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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके
(Separate paging is given to this Part in order that it may be filed as a separate compilation)

भाग IV [PART IV]

[गैर-सरकारी व्यक्तियों और गैर-सरकारी संस्थाओं के विज्ञापन और सूचनाएं]
[Advertisements and Notices issued by Private Individuals and Private Bodies]

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BY ORDER
Controller of Publication

I, hitherto known as ROHIT SHARMA daughter of Sh. RAVIKANT SHARMA, employed as a Sports Writer in Curium Technologies, residing at 182, First Floor, Block A-1, Sector 55, Gurgaon, Haryana, have changed my name and shall hereafter be known as SUHANI SHARMA.

It is certified that I have complied with other legal requirements in this connection.

ROHIT SHARMA
[Signature (in existing old name)]

CHANGE OF NAME

I, Y.P.S. RAWAT son of Late G. S. RAWAT, employed as Sr. Assistant in NHPC Limited, Sector-33, Faridabad (Haryana), residing at GH-5&7/436, Meera Bagh, Paschim Vihar, New Delhi-110087, have changed the name of my minor son CHILLY RAWAT, 15 years and he shall hereafter be known as ANADISH RAWAT.

It is certified that I have complied with other legal requirements in this connection.

Y.P.S. RAWAT
[Signature of Guardian]

I, hitherto known as PURSHOTTAM DUTT son of Lt. RAJENDER PRASHAD, a Teacher, residing at 719-G, Gaushala Road, New Delhi-110 043, have changed my name and shall hereafter be known as PURSHOTTAM DUTT VASHIST.

It is certified that I have complied with other legal requirements in this connection.

PURSHOTTAM DUTT
[Signature (in existing old name)]

In exercise of the powers conferred by Section 9 of the Securities Contracts (Regulation) Act, 1956 (Act of 42 of 1956), the Calcutta Stock Exchange Limited with the approval of Securities Exchange Board of India (SEBI), hereby notify the amendments to the Bye-laws of the Calcutta Stock Exchange Ltd. namely:-

The Calcutta Stock Exchange Limited

Bye-laws

THE CALCUTTA STOCK EXCHANGE LIMITED

7, Lyons Range, Kolkata – 700 001

West Bengal, India

Website: www.cse-india.com

THE CALCUTTA STOCK EXCHANGE LIMITED

7, Lyons Range, Kolkata 700 001

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CHAPTER- I

DEFINITIONS

- (1) "**Board**" means Board of Directors of The Calcutta Stock Exchange Limited.
- (2) "**Exchange Securities**" means securities which have been admitted to the Official List(s) of CSE Securities.
- (3) "**Stock Exchange**" means the Stock Exchange(s) operated by CSE
- (4) "**Board Committee**" or "**BC**" means the Committee of the CSE formed in accordance with Chapter III which shall also be known as Committee.
- (5) "**Issuer**" includes a Government, a body corporate or other entity, whether incorporated or not, which issues any security or other instrument, or draws or accepts a negotiable instrument which is admitted to dealings on the CSE.
- (6) "**Market-Maker**" means a trading member of the Stock Exchange registered as such as per the Rules and Bye-laws of the Stock Exchange
- (7) "**CSE**" means the Calcutta Stock Exchange Limited.
- (8) "**Official List of CSE securities**" means the list of securities which are listed or permitted to trade on the Stock Exchange
- (9) "**Participant**" means a constituent who is registered by the relevant authority from time to time under Chapter VII of the Bye Laws.
- (10) "**Regulations**", unless the context indicates otherwise, includes business rules, code of conduct and such other regulations prescribed by the relevant authority from time to time for the operations of the Stock Exchange and these shall be subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and SEBI Act.
- (11) "**Relevant Authority**" means the Board, Securities and Exchange Board of India or such other authority as specified by the Board from time to time as relevant for a specified purpose.
- (12) "**Relevant CSE Securities**" or "**Relevant Securities**" means those CSE securities pertaining to the relevant trading segment.
- (13) "**Rules**", unless the context indicates otherwise, means rules as mentioned hereunder for regulating the activities and responsibilities of trading members of CSE and as prescribed by the relevant authority from time to time for the constitution, organization and functioning of the Stock Exchange and these rules shall be subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and SEBI Act.
- (14) "**SEBI**" means the Securities and Exchange Board of India.

- (15) "**Security**" shall have the meaning assigned to it in the Securities Contracts (Regulation) Act, 1956 and shall also include such other class of monetary transactions or instruments, scripless or otherwise, as may be admitted to dealings on Stock Exchange
- (16) "**Security admitted to dealings**" includes a security which is listed or permitted to trade on Stock Exchange
- (17) "**Trading Member**" means a Stock broker and the trading member of the CSE registered in accordance with Chapter VI of the Bye-Laws.
- (18) "**Trading Segments**" or "**Segments**" mean the different segments or divisions comprising of CSE securities as may be classified and specified by the Board or relevant authority from time to time.
- (19) "**Trading system of the CSE**" means a system which makes available to trading members and the investing public, by whatever method, quotations in CSE securities and disseminates information regarding trades effected, volumes, etc. and such other notifications as may be placed thereon by the BC.
- (20) For purposes of these byelaws and regulations, the terms "**Bargain,**" "**Transaction,**" "**Dealing,**" or "**Contract**" shall have one and the same meaning unless the context indicates otherwise.

For the purpose of the byelaws and regulations the meaning of the terms Bargain/Transaction/Dealing/Contract is "A transaction dealt through the stock exchange mechanism to buy or sell an agreed quantity of stock at an agreed price and to be cleared and settled through the clearing mechanism of the stock exchange."

CHAPTER II

TRADING SEGMENTS

- (1) There may be more than one trading segment as may be specified by the relevant authority from time to time. The Stock Exchange shall seek the approval of SEBI before introducing any new trading segment.
- (2) The securities which will be eligible for admission to the different trading segments will be specified by the relevant authority from time to time.

Wholesale Debt Market Segment

- (3) Instruments used for Wholesale Debt Market transactions may be admitted to dealings on the Wholesale Debt Market Trading Segment subject to trading regulations which the relevant authority may prescribe from time to time.

Capital Market Trading Segment

- (4) Securities eligible under the Securities Contracts (Regulation) Act, 1956, may be admitted to dealings on the Capital Market Trading Segment.

Futures & Options Trading Segment

- (5) Derivatives contracts approved by SEBI may be admitted to dealings on the Futures & Options Trading Segment.

Currency Derivatives Trading Segment

- (6) Currency Futures contracts approved by SEBI and/or Reserve Bank of India may be admitted to dealing on the Currency Derivatives Trading Segment of the Stock Exchange
- (7) Further trading segments such as for debt instruments or equity instruments or any other segment may be specified by the relevant authority from time to time. This may include arrangements entered into as per the provisions of Section 13 of the Securities Contracts (Regulations) Act, 1956

CHAPTER III

BOARD COMMITTEE

- (1) Board Committee(s) shall be appointed by the Board for the purpose of managing the day to day affairs of the different trading segment(s) in such manner as laid down in the Rules.
- (2) The Board Committee of each trading segment shall have such responsibilities and powers as may be delegated to it by the Board as provided for in the Rules.

CHAPTER IV

REGULATIONS

- (1) The Board or relevant authority may prescribe Regulations from time to time for the functioning and operations of the Stock Exchange and to regulate the functioning and operations of the trading members of the Stock Exchange
- (2) Without prejudice to the generality of (1) above, the Board or relevant authority may prescribe regulations from time to time, inter alia, with respect to:
 - (a) norms, procedures, terms and conditions to be complied with for inclusion of securities in the Official List of CSE securities;
 - (b) fees payable by an Issuer for inclusion and continued inclusion in the Official List of CSE Securities;
 - (c) norms and procedures for admission of trading members in accordance with Chapter-VI;
 - (d) norms and procedures for approval of market- makers to act as such;
 - (e) forms and conditions of contracts to be entered into, and the time, mode and manner for performance of contracts between trading members inter se or between trading members and their constituents;
 - (f) determination from time to time, of fees, system usage charges, deposits, margins and other monies payable to the Stock Exchange by trading members, participants and by Issuers whose securities are admitted/to be admitted to dealings on the Stock Exchange and the scale of brokerage chargeable by trading members;
 - (g) prescription, from time to time, of capital adequacy and other norms which shall be required to be maintained by trading members;
 - (h) supervision of the market and promulgation of such Business Rules and Code of Conduct as it may deem fit;
 - (i) maintenance of records and books of accounts by trading members as it may deem fit and records as required under the Securities Contracts (Regulation) Act and Rules and SEBI Act;
 - (j) inspection and audit of records and books of accounts of trading members, sub-brokers and authorized persons.
 - (k) prescription, from time to time, and administration of penalties, fines and other consequences, including suspension/expulsion for defaults or violation of any requirements of the Bye Laws and Regulations and the Rules and Code of Conduct and criteria for readmission, if any, promulgated hereunder;
 - (l) disciplinary action/procedures against any trading member;

- (m) settlement of disputes, complaints, claims arising between trading members inter-se as well as between trading members and persons who are not trading members relating to any transaction in securities made on the Stock Exchange including settlement by arbitration;
- (n) norms and procedures for arbitration;
- (o) administration, maintenance and investment of the corpus of the Fund(s) set up by the Stock Exchange including Investor Protection Fund;
- (p) norms and procedures for settlement and clearing of deals, including establishment and functioning of clearing house or other arrangements for clearing and settlement;
- (q) norms, procedures, terms and conditions for registration and continuance of registration of Participants;
- (r) norms and procedures in respect of, incidental or consequential to closing out of contracts, deals or transactions;
- (s) dissemination of information, announcements to be placed on the trading system;
- (t) any other matter as may be decided by the Board.

CHAPTER V

DEALINGS IN SECURITIES

Dealings Allowed

- (1) Dealings in securities shall be permitted on the Stock Exchange as provided in these Bye Laws and Regulations and save as so provided, no other dealings are permitted.

Admission of Securities to Dealings

- (2) (a) Dealings are permitted on the Stock Exchange in accordance with the provisions prescribed in these Bye Laws and Regulations in that behalf, in securities which are, from time to time, listed or permitted to trade on the trading segments by the relevant authority.
- (b) Admission of securities to listing on the Stock Exchange shall be in accordance with provisions prescribed in these Bye Laws and Regulations in that behalf.
- (c) The relevant authority may admit from time to time securities which are permitted to trade on the Stock Exchange

Government Securities

- (3) (a) Notwithstanding anything contained in Byelaw (2) above, dealings shall be deemed to have been permitted in Government securities, which term for the purpose of these Rules, Bye Laws and the Regulations made there under shall denote securities issued by the Government of India, State Governments, Port Trusts, Municipalities, local authorities, statutory bodies and similar other bodies or authorities and include treasury bills issued by the Government of India.
- (b) Government securities shall be deemed to have been admitted to dealing on such market segment of the Stock Exchange as may be prescribed by the relevant authority as from the date of their inclusion on the Official List(s) of CSE Securities.

Dealings in Securities Dealt on other Stock Exchanges

- (4) Without prejudice to the generality of Byelaw (2) above, the relevant authority may in its discretion and subject to such conditions as it may deem proper, permit dealings in any securities admitted to dealings on any other Stock Exchange or which are regularly dealt in on such Stock Exchange. This may include arrangements entered into as per the provisions of Section 13 of the Securities Contracts (Regulation) Act, 1956

Application for Admission to Listing

- (5) Applications for admission of securities to listing on the Stock Exchange shall be made to the relevant authority in such form as the relevant authority may from time to time prescribe.

Conditions and Requirements of Dealings

- (6) The relevant authority may not grant admission to dealings to the securities of an

Issuer unless it complies with the conditions and requirements prescribed in these Bye Laws and Regulations and such other conditions and requirements as the relevant authority may from time to time prescribe.

Refusal of Admission to Listing

- (7) The relevant authority may, in its discretion, approve subject to such terms as it deems proper, or defer, or reject any application for admission of a security to listing on the Stock Exchange

Fees

- (8) Issuers whose securities are granted admission to dealings on the Stock Exchange shall pay such listing and such other fees and such other deposits as the relevant authority may from time to time determine.

Dealings in Provisional Documents

- (9) The relevant authority may, in its discretion, permit dealings in Provisional Documents. Provisional Documents for purposes of these Bye Laws and Regulations denote Coupons, Fractional Certificates, Letters of Renunciation or transferable Letters of Allotment, Acceptance or Application or options or other rights or interests in securities, warrants issued or to be issued by an issuer or other similar documents in respect of an issuer whose securities are sought to be admitted/admitted to dealings on the Stock Exchange

Issuers Registered Outside India

- (10) Admission to dealings on the Stock Exchange shall not be granted to securities issued by a body corporate, fund or other entity registered or formed outside India unless:
- (a) there is adequate public interest in such securities in India;
 - (b) the body corporate, fund or other entity agrees to maintain a register of members or other similar record in India and agrees to abide by such other criteria as prescribed by the relevant authority are satisfied.

Specific Deals

The relevant authority may permit specific deals to be made in the case of securities of Issuers not admitted to dealings on the Stock Exchange, which for the time being are prohibited or suspended for dealings.

Prohibited Dealings

- (12) The relevant authority may prohibit dealings on the Stock Exchange in any security or securities for any cause.

Suspension of Admission to Dealings on the Stock Exchange

- (13) The relevant authority may suspend at any time the admission to dealings on the Stock Exchange granted to any security for such period as it may determine. At the expiration of the period of suspension the relevant authority may reinstate such security subject to such conditions as it deems fit.

Withdrawal of Admission to Dealings on Redemption or Conversion

- (14) The relevant authority may, if necessary, withdraw admission to dealings granted to securities which are about to be exchanged or converted into other securities as a result of any scheme of reorganisation or reconstruction or which being redeemable or convertible securities are about to fall due for redemption or conversion.

Withdrawal of Admission to Dealings on Liquidation or Merger

- (15) If any issuer be placed in final or provisional liquidation or is about to be merged into or amalgamated with another entity, the relevant authority may withdraw the admission to dealings on the Stock Exchange granted to its securities. The relevant authority may accept such evidence as it deems sufficient on such liquidation, merger or amalgamation. Should the merger or amalgamation fail to take place or should an issuer placed in provisional liquidation be reinstated and an application be made for readmission of its securities to dealings on the Stock Exchange. The relevant authority shall have the right of approving, refusing or deferring such application.

Withdrawal of Admission to Dealings on the Stock Exchange

- (16) The relevant authority may, where deemed necessary, after giving an opportunity to the issuer to explain, withdraw the admission to dealings on the Stock Exchange granted to its securities either for breach of or non-compliance with any of the conditions or requirements of admission to dealings, or for any other reason whatsoever.

Readmission to Dealings on the Stock Exchange

- (17) The relevant authority in its discretion may readmit to dealings on the Stock Exchange the securities of an issuer whose admission to dealings has been previously withdrawn.

CHAPTER VI

TRADING MEMBERS

Appointment and Fees

- (1)
 - (a) The relevant authority is empowered to admit trading members in accordance with the Bye Laws, Rules and Regulations it may frame from time to time in accordance with the Securities Contracts (Regulation) Act and Rules and the SEBI Act.
 - (b) The relevant authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of trading members to each trading segment. The relevant authority may, at its absolute discretion, refuse permission to any applicant to be appointed as trading member.
 - (c) The trading member shall pay such fees, security deposits and other monies as may be specified by the Board or the relevant authority from time to time, on admission as trading member and for continued admission. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, Bank Guarantee, Securities or otherwise, with the Stock Exchange, by a trading member from time to time, shall be subject to a first and paramount lien for any sum due to the Stock Exchange and all other claims against the trading member for due fulfillment of engagements, obligations and liabilities of trading members arising out of or incidental to any dealings made subject to the Bye-laws, Rules and Regulations of the Stock Exchange. The Stock Exchange shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the trading member, without any reference to the trading member.
 - (d) Trading member of any trading segment may trade on the Stock Exchange in the CSE securities applicable to that segment.
 - (e) Trading members may trade in relevant securities either on their own account as principals or on behalf of their clients unless otherwise specified by the relevant authority and subject to such conditions which the relevant authority may prescribe from time to time. They may also act as market-makers in such securities if they are so authorised and subject to such conditions as under Chapter IX.

Conditions

- (1)
 - (a) Trading members shall adhere to the Bye Laws, Rules and Regulations of the Stock Exchange and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the relevant authority as may be applicable.
 - (b) All contracts issued for deals on the Stock Exchange shall be in accordance with the Bye Laws, Rules and Regulations of the Stock Exchange
 - (c) Trading members shall comply with such Stock Exchange requirements as may be prescribed by the relevant authority from time to time with regard to advertisements and issue of circulars in connection with their activities as

trading members.

- (d) Trading members shall furnish declarations relating to such matters and in such forms as may be prescribed by the relevant authority from time to time.
- (e) Trading members shall furnish to the Stock Exchange an annual Auditors' Certificate certifying that specified Stock Exchange requirements as may be prescribed from time to time by the relevant authority pertaining to their operations have been complied with.
- (f) Trading members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (g) Trading members shall furnish to the extent such audited and/or unaudited financial or quantitative information and statements as may be required by the relevant authority from time to time.
- (h) Trading members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange into or in regard to any trades, dealings, their settlement, accounting and/or other related matters.
- (i) A trading member shall not deal with sub-brokers who are not registered with SEBI nor allow operation of its trading terminal at any office other than its registered office, branch offices and the offices of its registered sub-brokers.

CHAPTER VII

PARTICIPANTS

Registration of Participants on application

- (1) The relevant authority may register as a "Participant", those from amongst the constituents as are desirous of registering themselves 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.

Suo Moto Registration of Participant

- (2) Notwithstanding anything contained in Byelaw (1) above, the relevant authority may suo moto register as a 'Participant' those from amongst the constituents as, in the opinion of the relevant authority for reasons to be recorded, should be so registered, subject to such terms and conditions as may be prescribed by the relevant authority.

Rights and Liabilities of Participants

- (3) (a) Notwithstanding any provisions to the contrary as may be contained in any other part of the Bye Laws especially VIII (3) (a), the Stock Exchange may recognise a Participant as a party to the deal or trade made, firmed up or contracted by the Participant through a trading member on any segment of the Stock Exchange, for such purposes (including for clearing and settlement) subject to such terms, conditions and requirements and in such circumstances as may be prescribed by the relevant authority from time to time.

