arbitral tribunal,
- 15.53.9** enter the award and any changes therein in the register of references,
- 15.53.10** generally do all such things and take all such steps as may be necessary to assist the arbitral tribunal in the discharge of its functions,
- 15.53.11** maintain a register of appeals and make necessary entries therein, and
- 15.53.12** generally do all such things and take all such steps as may be necessary to implement the award of the arbitral tribunal, as may be specified by the Exchange, SEBI or any court of competent jurisdiction or a regulatory authority having jurisdiction on such matters from time to time.

15.54 Arbitral Award Enforceable By/Against Legal Heirs/Representatives

An arbitration agreement shall not be discharged by the death of any party thereto or by the incapacity of the party to act either as respects the deceased or the incapacitated party, or as respects any other party, but shall in such event be enforceable by or against the legal heirs or legal representatives of the deceased or the party incapacitated.

15.55 Reference to Dispute Resolution Committee or Officer or Conciliation

Notwithstanding anything contained in these Bye-laws, if any claim, difference or dispute between the clearing members, or between a clearing member and a trading member or between the trading members arises, in whole or in part, on one or more of the following matters, the decision on such matter or matters shall be referred to the arbitration of a Dispute Resolution Committee or Officer or Conciliation, as may be provided in these Bye-laws and the relevant Regulations from time to time for:

- 15.55.1** determination as to whether any documents constituted good delivery or bad delivery;
- 15.55.2** determination of the correctness or validity of an objection to transfer of a security raised by a company or other issuer of securities or its transfer agent;
- 15.55.3** determination of a question whether a trading member / clearing member is obliged to rectify or replace any document on the ground that it is bad delivery document;
- 15.55.4** applicability and/or interpretation of any Rules, Bye-laws, Regulations, resolutions, orders, notices, directions, decisions or rulings, by whatever name called, for determining any matter referred to above in this Bye-law, and
- 15.55.5** such other matters as may be specified by the Relevant Authority for the purposes of this Bye-law.

15.56 Panel of Conciliators

The Relevant Authority may constitute a panel of conciliators consisting of not less than ten persons, of which not more than forty percent shall be drawn from the trading members/clearing members of the Exchange/Clearing Corporation who have been carrying on business for a minimum period of two years, and sixty percent from non-trading members / non-clearing members possessing expertise in the areas related to the securities market like industry, commerce, economics, finance, accounts, law, etc.

Provided that the Relevant Authority shall have the power to increase the number of conciliators on panel from time to time, keeping in view the number of cases for conciliation.

15.57 Representation and Assistance

Each party shall advise, in writing, the other party and the conciliator of –

- 15.57.1** the name and address of any person who will represent or assist him, and
- 15.57.2** the capacity in which that person will represent.

15.58 Number and Appointment of Conciliators

15.58.1 There shall be a single conciliator unless the parties have agreed that there shall be three conciliators.

15.58.2 The conciliator(s) shall be appointed from among the panel of conciliators constituted by the Relevant Authority from time to time.

15.59 Submission of Statements to Conciliator

15.59.1 The conciliator may, upon his appointment, require each party to submit to him a brief statement, in writing, describing the general nature of the dispute, the points at issues and the amount, if any, of the claim. Each party shall send a copy of such statement to the other party.

15.59.2 At any stage of the conciliation proceedings, the conciliator may require a party to submit to him such additional information, as he/they may deem appropriate.

15.60 Disclosure of Information

When the conciliator receives some information concerning the dispute from a party, he shall disclose the substance of that information to the other party so that the other party may have the opportunity to present any explanation such party may consider appropriate; Provided that when a party gives any information to the conciliator subject to a specific condition that it shall be kept confidential, the conciliator shall not disclose such information to the other party.

15.61 Communication Between Conciliator and Parties

15.61.1 The conciliator may invite the parties in writing, to meet him or may communicate with them orally or in writing. He may meet or communicate with the parties together or with each of them separately.

15.61.2 The conciliator, in consultation with the Exchange, shall determine the place where a meeting of the parties with the conciliator is to be held.

15.61.3 Conciliation Proceedings not to Commence

If no reply is received by the conciliator to the invitation for initiating conciliation within thirty calendar days from the date of communication inviting conciliation or within the period specified in the invitation, whichever is earlier,

conciliation proceedings in such an event shall not proceed and the party shall then be free to refer the claim/difference/dispute to arbitration, as may be provided in the relevant Bye-laws.

15.62 Co-operation of Parties With Conciliator

The parties shall in good faith co-operate with the conciliator and in particular shall endeavor to comply with the requirements specified by the conciliator of submitting written materials, providing evidence and attending meetings, if any.

15.63 Suggestions by Parties for Settlement of Disputes

Each party may, on its initiative or at the invitation of the conciliator, submit to the conciliator suggestions for the settlement of the dispute.

15.64 Admissibility of Evidence in Other Proceedings

The parties shall not rely on or introduce as evidence in arbitral or judicial proceedings, whether or not such proceedings relate to the dispute, which is the subject of the conciliation proceedings:

- 15.64.1** views expressed or suggestions made by the other party in respect of a possible settlement of the dispute;
- 15.64.2** admissions made by the other party in the course of the conciliation proceedings;
- 15.64.3** proposals made by the conciliator/s for a settlement, and
- 15.64.4** the fact that the other party had indicated his willingness to accept a proposal for settlement by the conciliators.

15.65 Role of Conciliator in Other Proceedings

Unless otherwise agreed upon by the parties,

- 15.65.1** the conciliator/s shall not act as an arbitrator or as a representative or as a counsel or as an attorney or advocate of a party in any arbitral or judicial proceedings in respect of a dispute, which is the subject of the conciliation proceedings, and
- 15.65.2** the conciliator shall not be presented by the parties, as a witness in any arbitral or judicial proceedings.

15.66 Deposits

15.66.1 The conciliator may direct each party to deposit with the Exchange an equal amount, as an advance for the costs, which he expects, will be incurred. However, during the course of the conciliation proceedings, the conciliator, may also direct supplementary deposits in an equal amount from each party.

15.66.2 If the required deposits are not paid in full by both parties within seven calendar days from the date of direction by the conciliator, the conciliator may, at his discretion, suspend the proceedings or may, at his discretion, make a written declaration of termination of the proceedings to the parties, effective from the date of that declaration.

15.66.3 Upon termination of the conciliation proceedings by the conciliator as provided in Bye-law 15.66.2, the Exchange shall render an account to the parties of the deposits received and expenses incurred and shall return the balance amount, if any, to the parties in the ratio of their deposits, within a reasonable period of time.

15.67 Completion of Conciliation Proceedings

The conciliation proceedings for the settlement of any dispute shall be completed within a period of thirty calendar days from the date of commencement of such proceedings.

Explanation: Conciliation proceedings shall be deemed to have commenced on the date of completion of appointment of conciliator as provided herein.

15.68 Settlement Agreement

15.68.1 When it appears to the conciliator that there exists an element of settlement, which may be acceptable to the concerned parties, he shall formulate the terms of a possible settlement and submit them to the parties for their observations. After receiving the observations of the parties, the conciliator may reformulate the terms of a possible settlement in the light of such observations.

15.68.2 If the parties reach agreement on a settlement of the dispute, they may draw up and sign a written settlement agreement. If requested by the parties, the conciliator may draw up, or assist the parties in drawing up, the settlement agreement.

- 15.68.3** Wherever the settlement agreement is being drawn up between the parties, the conciliator shall ensure that the settlement agreement clearly specify whether the amount / securities settled relate to a transaction executed on the ATS of the Exchange or to any order / instruction to buy or sell a security or to the money paid or security deposited with the trading member / clearing member in respect of any order / instruction to buy or sell the security or for any reason other than those specified herein.
- 15.68.4** When the parties sign the settlement agreement as drawn up under Bye-law 15.68.3, it shall be final and binding on the parties and the persons claiming under them respectively.
- 15.68.5** The conciliator shall authenticate the settlement agreement and furnish a copy thereof to each of the parties and the Exchange.

15.69 Status and Effect of Settlement Agreement

The settlement agreement shall have the same status and effect as if it is an arbitral award.

15.70 Cost

Upon termination of the conciliation proceedings, the conciliator on the basis of Schedule of Fees, as may be provided in the Relevant Regulations from time to time and in consultation with the Relevant Authority shall fix the cost of the conciliation and give written notice thereof to the parties.

Explanation:

15.70.1 Cost mean reasonable cost relating to:

- 15.70.1.1** the fees and expenses of the conciliator and witnesses required by the parties with the consent of the conciliator;
- 15.70.1.2** any expert advice required by the conciliator with the consent of the parties; and
- 15.70.1.3** any other expenses incurred in connection with the conciliation proceedings and the settlement agreement.

15.70.2 The cost shall be borne equally by the parties unless the settlement agreement provides for a different apportionment.