(b) Save as otherwise provided in these Bye Laws and Regulations, recognition of the Participant by the Stock Exchange as a party to the deal or trade made, firmed up or contracted by the Participant through the trading member, shall not in any way affect the jurisdiction of the Stock Exchange on the concerned trading member in regard thereto and such trading member shall continue to remain responsible, accountable and liable to the Stock Exchange in this behalf.
- (4) The relevant authority may prescribe from time to time such guidelines governing the functioning and operation of the Participants on the Stock Exchange and conditions for continuance of their registration or recognition. Without prejudice to the generality of the foregoing, such norms, requirements and conditions may include prescription of, inter alia, deposits, margins, fees, system usage charges, system maintenance/propriety, etc.
- (5) Rights and liabilities of the Participants as mentioned in this Byelaw are in addition to their rights and liabilities under these Bye Laws as Constituents, save where a specific provision of these Bye Laws or Regulations prescribed from time to time regarding any right or liability of a Participant is at variance with that applicable to a Constituent. In the event of such a variance, the specific provision by virtue of the terms and conditions of their registration with the Stock Exchange, regarding any right or liability of a Participant shall prevail.
- (6) Rights and liabilities of the Participants shall be subject to these Bye Laws and Regulations as may be prescribed by the relevant authority from time to time.
- (7) Subject to the regulations prescribed from time to time, the relevant authority shall at

any time be entitled to cancel the registration or recognition of a Participant on such terms and conditions as the relevant authority may specify. Save as otherwise expressly provided in the regulation or in the decision of the relevant authority, all rights and privileges available to the Participant shall accordingly stand terminated on such cancellation.

- (8) At the discretion of the Stock Exchange, and subject to such regulations as may be prescribed or other terms and conditions as may be stipulated by the relevant authority, the Participant may be permitted conditional and / or limited access to the trading system or any part thereof, as may be decided by the relevant authority from time to time.

CHAPTER VIII

DEALINGS BY TRADING MEMBERS

Jurisdiction

- (1) (a) Any deal entered into through automated trading system of the Stock Exchange or any proposal for buying or selling or any acceptance of any such proposal for buying and selling shall be deemed to have been entered at the computerized processing unit of the Stock Exchange at Kolkata and the place of contracting as between the trading members shall be at Kolkata. The trading members of the Stock Exchange shall expressly record on their contract note that they have excluded the jurisdiction of all other Courts save and except, Civil Courts in Kolkata in relation to any dispute arising out of or in connection with or in relation to the contract notes, and that only the Civil Courts at Kolkata have exclusive jurisdiction in claims arising out of such dispute. The provisions of this Byelaw shall not object the jurisdiction of any court deciding any dispute as between trading members and their constituents to which the Stock Exchange is not a party.
- (b) The record of the Stock Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner shall constitute the agreed and authentic record in relation to any transaction entered into through automated trading system. For the purposes of any dispute the record as maintained by the computer processing units by the Stock Exchange shall constitute valid evidence in any dispute or claim between the constituents and the trading member of the Stock Exchange or between the trading members of the Stock Exchange inter-se.

Indemnity

- (2) The Stock Exchange shall not be liable for any unauthorised dealings on the Stock Exchange by any persons acting in the name of trading member(s).

Trading Members Only Parties to Trades

- (3) (a) The Stock Exchange does not recognise as parties to any deal any persons other than its own trading members, and
- (b) Every trading member is directly and wholly liable, in accordance with the Bye Laws, Rules and Regulations of the Stock Exchange, to every other trading member with whom such trading member effects any deal on the Stock Exchange for due fulfillment of the deal, whether such deal be for account of the trading member effecting it or for account of a constituent.

All Dealings Subject to Bye Laws, Rules and Regulations

- (4) All dealings in securities on the Stock Exchange shall be deemed made subject to the Bye Laws, Rules and Regulations of the Stock Exchange and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the Stock Exchange

Inviolability of Trade

- (5) (a) All the dealings in securities on the Stock Exchange made subject to the Bye Laws, Rules and Regulations of the Stock Exchange shall be inviolable

and shall be cleared and settled in accordance with the Bye Laws, Rules and Regulations of the Stock Exchange However, the Stock Exchange may by a notice annul the deal(s) on an application by a Trading Member in that behalf, if the relevant authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is/are fit for annulment on account of fraud or willful misrepresentation or material mistake in the trade.

- (b) Notwithstanding anything contained in clause (a) above, the Stock Exchange may, to protect the interest of investors in securities and for proper regulation of the securities market, suo motu annul deal(s) at any time if the relevant authority is satisfied for reasons to be recorded in writing that such deal(s) is/are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
- (c) Any annulment made pursuant to clauses (a) and (b) above, shall be final and binding upon the parties to trade(s). In such an event, the trading member shall be entitled to cancel the relevant contracts with its constituents.

Deals by Representative trading members

- (6) (a) A trading member may authorise another trading member to act as a representative for a specified period with the prior permission of the relevant authority.
- (b) When a trading member employs another trading member as a representative to put through the transaction of a constituent, such representative shall report the transaction to the employing trading member at the same price as dealt in the market and the employing trading member shall report the same price to the constituent in respect of such transaction.

Restriction on the trading members

- (7) Unless the Stock Exchange otherwise specifies, a Trading Member shall not become a constituent of another Trading Member.

CHAPTER IX

TRADING SYSTEM AND MARKET MAKERS

- (1) Securities which will be eligible for market making, if at all, will be specified by the relevant authority from time to time.

Registration of Market Makers

- (2)
 - (a) Trading members may apply to be market makers in any security eligible for market making.
 - (b) No trading member shall act as a market maker unless such Trading Member is approved in accordance with this Bye Law and the approval has not been suspended or cancelled. Application for registration shall be in such forms and with such particulars as may be prescribed from time to time.
 - (c) A market maker shall apply to be registered to the relevant authority before commencing market making operations in each relevant security. If the relevant authority is satisfied, it shall within fifteen business days of receipt of such notification, designate the market maker as a registered market maker for that security. A registered market maker shall not commence to make a market in any relevant security until one business day after notice of its registration has been disseminated through the trading system.
 - (d) A registered market maker in any Stock Exchange security must:
 - (i) undertake to make bid and offer quotations in the trading system with respect to that security and to effect transactions in a minimum quantity of such other number of securities as may be prescribed from time to time at its quoted price per business day;
 - (ii) undertake to make market for the security for as long as prescribed from time to time from the date the security becomes available for trading by public in the case of a registered market makers approved under Byelaw 2(b) above.
 - (iii) undertake to execute orders for the purchase or sale of relevant securities at its quoted prices with trading members or clients.
 - (e) A registered market maker may cease making a market in a particular Stock Exchange security any time after a minimum period as prescribed from time to time from commencement of making market in that security, after having given the required notice of intention to the relevant authority. The required period of notice in this case shall be fifteen business days or such other period as may be prescribed from time to time.
 - (f) A registered market maker may cease making a market in that security provided formal approval has been obtained from the relevant authority. Such approval will normally be granted in situations where, in the opinion of the relevant authority, it is either impractical or undesirable for the registered market maker to continue to operate on account of events beyond its control.
- (3) An obligation may be imposed on a trading member taking up market making

operations in certain securities to take up additional market making operations in certain other securities as determined by the relevant authority from time to time.

Suspension and Prohibition of Market Makers

- (4) (a) The relevant authority may limit or prohibit the authority of a registered market maker to display on or enter quotations into the trading system or deal in the securities in which he is registered as a market maker if:
- (i) such market maker has been or is expelled or suspended from trading membership of the Stock Exchange, or is unable to comply with the Stock Exchange's Bye Laws, Rules and Regulations or whose registration is cancelled by the Securities and Stock Exchange Board of India;
 - (ii) such market maker has defaulted on any transaction effected in respect of Stock Exchange securities;
 - (iii) such market maker is in such financial or operating difficulty that the relevant authority determines that such market maker cannot be permitted to display on or enter quotation into the trading system with safety to investors, creditors, other trading members of the Stock Exchange;
 - (iv) where such market maker in the view of the relevant authority, ceases to meet qualification requirements for registration as market maker.
- (b) Any market maker which the relevant authority takes action against pursuant to Byelaw 4(a) above shall be notified in writing of such action. Such a market maker shall forthwith cease to make market.
- (c) Any market maker against which the relevant authority takes action may request an opportunity for a hearing within ten days of the date of notification pursuant to Byelaw 4(b) above. A request for hearing shall not operate as a stay of action.
- (d) A written decision shall be issued within one week of the date of hearing and a copy shall be sent to the market maker.
- (e) On revocation of suspension or prohibition, the market maker can display on or enter quotations into the trading system.

Operational Parameters for Market Makers

- (5) The relevant authority may determine and announce from time to time operational parameters for market makers which registered market makers shall adhere to.
- (6) The operational parameters may, inter alia, include:
- (a) limit of spread between bid and offer rates for different securities, if found necessary;
 - (b) fixation of market lots, odd lots and/or minimum number of securities to be offered to be bought or sold;

- (c) limit of variation within a day or between days in bid and offer prices;
- (d) the minimum stock of scrips which the trading member must maintain, below which he must intimate the relevant authority;
- (e) in the event of stock of scrips with a market maker being sold out, allowing the market maker to quote only purchase price offers till such time as marketable lot of securities is built up to re-commence selling operations; and
- (f) other matters which may affect smooth operation of trading in securities in which he acts as a market maker, keeping in view larger interest of the public.

CHAPTER X

MARGINS

1. Margin Requirements

- (1) The relevant authority may from time to time prescribe requirements of margins including collection of margins (including VaR margins) on an upfront basis for deals cleared and settled through the Clearing House/Clearing Corporation of the Stock Exchange and the trading members shall furnish such margin as a condition precedent from such date as may be specified by the Stock Exchange
- (2) Every Trading Member has a continuing obligation to maintain margins at such levels and during such periods as may be stipulated by the Stock Exchange from time to time.

2. Form of Margin

The margins to be provided by a trading member under the Bye Laws and Regulations shall be in cash. The relevant authority may at its discretion accept deposit receipts, guarantee of a bank(s) approved by the relevant authority or securities approved by it or such other mode as may be approved and subject to such terms and conditions as the relevant authority may impose from time to time. Any such substitute like deposit receipt, securities approved by it or any other mode duly approved shall be deemed to have been pledged and/or hypothecated as the case may be in favour of the Stock Exchange

3. Quantum of Margin

The trading member depositing margins, in the form of securities by way of pledge or otherwise or in such other mode as may be prescribed by the relevant authority from time to time, shall always maintain the value thereof at not less than the quantum of margin required for the time being covered by them by providing further security to the satisfaction of the relevant authority which shall determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

4. Margin to be Held by the Stock Exchange

The margins shall be held by the Stock Exchange and when they are in the form of bank deposit receipts and securities such receipts and securities may be transferred to such persons or to the name of a custodian or such other entity approved by the Stock Exchange All margin deposits shall be held by the Stock Exchange and/or by the approved persons and/or by the approved custodian solely for and on account of the Stock Exchange without any right whatsoever on the part of the depositing trading member or those in its right to call in question the exercise of such discretion.

5. Lien on Margins

The monies paid by way of margin or bank deposit receipts or other securities or assets pledged or hypothecated by a trading member in lieu of margin under the provisions of the Bye Laws and Regulations shall be subject to a first and paramount lien for all sums due to the Stock Exchange Margin shall be available in preference to all other claims against the trading member for the due fulfillment of his obligations and liabilities arising out of or incidental to any deals made subject to the Bye Laws, Rules and Regulations of the Stock Exchange or anything done in pursuance thereof.

6. Utilisation for Failure to Meet Obligations

In the event of a trading member fails to meet obligations to the Stock Exchange arising out of clearing and settlement operations of such deals as provided in the Bye Laws and Regulations, the relevant authority shall be entitled to utilise any amount paid by the said trading member in the form of margin or any other payment retained by the Stock Exchange for the purpose of clearing and settlement.

7. Evasion of Margin Requirements Forbidden

A trading member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye Laws and Regulations.

8. Suspension on Failure to Pay Margin

If a trading member fails to pay margin as required in the Bye Laws and Regulations, the relevant authority may take such action as it may deem fit and specified from time to time including suspension.

9. Interest, Dividend and Calls

- (1) The receiving trading member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights, etc. The delivering trading member shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex-voucher, ex-coupons, ex dividends, ex cash bonus, ex bonus issues, ex rights, etc.
- (2) The manner, mode, information requirements, alterations, date and timing etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between the receiving and delivering trading member shall be as prescribed by the relevant authority from time to time. Save as otherwise provided in the Bye Laws and Regulations, the trading members shall be responsible between themselves and to their constituents for effecting such adjustments.
- (3) In respect of a deal in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganisation, the delivering Trading Member shall deliver to the receiving trading member, as the relevant authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or re-organisation.

10. Fees

The relevant authority may prescribe from time to time fees, charges and recoveries to be levied on the trading members in respect of clearing and settlement of deals.

CHAPTER XI

TRANSACTIONS AND SETTLEMENTS

Transactions**Business Hours**

- (1) The business hours for dealing in the Stock Exchange securities in different segments on the Stock Exchange shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify business hours for different types of deals such as for spot, ready and odd lots.
- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the Stock Exchange holidays fixed in accordance with these provisions. It may, for reasons to be recorded, close the market on days other than or in addition to holidays.

Trading System

- (3)
 - (a) Deals may be effected through order driven, quote driven (market makers) or such other system as the Stock Exchange may put in place for the trading segments from time to time.
 - (b) Deals between trading members may be effected by electronic media or computer network or such other media as specified by the relevant authority from time to time.
 - (c) Deals may be effected on spot, ready or on such other basis as may be specified by the relevant authority from time to time, subject to the Securities Contracts (Regulation) Act and Rules and the SEBI Act.

Transaction at Best Quotation

- (4) In transaction with or on behalf of clients, trading members must indicate to the clients the current best quotation as reflected in the trading system.

Operational Parameters for Trading

- (5) The relevant authority may determine and announce from time to time operational parameters regarding dealing of securities on the Stock Exchange which trading members shall adhere to.
- (6) The operational parameters may, inter alia, include :
 - (a) trading limits allowed which may include trading limits with reference to net worth and capital adequacy norms;
 - (b) trading volumes and limits at which it will be incumbent for trading members to intimate the Stock Exchange;
 - (c) limit of spread between bid and offer rates for different securities, if found necessary;

- (d) fixation of market lots, odd lots and/or minimum number of securities to be offered to be bought or sold ;
- (e) limit of variation within a day or between days in bid and offer prices;
- (f) other matters which may affect smooth operation of trading in securities keeping in view larger interest of the public;
- (g) determine the types of trades permitted for a trading member and a security;
- (h) determining functional details of the trading system including the system design, users infrastructure, system operation.

Suspension on Failure to meet Trading Limits

- (7) A trading member failing to restrict dealings on the Stock Exchange to his trading limits as provided in these Bye Laws and Regulations shall be required by the relevant authority to reduce dealings to within trading limits forthwith. The relevant authority at its discretion may suspend a trading member for violation of trading limits and the suspension shall continue until the relevant authority withdraws such suspension.

Contract Notes

- (8) Contract Notes shall be issued within such period as may be specified by the relevant authority from time to time for deals effected with clients or on behalf of clients, and will contain such details as the relevant authority may specify from time to time. The contract notes shall specify that the deal is subject to the Bye Laws, Rules and Regulations of the Stock Exchange and subject to arbitration as provided therein.
- (9) Details of all deals effected, as may be specified, shall be communicated to the offices of the Stock Exchange on the day of the transaction.
- (10) Unless otherwise provided in these Bye Laws, all dealings carried out in respect of Stock Exchange securities shall be subject to the Bye Laws, Rules and Regulations of the Stock Exchange

Delivery of securities

- (11) Delivery of all securities, documents and papers and payments in respect of all deals shall be in such manner and such place(s) as may be prescribed by the relevant authority from time to time.
- (12) The relevant authority shall specify from time to time, the securities, documents and papers which, when delivered in prescribed manner, shall constitute good delivery. Where circumstances so warrant, the relevant authority may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery and such finding shall be binding on the parties concerned. Where the relevant authority determines that a delivery does not constitute a good delivery, the delivering party shall be required to substitute good delivery instead within such time period as may be specified.
- (13) The norms and procedures for delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery of partly paid securities, etc. shall be as prescribed by the relevant authority from time to time.

- (14) The requirements and procedures for determining disputed deliveries or defective

deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution shall, subject to these Bye Laws, be as prescribed by the relevant authority from time to time.

Clearing and Settlement

- (15) Clearing and Settlement of deals shall be effected by the parties concerned by adopting and using such arrangements, systems, agencies or procedures as may be prescribed or specified by the relevant authority from time to time. Without prejudice to the generality of the foregoing, the relevant authority may prescribe or specify, for adoption and use by the trading members, participants, and other specified constituents, such custodial and depository services from time to time to facilitate smooth operation of the clearing and settlement arrangement or system.
- (16) The function of the clearing house may be performed by the Stock Exchange or any agency identified by the relevant authority for this purpose. The Clearing House/ Clearing Corporation will act as the central counterparty to all trades and will provide full novation. The role of the clearing house/Clearing Corporation shall be to act as a facilitator for processing of deliveries and payments between trading members/participants for trades effected by them on the Stock Exchange Settlement in each market segment of the Stock Exchange shall be either on netted basis, gross basis, trade for trade basis or any other basis as may be specified by the relevant authority from time to time. Save as otherwise expressly provided in the regulations, when funds and securities are, under a prescribed arrangement, routed through the clearing house, the settlement responsibility shall rest wholly and solely upon the counter parties to the trade and /or the concerned trading members as the case may be and the clearing house shall act as the common agent of the trading members / Participants for receiving or giving delivery of securities and for receiving and paying funds, without incurring any liability or obligation as a principal.

Closing out

- (17) Subject to the regulations prescribed by the relevant authority from time to time, any dealing in securities made on the Stock Exchange may be closed out by buying in or selling out on the Stock Exchange against a trading member and/or Participant as follows:-
- (a) in case of the selling trading member/Participant, on failure to complete delivery on the due date; and
 - (b) in case of the buying trading member/Participant, on failure to pay the amount due on the due date, and any loss, damage or shortfall sustained or suffered as a result of such closing out shall be payable by the trading member or participant who failed to give due delivery or to pay amount due.
- (18) Closing out of contracts or dealings in securities and settlement of claims arising therefrom shall be in such manner within such time frame and subject to such conditions and procedures as may be prescribed from time to time by the relevant authority.
- (19) Subject to the regulations prescribed by the relevant authority from time to time, any deal in securities made on the Stock Exchange may be transferred from one Trading Member to another Trading Member under such circumstances and in respect of such trading segment of the Stock Exchange as may be specified by the relevant authority from time to time.

Margins**Margin Requirements**

- (20) Dealings in any security or securities shall be subject to such margin requirements as the relevant authority may from time to time prescribe.

Form of Margin Deposit

- (21) The margin to be furnished by a trading member under these Bye Laws and Regulations shall, inter alia, be in the form of cash or Deposit Receipt of or a Guarantee given by a Bank approved by the relevant authority or securities approved by it subject to such terms and conditions as it may from time to time impose. Deposits of cash shall not carry interest and the securities deposited by a trading member valued at the ruling market price shall exceed the margin amount for the time being covered by them by such percentage as relevant authority may from time to time specify.

Value of Margin Deposit to be Maintained

- (22) The trading member depositing margin in the form of securities shall always maintain the value thereof at not less than the margin amount for the time being covered by them by providing further security to the satisfaction of the relevant authority which shall always determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

Margin Deposit to be held by the Stock Exchange

- (23) The margin deposits shall be held by the Stock Exchange and when they are in the form of Bank Deposit Receipts and securities and such Receipts and securities may at the discretion of the relevant authority be transferred to such persons or to the name of a Bank approved by the Stock Exchange. All margin deposits shall be held by the Stock Exchange and/ or by the approved persons and /or by the approved Bank solely for and on account of the Stock Exchange without any right whatsoever on the part of the depositing trading member or those in its right to call in question the exercise of such discretion.

Letter of Declaration

- (23) A trading member depositing margin under the provisions of these Bye Laws and Regulations shall when required to do so sign a Letter of Declaration in respect of such matters and in such form or forms as the relevant authority may from time to time prescribe.

Lien on Margins

- (24) The monies, Bank Deposit Receipts and other securities and assets deposited by a trading member by way of margin under the provisions of these Bye Laws and Regulations shall be subject to a first and paramount lien for any sum due to the Stock Exchange. Subject to the above, the margin shall be available in preference to all other claims of the trading member for the due fulfillment of its engagements, obligations and liabilities arising out of or incidental to any bargains, dealings, transactions and contracts made subject to the Bye Laws, Rules and Regulations of the Stock Exchange or anything done in pursuance thereof.

Evasion of Margin Requirements Forbidden

- (25) A trading member shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the margin

requirements prescribed under these Bye Laws and Regulations.

Suspension on Failure to Deposit Margin

- (26) A trading member failing to deposit margin as provided in these Bye Laws and Regulations shall be required by the relevant authority to suspend its business forthwith. A notice of such suspension shall be immediately placed on the trading system and the suspension shall continue until the margin required is duly deposited.

Interest Dividends, Rights and Calls

- (27) The buying constituent shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights, etc. The selling constituent shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex voucher, ex coupons, ex dividends, ex cash bonus, ex bonus issues, ex rights, etc.
- (28) The manner, mode, information requirements, alterations, date and timing, etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between buying trading member and selling trading member shall be as prescribed by the relevant authority from time to time. The trading members shall be responsible between themselves and to their constituents for effecting such adjustments.
- (29) In respect of a contract in securities which shall become or are exchangeable for new or other securities under a scheme of reconstruction or reorganisation, the selling constituent shall deliver to the buyer, as the relevant authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or reorganisation.

Brokerage on Dealings

Brokerage

- (30) Trading members are entitled to charge brokerage upon the execution of all orders in respect of purchase or sale of securities at rates not exceeding the official scale prescribed by the relevant authority from time to time.

Brokerage on Calls

- (31) A trading member buying securities on which calls have been prepaid by the seller may charge brokerage on the purchase price with the amount of such calls added.

Underwriting Commission and Brokerage

- (32) Unless otherwise determined and restricted by the relevant authority, a trading member may, in its 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 Issues or Offer for Sale of any security as it may agree upon with the issuer or offerer or with the principal underwriters or brokers engaged by such issuer or offerer, subject to limits stipulated under the relevant statutory provisions as may be applicable from time to time.

Sharing of Brokerage

- (33) (a) A trading member may not share brokerage with a person who -
- (i) is one for or with whom trading members are forbidden to do business under the Bye Laws, Rules and Regulations of the Stock Exchange;
 - (ii) is a trading member or employee in the employment of another trading member;
- (b) Irrespective of any arrangement for the sharing of brokerage with any person, the trading member shall be directly and wholly liable to every other member with whom such trading member effects any deal on the Stock Exchange.

CHAPTER XII

CLEARING AND SETTLEMENT OF DEALS

Committee of Trustees

All sums of money paid into the Clearing House and all credits appearing in the books of the Clearing House on account of any member entitled thereto shall be held by the Committee on behalf of the Stock Exchange as agents and in trust for such Member. The making of such payment or credit entry shall be deemed and taken to be a payment or credit to such member. No other member shall be entitled to levy any attachment or execution thereon and neither the Stock Exchange nor any member 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.

A. Deals for Clearing and Settlement**(1). Clearing and Settlement of Deals**

- (1) The Clearing House or a recognized Clearing Corporation of the Stock Exchange shall clear and settle such deals as provided in the Bye Laws and Regulations and save as so provided, no other deals shall be cleared and settled.
- (2) Without prejudice to the generality of the above, the relevant authority may in its discretion and subject to such conditions as it may deem fit admit any other deals.

(2). Admission of Deals

- (1) Clearing and settlement shall be permitted on the Stock Exchange in deals which are from time to time admitted on the clearing segments by the relevant authority in accordance with the provisions of the Bye Laws and Regulations.
- (2) The relevant authority may specify securities from time to time dealings in which may be admitted in accordance with the provisions of the Bye Laws and Regulations in that regard.

(3). Conditions and Requirements of Clearing and Settlement

The relevant authority may grant admission of deals dealt in the Stock Exchange provided all the conditions and requirements prescribed in the Bye Laws and Regulations and such other conditions and requirements as the relevant authority may prescribe from time to time are complied with.

(4). (a) Refusal of Admission of Deals

The relevant authority may, in its discretion, approve admission of deals or defer, or reject admission of deals for clearing and settlement on the Stock Exchange, subject to such terms as it deems fit.

- (b) Notwithstanding anything contained in the Bye-Laws & Regulations of the Stock Exchange, the Board shall have the power to withhold payout of funds & Securities –
 - (a) either upon receiving necessary instruction from competent authority or
 - (b) when it is prima facie satisfied that the trades have not been carried out with bona fide

intentions or such trades would result in violation(s) in terms of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations 2003, Prevention of Money Laundering Act,2002 or any other law in force.

Further, such payout will be kept in abeyance till the completion of detailed investigation in this respect.

(5). Deals in Provisional Documents

- (1) The relevant authority may, in its discretion, admit deals in Provisional Documents.
- (2) Provisional Documents for the purpose of these Bye Laws and Regulations denotes Coupons, Fractional Certificates, Letters of Renunciation, or transferable Letters of Allotment, Acceptance or Application or options or other rights or interests in securities, warrants issued or to be issued by an issuer or other similar documents in respect of an issuer whose securities are sought to be admitted to be cleared and settled through the Stock Exchange.

(6). Specific Deals

The relevant authority may permit in appropriate cases as it may at its discretion decide from time to time specific deals to be cleared and settled through Clearing House or a recognized Clearing Corporation of the Stock Exchange in case of securities which are not admitted or are for the time being prohibited or suspended.

(7). Suspension of Admission of Deals

The relevant authority may suspend at any time the admission of deals including of any security of specified Stock Exchange on clearing segment for such period as it may determine and reinstate such deals subject to such conditions as it may deem fit.

(8). Withdrawal of Admission of Deals

The relevant authority may where it deems necessary withdraw the admission to dealings of a specified Stock Exchange either for breach of or non-compliance with any of the conditions or requirements of admission of dealings or for any other reason whatsoever.

(9). Readmission of Deals

The relevant authority in its discretion may readmit deals of a specified Stock Exchange which has been previously withdrawn.

B. Clearing and Settlement of Deals

(10). Clearing and Settlement

Clearing and settlement of deals in each segment may be on netted basis or gross basis or trade- for-trade basis or any other basis as may be specified by the relevant authority from time to time. Settlement shall be effected by clearing members giving and receiving delivery and paying and receiving funds as may be specified by the relevant authority from time to time in the Bye Laws and Regulations.

(11). Privity of Contract

- (1) Except as provided herein, clearing members giving and receiving delivery as provided in the Bye Laws and Regulations shall be deemed, notwithstanding

that no direct contract may exist between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of delivering and receiving trading member in relation to their immediate contracting party shall not be deemed to be affected thereby except that the selling trading member (unless he be himself the delivering trading member) shall be released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving trading member and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

- (2) In cases where the Stock Exchange may specify either generally or specifically, clearing members giving and receiving delivery and paying and receiving funds as provided in the Bye Laws and Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with the Stock Exchange as sellers and buyers and between themselves as delivering and receiving trading members; provided further however that in such event the rights and liabilities of delivering and receiving trading member with the Stock Exchange shall not be deemed to be affected thereby except that the Stock Exchange shall not be responsible in respect of the title, ownership, genuineness, regularity and validity of the documents delivered or received and in regard to the loss and damages arising therefrom, which shall be dealt with in accordance with the provisions of Bye Laws and Regulations thereof.

(12). Arrangement for Clearing and Settlement

- (1) Clearing and settlement of deals shall be effected by trading members by adopting and using such arrangements, systems, agencies or procedures as may be prescribed or specified by the relevant authority from time to time. Without prejudice to the generality of the above, the relevant authority may prescribe or specify from time to time such custodial, depository and other services for adoption and use by trading members and their constituents to facilitate smooth operation of the clearing and settlement arrangement or system.
- (2) The clearing and settlement function may be performed by the Stock Exchange or it may take assistance of any agency identified by the relevant authority for the purpose.
- (3) Save as otherwise expressly provided in the Bye Laws and Regulations, when funds and securities are cleared and/or settled under a prescribed arrangement, the settlement responsibility shall rest wholly and solely upon the counterparties to the contract and/or the concerned trading members as the case may be and the Stock Exchange shall act as the common agent of the trading members for receiving or giving delivery of securities and for receiving and paying funds, without incurring any liability or obligation as a principal.

(13). Operational Parameters for Clearing

- (1) The relevant authority may determine and announce from time to time operational parameters regarding clearing of deals through the Clearing House or a recognized Clearing Corporation of the Stock Exchange which the trading members shall adhere to.

- (2) The operational parameters may, inter alia, include:
 - (a) clearing limits allowed which may include clearing limits with reference to net-worth and capital adequacy norms;
 - (b) clearing volumes and limits at which it will be incumbent for trading members to intimate the Clearing Corporation;
 - (c) fixation of delivery lots for different settlement types;
 - (d) other matters which may affect smooth operation of clearing of deals keeping in view larger interest of the public;
 - (e) determining types of deals permitted for a trading member and for a security;
 - (f) determining functional details of the clearing and settlement system including the system design, user infrastructure and system operation.

(14). Clearing Hours

- (1) The hours for clearing and settling of different segments of the Stock Exchange shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify clearing hours for different types of deals and different segments.
- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the holidays fixed in accordance with these provisions. It may, for reasons to be recorded, suspend clearing and settlement operations on days other than or in addition to holidays.

(15). Delivery of Securities

- (1) Delivery and settlement of all securities, documents and papers and payment in respect of all deals shall be in such manner and such place(s) as may be prescribed by the relevant authority from time to time.
- (2) The relevant authority shall specify from time to time, the securities, documents and papers which, when delivered in prescribed manner, shall constitute good delivery. Where circumstances so warrant, the relevant authority may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery, and such findings shall be binding on parties concerned. Where the relevant authority determines that a delivery does not constitute a good delivery, the delivering party shall be required to substitute good delivery instead within such time as may be specified.
- (3) The norms and procedures for delivery with respect to market lot, odd lot, minimum lot, part delivery, delivery of partly paid securities etc., shall be as prescribed by the relevant authority from time to time.
- (4) The requirements and procedures for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such

deliveries or their resolution shall, subject to these Bye Laws, be as prescribed by the relevant authority from time to time.

(16). Closing Out

- (1) A deal admitted for clearing and settlement may be closed out on failure of a clearing member to comply with any of the provisions relating to delivery, payment and settlement of deals or on any failure to fulfill the terms and conditions subject to which the deal has been made, or such other circumstances as the relevant authority may specify from time to time. The deal may be closed out by the Stock Exchange in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time.
- (2) Without prejudice to the generality of the foregoing, the relevant authority may close out deals, inter alia, by buying in or selling out against a clearing member as follows:-
 - (a) in case of the selling trading members, on failure to complete delivery on the due date; and
 - (b) in case of the buying trading members, on failure to pay the amount due on the due date,
 - (c) and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the trading members who failed to give due delivery or to pay amount due.

(17). Failure to Meet Obligations

In the event a trading member fails to meet obligations to the Stock Exchange arising out of clearing and settlement operations of admitted deals, the relevant authority may charge such interest, impose such penalties and fines and take such disciplinary action against the trading member as it may determine from time to time. Any disciplinary action which the relevant authority takes pursuant to the above shall not affect the obligations of the clearing member to the Stock Exchange or any remedy to which the Stock Exchange may be entitled under applicable law.

CHAPTER XIII

RIGHTS AND LIABILITIES OF TRADING MEMBERS AND
CONSTITUENTS**All Contracts subject to Bye Laws, Rules and Regulations**

- (1) All contracts relating to dealings permitted on the Stock Exchange made by a trading member shall in all cases be deemed made subject to the Bye Laws, Rules and Regulations of the Stock Exchange. This shall be a part of the terms and conditions of all such contracts and shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the Stock Exchange.

Trading members not bound to accept Instructions and Orders

- (2) A trading member may not accept instructions or orders of constituents for purchase, sale, etc., of securities where circumstances appear to justify such action or on reasonable grounds. Where such refusal is made, the same may be communicated to the constituent. The trading member shall also furnish the constituent the reasons for such refusal on a request being made by him.

Margin

- (3) A trading member shall have the right to demand from its constituent the margin deposit he has to provide under these Bye Laws, Rules and Regulations in respect of the business done by it for such constituent. A trading member shall also have the right to demand an initial margin in cash and/or securities from its constituent before executing an order and/or to stipulate that the constituent shall make a margin deposit or furnish additional margin according to changes in market prices. The constituent shall when from time to time called upon to do so forthwith provide a margin deposit and/or furnish additional margin as required under these Bye Laws, Rules and Regulations in respect of the business done for him by and/or as agreed upon by him with the trading member concerned.

Constituent in Default

- (4) (a) A trading member shall not transact business directly or indirectly or execute an order for a constituent who to his knowledge is in default to another trading member unless such constituent shall have made a satisfactory arrangement with the trading member who is his creditor.
- (b) On the application of a creditor trading member who refers or has referred to arbitration its claim against the defaulting constituent as provided in these Bye Laws, Rules and Regulations, the relevant authority shall issue orders against any trading members restraining them from paying or delivering to the defaulting constituent any monies or securities up to an amount or value not exceeding the creditor trading member's claim payable or deliverable by him to the defaulting constituent in respect of transactions entered into subject to the Bye Laws, Rules and Regulations of the Stock Exchange, which monies and securities shall be deposited with the Stock Exchange. The monies and securities deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor trading member and the defaulting constituent mutually agree otherwise.

Closing-out of Constituent's Account

- (5) (a) The Stock Exchange may close-out open positions of a constituent or transfer his open positions to another trading member under such circumstances and in respect of such trading segment of the Stock Exchange as may be specified by the relevant authority from time to time.
- (b) When closing-out the account of a constituent a trading member may assume or take over such transactions to his own account as a principal at prices which are fair and justified by the condition of the market or he may close-out in the manner specified by the relevant authority and any expense incurred or any loss arising therefrom shall be borne by the constituent. The contract note in respect of such closing-out shall disclose whether the trading member is acting as a principal or on account of another constituent.
- (c) Notwithstanding anything contained in clause (a) above closing out of Participants' account shall be in such manner and subject to such stipulations as may be prescribed from time to time.

Trading member not Liable to attend to Registration of Transfer

- (6) 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 constituent. If it attends to such work in the ordinary course or at the request or desire or by the consent of the constituent it shall be deemed to be the agent of the constituent in the matter and shall not be responsible for loss in transit or for the issuer's refusal to transfer nor be under any other liability or obligation other than that specifically imposed by these Bye Laws, Rules and Regulations. The stamp duty, the transfer fees and other charges payable to the issuer, the fee for attending to the registration of securities and all incidental expenses such as postage incurred by the trading member shall be borne by the constituent

Registration of Securities when in Name of trading member or Nominee

- (7) (a) When the time available to the constituents of a trading member is less than thirty days to complete transfers and lodge the securities for registration before the closing of the transfer books and where the security is purchased cum interest, dividend, bonus or rights which the issuer may have announced or declared the trading member may register the securities in its or its nominee's name and recover the transfer fee, stamp duty and other charges from the buying constituent.
- (b) The trading member shall give immediate intimation to the Stock Exchange of the names of such constituents and details of the transactions as may be specified by the relevant authority from time to time. The trading member shall also give immediate intimation thereof to the buying constituent and shall stand indemnified for the consequences of any delay in delivery caused by such action.
- (c) The trading member shall be obliged to retransfer the security in the name of the original constituent as soon as it has become ex interest, dividend, bonus or rights.

Closing-out/ transfer by Constituent on Failure to perform a Contract

- (8) If a trading member fails to complete the performance of a contract by delivery or payment in accordance with the provisions of these Bye Laws, Rules and

Regulations the constituent shall, after giving notice in writing to the trading member and Stock Exchange, close-out such contract through any other trading member of the Stock Exchange or make an application to the Stock Exchange for transfer of contracts to another trading member as soon as possible and any loss or damages sustained as a result of such closing-out or transfer, as the case may be, shall be immediately payable by the defaulting trading member to the constituent. If closing-out or transfer be not effected as provided herein, the damages between the parties shall be determined on such basis as specified by the relevant authority from time to time and the constituent and the trading member shall forfeit all further right of recourse against each other.