15.71 Termination of Conciliation Proceedings

15.71.1 The conciliation proceedings shall be terminated –

- 15.71.1.1** by signing of the settlement agreement by the parties on the date of agreement; or
- 15.71.1.2** by a written declaration of the conciliator, after consultation with the parties, to the effect that further efforts in conciliation are no longer justified, on the date of the declaration; or
- 15.71.1.3** by a written declaration of the parties addressed to the conciliator to the effect that the conciliation proceedings are terminated, on the date of the declaration; or
- 15.71.1.4** by a written declaration of a party to the other party and the conciliator that the conciliation proceedings are terminated, on the date of the declaration.

- 15.71.1.5** The conciliator shall, upon termination of the proceedings, send an intimation thereof in writing to the Exchange.

15.72 Confidentiality

Notwithstanding anything contained in any other law for the time being in force, the conciliator and the parties shall keep confidential all matters relating to the conciliation proceedings, except where their disclosure is necessary for the purposes of implementation and enforcement of the settlement agreement.

CHAPTER - 16
INVESTORS' PROTECTION FUND

16.1 Establishment

The Exchange shall establish and maintain an Investors' Protection Fund to protect the interests of the clients of the trading members of the Exchange, who may have been declared defaulters or who may have been expelled, under the provisions of the Rules, Bye-laws and Regulations of the Exchange.

16.2 Compensation

The Investors' Protection Fund may provide compensation against a genuine and bonafide claim made by any client, who has either not received the securities bought from a trading member for which the payment has been made by such client to the trading member thereagainst or has not received the payment for the securities sold and delivered to the trading member or has not received any amount or securities which is/are legitimately due to such client from the trading member, who is either declared a defaulter or expelled by the Exchange or where the trading member, through whom such client has dealt, is unable to get the securities rectified or replaced for the reason that the introducing trading member at the Exchange is either declared a defaulter or expelled by the Exchange, under the relevant Rules, Bye-laws and Regulations of the Exchange.

16.3 Corpus and Composition of the Fund

Every trading member of the Exchange shall contribute such amount, as may be determined by the Relevant Authority from time to time, to constitute the corpus of the Investors' Protection Fund. The Relevant Authority shall have the power to call for such additional contributions, as may be required from time to time to make up for any shortfall in the corpus of the Investors' Protection Fund. The Exchange shall also credit to the Investors' Protection Fund such amount out of the listing fees collected by it in each financial year, as may be prescribed by SEBI or as may be specified in the relevant Regulations from time to time. The Exchange may also augment the Investors' Protection Fund from such other sources, as it may deem fit.

16.4 Ceiling for Corpus

The Exchange or SEBI may from time to time determine the ceiling amount upto which the contribution from the trading members and contribution from the listing fees shall be

collected and credited to the Investors' Protection Fund. While determining the ceiling amount, the Relevant Authority may be guided by factors, which may, inter alia, include highest amount of compensation disbursed from the Investors' Protection Fund in a financial year during the preceding five financial years, amount of interest accrued to the Fund in the previous financial year and the number of times the size of the corpus is a multiple of the highest aggregate amount of compensation disbursed from the Investors' Protection Fund in any particular financial year. The Relevant Authority may, subject to taking prior approval of SEBI with proper justification, decide to reduce, and/or not to call for, any further contribution from the trading members and/or from listing fees.

16.5 Insurance Cover

The Relevant Authority may, at its absolute discretion, decide to have an insurance cover to protect the corpus of the Investors' Protection Fund.

16.6 Management of the Fund

The Investors' Protection Fund as above shall be held in trust and shall vest in the Exchange or any other entity or authority, as may be specified by the Relevant Authority from time to time. The Investors' Protection Fund shall be managed by the Trustees appointed under the Trust Deed created and executed and in accordance with the provisions contained in the Trust Deed and the Rules, Bye-laws and Regulations of the Exchange.

16.7 Utilisation of the Fund

The Trustees of the Fund shall be guided by the recommendations of the Committee for Settlement of Claims Against Defaulters, who may scrutinize and vet each of the claims placed before them for consideration after due screening by the officials of the Exchange and also by an Independent Chartered Accountant, if need be, for satisfying that each claim meets the requirements, as may be stipulated by the Committee for Settlement of Claims against Defaulters from time to time. The amount of compensation that may be disbursed out of the Investors' Protection Fund to a client shall be limited to the balance amount of the admitted claim of the client as may be remaining after adjustment of the amount paid out of distribution of the assets vesting in the Committee for Settlement of Claims Against Defaulters on account of the concerned defaulter or expelled trading member. All claims received shall be processed and paid out of Fund as provided herein:

16.7.1 Genuine and Bonafide Claims

All genuine and bonafide claims, for which an order or trade is recorded on the ATS of the Exchange, may be eligible for consideration irrespective of whether the claimant produces a copy of contract note as proof or otherwise.