No Lien on Constituent's Securities

- (9) If a trading member is declared a defaulter after delivering securities on account of his constituent, the constituent shall be entitled to claim and on offering proof considered satisfactory by the relevant authority, and in the absolute discretion of the relevant authority, receive from the Stock Exchange accordingly as the relevant authority directs either such securities or the value thereof subject to payment or deduction of the amount if any due by him to the defaulter.

Complaint by Constituent

- (10) When a complaint has been lodged by a constituent with the relevant authority that any trading member has failed to implement his dealings, the relevant authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit.

Relationship between trading member and Constituents

- (11) Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the trading member and his/its constituent shall be such as may be prescribed by the relevant authority from time to time.

CHAPTER XIV

ARBITRATION

Definitions

‘Arbitrator’ shall mean a sole arbitrator or a panel of arbitrators.

‘Act’ shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force.

Reference to Arbitration

(1) A. All claims, differences or disputes between the Trading Members inter se and between Trading Members and Constituents arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Stock 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 thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

B. All claims, differences or disputes between the Trading Members and Sub-brokers and between Sub-brokers and Clients of Sub-brokers arising out of or in relation to dealings, contracts and transactions made subject to the Byelaws, Rules and Regulations of the Stock 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 thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

Explanation: For the purpose of these Byelaws, Sub-broker and Clients will have the respective meanings assigned by SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992, provided the Sub-brokers have obtained SEBI registration under the Trading Member of the Stock Exchange.

C. All claims, differences or disputes between the Trading Members inter se, Trading Members and Constituents, whether or not registered as Participants, Constituents inter se, whether or not registered as Participants, arising out of or in relation to dealings, contracts and transactions executed or reported on the Wholesale Debt Market Trading Segment of the Stock Exchange and made subject to the Byelaws, Rules and Regulations of the Stock 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 thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

Provided this Byelaw shall not in any way affect the jurisdiction of the Stock Exchange on the Trading Member, through whom such a Participant has dealt with or traded, in regard thereto and such Trading Member shall continue to

remain responsible, accountable and liable to the Stock Exchange in this behalf.

- D.** The provisions of Bye laws (A), (B), (C) shall become applicable to all claims, differences, disputes between the parties mentioned therein for all dealings, contracts and transactions made subject to the Bye laws, Rules and Regulations of the Stock Exchange provided such dealings, contracts and transactions had been entered into between the parties mentioned therein prior or to the date on which the Trading Member was either declared a defaulter or expelled or has surrendered his trading membership.
- E.** All claims, differences or disputes arising between an Issuer and a Constituent in respect of such matters as may be specifically provided from time to time in the Listing Agreement as entered into by an Issuer with the Stock Exchange shall be submitted to arbitration in accordance with the provisions of these Byelaws and Regulations.

Explanation: For the purpose of these Byelaws and Regulations, the term 'Issuer' shall have the same meaning as defined in these Byelaws and the term 'Constituent' shall mean the investor who has bought or sold, on the Stock Exchange, the securities of the Issuer in respect of which the claim, differences or dispute has arisen.

Provisions of these Byelaws and Regulations deemed to form part of all dealings, contracts and transactions

In all dealings, contracts and transactions, which are made or deemed to be made subject to the Byelaws, Rules and Regulations of the Stock Exchange, the provisions relating to arbitration as provided in these Byelaws and Regulations shall form and shall be deemed to form part of the dealings, 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 laws (A), (B) (C) and (D) above shall be submitted to arbitration as per the provisions of these Byelaws and Regulations.

(2) Maintenance of a Panel of Arbitrators

- (a)** A stock exchange shall maintain a panel of arbitrators. The number of arbitrators in the panel shall be commensurate to the number of disputes so that an arbitrator handles a reasonable number of references simultaneously and all arbitration references are disposed of within the prescribed time.
- (b)** The stock exchange shall have a set of fair and transparent criteria for inclusion of names in the panel of arbitrators.
- (c)** While deciding to include a particular person in the panel of arbitrators, the stock exchange shall take into account the following factors:
- i) age,
 - ii) qualification in the area of law, finance, accounts, economics, management, or administration, and
 - iii) experience in financial services, including securities market.

(d) The name of a person shall be included in the panel after obtaining:

- i) declaration that he has not been involved in any act of fraud, dishonesty or moral turpitude, or found guilty of any economic offence,
- ii) disclosure of the nature of his association with securities market,
- iii) disclosure of the names of his dependents associated with the securities market as member, sub-broker or authorized person, and
- iv) an undertaking that he shall abide by the code of conduct prescribed in this circular.

(e) The stock exchange shall provide at least seven days of continuing education to every arbitrator each year.

(f) The stock exchange shall have a mechanism to appraise the performance of arbitrators and reconstitute the panel based on such appraisal atleast once a year.

(3) Code of Conduct for Arbitrators

An arbitrator shall –

- i. act in a fair, unbiased, independent and objective manner;
- ii. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;
- iii. disclose his interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the arbitrator;
- iv. not engage in acts discreditable to his responsibilities;
- v. avoid any interest or activity which is in conflict with the conduct of his duties as an arbitrator;
- vi. avoid any activity that may impair, or may appear to impair, his independence or objectivity;
- vii. conduct arbitration proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Rules, Regulations and Bye-laws framed there under and the circulars, directions issued by the Government / SEBI;
- viii. endeavour to pass arbitral award expeditiously and in any case not later than the time prescribed in this circular; and
- ix. pass reasoned and speaking arbitral awards.

(4) Arbitration

a. The limitation period for filing an arbitration reference shall be governed by the law of limitation, i.e., The Limitation Act, 1963. Further the **limitation period, as modified to three years in terms of Limitation Act, 1963 shall be applicable to cover *inter alia* the following cases:-**

- i. **where three years have not yet elapsed and the parties have not filed for arbitration with the stock exchange, or**
- ii. **where the arbitration application was filed but was rejected solely on the ground of delay in filing within the earlier**

limitation period of six months; and three years have not yet elapsed;

The cost for arbitration in such cases would be as under:-

- i. Cases which were not filed earlier will be subject to the fee amount as specified in clause 6 of Chapter XIV.**
 - ii. For cases filed earlier and rejected on the ground of bar of limitation as per the earlier limitation period of six months, the amount of fee already paid would be deducted from the amount computed as specified in clause 6. The balance shall be borne by the parties to the arbitration in the manner specified in clause 6 Chapter XIV.**
- b. An arbitration reference for a claim / counter claim up to Rs.25 lakh shall be dealt with by a sole arbitrator while that above Rs.25 lakh shall be dealt with by a panel of three arbitrators.
 - c. The stock exchange shall ensure that the process of appointment of arbitrator(s) is completed within 30 days from the date of receipt of application from the applicant.
 - d. The arbitration reference shall be concluded by way of issue of an arbitral award within four months from the date of appointment of arbitrator(s).
 - e. The Managing Director/ Executive Director of the stock exchange may for sufficient cause extend the time for issue of arbitral award by not more than two months on a case to case basis after recording the reasons for the same.

(5) Appellate Arbitration

- (a)** A party aggrieved by an arbitral award may appeal to the appellate panel of arbitrators of the stock exchange against such award.
- (b)** An appeal before the appellate panel of arbitrators may be filed within one month from the date of receipt of arbitral award.
- (c)** The appellate panel shall consist of three arbitrators who shall be different from the ones who passed the arbitral award appealed against.
- (d)** The stock exchange shall ensure that the process of appointment of appellate panel of arbitrators is completed within 30 days from the date of receipt of application for appellate arbitration.
- (e)** The appeal shall be disposed of within three months from the date of appointment of appellate panel of such appeal by way of issue of an appellate arbitral award.
- (f)** The Managing Director/ Executive Director of the stock exchange may for sufficient cause extend the time for issue of appellate arbitral award by not more than two months on a case to case basis after recording the reasons for the same.
- (g)** A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.

(6) Arbitration Fees

- (a) Each of the parties to arbitration (other than a client with a claim / counter claim upto Rs. 10 lakh and filing the arbitration reference for the same within six months) shall deposit an amount, as may be prescribed by the stock exchange, at the time of making arbitration reference. The deposits (exclusive of statutory dues - stamp duty, service tax, etc.) shall not exceed the amount as indicated under:

Amount of Claim / Counter Claim, whichever is higher (Rs.)	If claim is filed within six months	If claim is filed after six months
≤ 10,00,000	1.3% subject to a minimum of Rs.10,000	3.9% subject to a minimum of Rs.30,000
> 10,00,000 - ≤ 25,00,000	Rs. 13,000 plus 0.3% amount above Rs. 10 lakh	Rs. 39,000 plus 0.9% amount above Rs. 10 lakh
> 25,00,000	Rs. 17,500 plus 0.2 % amount above Rs. 25 lakh subject to maximum of Rs. 30,000	Rs. 52,500 plus 0.6 % amount above Rs. 25 lakh subject to maximum of Rs. 90,000

- (b) client, who has a claim / counter claim upto Rs. 10 lakh and files arbitration reference for the same within six months, shall be exempt from the deposit.
- (c) In all cases, on issue of the arbitral award the stock exchange shall refund the deposit to the party in whose favour the award has been passed. In cases where claim was filed within six months period, the full deposit made by the party against whom the award has been passed, shall be appropriated towards arbitration fees. In cases where claim was filed after six months, one-third of the deposit collected from the party against whom the award has been passed, shall be appropriated towards arbitration fees and balance two-third amount shall be credited to the Investor Protection Fund of the respective stock exchange.

Note: Six months (as referred to in paras 6 (a), (b) and (c) above) shall be computed from the end of the quarter during which the disputed transaction(s) were executed/ settled, whichever is relevant for the dispute, and after excluding:-

- the time taken by the Investors Grievances Redressal Committee of the Stock Exchange (the time taken from the date of receipt of dispute till the decision by the committee) to resolve the dispute under its Rules, Bye-laws & Regulations, and
 - the time taken by the member to attempt the resolution of the dispute (the time from the date of receipt of dispute by the member to the date of receipt of the member's last communication by the client) or one month from the date of receipt of the dispute by the member, whichever is earlier.
- (d) A party filing an appeal before the appellate panel [as mentioned under item 6 above] shall pay a fee not exceeding Rs. 30,000, as may be prescribed by the stock exchange, in addition to statutory dues (stamp duty, service tax, etc) along with the appeal.”

(7) Place of Arbitration

The arbitration facility, including appellate arbitration, shall be conducted at Kolkata.

(8) Implementation of Arbitral Award in favour of Clients

- (a) In case the arbitral / appellate arbitral award is in favour of the client, the stock exchange shall, on receipt of the same, debit the amount of the award from the security deposit or any other monies of the member (against whom an award has been passed) and keep it in a separate escrow account.
- (b) The stock exchange shall implement the arbitral award, by making payment to the client, along with interest earned on the amount that has been set aside, as soon as the time for preferring an appeal before the appellate panel of arbitrators has expired and no appeal has been preferred.
- (c) The stock exchange shall implement the appellate arbitral award, by making payment to the client, along with interest earned on the amount that has been set aside, as soon as
 - a. the time for making an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996 has expired, and no application has been made, or
 - b. when an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996, having been made, it has been refused by such Court, or
 - c. an application to a Court to set aside such appellate arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996, having been made, but where no stay has been granted by such Court within a period of three months from the date on which the party making that application had received the appellate arbitral award.

(9) Record and Disclosures

- (a) The stock exchange shall preserve the following documents related to arbitration:
 - i. the arbitral and appellate arbitral award with acknowledgements, confirming receipt of award by the disputing parties, permanently;
 - ii. other records pertaining to arbitration for five years from the date of arbitral award, appellate arbitral award or Order of the Court, as the case may be; andregister of destruction of records relating to (ii) above, permanently.
- (b) The stock exchange shall disclose on its website, details of disposal of arbitration proceedings as per format A and details of arbitrator-wise disposal of arbitration proceedings as per format B.
- (c) The stock exchange shall continue to disclose on their website the arbitration awards (issued since April 1, 2007), as advised vide circular dated April 01, 2010, in format C.

(10). Power of the Relevant Authority to prescribe Regulations

- (a) The Relevant Authority may, from time to time prescribe Regulations for the following:
- (i) The procedure to be followed by the parties in arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for the following:
 - (a) the forms to be used;
 - (b) the fees to be paid;
 - (c) the mode, manner and time period for submission of all pleadings by both the parties;
 - (d) matters relating to requests from the parties for amending or supplementing the pleadings; and
 - (e) the consequences upon failure to submit such pleadings by the parties.
 - (ii) The procedure to be followed by the arbitrator in conducting the arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for
 - (a) adjournment of hearings; and
 - (b) terms and conditions subject to which the arbitrator may appoint experts to report on specific issues and the procedure to be followed in arbitral proceedings upon such an appointment.
 - (iii) Different set of arbitration procedures for different claims, differences or disputes after taking into consideration such circumstances and facts as the Relevant Authority may deem fit, which circumstances and facts may include the value of the subject matter and the persons who are involved as parties to such claims, differences or disputes.
 - (iv) Creation of seats of arbitration for different regions or prescribing geographical locations for conducting arbitrations and prescribing the courts which shall have jurisdiction for the purpose of the Act.
 - (v) The claims, differences or disputes which may be referred to a sole arbitrator and the claims, differences or disputes which may be referred to a panel of arbitrators.
 - (vi) The procedure for selection of persons eligible to act as arbitrators.
 - (vii) The procedure for appointment of arbitrator.
 - (viii) The terms, conditions and qualifications subject to which any arbitrator may be appointed.
 - (ix) Determination of the number of arbitrators in the case of a panel of arbitrators, subject to the condition that where any claim, difference or

dispute is heard and determined by Panel of Arbitrators, the number of arbitrators of such a panel shall not be an even number and shall not include Trading Members.

- (x) The time period within which a substitute arbitrator has to be appointed in case the office of the arbitrator falls vacant for any reason whatsoever.
- (xi) The matters to be disclosed by any person who is approached in connection with his possible appointment as an arbitrator.
- (xii) The procedure to be adopted by the parties for challenging an arbitrator.
- (xiii) (a) The claims, differences or disputes which, may be decided by the arbitrator without a hearing unless either party in writing requests the Relevant Authority for a hearing and the time period within which such a request shall be made.

(b) The claims, differences or disputes which, may be decided by the arbitrator only by hearing the parties unless both the parties jointly waive the right to such hearing and the time period within which such a waiver shall be made.
- (xiv) The place of arbitration for each reference and the places where the arbitrator can meet for consultation, for hearing witnesses, experts, or the parties, or for inspection of documents, goods or other property.
- (xv) The making of the arbitral award including the manner in which a decision is to be taken in the case of pane l of arbitrators and the form and contents of the arbitral award.

The term arbitral award shall also include an arbitral award on agreed terms. Prescriptions as to the contents of the arbitral award may include provisions for costs and where the arbitral award is for the payment of money, may include interest payable on principal sum due.
- (xvi) The amount of deposit or supplementary deposit, as the case may be, as an advance for the costs which it expects will be incurred in respect of the claim, difference or dispute; provided where a counter-claim is submitted to the arbitrator, a separate amount of deposit for the counter-claim may also be prescribed.
- (xvii) The administrative assistance which the Stock Exchange may render in order to facilitate the conduct of arbitral proceedings.
- (xviii) All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.
- (xix) Any other matter which in the opinion of the Relevant Authority is required to be dealt with in the Regulations to facilitate arbitration.
- (b) The Relevant Authority from time to time may amend, modify, alter, repeal, or add to the provisions of the Regulations.

(11) Termination of mandate of the arbitrator

The mandate of the arbitrator shall terminate if

- (a) the arbitrator withdraws from office for any reason; or
- (b) in the opinion of the Relevant Authority, 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 by the Relevant Authority. Such a decision of the Relevant Authority shall be final and binding on the parties; or
- (c) the mandate of the arbitrator is terminated by the Relevant Authority upon receipt of written request for the termination of the mandate of the *t* arbitrator from both the parties to arbitration; or
- (d) the arbitrator discloses any circumstances referred to in Byelaws (5) and (6) which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality.
- (e) the arbitral proceedings are terminated as provided for herein.

(12) Supplying of vacancy to the office of the arbitrator

At any time before the making of the arbitral award should the office of the arbitrator fall 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 Relevant Authority or otherwise, the vacancy shall be supplied by the Relevant Authority by following the same procedure as specified by it for appointment of the arbitrator.

(13) Consideration of recorded proceedings and evidence

Unless otherwise agreed by parties, any arbitrator who has been appointed by the Relevant Authority to supply a vacancy to the office of the arbitrator, may repeat any hearings previously held.

(14) Order or ruling of previous arbitrator not invalid.

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 Byelaw (7)(d), the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid unless otherwise agreed upon by the parties.

(15) Interim arbitral award and interim measures ordered by the arbitrator

The arbitrator may be empowered to make an interim arbitral award as well as to provide interim measures of protection. An arbitrator may require a party to provide appropriate security in connection with an interim measure.

(16) Appearance in arbitral proceedings by counsel, attorney or advocate

In arbitral proceedings where both the parties are Trading Members/Sub-broker, the parties shall not be permitted to appear by counsel, attorney or advocate but where one of the parties is a Constituent, then the Constituent shall be permitted to appear by counsel, attorney or advocate. If the Constituent chooses to appear by counsel, attorney or advocate, then the Trading Member and Issuer shall be granted a similar privilege.

(a) Adjournment

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing.

(b) Time for completion of Arbitration

The arbitrator shall make the arbitral award normally within 3 months from the date of entering upon the reference.

(c) Request for extension

The time taken to make the award may not be extended beyond 3 times, by the Managing Director or Relevant Authority on an application by either of the parties or the arbitrator, as the case may be. Notwithstanding ' the extensions granted in the above manner, the arbitrator shall make the arbitral award within a period of six months from the date of entering into reference i.e. extension of time of award can be for a maximum period of three months.

(d) Date of entering reference

For the purposes of these bye- laws, the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has held the first hearing. However, if no hearing is required or the parties waive their right of hearing and the arbitrator proceeds to decide the matter without a hearing, then the arbitrator shall be deemed to have entered upon a reference on the date of acceptance of arbitration by the arbitrator.