16.7.2 Proof of Payment or Delivery

No claim shall be entertained unless such a claim is supported with necessary and sufficient proof of payment or delivery of securities to the trading member who is declared a defaulter or expelled, either directly or through a sub-broker.

16.7.3 Eligible Claims

All claims, which meet the requirements of Bye-laws 16.7.1 and 16.7.2 above, will be eligible for consideration by the Exchange.

16.7.4 Claims on Merits Without Precedent

Any claim which does not meet both the requirements of Bye-laws 16.7.1 and 16.7.2 above shall be placed before the Committee for Settlement of Claims Against Defaulters for scrutiny and the said Committee may consider each case on its merit, and a decision on any case made on the basis of the merits of the case shall not constitute or be quoted as a precedent in any other case.

16.7.5 Claims Entertained Only If Executed on the ATS

While considering a claim referred to under Bye-law 16.7.4 above, the Committee for Settlement of Claims Against Defaulters may direct payment of such claim, which, in the opinion of the Committee, is made by an investor and the claim has direct relevance to such transactions executed on the ATS of the Exchange.

16.7.6 Actual Loss, Damages, Interest, Notional Loss Excluded

A claim will be eligible for payment to the extent of the actual loss suffered by an investor and the actual loss would include any difference receivable by the claimant arising out of the transactions. No claim shall include any claim for damages or interest or notional loss.

16.7.7 Other Documentary Evidence

In case of a claim which does not fall under Bye-laws 16.7.1 and 16.7.2 above, the Relevant Authority may require the claimant/s to produce necessary documentary or other evidence in regard to the following issues, to be placed before the Committee for Settlement of Claims Against Defaulters, substantiating that

- 16.7.7.1** the actual amount paid and/or securities delivered was/ were towards a trade on the Exchange and not towards a deposit, loan or otherwise;
- 16.7.7.2** the claimant had regular transactions through the defaulter or expelled member, in the ordinary course of business, for a reasonable period of time and that the claimant is in a position to substantiate this by a copy of the accounts, proof of payment of money or delivery of securities, contract notes, order execution details, or such other relevant material available, and
- 16.7.7.3** the claimant had initiated actions, including lodging of a complaint with the Exchange, if the claim related to an act or omission in the execution of the instructions or orders of the claimant by a trading member who is declared a defaulter or expelled.

16.7.8 Certain Claims not to be Entertained

The Committee for Settlement of Claims Against Defaulters shall not entertain any claim against a defaulter / expelled trading member, where the trading membership ceases to exist attributable to the action taken by the Exchange i.e. other than surrender of trading membership:

- 16.7.8.1** which arises out of a contract in securities, dealings in which are not permitted or which are not made subject to, and/or under the Rules, Bye-laws and Regulations of the Exchange, or the claimant has either not paid the amount due or delivered the securities in respect of obligations or colluded with the defaulter / expelled trading member in the evasion of margin payable on the transactions in any security;
- 16.7.8.2** which arises from the transactions not settled by delivery and payment within the time prescribed by these Bye-laws and Regulations;
- 16.7.8.3** which arises from any arrangement for settlement of claims in lieu of bonafide money payment in full on the day when such claims become due;

- 16.7.8.4** which arises from any outstanding balance or any outstanding difference in respect of previous transactions which have not been claimed at the proper time and in the manner prescribed in these Bye-laws and Regulations;
- 16.7.8.5** which is in respect of a loan with or without security;
- 16.7.8.6** which is not filed with the Exchange/Committee for Settlement of Claims Against Defaulters within such time, as may be prescribed by the Governing Board or in the relevant Regulations from time to time
- 16.7.8.7** which arises out of an arbitration award as provided in Bye-law 16.7.9.1.
- 16.7.8.8** which arises out of an arbitration award as provided in Bye-law 16.7.9.2

16.7.9 Arbitration Award for Transactions Other Than the Transactions Executed on the ATS of the Exchange

- 16.7.9.1** If a claim arises out of an arbitration award made in favour of a client of a trading member in respect of an alleged transaction which has not been executed on the ATS of the Exchange, such claim may be considered by the Relevant Authority for payment out of the assets vesting in the Committee for Settlement of Claims Against Defaulters only after considering all other valid claims of clients in respect of the transactions executed on the ATS of the Exchange.
- 16.7.9.2** In the event where a trading member is declared defaulter/expelled from the trading membership of the Exchange, no payment in respect of an arbitration award shall be made unless the Committee for Settlement of Claims Against Defaulters is satisfied that the award is towards margin money paid or delivery of securities given to the defaulter/expelled trading member by his client in relation to an instruction/order given by the client to buy or sell securities and there is no prima-facie collusion between the defaulter / expelled trading member and his client.

16.8 Ceiling for Compensation

The amount of compensation that may be considered for payment against a claim of a client shall not exceed such ceiling amount, as may be decided by the Relevant Authority from time to time.

16.9 Use of Interest Amount Accrued on Investments of the Fund

Notwithstanding anything contained in any other Bye-laws, the Relevant Authority shall have the authority to utilize the interest income earned on the investments made out of Investors' Protection Fund, either in part or whole, for the purpose of imparting education or training to investors, for creating awareness among the investing community at large and for any research connected therewith or incidental thereto.

16.10 Procedure and Bar for Making a Claim by a Client

16.10.1 Public Notice

The Relevant Authority shall cause to be published in a widely circulating daily newspaper a notice specifying a date not being less than three months from the date of the said publication, on or before which, a claim by any client for compensation in relation to the person specified in the notice shall be required to be made.

16.10.2 Claim in Prescribed Form

A claim by a client for compensation pursuant to the aforesaid notice shall be required to be made in such form, as may be prescribed by the Relevant Authority from time to time, together with the requisite documents in substantiation of a claim made, on or before the date specified in the aforesaid notice. Any claim not so made as specified shall be barred for processing and/or consideration, unless the Relevant Authority may otherwise determine. Any claim not made within the date specified shall be liable to be rejected summarily.

16.10.3 Notice for Disallowance of Claim

Where a claim is not considered for compensation, whether in part or in full, the Relevant Authority may cause a notice to be served on the concerned claimant, stating details for such disallowance.

16.11 Undertaking by a Client Making a Claim

Any client desirous of making a claim under these Bye-laws shall be required to sign and submit an undertaking to the Exchange while submitting a claim to the effect that the decision of the Relevant Authority shall be final and binding on him.

Chapter 17
Investors' Services Fund

- 17.1** The Exchange shall establish a separate fund called Investors' Services Fund by setting aside twenty percent of the annual listing fees or such percentage of the listing fees, as may be stipulated by SEBI from time to time. This Fund shall be used for the purposes of providing different kinds of services to the investing public.
- 17.2** The Exchange shall have at least one Investor Service Centre at the place where the Exchange is located for the benefit of the public/investors.
- 17.3** The Investor Service Centre shall provide such number of newspapers and periodicals, as may be specified by SEBI / Exchange, with at least one in the regional language.
- 17.4** The Investor Service Centre shall provide a facility for dissemination of information about companies, including annual reports, financial and other important information through electronic media by providing view terminals with restricted access and with a facility to take copies on payment of a reasonable fee.
- 17.5** The Investor Service Centre shall provide a facility for receiving/recording investors' complaints/claims and provide acknowledgement slips with distinct numbers generated through the electronic system put in place by the Exchange for this purpose, which shall be capable of maintaining and updating the status of such investors' complaints/claims.
- 17.6** The Investor Service Centre shall provide counselling service to the investors to assist the investors to know the steps they need to take before entering into any arrangement to buy and/or sell a security through a trading member or a sub-broker on the Exchange.
- 17.7** The Investor Service Centre shall have reasonable infrastructure facilities of trained staff, telephone, sitting place, printing machine, Xerox machine, etc.
- 17.8** The Investor Service Centre shall provide published materials of the Exchange as well as magazines for the reference by the investors.

- 17.9** The Investor Service Centre shall provide view terminals displaying prices of the scrips on real-time basis for the benefit of the investors.
- 17.10** The Investor Service Centre shall maintain books on relevant laws, financial analysis, market trend analysis, etc. for reference by the investors.
- 17.11** The stock exchange, having a market share of more than twenty percent of the total turn over in the equity market across all stock exchanges as at the end of the latest financial year published by SEBI, shall provide the above facilities at at least at five Investor Service Centres and the stock exchange having a turn over upto twenty percent of the total turn over in the equity market across all stock exchanges, shall have at least one Investor Service Centre.
- 17.12** A list of Investor Service Centres opened by the Exchange shall be published on the Website of the Exchange, communicated to SEBI from time to time and also published in a widely circulated national daily, at least once in every calendar quarter.