Notwithstanding anything contained in the Byelaws, in cases where the arbitration award is passed against the Trading Member and/or its sub-brokers and in favour of a Constituent, the Stock Exchange may debit from the deposits or other monies of the Trading Member lying with the Stock Exchange, the amount of award payable to the awardee together with interest payable, if any, till the date of debit after setting off the counter claim of the Trading Member and /or its sub-brokers allowed under the award, if any, and keep aside the said amount in a separate account to be dealt with in such manner as mentioned in Byelaw 13B below;

Provided however, where the award is for the delivery of securities, the Stock Exchange may consider the closing price of such securities on the Stock Exchange as on the date of the award or such other date the relevant authority may specify to be reasonable, stating reasons for arriving at the value of such securities and award amount.

The Stock Exchange may make the payment of said amount so kept aside in a separate account, to the awardee only after a confirmation was obtained from the trading member to the effect that no appeal has been filed by him and whereas if the award is set aside partially or fully, then the Stock Exchange may reverse the debit to that extent and restore the same to the credit of the Trading Member and make the payment of the reduced award amount to the awardee.

(17) Arbitration proceedings subject to the provisions of the Act

The arbitration proceedings as provided for by the provisions of these Byelaws and Regulations shall be subject to the provisions of the Act to the extent not provided for in these Byelaws or the Regulations.

(18) Construction of references

For the purposes of section 2(6) of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and the Regulations, wherever Part 1 of the Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorised the Relevant Authority to determine that issue.

(19) Administrative assistance

For the purpose of section 6 of the Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Byelaws and Regulations, the parties shall be deemed to have arranged for administrative assistance of the Relevant Authority in order to facilitate the conduct of the arbitral proceedings.

(20) Jurisdiction

All parties to a reference to arbitration under these Byelaws and Regulations and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Kolkata.

(21) Exclusion

For removal of doubts, it is hereby clarified that the Stock Exchange shall not be construed to be a party to the dealings, contracts and transactions referred to under these Byelaws; and the provisions of this Chapter shall not apply in case of claims, differences or disputes between the Stock Exchange and a Trading Member and no arbitration shall lie between the Stock Exchange and a Trading Member.

CHAPTER XV

DEFAULT

Declaration of Default

- (1) A trading member may be declared a defaulter by direction / circular / notification of the relevant authority of the trading segment if-
- (a) he is unable to fulfill his obligations; or
 - (b) he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or
 - (c) he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under these Bye Laws, Rules and Regulations; or
 - (d) he fails to pay any sum due to the Stock Exchange or to submit or deliver to the Stock Exchange on the due date, delivery and receive orders, statement of differences and securities, balance sheet and such other clearing forms and other statements as the relevant authority may from time to time prescribe;
- Or
- (e) if he fails to pay or deliver to the Defaulters' Committee all monies, securities and other assets due to a trading member who has been declared a defaulter within such time of the declaration of default of such trading member as the relevant authority may direct; or
 - (f) if he fails to abide by the arbitration proceedings as laid down under the Bye Laws, Rules and Regulations; or
 - (g) if he, being an individual and /or partnership firm, /it, being a company incorporated under the Companies Act, files a petition before a Court of Law for adjudication of himself as an insolvent or for its winding up, as the case may be.
- (2) Without prejudice to the foregoing, if a trading member is either expelled or declared a defaulter by any other recognised stock exchange on which he is a trading member or if the registration certificate is cancelled by SEBI, the said Trading Member may be expelled from the Stock Exchange after providing an opportunity of being heard to such Trading Member.

Notwithstanding anything contained in this Byelaw, the trading facility of the trading member shall be withdrawn immediately after the receipt of information of expulsion /default by any other stock exchange or cancellation of registration certificate by SEBI.

Failure to fulfill Obligations

- (3) The relevant authority may order a trading member to be declared a defaulter if he fails to meet an obligation to a trading member or constituent arising out of Stock Exchange transactions.

Insolvent a Defaulter

- (4) A trading member, being an individual and/or partnership firm, has been adjudicated as an insolvent or it, being a company incorporated under the Companies Act, has been ordered to be wound up by a Court of Law in the petition filed by any of his/its creditors, shall be declared a defaulter although he/it may not have at the same time defaulted on any of his / its obligations on the Stock Exchange provided however the time for preferring an appeal against such order under the applicable Acts, if any, has expired.

Trading member's Duty to Inform

- (5) A trading member shall be bound to notify the Stock Exchange immediately if there be a failure by any trading member to discharge his liabilities in full.

Compromise Forbidden

- (6) A trading member guilty of accepting from any trading member anything less than a full and bona fide money payment in settlement of a debt arising out of a transaction in securities shall be suspended for such period as the relevant authority may determine.

Notice of Declaration of Default

- (7) On a trading member being declared a defaulter a notice to that effect shall be placed forthwith on the trading system of the relevant trading segment.

Defaulter's Book and Documents

- (8) When a trading member has been declared a defaulter, the Defaulters' Committee shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the Defaulters' Committee.

List of Debtors and Creditors

- (9) The defaulter shall file with the Defaulters' Committee within such time of the declaration of his default as the relevant authority may direct a written statement containing a complete list of his debtors and creditors and the sum owing by and to each.

Defaulter to give Information

- (10) The defaulter shall submit to the Defaulters' Committee such statement of accounts, information and particulars of his affairs as the Defaulters' Committee may from time to time require and if so desired shall appear before the Committee at its meetings held in connection with its default.

Inquiry

- (11) The Defaulters' Committee shall enter into a strict inquiry into the accounts and dealings of the defaulter in the market and shall report to the relevant authority anything improper, unbusinesslike or unbecoming a trading member in connection therewith which may come to its knowledge.

Vesting of assets in the Stock Exchange

- (12) The Defaulters' Committee shall call in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Trading Member in respect of any

transaction or dealing made subject to the Bye- laws, Rules and Regulations of the Stock Exchange and such assets shall vest ipso facto, on declaration of any trading member as a defaulter, in the Stock Exchange for the benefit of and on account of any dues of the Stock Exchange, Clearing House, Clearing Corporation , Securities and Exchange Board of India, other trading members, Constituents and registered sub-brokers of the defaulter, approved banks and any other persons as may be approved by the Defaulters' Committee and other recognised stock exchanges.

Payment to Defaulters' Committee

(13) (a) All monies, securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the Defaulters' Committee within such time of the declaration of default as the relevant authority may direct. A trading member violating this provision shall be declared a defaulter.

(b) A trading member who shall have received a difference on account or shall have received any consideration in any transaction prior to the date fixed for settling such account or transaction shall, in the event of the trading member from whom he received such difference or consideration being declared a defaulter, refund the same to the Defaulters' Committee ' for the benefit and on account of the creditor trading members. Any trading member who shall have paid or given such difference or consideration to any other trading member prior to such settlement day shall again pay or give the same to the Defaulters' Committee for the benefit and on account of the creditor trading member in the event of the default of such other trading member

(c) A trading member who receives from another trading member during any clearing a claim note or credit note representing a sum other than a difference due to him or due to his constituent which amount is to be received by him on behalf and for the account of that constituent shall refund such sum if such other trading member be declared a defaulter within such number of days as prescribed by the relevant authority after the settling day. Such refunds shall be made to the Defaulters' Committee for the benefit and on account of the creditor trading members and it shall be applied in liquidation of the claims of such creditor trading members whose claims are admitted in accordance with these Bye Laws, Rules and Regulations.

14) Distribution

The Defaulters' Committee shall at the risk and cost of the creditor trading members pay all assets received in the course of realisation into such bank and/or keep them with the Stock Exchange in such names as the relevant authority may from time to time direct and shall distribute the same as soon as possible pro rata but without interest among creditor trading members whose claims are admitted in accordance with these Bye Laws, Rules and Regulations.

Closing-out

(15) (a) Trading members having open transactions with the defaulter shall close out such transactions on the Stock Exchange after declaration of default. Such closing out shall be in such manner as may be prescribed by the relevant authority from time to time. Subject to the regulations in this regard prescribed by the relevant authority, when in the opinion of the relevant authority, circumstances so warrant, such closing out shall be deemed to have taken place

in such manner as may be determined by the relevant authority or other authorised persons of the Stock Exchange.

- (b) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the Defaulters' Committee for the benefit of creditor trading members of the defaulter.

Claims against Defaulter

- (16) Within such time of the declaration of default as the relevant authority may direct every trading member carrying on business on the Stock Exchange shall, as it may be required to do, either compare with the Defaulters' Committee his accounts with the defaulter duly adjusted and made up as provided in these Bye Laws, Rules and Regulations or furnish a statement of such accounts with the defaulter in such form or forms as the relevant authority may prescribe or render a certificate that he has no such account.

Delay in comparison or submission of Accounts

- (17) Any trading member failing to compare his accounts or send a statement or certificate relating to a defaulter within the time prescribed shall be called upon to compare his accounts or send such statement or certificate within such further time as may be specified.

Penalty for Failure to compare or submit Accounts

- (18) The relevant authority may fine, suspend or expel any trading member who fails to compare his accounts or submit a statement of its account with the defaulter or a certificate that he has no such account within the prescribed time.

Misleading Statement

- (19) The relevant authority may fine, suspend or expel a trading member if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such trading member was false or misleading.

Accounts of Defaulters' Committee

- (20) The Defaulters' Committee shall keep a separate account in respect of all monies, securities and other assets payable to a defaulter which are received by him and shall defray therefrom all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

Report

- (21) The Defaulters' Committee shall every six months present a report to the relevant authority relating to the affairs of a defaulter and shall show the assets realised, the liabilities discharged and dividends given.

Inspection of Accounts

- (22) All accounts kept by the Defaulters' Committee in accordance with these Bye Laws, Rules and Regulations shall be open to inspection by any creditor trading member.

Scale of Charges

- (23) The charges to be paid to the Stock Exchange on the assets collected shall be such sum as the relevant authority may from time to time prescribe.

Application of Assets

(24) The Defaulters' Committee shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under the Rules, Bye-laws and Regulations to be incurred by the Stock Exchange, in satisfying the claims in the order of priority provided hereunder:-

(a) Dues to the Stock Exchange, Clearing House/ Clearing Corporation, Securities and Exchange Board of India

The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Stock Exchange, Clearing House/Clearing Corporation, Securities and Exchange Board of India, in the order in which their names appear herein;

(b) Dues to other Trading Members and to Constituents and registered sub-brokers of the defaulter. The payments as may be admitted by the Defaulters' Committee, as being due to other Trading Members and Constituents and registered sub-brokers of the defaulter for debts, liabilities, obligations and claims arising out of any contracts made by the defaulter subject to the Rules, Bye-laws and Regulations of the Stock Exchange, provided that if the amount is insufficient then the amounts shall be distributed pro rata amongst other Trading Members, all the Constituents and registered sub-brokers of the defaulter. The other Trading members shall in turn share the amounts so received with their Constituents on pro rata basis.

(c) Dues to the Approved Banks and claims of any other persons as approved by the Defaulters' Committee

After making payments under Clause (b) above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Defaulters' Committee. The claims of the approved banks should have arisen by virtue of the Stock Exchange or Clearing House/Clearing Corporation invoking any bank guarantee issued by the bank concerned to the Stock Exchange or Clearing House/Clearing Corporation as the case may be on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Byelaws, Rules and Regulations of CSE/Clearing Corporation. The claims of other persons should have arisen out of or incidental to the transaction done on the Stock Exchange or requirements laid down by the Stock Exchange, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata, and

(d) Dues to any other recognised stock exchange:

After meeting the claims under (c) above, the remaining amounts, if any, shall be disbursed to any other recognised Stock Exchange for the purpose of meeting the obligations of the defaulter as a trading member of that Stock Exchange. If the defaulter is a trading member of more than one recognised stock exchange, then the remaining amounts shall be distributed amongst all such recognised stock exchanges and if the remaining amount is insufficient to meet the claims of all such stock exchanges, then the remaining amount shall be distributed pro rata among all such

stock exchanges.

(e) Surplus assets:

Surplus assets, if any, may be released to the defaulter after a period of at least one year from the date of declaration of the trading member as defaulter or after satisfying the claims falling under Bye-law 23, whichever is later.

Certain claims not to be entertained

(25) The Defaulters' Committee shall not entertain any claim against a defaulter:

- (a) which arises out of a contract in securities dealings in which are not permitted or which are not made subject to Bye Laws, Rules and Regulations of the Stock Exchange or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on bargains in any security;
- (b) which arises out of a contract in respect of which comparison of accounts has not been made in the manner prescribed in these Bye Laws, Rules and Regulations or when there has been no comparison if a contract note in respect of such contract has not been rendered as provided in these Bye Laws, Rules and Regulations;
- (c) which arises from any arrangement for settlement of claims in lieu of bona fide money payment in full on the day when such claims become due;
- (d) which is in respect of a loan with or without security;
- (e) which is not filed with the Defaulters' Committee within such time of date of declaration of default as may be prescribed by the relevant authority.
- (f) which arises from bargains not settled by delivery and payment within the time prescribed by these bye-laws and regulations
- (g) which arises from any outstanding balance or any outstanding difference upon previous transactions which has not been claimed at the proper time and in the manner prescribed in these bye-laws and regulations;

Claims against Defaulting Representative trading member

(26) The Defaulters' Committee shall entertain the claim of a trading member against a defaulter in respect of loss incurred by it by reason of the failure of the constituents introduced by such defaulter to fulfill their obligations arising out of dealings which are permitted on the Stock Exchange and made subject to the Bye Laws, Rules and Regulations of the Stock Exchange provided the defaulter was duly registered as a representative trading member working with such creditor trading member.

Claims of Defaulters' Committee

(27) A claim of a defaulter whose estate is represented by the Defaulters' Committee against another defaulter shall not have any priority over the claims of other creditor trading members but shall rank with other claims.

Assignment of Claims on Defaulter's Estate

(28) A trading member being a creditor of a defaulter shall not sell, assign or pledge its

claim on the estate of such defaulter without the consent of the relevant authority.

Proceedings in the Name of or against the defaulter

- (29) The Defaulters' Committee shall be empowered to (a) initiate any proceedings in a court of law either in the name of the Stock Exchange or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter (b) to initiate any proceedings in a court of law either in the name of the Stock Exchange or in the name of the creditors (who have become creditors of the defaulter as a result of transactions executed subject to Byelaws, Rules and Regulations of the Stock Exchange) of the defaulter against the defaulter for the purpose of recovering any amounts due from the defaulter. The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Stock Exchange as their constituted attorney for the purpose of taking such proceedings.

Payment of Defaulters' Committee

- (30) If any trading member takes any proceedings in a court of law against a defaulter whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter's estate arising out of any transaction or dealing in the market made subject to the Bye Laws, Rules and Regulations of the Stock Exchange before it was declared a defaulter and obtains a decree and recovers any sum of money thereon it shall pay such amount or any portion thereof as may be fixed by the relevant authority to the Defaulters' Committee for the benefit and on account of the creditor trading members having claims against such defaulter.
- (31) The Defaulters' Committee for the purpose of this Chapter shall be a Committee as may be constituted by the Board of Directors from time to time. At any point of time not less than sixty percent of the members of the Defaulters' Committee shall be from among non-trading members who shall be nominated by the Stock Exchange with the prior approval of Securities and Exchange Board of India.
- (32) Notwithstanding anything to the contrary contained in this Chapter, where any securities are lodged for rectification of company objection arising out of signature difference or otherwise against a defaulter, the Stock Exchange or Clearing House/Clearing Corporation shall, after satisfying itself about the bonafides of the receiving trading members/ client of the receiving trading member, acquire the securities in its own name for the benefit of or in trust for the receiving trading member/ client of the receiving trading member. The Stock Exchange/ Clearing Corporation may upon payment of such charges as it may prescribe, sell or otherwise dispose of the securities so acquired or transfer the securities to the receiving trading member/ client of the receiving trading member, in full and final satisfaction of the claim; Provided that the Stock Exchange/ Clearing Corporation shall be free to require such receiving trading member/ client of the receiving trading member to indemnify the Stock Exchange and Clearing Corporation in such form and manner as it may prescribe, as a condition precedent; Provided further that such payment of sale proceeds or transfer of securities to the receiving trading member/ client of the receiving trading member shall discharge the claim completely and no further claim shall lie against the defaulter on any ground whatsoever.

(33) **Payment of Dividend**

Dividends declared shall be paid to each creditor-member either by crediting his account with the Clearing House or in such other manner as the Committee or the Board directs.

(34) Un-claimed Dividend in respect of Defaulting Member's Assets

If any dividend which has been declared on claims admitted by the Defaulters' Committee but which the member entitled (except in the case of a member who shall have died) has failed or neglected to claim remains with the Defaulters' Committee un-claimed for more than one year or where after paying a final dividend any assets of the defaulter remain un-claimed or un-distributed the same shall be dealt with or disposed of by the Committee on behalf of the creditor-members.

(35) Deceased Creditors

If a member who is creditor of a defaulter be dead, the dividend due to such member shall be paid to his legal representatives or heirs on application even when the right of nomination has been exercised in respect of such deceased creditor-member. But if such deceased creditor be himself a defaulter, the dividend due shall be paid to the Defaulters' Committee for the benefit and on account of the creditor-members.

(36) In the event of a member being declared a defaulter in accordance with the Rules, Bye-laws and Regulations of the Stock Exchange, all amounts due to such member from a non-member under a contract issued to such member shall be payable on the due date to the Trustees of the Stock Exchange Customers'/Investors Protection Fund on demand in accordance with the Rules of the above Fund and the Trustees of the above Fund shall thereafter disburse the same in accordance with those Rules.

CHAPTER XVI

INVESTOR PROTECTION FUND

- (1) In respect of such market segment of the Stock Exchange as may be prescribed by the Stock Exchange, an Investor Protection Fund (IPF) to be held in trust by CSE by the name & style **Stock Exchange Customers' Protection Fund** (Trust) shall be maintained to make good claims for compensation which may be submitted by a trading member's Constituent who suffers loss arising from the said trading member being declared as a defaulter by the Stock Exchange under Chapter XV. No claim of a claimant, who is a Trading Member of the Stock Exchange or an associate of a Trading Member, shall be eligible for compensation from the IPF unless he has acted as a Constituent of the said trading member to the extent permitted by the Stock Exchange.
- (2) Subject to this Part, the amount which any claimant shall be entitled to claim as compensation shall be the amount of the actual loss suffered by him less the amount or value of all monies or other benefits received or receivable by him from any source in reduction of the loss.
- (3) The amount that may be paid under this Part to a claimant shall not exceed such amount as may be decided by the Trust from time to time. The Trust shall disburse the compensation to the claimants as and when claims have been crystallised against the defaulter and admitted for payment by the Trust based on the recommendations, if any, of the Defaulters' Committee and such compensation shall not be more than the maximum amount fixed for a single claim.
- (4) Notwithstanding anything contained in any other Byelaw, the Trust shall have the power to utilise the interest income earned on the investments made out of IPF, either in part or whole, for educating investors, creating awareness among the investor community at large and for any research connected therewith or incidental thereto.
- (5) The Stock Exchange shall publish in all editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation, a notice specifying a date not being less than 3 months after the said publication, on or before which claims for compensation shall be made in relation to the defaulter specified in the notice. The notice shall contain the specified period, the maximum compensation limit for a single claim of a claimant, etc. The said notice shall also be displayed on the premises of the Stock Exchange as well as on the web-site of the Stock Exchange for the entire specified period.
- (6) A claim for compensation in respect of a default shall be made in writing to the Stock Exchange on or before the date specified in the said notice and any claim which is not so made shall be barred unless the Trust otherwise determines. The Stock Exchange shall process the claims in accordance with procedures as may be laid down by Defaulters' Committee and if the assets of the defaulter are insufficient to meet the approved claims, it shall forward the claims alongwith the recommendations of the Defaulters' Committee to the Trust. However, the Trust need not wait for the realisation of the assets of the defaulter before the disbursement towards claims.
- (7) A claimant under this Chapter must sign an undertaking to be bound by the decision

- of the Trust whose decision shall be final and binding.
- (8) The Trust in disallowing (whether wholly or partly) a claim for compensation shall serve notice of such disallowance on the claimant.
 - (9) The Trust, if satisfied that the default on which the claim is founded was actually committed, may allow the claim and act accordingly.
 - (10) The Trust may at any time and from time to time require the claimant to produce and deliver any securities, documents or statements of evidence necessary to support any claim made or necessary for the purpose of establishing his claims and in default of delivery of any such securities, documents or statements of evidence by such claimant, the Trust may disallow any claim by him under this Chapter.
 - (11) Contributions shall be made to the IPF from the following sources:-
 - (a) 1 % of the listing fees received, on a quarterly basis
 - (b) 100 % of the interest earned on the 1 % security deposit kept by the issuer companies at the time of the offering of securities for subscription to the public, immediately on refund of the deposit
 - (c) The difference of amount of auctions / closeout price
 - (d) The amount received from the proceeds of the sale of the securities written off as per para 4 & 5 of SEBI circular No. FITTC/FII/02/2002 dated May 15, 2002
 - (e) The amounts specified in pursuance of Regulation 28 (12) (e) (ii), Regulation 28 (13) and Regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997.
 - (f) Such contribution by trading members of the Stock Exchange as may be decided by the Stock Exchange from time to time based on the transaction value. The Stock Exchange shall further be empowered to call for such additional contributions as may be required from time to time to make up for the shortfall, if any, in the IPF, at the discretion of the Stock Exchange.
 - (12) The IPF to be held in trust as aforesaid shall vest with the Trust which shall administer the same. The IPF shall be well segregated and shall be immune from any liabilities of the Stock Exchange.
 - (13) The Stock Exchange, in consultation with the Trust, shall review and progressively increase the amount of compensation available against a single claim from an investor every three years. The Stock Exchange shall disseminate the compensation limit fixed and any change thereof, to the public through a Press Release and also through web site of the Stock Exchange.
 - (14) The Trust may seek the advice of the Defaulters' Committee as to the eligibility or otherwise of individual claims of investors.
 - (15) The Stock Exchange shall arrange to provide administrative assistance to the Trust to

facilitate the processing and settlement of investor claims.

- (16) The claims of the claimants arising out of speculative transactions or which are sham or collusive shall not be eligible for compensation from the IPF.
- (17) The balance of the IPF lying unutilised with the Trust shall continue to be utilised only for such purposes as prescribed by SEBI. In the event of winding up of the Stock Exchange, the balance lying unutilised with the Trust shall be transferred to SEBI. The funds will be maintained in a separate account and SEBI would act as Trustee of these funds to be utilised for purposes of investor education, awareness and research.
- (18) CSE collects Rs.500/- per annum from each active broker (a broker who has done at least one transaction during the financial year for contribution towards IPF. The amount will be apportioned equally for each of the four segments viz. CSE, CSE-BSE Cash, CSE-NSE Cash, CSE-NSE F&O.
- (19) One percent of the listing fee received annually is contributed towards IPF. The amount will be apportioned equally for each of the four segments mentioned above.
- (20) Profit (if any) arising out of auction/close out of the trades in each segment of CSE-NSE arrangement will accrue to the respective segment.
- (21) Interest earned on 1 % security deposit kept by the issuer companies at the time of the offering of securities for subscription to the public under Clause 42 of the listing agreement will be apportioned equally for each of the four segments mentioned in (i) above.
- (22) Fine/Penalty if any received from the member brokers will be apportioned equally for each of the four segments viz. CSE, CSE-BSE Cash, CSE-NSE Cash, CSE-NSE F&O.

CHAPTER XVII

SETTLEMENT GUARANTEE FUND

1. Definitions**a. Active Trading Member/Trading Member**

“Active Trading Member” or “Trading Member” means any person admitted as a trading member in Calcutta Stock Exchange in accordance with the Rules, Bye - laws and Regulations of the Stock Exchange and eligible to act and transact in securities through C-STAR and/or through any other manner permitted by Securities Exchange Board of India (SEBI).

b. Settlement Guarantee Fund

“Settlement Guarantee Fund” means the Calcutta Stock Exchange Settlement Guarantee Fund established and maintained in accordance with the provisions of these Bye-laws for the purpose of guaranteeing trades and transactions in securities by active trading member on C-STAR System in Calcutta Stock Exchange and/or through any other manner permitted by Securities Exchange Board of India (SEBI). It includes the corpus and all other donations, contributions, levies, charges and incomes and properties of SGF to guarantee settlement of deals between the trading members of the Stock Exchange. Subject to the other provisions of the Rules, Bye-Laws and Regulations of the Stock Exchange, the objects of the Fund shall be to guarantee, in accordance with the Rules, Bye-laws and Regulations of the Stock Exchange, the settlement of bonafide transactions of trading members of the Stock Exchange inter-se which form part of the Stock Exchange’s settlement system so as to endeavor to ensure timely completion of Settlements on the Stock Exchange and thereby protect the interest of the investors on the Stock Exchange and the trading members of the Stock Exchange and thereby also inculcate confidence in the minds of investors regarding the expeditious completion of settlements on the Stock Exchange and support the development of the stock market.

c. Deals

“Deals” means, unless the context indicates otherwise, deals which are admitted to be made and settled through the Calcutta Stock Exchange On-Line Reporting and Trading Systems as well as through BSE On-line Trading (BOLT) system as per BSE-CSE arrangement under Section 13A of Securities Contracts (Regulation) Act, 1956 or through any other manner permitted by Securities Exchange Board of India (SEBI).

d. Clearing House

“Clearing House ” means the Department of the Stock Exchange or Clearing Corporation set up by the Stock Exchange to administer the process of Clearing and Settlement of transaction in the Exchange on C-STAR System as well as through BSE On-line Trading (BOLT) system as per BSE-CSE arrangement under Section 13A of Securities Contracts (Regulation) Act, 1956 or through any other manner permitted by Securities Exchange Board of India (SEBI).

e. Security Deposit

“Security Deposit” means a sum of Rupees ten lacs kept deposited by a trading member with the Exchange or Settlement Guarantee Fund as security as follows:-

- (i) A sum of Rs.2,50,000/- in cash to be deposited by the active trading member with the SGF or already lying deposited by such trading member with the Stock Exchange.

(ii) Balance in securities or cash in lieu thereof as prescribed by the Stock Exchange or the relevant authority to be deposited by the active trading member with SGF or lying deposited with the Stock Exchange.

(a) The above security deposits in cash or securities at present lying with the Stock Exchange shall stand transferred to the SGF by the Stock Exchange and the Stock Exchange may in accordance with the directions of the Defaulters' Committee continue to hold any of the securities in its name as deposit for the SGF.

(b) The security deposit in cash or securities shall be ordinarily refundable to the trading member, who has not defaulted and ceases to be a trading member in the manner and to the extent prescribed.

(c) If a trading member defaults his security deposit cash or security shall become immediately part of the Fund and be applied accordingly.

(d) If a trading member defaults, security deposit of other trading members may be utilised to meet the liability of SGF arising from such default as prescribed.

(e) Interest if any earned by the SGF on security deposit of Rs. 2,50,000/- shall be the income of SGF.

f. Settlement

“Settlement” shall include an auction settlement but shall not include a bad delivery settlement.

“Settlement in which a trading member or a defaulter has been declared a defaulter” shall have the following meaning :

Where a trading member has been declared a defaulter for non-payment of any amount payable by him into the Clearing House in respect of any Settlement Period then the Settlement in respect of non-payment of which the trading member is declared a defaulter shall be the “Settlement in which the trading member or the" defaulter is or has been declared a defaulter"; and where the trading member has failed to pay any amount payable by him into the Clearing House in respect of more than one settlement period then the "Settlement in which the trading member or the defaulter is or has been declared a defaulter" shall be the settlement so specified by the authority who or which has declared him as a defaulter.

2. Power of the Board to make Regulations

The Board of Directors shall be entitled to make such Regulations as it thinks fit and proper in connection with the manner, norms and procedures of the Fund and defaults declared subsequent to the commencement of the operation of the Fund. The Regulations made by the Board of Directors shall not be inconsistent with any Bye-Law.

Without prejudice to the generality of clause above, the Board of Directors shall be entitled to make Regulations relating to norms, procedures and manner in respect of:

- a) the management and administration of the Fund,
- b) the structure and composition of the Fund,

- c) the contributions to be made to the Fund by the Stock Exchange, trading members of the Stock Exchange and others,
- d) investment of the Fund,
- e) application of the Fund,
- f) meetings of the Defaulters' Committee,
- g) persons who would be disentitled from receiving a benefit from the Fund,
- h) minimum value of funds in the Fund and maximum limits on disbursements from the Fund,
- i) the rights and powers of the Defaulters Committee,
- j) the money and property to be paid to or received by the Defaulters Committee,
- k) the application of the money and property paid to or received by the Defaulters Committee including the order of priority in which they shall be applied, and
- l) the closing-out, adjustment, settlement and/or cancellation of contracts entered into by a trading member with the defaulter.

3. Relevant Authority

I. The Defaulters' Committee, or the Board or such other Board of Directors as may prescribe from time to time.

4. Management of the Fund

Subject to the Rules, Bye-laws and Regulations of the Stock Exchange and any directions and instructions which the Defaulters' Committee and Board of Directors may from time to time issue, the Defaulters' Committee shall have complete control over the management and administration of the Fund. In addition to the powers conferred by the other provisions of the Rules, Bye-laws and Regulations of the Stock Exchange, the Defaulters' Committee shall be vested with all powers, authorities and discretion necessary or expedient for or incidental to the management and administration of the Fund or for achieving the object and purpose of the Fund.

Without prejudice to the generality of the foregoing, the Defaulters' Committee shall have for the purposes of the fund, the power to –

- a) summon trading members, partners of trading members and directors of trading members who are companies or other corporate bodies to appear before the Defaulters' Committee and question them ;
- b) call upon trading members, partners of trading members, and directors of trading members who are companies or other corporate bodies to furnish to the Defaulters' Committee such information, documents and papers as the Defaulters' Committee may require and within the period specified by the Defaulters' Committee,
- c) prescribe forms, agreements, affidavits, undertakings and other writings to be signed by trading members, partners of trading members, directors of trading members who are

companies or other corporate bodies or by other persons and specify the period within which the same should be signed and submitted,

- d) invest or otherwise deal with the money of the Fund,
- e) realise or otherwise deal with any security or other property offered to the Fund,
- f) borrow money without security or against the security of the Fund or any property of or available to or accessible by the Fund or otherwise,
- g) enter into financial arrangements with banks, institutions, companies and other persons,
- h) issue guarantees and indemnities,
- i) delegate any of the powers and functions of the Defaulters' Committee to one or more committees comprising of one or more members of the Defaulters' Committee and/or delegate any of the administrative powers and functions, of the Defaulters' Committee to one or more employees of the Stock Exchange subject to such terms and conditions as the Defaulters' Committee may think fit to impose, and subject to overall ratification by the Defaulters' Committee.
- j) do all such acts as the Defaulters' Committee considers necessary to protect or advance the interest of the Fund or to achieve the purposes and objects of the Fund,
- k) institute and conduct legal proceedings to recover assets of a defaulter or a trading member.

5. Accounts and Audit of the Fund

Unless the Defaulters' Committee or Board of Directors otherwise directs, the accounts of the Fund shall be prepared and maintained as a part of the accounts of the Stock Exchange and shall be audited as a part of the accounts of the Stock Exchange.

6. Documents to be Executed by the Trading member

Within such period as may be specified by the Defaulters' Committee (as may be extended by the Defaulters' Committee from time to time), every trading member and every partner of every trading member who is carrying on business on the Stock Exchange in partnership shall sign and deliver to the Defaulters' Committee agreements and other writings in such form as may be prescribed by the Defaulters' Committee from time to time with the prior approval of the Defaulters' Committee or Board of Directors.

In the event of any change in the form of any agreements or writings (which change shall be made by the Defaulters' Committee with the prior approval of the Defaulters' Committee or Board of Directors), the Defaulters' Committee may require every trading member and every partner of every trading member who is carrying on business on the Stock Exchange in partnership to sign and deliver to the Defaulters' Committee supplement agreements or writings or fresh agreements or writings within such period as may be specified by the Defaulters' Committee (as may be extended by the Defaulters' Committee from time to time).

7. Composition of Fund

(A) Initial Contribution

- (i) The fund would receive an initial contribution of Rs.10,000/- from the Stock Exchange.
- (ii) The Fund will receive a one time non-refundable initial contribution from active trading members of the Stock Exchange, a sum of Rupees ten thousand only in cash.

Security Deposit

Such security deposit as becomes part of the Fund on the default of a trading member.

Other Sources

- (i) Turnover charges at the rate of 0.00125% based on the turnover of the active trading members collected by the Stock Exchange and handed over to the Fund as per rules.
- (ii) All other penalties, charges and other receipts and levies received or levied from time to time by the relevant authority.
- (iii) All incomes arising from the investment of the Fund
- (iv) Such amount if any remaining surplus with the Stock Exchange on the auction-sale proceeds of securities of a trading member after meeting liabilities to the Stock Exchange, SEBI and other trading member as per the rules of the Stock Exchange. Such surplus shall be handed over by the Stock Exchange to SGF as per rules.
- (v) All donations made to SGF.

B. Trading members' Additional Contributions

Each trading member shall provide to the Fund such additional contributors as the Defaulters' Committee or Board of Directors may from time to time determine (hereinafter referred to as "trading member's Additional Contribution"). A trading members' Additional Contribution may be in such form as the Defaulters' Committee or Board of Directors may determine (which may include cash, securities, bank guarantees or fixed deposit receipts). The trading members' Additional Contributions may be refundable or non-refundable contributions as may be specified by the Defaulters' Committee or Board of Directors and shall be in such form as the Defaulters' Committee or Board of Directors may specify. Unless the Defaulters' Committee or Board of Directors otherwise specifies, the Fund shall be entitled to receive all dividend, interest, rights, entitlements, rights shares, bonus share and other income and accretions in respect of the trading member's non-refundable Additional Contributions. The Defaulters' Committee or Board of Directors may specify the manner in which the trading member's Additional Contributions shall be utilised.

8. Administration and utilisation of the fund & the income of the fund

The Settlement Guarantee Fund maintained by the Stock Exchange may be utilized for meeting the shortage arising out of the non-fulfillment/partial fulfillment of the funds obligations by the members in a settlement before declaring the concerned member defaulter and also for such purposes of the SGF as may be stipulated by the Bye-Laws and Regulations subject to the following:

In cases where amount shortage are in excess of the base minimum capital (BMC) prescribed, the trading facility of the member is withdrawn and the securities Pay-out due to the member

is withheld. In cases where the amount of shortage exceed 20% of the BMC and is less than the BMC on six occasions within a period of three months, the trading facility of the member is withdrawn and the securities pay-out due to the member is withheld. On recovery of the complete shortage, the member is permitted to trade with a reduced gross exposure as mentioned in the table below:

Calculative Funds Shortage	Exposure limit allowed (% of current exposure limit)
Of BMC - 50% of BMC	80%
Of BMC -100% of BMC	60%

His reduced gross exposure level is maintained for a period of four settlements. If the cumulative funds shortages for the next 4 settlement is less than 20% of BMC, the exposure limits shall be reduced. The exposure limit may be restored if a member provides a cash deposit equalent to his cumulative funds shortages as the funds shortage collateral in his clearing account. Such deposit will be kept with the Stock Exchange for a period of four settlements and will be released only if no further funds shortages are reported for the member in next four consecutive settlements. There is no exposure limit nor any interest payment on this amount so deposited as “funds shortage collateral”. Members may deposit funds shortage collateral by way of cash, FDR or Bank Guarantee.

The outstanding amount would carry a penal interest of not less than 0.09% per day.

To defray the expenses of creation, maintenance, administration and repayment of SGF

To meet premium on insurance cover(s) which the relevant authority may take from time to time.

To meet shortfall and deficiencies arising out of the clearing and settlement of the deals as provided in the Bye-laws and Regulations.

To satisfy any loss or liability of the clearing house arising out of clearing and settlement of deals as provided in the Bye-laws and Regulations.

To any other purpose of the SGF as may be specified by the Defaulters' Committee from time to time.

Save as otherwise expressly provided in the Bye-laws and Regulations, the Settlement Guarantee Fund shall not be utilized for any other purpose.

No income of SGF would be distributed or paid to any member or person as part of profit or as dividend or distribution of profit save and except as discharge of liability of SGF under these Bye-laws.

The SGF shall have full power and authority to transfer in its own name, create a security in, or assign any or all of a settlement fund cash, securities or other instruments in which the settlement fund is invested and securities deposited by a member in favour of the SGF towards a settlement guarantee fund.

The Defaulters Committee may from time to time invest the assets and income of the SGF in any approved investment under the Income-tax Act and change investments from time to time.

9. Liability of Trading member Unaffected by Cessation of Membership

Any unsatisfied obligation of a trading member to the Fund shall not be discharged or otherwise prejudicially affected by the cessation of his membership.

10. Action for Failure to Pay to Fund

The Defaulters' Committee or Board of Directors may take such action as it thinks fit and proper against a trading member who fails to pay any amount to the Settlement Guarantee Fund including action by way of suspension of the business or membership of the trading member, fine, declaring him as a defaulter and/or expulsion from the membership of the Stock Exchange.

11. Replacement of Refundable contribution

Unless otherwise provided by the Rules, Bye-laws and Regulations of the Stock Exchange, the Defaulters' Committee may permit a trading member to withdraw a refundable contribution after he has furnished to the Fund other refundable contribution of the same or greater value and of a nature acceptable to the Defaulters' Committee.

Non-Refundable Contribution

A trading member shall not be entitled to receive back any non-refundable contribution on cessation of membership or for any other reasons whatsoever.

Refund of Refundable Contributions

The Defaulters' Committee may refund a trading member's refundable contribution to him upon his ceasing to be a trading member provided he satisfies all the conditions which the Defaulters' Committee or Board of Directors may from time to time impose and provided further that either each of the following conditions at clauses (i) to (v) are satisfied or the conditions at clause (vi) is satisfied ;

- (i) All obligations and transactions of the trading member which are outstanding at the time of his ceasing to be a trading member and which could result in the Fund being required to pay any amount shall have been closed and finally settled.
- (ii) All obligations of the trading member to the Stock Exchange and the Clearing House shall have been satisfied in full.
- (iii) All non-disputed amounts payable by the trading member in respect of transactions in securities made subject to Rules, Bye-laws and Regulations of the Stock Exchange shall have been satisfied in full.
- (iv) All amounts disputed by the trading member as payable by him in respect of transactions in securities made subject to the Rules, Bye-laws and Regulations of the Stock Exchange shall have been satisfied in full or shall have been secured by the trading member to the satisfaction of the Defaulter Sub-Committee or Board of Directors.
- (v) A suitable amount as may be determined by the Defaulters' Committee or Board of Directors at its discretion, shall have been set aside for providing for :
 - a) any payment which may arise from any bad delivery or document defects that may be reported in future, and
 - b) such other obligations as may be perceived by the Defaulters' Committee or Board of

Directors to arise in future.

vi) Another trading member of the Stock Exchange (hereinafter referred to as "the other trading member") shall have –

a) agreed to take over and discharge all the obligations of, and all amounts payable by, the trading member as are referred to in clauses (i) to (v) above.

b) satisfied the Defaulters' Committee that the other trading member has adequate funds to discharge such obligations and pay such amounts and

c) executed such documents and writings as may be required by the Defaulters' Committee.

The relevant authority may prescribe rules for repayment of security deposit including the manner, amount and period within which it will be repaid but at no point of time the repayment will exceed the actual deposit available to the credit of the trading member after deducting necessary charges from the same.

12. Mode of utilisation in case of default

In the event of a trading member being declared defaulter, the following order of priority for appropriations will be followed:

i) Amount that may be paid in the form of margin retained by the Stock Exchange for the purpose of clearing and settlement would be appropriated and thereafter,

ii) Any security deposit made or bank guarantee arranged by such defaulting trading member to the settlement fund would be appropriated and thereafter,

iii) Fines, penalties, interest or other income earned on investments of the settlement fund during that year and thereafter,

iv) Retained earnings of the Settlement Guarantee Fund would be appropriated and thereafter,

v) The amount of security deposit made by other trading members into the Settlement/Guarantee Fund in proportion to the total contribution and deposit made by each trading member subject to a maximum utilisation of 25% of the security deposit portion of the Settlement Guarantee Fund and thereafter,

vi) The amount of 25% of the initial contribution to the Fund

vii) If the above amount is not sufficient, the balance obligations remaining after application of the above funds shall be assessed in clearing in the same proportion as their total contributions and deposits and they shall be required to contribute or deposit such amount as arrived at to meet the deficiency.

13. Obligation to bring in additional contribution or deposit

1. If a pro-rata charge is made against a trading member's actual contribution or deposit, and as a consequence the trading member's remaining contribution and deposit towards the Settlement Fund is less than his required contribution and deposit, the trading member shall contribute to or deposit in the Settlement Fund, within such time as the relevant authority

shall require, the deficient amount.

2. If the trading member fails to contribute the deficient amount, the relevant authority may charge such interest impose penalties and fines and take such disciplinary action against the trading member as it may determine from time to time.

14. Recovery of loss and redistribution

If a loss charged pro-rata is afterwards recovered by the Board in whole or in part, through insurance or otherwise, the net amount of recovery shall be credited to the trading members against whom the loss was charged in proportion to the amounts actually charged against them.

15. Losses made good by the defaulting trading member

The liability of SGF to pay out towards settlement of transactions in the Stock Exchange would arise as soon as a trading member thereof defaults to meet his liability to the Clearing House of the Stock Exchange for any transaction in the current and immediately preceding settlement cycle and would be limited to the amount of default reported by the Clearing House.

16. Access to the fund

In case of a trading member failing to meet his trade obligations on the pay-in date, it shall be obligatory on the part of the Stock Exchange authorities to immediately square off all outstanding trades in the name of the defaulting trading member on the very next day and if the next day is a holiday, then on the first working day subsequent to the holiday, so that access to the Fund may be made.

17. No funds earmarked for the benefit of the investors to be used for the purpose of SGF

No amount or contribution earmarked for the investors would be received or used for the purpose of the Settlement Guarantee Fund.

18. The turnover based fee to be collected from the trading members' will not be recovered from the investors

The turnover based fee collected by the Stock Exchange and paid by a trading member of the Stock Exchange shall not recovered by the trading member from its clients.

19. Eligible securities to qualify for deposits with the Stock Exchange

The list of approved securities which will be accepted as base minimum capital (shares portion) will be informed by the relevant authority from time to time.

20. Limitations of liability of the fund

The liability of SGF would cover all transactions put through C-STAR system as well as through other trading systems enabled in CSE as per arrangement under Section 13A of Securities Contracts (Regulation) Act, 1956 or through any other manner permitted by Securities Exchange Board of India (SEBI) in the normal course of trading except -

- Negotiated deals
- Crossed deals
- any fraudulent deals or non-bonafide transactions
- credit advises exchanged
- bad delivery

21. Discharge of Trading member's Obligations

In the event of a trading member ceasing to be a trading member of the Stock Exchange otherwise than by being declared a defaulter, the Defaulters' Committee or Board of Directors may retain and/or apply any unutilized refundable contribution of the trading member towards discharging any of his obligations specified in Bye-law or paying any of the amounts payable by him as specified in Bye-law in such manner and in such order or priority as the Defaulters' Committee or Board of Directors thinks fit.

22. Non-Refund of Refundable Contributions

Notwithstanding anything stated above, a trading member shall not be entitled to receive back any refundable contribution –

- i) after it has been applied for the purpose of the Fund; or
- ii) in the event of the trading member being declared as a defaulter.

23. Contribution Part of Fund

(i) A non-refundable contribution by a trading member to the Fund shall form part of the Fund and the trading member shall not be entitled to any rights whatsoever over the contribution in any manner.

(ii) A trading member shall not be entitled to transfer, assign or otherwise deal with a refundable or non-refundable contribution made by him in any manner and the contribution shall not be liable to be attached or otherwise prejudicially affected by any attachment, injunction or other order at the instance of the trading member or in respect of any obligation of the trading member or otherwise.

24. Minimum Value of Fund

(a) The Defaulters' Committee or Board of Directors shall endeavour to ensure that the value of the Fund at any point of time is not less than-

(i) The corpus of the settlement guarantee fund should not fall below the initial corpus at any point of time, or, 75% of the closing value of the Fund as on date immediately preceding March, 31, whichever is higher or,

(ii) Such other amount not being less than Rs.750 lacs (Rupees Seven Crores Fifty Lacs) as the Board of Directors may from time to time specify.

(b) The value of the Fund shall include the value of all money, assets and property

(c) The operation of the Fund shall not be suspended by reason of the value of the Fund becoming less than the minimum value under this Bye-law.

(d) If the value of the Fund decreases to less than the limit stipulated in clause (a) (i) above, then –

the Stock Exchange shall, within three Business Days, place a notice on the Stock Exchange's notice board notifying the trading members of the Stock Exchange of the same and the Securities and Exchange Board of India may suspend any benefit for which Securities and Exchange Board of India has prescribed the introduction of the Settlement Guarantee Fund as a pre-condition.

25. Further contributions to the Fund

(i) In the event of the value of the Fund becoming less than the minimum value, the Defaulters' Committee or Board of Directors will forthwith, and in any event within two weeks of the Fund becoming less than such minimum value, take such steps as it thinks fit to ensure that the value of the Fund is increased to a value which is not less than the minimum value –

- by contributions from all the trading members, equitably or otherwise,
- by contributions from the Stock Exchange and / or
- in such other manner as the Defaulters' Committee or Board of Directors may

decide from time to time.

(ii) The provisions of clause (i) of this Bye-law shall not prejudice the Board of Directors or the Defaulters' Committee's right to from time to time call for additional contributions from the trading members when the value of the Fund is above the minimum value.

(iii) The operation of the Fund shall not be suspended by reason of the Fund becoming less than the minimum value

26. Subject to the instructions and directions of the Defaulters' Committee or Board of Directors may :-

- Open, maintain, operate and close one or more bank accounts and Invest the money of the Settlement Guarantee Fund in such investments as are permissible for investing the funds and money of the Stock Exchange and sell, transfer, vary, transpose and otherwise deal with such investment.

All investments of the Fund may be held in the name(s) of, and all bank accounts of the Fund may be held in the name(s) of and operated by, the Stock Exchange, any two or more of the members of the Defaulters' Committee or any two or more of the members of any committee or any authorized signatories appointed by the Defaulters' Committee, as the Defaulters' Committee may determine.

The Defaulters' Committee shall be entitled to utilise the money of the Fund only for the purposes of the Fund.

27. Loss to Fund Investments

Any loss or diminution in value of the investments of the Fund from whatever cause arising, not being due to the wilful default or fraud of any member(s) of the Defaulters' Committee, any member(s) or any committee shall be borne by the Fund and the members of the Defaulters' Committee or the Board of Directors or Authorized Signatories shall incur no responsibility or liability by reason of or on account thereof.

In case of any such loss or diminution by reason of willful default or fraud by any member or members of the Defaulters' Committee or any member(s) of Board of Directors the persons committing the willful default or fraud shall be reasonably liable for the loss or diminution and the persons who are not parties to the willful default or fraud shall not be liable for the loss or diminution.

28. Intimation of Trading member's apprehended Failure

A trading member who has reason to apprehend that he may commit any of the acts of default shall immediately notify to the Defaulters' Committee -

- (i) the details of such acts or omissions;
- (ii) the details and value of all his commitments, obligations and liabilities to other

trading members arising out of contracts or transactions made subject to the Rules, Bye-laws and Regulations of the Stock Exchange.

(iii) the extent to which he will be able to discharge and meet such commitments and obligations out of his own funds and/or out of funds obtained by him from others and

(iv) all the facts and circumstances which have caused or contributed to the apprehended failure to meet such commitments and obligations,

29. Trading member's Failure to Pay Amount into Clearing House

A. "In the event of a member fails to meet obligations to the clearing house of the Stock Exchange arising out of clearing and settlement operations of such deals as provided in the Bye-Laws and Regulations, the relevant authority may utilize the Settlement Guarantee Fund (SGF) and other monies to the extent necessary to fulfill the obligations under such terms and conditions as the relevant authority may specify from time to time. Thereafter the CEO or any two members of the Board of Directors shall declare the member as a defaulter.

Payment under Settlement Guarantee fund

Upon a trading member being declared a defaulter, if the Settlement in which the defaulter has been declared a defaulter has not been completed by reason of the default by the defaulter, the Defaulters' Committee shall:

(i) pay into the Clearing House before the pay-out of the relevant settlement the unpaid settlement dues payable by the defaulter into the Clearing House; and

(ii) within 11 working days from the date of Pay-out deliver the securities to be delivered by the defaulter, in respect of the settlement in which the defaulter has been declared a defaulter,

Notwithstanding anything stated above, the Defaulters' Committee shall pay only such amounts as are payable by the Defaulter into the Clearing House in respect of sale and purchase transactions entered into by the defaulter in respect of the settlement in which he has been declared a defaulter.

In case of the defaulter having failed to deliver any security into the Clearing House in respect of the Settlement in which he has been declared a defaulter, the Defaulters' Committee may deliver the security into the Clearing House or directly to the concerned trading member, within 11 working days by acquiring the same from the market or otherwise failing which the provisions of closing out of contracts will apply.

B. Notwithstanding anything stated elsewhere in the Rules, Bye-laws and Regulations, if the Defaulters' Committee has reason to believe that any transaction –

a) is not bona fide;

b) is disallowed under any Bye-Law relating to the default of a trading member

c) is connected with payment or repayment of a deposit or loan,

then –

If the default amount involved in the pay-out or the transaction value or the market value of the concerned transaction/s referred to the Defaulters' Committee is rupees fifty lacs or more,

the Defaulters' Committee shall record the reasons for its belief, and shall not make payment or deliver securities out of the Fund in respect of any transactions which is of a nature referred to in this Bye-law (in this Bye-law referred to as disallowed transaction), unless and until the Defaulters' Committee has finally determined that the transaction is not a disallowed transaction but, shall make payment and deliver securities in respect of other transactions.

If for any reason, any payment is made or securities are delivered in respect of any such transactions, the concerned receiving trading member shall repay such amount or re-deliver such securities to the Defaulters' Committee within forty-eight hours of being required to do so and in accordance with the provisions of this Bye-law.

If the default amount involved in the pay-out or the transaction value or the market value of the concerned transaction/s of each trading member referred to the Defaulters' Committee is less than rupees fifty lacs, the Defaulters' Committee shall make payment out of the fund in respect of such transaction as per usual pay-out schedule after declaration of default and if the Defaulters' Committee finally decides that the transaction is a disallowed transaction, then the concerned receiving trading member shall repay such amount or re-deliver such securities to the Defaulters' Committee within forty-eight hours of being required to do so and in accordance with the provisions of this Bye-law.

For the purposes of this clause, the Defaulters' Committee shall be entitled to aggregate the dues and amounts of all transactions of each trading member of the nature referred to in this Bye-law.

The Defaulters' Committee shall afford an opportunity to the concerned trading member(s) to be heard by giving him/them not less than 24 hours' written notice before finally determining whether the transaction is a disallowed transaction.

For the purpose of determining whether or not a transaction is a disallowed transaction, the Defaulters' Committee shall be entitled to consider, inter alia, the surrounding circumstances, the usual course of dealings on the Stock Exchange, the relationship between the defaulter and the claimant, the quantity and price of the securities involved in the transaction, other trades in the same scrip and such other matters as the Defaulters' Committee thinks fit.

The Defaulters' Committee shall determine whether or not a transaction is a disallowed transaction within one month from the date of the relevant Pay-Out.

A trading member whose transaction has been finally determined by the Defaulters' Committee to be a transaction of the nature of default, may file an appeal to the Defaulters' Committee or Board of Directors against the decision of the Defaulters' Committee within seventy two hours of the Defaulters' Committee's decision and the reasons therefor being communicated to him or such other extended period (not exceeding 15 days of the Defaulters' Committee decision and the reasons therefor being communicated to him) as the Defaulters' Committee permits. Provided that if the concerned trading member has received payment or securities for the disallowed transaction/s then he shall be not entitled to file an appeal unless he has re-deposited the payment or securities received by him, in respect of the disallowed transactions, with the Defaulters' Committee.

C. Outstanding Contracts in Other Settlements.

(i) In respect of any settlement or settlements which is or are incomplete at the time when a trading member is declared a defaulter, the Defaulters' Committee shall at the risk and cost of the defaulter, square up all or any of the defaulters' outstanding sales and purchase

positions by entering into corresponding purchase and sale contracts in the market. The profit or loss on such squaring up shall, in the first place, be paid to or by the Fund and credited or debited by the Fund to the defaulters' account with the Fund.

(ii) Upon a trading member being declared a defaulter, in addition to the provisions of clause (i) above and the provisions of XXVII A and B other applicable Bye-law[s] shall apply mutatis mutandis to any settlement or settlements other than the settlement in which the defaulter has been declared a defaulter unless the Board of Directors for reasons to be recorded passes a resolution determining otherwise, in which case no payment shall be made from the Fund in respect of such settlement or settlements (other than settlement in which the defaulter has been declared a defaulter) as the Board of Directors may specify.

D. Shortfall in Fund

In the event of the Fund being insufficient to make full payment or the payments to be made from the Fund and in such case the contracts of trading members with the defaulter in the settlement in which he has been declared a defaulter and in subsequent settlements shall be closed out, adjusted, settled and/or cancelled and the Defaulters' Committee or Board of Directors shall pay the amounts payable to the trading members by the Defaulter on such closing out, adjustment, settlement and/or cancellation on a pro-rata basis to the extent possible out of the Fund, and the balance unfulfilled obligations remaining after such application of funds may be assessed against the trading members in such manner as the Defaulters' Committee or Board of Directors may, from time to time, in its absolute discretion think fit and equitable.

E. Repayment by Payee Disentitled to Receive

If the Defaulters' Committee or the Clearing House has paid any sum under these Bye-laws and it is subsequently found that the payee was for any reason not entitled to receive such amount then the payee shall forthwith repay the same to the Defaulters' Committee or the Clearing House, as the case may be, together with interest thereon at the rate of 2.5% per month (or such other rate as the Defaulters' Committee may specify) for the period commencing on the date on which the payment was received by the payee and ending on the date on which such amount is repaid by the payee.

F. Money and Property of Defaulter

All money (including margin money and Additional Capital), securities and other property whatsoever of the defaulter with the Stock Exchange or the Clearing House (save and except those which may be at any time excluded by the Defaulters' Committee from the provision of this Bye-law) and all securities and money delivered or paid by the trading members into the securities and money delivered or paid by the trading members into the Clearing House or to the Stock Exchange to the credit of the defaulter shall be handed over to the Defaulters' Committee or held by the Stock Exchange or the Clearing House subject to these Bye-laws and the directions of the Defaulters' Committee.

G. Repayment and Payment of Interest by Defaulter -

If on account of the default of a trading member any amount is paid by the Defaulters' Committee out of the money or property of the Fund then the defaulter shall be liable to forthwith repay the same to the Stock Exchange or to the Defaulters' Committee to the credit of the Fund together with interest on such amount at the rate of 2.5% per month (or such other rate as the Defaulters' Committee or Board of Directors may determine) for the period commencing on the date of payment by the Defaulters' Committee and ending on the date of repayment; and, for the purposes of the Rules, Bye-laws and Regulations of the Stock Exchange, such interest shall be deemed to be an amount paid out of/due to the Fund.

H. Borrowings

For the purpose of making any payments the Defaulters' Committee may borrow money without security and/or against the security of any property of the Fund and/or any property offered to it as security by the defaulter or any trading member.

30. Expenses of the Fund

The trading members of the Defaulters' Committee shall not be entitled to any remuneration but shall be entitled to charge to the Fund all expenses of creation, administration and management of the Fund including fees of auditors, lawyers, legal advisors, chartered accountants, valuers and other professional advisers and salaries, wages and all related costs, charges and expenses in connection with the creation, administration or management of the Fund and the exercise of the powers of the Fund.

31. Protection for Acts Done in Good Faith and Indemnity

Save and except in the case of wilful default and fraud, the Defaulters' Committee, any committee or a trading member of the Defaulters' Committee or full Committee or any authorized signatories shall not be liable for any acts or omissions on its or his part in the exercise of its or his duties and functions.

Without prejudice to the above, the Fund shall bear all costs, charges and expenses for all suits, actions, proceedings and claims filed or made against the Defaulters' Committee or any trading member of the Defaulters' Committee or any authorized signatories except those arising out of their willful default or fraud and the trading members of the Defaulters' Committee shall be indemnified by the Fund from and against all actions, proceedings, losses, damages, claims, liabilities, costs, charges and expenses in connection with the Fund or the creation, management and administration thereof or any dealings therewith except those arising by reason of their willful default or fraud.

32. Meetings of Defaulters' Committee

The Defaulters' Committee shall meet at least once in three months during every calendar year and not more than three months shall elapse between any two meetings. A Defaulters' Committee meeting may be convened by giving not less than forty-eight hours written notice of the same to such of the trading members of the Defaulters' Committee as are in Calcutta. Provided however that in case of urgency a Defaulters' Committee meeting may be convened by giving not less than one hour's oral or written notice of the same to such of the trading members of the Defaulters' Committee as are in Calcutta and the decision of the Chairman of the Defaulters' Committee as to whether a case of urgency exists and as to whether proper notice has been given shall be final and conclusive. A meeting of the Defaulters' Committee may be held on working days, holidays, within business hours as also outside business hours.

A. CONFIDENTIALITY

All minutes and proceedings of and all information obtained by the Stock Exchange, the Chairman, the Executive Director or CEO, the Defaulters' Committee or Board of Directors shall be deemed confidential.

B. MINUTES

Minutes of the proceedings of the Defaulters' Committee shall be maintained under the authority of the Chairperson of the Defaulters' Committee. Such minutes shall be deemed to

be confidential.

C. CORRESPONDENCE

The Defaulters' Committee shall not be obliged to recognise or act upon any communication unless it is in writing, disclose the identity and address of the person addressing the communication and is signed by the person addressing the communication.

33. Arbitration

Any claim, dispute or difference between the Stock Exchange or the Defaulters' Committee and a trading member or a defaulter in connection with any amount payable or alleged by the Stock Exchange or the Defaulters' Committee as being payable by the trading member or the defaulter to the Stock Exchange, the Defaulters' Committee or the Settlement Guarantee Fund shall be referred to the arbitration of the Executive Director or CEO of the Stock Exchange or to the arbitration of such person as the Executive Director or CEO may nominate in this behalf.

Notwithstanding anything stated elsewhere in the Rules, Bye-laws and Regulations, the Defaulters' Committee shall not be liable to pay any of the following amounts from the Fund :-

- a. any amount payable by the defaulter to the Clearing House on account of costs, charges, expenses, fines or penalties;
- b. any amount payable by the defaulter to any constituent on any account whatsoever;
- c. any amount payable by the defaulter in respect of a transaction which is not part of the Stock Exchange's settlement procedure;
- d. any amount payable by the defaulter in respect of any transaction which would have been settled otherwise than through the Clearing House (if such default had not occurred)
- e. any amount payable by the defaulter in respect of any transaction which is not entered into through the Stock Exchange's computerised trading system unless such transaction has been reported to the Stock Exchange in the manner stipulated by the Stock Exchange or by the Rules, Bye-laws and Regulations of the Stock Exchange or both, and at the time of such reporting the trading member and the defaulter have exercised the option to have the transaction settled through the Clearing House.

34. Limited payment from the Fund

The payment from the Fund shall be limited to the extent of the money and assets in or available to the Fund and in the event of any shortfall, the Stock Exchange and/or the Defaulters' Committee shall not be liable.

CHAPTER XVIII

ARRANGEMENTS RELATING TO SHARING OF TRADING PLATFORMS
WITH OTHER STOCK EXCHANGES**Preamble**

The proviso (i) to Section 13 of the Securities Contracts (Regulation) Act, 1956, inserted by Securities Laws (Amendment) Act, 2004 with effect from 12th October, 2004 enables contracts in securities to be entered into between members of two or more Stock Exchange(s) subject to such terms and conditions as may be stipulated by respective Stock Exchange(s) with prior approval of Securities and Exchange Board of India (SEBI).

In order to facilitate members of the Calcutta Stock Exchange Ltd (CSE) to trade in the securities listed and permitted on the Bombay Stock Exchange and / or National Stock Exchange of India Ltd (NSE) or any other stock exchange and also to provide nationwide access to the securities listed on CSE, arrangement is made between BSE & CSE and also between NSE & CSE by entering into an Agreement between the Exchanges with SEBI approval.

The provisions contained in this chapter shall apply to all matters connected with or arising out of the transactions carried out by the Members of CSE on the trading platform of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into (hereinafter referred to as the arrangement), under the proviso (i) to Section 13 of the Securities Contracts (Regulation) Act, 1956.

1. Applicability of this Chapter

The Bye-laws of this chapter are applicable for trading by members of the CSE on the Automated Trading System (ATS) of BSE, NSE and /or any other recognized stock exchange under proviso (i) to Section 13 of Securities Contracts (Regulation) Act, 1956.

2. Access to the Trading platforms of BSE & NSE and/or other Stock Exchanges:

Members of CSE, subject to eligibility criteria prescribed by the Board / Executive Committee, and on such terms and conditions as may be prescribed in this regard, be permitted to access the trading platforms of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into pursuant to Section 13 of SCRA. Such facility shall be available during the continuance of the said arrangements and will cease on termination of the arrangement.

A member after having availed access to NSE/BSE and or any other recognized stock exchange trading platform through CSE pursuant to arrangement under Section 13 of SCRA, 1956 cannot have multiple access to the same trading platforms/ stock exchange through any such other arrangements.

A member who is directly a member of a stock exchange can not avail the facility to have access to that stock exchange through CSE pursuant to arrangement under Section 13 of SCRA, 1956.

3. Status of Members:

Members of CSE will continue to be the members of CSE only and no separate admission for the purpose of this arrangement with BSE, NSE or any other recognized stock exchange with which such an arrangement has been entered into is envisaged. Any person who is not a

member of CSE or a member who has been declared a defaulter or who is prohibited from trading on CSE for any reasons whatsoever or otherwise does not meet the Criteria for determining a 'fit and proper person' as specified in Schedule II of Regulation 7 of SEBI (Intermediaries) Regulations, 2008 shall not be permitted to access the trading platform under this arrangement.

4. Applicable Segments:

The eligibility of the members to access the trading platform of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into shall be restricted to the applicable segments as may be permitted by these exchanges and approved by SEBI under the arrangement. Members desirous to trade on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under this Chapter should obtain SEBI registration as Member of CSE in the relevant trading segments.

5. Issue of Contract Notes:

Members will issue CSE contract notes for trades done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into and shall be subject to the Rules, Bye-laws and Regulations of CSE. However, such trades will be identified distinctly and issued in such format as may be prescribed to ensure proper information to investors.

6. Investor Grievance & Arbitration:

Complaints or investor grievances against the Trading Members arising out of or in relation to transactions under this chapter shall be dealt with in accordance with the investor grievances redressal procedure prescribed under the Bye-laws and Regulations of CSE.

Disputes between CSE trading members inter se and between CSE trading members and their clients, arising out of or in relation to the transactions executed & settled under this chapter shall be resolved through arbitration procedure/mechanism available under the Bye-laws and Regulations of CSE. However, the substantive law to be applied by the Arbitrator/s for resolving the disputes through such arbitration mechanism shall be the Rules, Byelaws and Regulations of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under which such transaction is executed and settled. In other words the procedure for appointment of Arbitrator, procedure to be followed by Arbitrator etc. shall be the procedure contained under CSE Byelaws & the applicable law for resolving of such disputes shall be of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into. Byelaws relating to trading, execution, risk management and settlement etc. If there is any dispute between a member of CSE and a member of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into or with a member of another Stock Exchange with which BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into may have similar arrangement, the same shall be resolved under Bye-laws and Regulations of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into.

7. Clearing & Settlement:

For all transactions done by the members on the trading platform of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into, the transactions shall be netted at CSE level and settled accordingly. The members of CSE would make the

pay-in of funds and securities to CSE. Similarly, the payout of funds and securities shall be through CSE. CSE shall prescribe the time schedules for the pay-in and pay-out of funds and securities and such schedules could be however within the framework suggested by BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into and different from the settlement schedules on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into.

8. Default & Disciplinary proceedings to apply:

The members shall be subject to the default and disciplinary proceedings of the CSE in respect of all the transactions and dealings done on the trading platform of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under this arrangement, for non-fulfillment of any of the obligations, dues, liabilities and claims arising out of such transactions and also for non compliance of any of the Rules, Byelaws, Regulations, Circulars and terms and conditions subject to which access for trading was allowed on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into.

Disciplinary action in respect of the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into and all other matters arising there from shall be such to avoid regulatory arbitrage and for this purpose CSE may adopt and enforce the methodology and penalty structure of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into as may be mutually agreed upon between the CSE and BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into.

9. Settlement Guarantee Fund:

In the event of failure of a member to meet his settlement obligation to CSE in respect of the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into, under this arrangement, and/or on his being declared a defaulter, the Relevant Authority may utilize the settlement guarantee fund and other moneys lying to the credit of the member to fulfill the obligations of the member in the same manner as provided in the Rules, Bye Laws and Regulations of CSE and for that purpose the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into shall be treated as having been done on the floor of CSE. In terms of the agreement executed between BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into pursuant to the proviso (i) of Section 13 of the Securities Contracts (Regulation) Act, 1956, the SGF of CSE for Capital Market Segment and Futures and Options Segment as the case may be shall be utilised first in meeting the defaults of the CSE members. In case of insufficiency, the SGF set up by BSE, NSE and/or any other recognized stock exchanges for the respective segments shall be utilised.

The Settlement Guarantee Fund shall be maintained and utilised as under:

- a) Out of the total SGF amount, funds would be earmarked and maintained separately for CSE CM segment, BSE CM and F & O segments and NSE CM and F&O segments and any other recognized stock exchange with which an arrangement has been entered into, the CSE member's contribution and deposits would also be allocated to these segments in which the CSE members participate.
- b) CSE shall utilise the respective SGF for trades executed on the respective platforms.

- c) Where the CSE members participate in all CSE, BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into, CSE would collect additional Base Minimum Capital from such members and allocate the same to different segments.

In addition to the mandatory Base Minimum Capital (BMC) Each Trading member needs to contribute for the Settlement Guarantee Fund as may be directed by the Board from time to time.

(10)Investor Protection Fund/(Stock Exchange Customers' Protection Fund):

In the event of any of the members being declared defaulter or is expelled under the provisions of the Rules, Byelaws and Regulations of the CSE for non-fulfillment of any of the obligations, dues, liabilities and claims arising out of the transactions done on CSE and/or BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into, the Investor Protection Fund for Capital Market Segment and Futures and Options Segment as the case may be maintained by CSE shall be utilized to compensate all genuine and bonafide claims of investors in accordance with the rules for settlement of such claims and for that purpose the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into shall be treated as having been done on the floor of CSE.

Settlement of Investor claims arising out of the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under the arrangement shall be in accordance with the procedure prescribed hereunder:

- a) The compensation payable to an investor against genuine and bonafide claims arising out of the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under the arrangement shall be on par with the compensation that would be payable to an investor trading through BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into by the member directly.
- b) Investor Protection Fund for Capital Market Segment and Futures and Options Segment as the case may be, maintained by CSE to the extent of limits stipulated under CSE Rules, Bye-Laws shall first be utilized to compensate each genuine and bonafide claim of investors in accordance with the rules for settlement of such claims.
- c) CSE's Investor protection Fund shall have a corpus as may be decided for each segment by the relevant authority from time to time
- d) Investor Protection Fund for the capital market segment and future and options segment as the case may be, maintained by CSE to the extent of limits stipulated under CSE Rules, Bye-laws shall be first be utilized to compensate each genuine and bonafide claim of investors in accordance with the rules for settlement of such claims and for that purpose the transactions done on NSE, BSE or any other recognized stock exchange with which an arrangement has been entered into shall be treated as having been done on the floor of CSE. CSE would increase the compensation payable under its Rules of settlement to Rs. 1,00,000/- per investor by the end of first year of operations, Rs. 1,50,000/- per investor by the end of second year and Rs. 3,00,000/- by the end of third year. The compensation payable beyond the limits set out by CSE would be met by Investor Protection Fund Trust of NSE, BSE or any other recognized stock exchange with which an arrangement has been entered into.
- e) For the purposes of payment of compensation out of Investor Protection Fund Trust, CSE would adopt process similar to that of BSE, NSE or any other recognized stock

exchange with which an arrangement has been entered into for evaluation of investor claims for determining admissibility or otherwise. Where the claims to be settled are beyond the limits as per CSE Rules & Bye-laws, CSE would send all such claims along with the necessary documents as may be defined by BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into along with its recommendations to BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into as the case may be. BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into IPFT would evaluate the claim for admissibility or otherwise as per their norms and on the claim being admitted, compensation would be paid to the investors in accordance with the norms stated hereinabove.

Part of the existing **Stock Exchange Customers' Protection Fund** of CSE shall be earmarked for the arrangements entered into by CSE with other Stock Exchanges under the provisions of section 13 of SCRA as per the directive of the Board.

(11) Trading of CSE listed Securities on BSE and/or NSE and/or other Stock Exchanges

Securities listed on CSE may be allowed to be traded on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into along with their own listed securities or in a separate segment subject to the entry and other conditions including compliance standards as may be prescribed in this regard in mutual consultation between CSE and the respective Stock Exchanges.

(12) Applicability of the Rules and Regulations of BSE and NSE

All transactions done on the Trading Platform of BSE under the arrangement shall be subject to the Rules, Byelaws, Regulations, Circulars, practices and procedures as prevalent on BSE and transactions done on the Trading Platform of NSE under the arrangement shall be subject to the Rules, Byelaws, Regulations, Circulars, practices and procedures as prevalent on NSE. Members trading under the arrangement shall be bound by and comply with the Rules, Byelaws, Regulations and Circulars regarding trading, clearing and settlement, risk management etc. in respect of the transactions and all matters arising out of such transactions entered into by them on the respective trading platforms of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into. No member shall raise any objection on the ground that the same are not in conformity with the Rules, Byelaws, Regulations, practices and procedures prevalent on CSE;

PROVIDED, however, that the applicability of the Rules, Byelaws, Regulations, Circulars, practices and procedures as prevalent on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into shall be subject to the terms and conditions and to the extent as provided in the Agreement as may be entered into between BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into and in this Chapter.

PROVIDED further that except as provided above, the members shall be subject to the Rules,

(13) Other terms and conditions:

The terms and conditions of the agreement entered into between BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into with prior approval of Securities and Exchange Board of India shall constitute a binding agreement on the part of the members who avail the facility to trade on the platform of BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into under the arrangement, for compliance of the said terms and conditions or any change or modification

thereof, in respect of the transactions done on BSE, NSE or any other recognized stock exchange with which an arrangement has been entered into and all matters arising there from.”

CHAPTER XIX

MISCELLANEOUS

- (1) The relevant authority shall be empowered to impose such restrictions on transactions in one or more Stock Exchange securities as the relevant authority in its judgment deems advisable in the interest of maintaining a fair and orderly market in the securities or if it otherwise deems advisable in the public interest or for the protection of investors. During the effectiveness of such restrictions, no trading member shall, for any account in which it has an interest or for the account of any client, engage in any transaction in contravention of such restrictions.
- (2) Any failure to observe or comply with any requirement of this Bye Law, or any Bye Laws, Rules or Regulations, where applicable, may be dealt with by the relevant authority as a violation of such Bye Laws, Rules or Regulations.
- (3) Trading members have an obligation as the trading members of the Stock Exchange to inform the relevant authority of the Stock Exchange and the Securities Exchange Board of India about insider trading, information on takeover and other such information/practices as may be construed as being detrimental to the efficient operations of the Stock Exchange and as may be required under SEBI Act and Rules and Regulations.
- (4) Save as otherwise specifically provided in the regulations prescribed by the relevant authority regarding clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Stock Exchange, the Stock Exchange should not be deemed to have incurred any liability, and accordingly no claim or recourse, in respect of, in relation to, any dealing in securities or any matter connected therewith shall lie against the Stock Exchange or any authorised person(s) acting for the Stock Exchange.
- (5) No claim, suit, prosecution or other legal proceedings shall lie against the Stock Exchange or any authorised person(s) acting for the Stock Exchange, in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the Stock Exchange under any law or delegated legislation for the time being in force.

Applicability of Bye-laws: These aforesaid Bye-laws of the Calcutta Stock Exchange Limited will replace the existing Bye-laws and will be applicable from the date on which these Bye-laws are published in “the Gazette of India”