

MAJOR AMENDMENT IN ARTICLE OF ASSOCIATION OF CSE

New Art. No.	Heading	New Article Provision	CHANGES
1. b.	“Associate”	<p>b) “Associate” in relation to a person shall include another person:</p> <p>(i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the first person;</p> <p>(ii) who holds control of atleast twenty percent of the total voting power of the first person;</p> <p>(iii) who is a holding company or a subsidiary company of the first person</p> <p>(iv) who is a relative of the first person;</p> <p>(v) who is a member of a Hindu Undivided Family wherein the first person is also a member;</p> <p>(vi) such other cases where the Board is of the view that a person shall be considered as an associate based on the facts and factors including the extent of control, independence, conflict of interest;</p>	INSERTED
1.k.	“Key Management Personnel”	<p>k) “Key Management Personnel” shall include :</p> <p>(i) any person appointed as the managing director or executive director; or</p> <p>(ii) a person serving as the head of a department or vertical and directly reporting to the managing director or to the directors on the governing board of the exchange; or</p> <p>(iii) a person serving as the head of a core function as specified under Part–C of Schedule–II of SECC regulations.; or</p> <p>(iv) a person who stands higher in hierarchy to the head of any department(s) handling core function(s) in the exchange; or</p> <p>(v) reporting officials of key management personnel; or</p> <p>(vi) any person defined as a “key managerial personnel” under the Companies Act, 2013; or</p>	INSERTED

		<p>(vii) any other person who is a key decision making authority at the level of the exchange or its direct or indirect material subsidiaries, as identified by the managing director or its Nomination and Remuneration Committee:</p> <p>Provided that in the case of a subsidiary of the exchange that is regulated by a financial sector regulator; the norms specified by such a regulator may be considered for determining as to whether the person at the subsidiary is designated as a key management personnel.</p>	
1.n.	“Person acting in concert”	n) “Person acting in concert” in the context of acquisition or holding of shares or voting rights or control shall mutatis mutandis have the same meaning as assigned to it in clause (q) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any amendments thereof;	INSERTED
1.o.	“Public Interest Directors”	o) “Public Interest Directors” means an independent director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role;	MODIFIED Art. 13.9
1.z.	“Non-Independent Directors”	z) “Non-Independent Directors” means a director elected or nominated by the shareholders who are neither trading members nor clearing members, as the case may be, or their associates and agents;	INSERTED
45-47	Shareholding in the Exchange	<p>45. (1) The public holding shall not be less than fifty one per cent of the paid up equity share capital of the exchange.</p> <p>(2) No person resident in India shall at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent of the paid up equity share capital in the exchange:</p> <p>Provided that,—</p>	INSERTED

		<p>(a) a stock exchange; (b) a depository; c) a banking company; (d) an insurance company; and (e) a public financial institution, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent of the paid up equity share capital of the exchange.</p> <p>(3) No person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than five per cent of the paid up equity share capital in the exchange</p> <p>Provided that,-</p> <p>(a) a foreign stock exchange; (b) a foreign depository; (c) a foreign banking company; (d) a foreign insurance company; (e) a foreign commodity derivatives exchange; and (f) a bilateral or multilateral financial institution approved by the Central Government, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent of the paid up equity share capital of the exchange.</p> <p>Explanation.—For the purposes of this proviso, the persons referred to in clauses (a) to (f) shall mean persons recognised/ incorporated outside India.</p> <p>(4) Subject to the limits as otherwise prescribed by the Central Government from time to time, the combined holding of all persons resident outside India in the paid up equity share capital of the exchange shall not exceed, at any time, forty-nine per cent of its total paid up equity share capital</p> <p>(5) No clearing corporation shall hold any right, stake or interest, of whatsoever nature, in the exchange.</p>	
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48	Eligibility for acquiring or holding shares	<p>48. (1) No person shall, directly or indirectly, acquire or hold any equity shares or voting rights of the exchange unless he is a fit and proper person: Provided that the onus shall be on the exchange to ensure that all its shareholders are fit and proper persons: Provided further that such a requirement to ensure that all its shareholders are fit and proper persons shall not be applicable to the exchange for shareholding of a person who directly or indirectly, acquires or holds less than two percent equity shares or voting rights of the exchange.</p> <p>(2) A person eligible to acquire or hold more than five per cent of the paid up equity share capital under sub-regulation (2) and (3) of regulation 17 and sub-regulation (2) and (3) of regulation 18 of SECC Regulations may acquire or hold more than five per cent of the paid up equity share capital of the exchange only if he has obtained prior approval of SEBI.</p> <p>(3) Any person holding two per cent. or more of the paid up equity share capital in the exchange, as the case may be, shall file a declaration within fifteen days from the end of every financial year to the, that he complies with the fit and proper criteria provided in these regulations.</p>	INSERTED

91	Annual General Meetings	<p>91. Subject to the relevant provisions contained in the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.</p> <p>Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.</p>	MODIFIED Art. 10.1
109-111	Voting Rights of Shareholders	<p>109. The voting rights of all categories of Shareholders of the Exchange shall be governed by the provisions of applicable Laws, Acts, Rules, Regulations, Guidelines and Circulars, if any, issued by SEBI or any other regulatory authority from time to time, in this regard.</p> <p>110. Subject to any rights or restrictions for the time being attached to any class or classes of shares and subject to Article 109:-</p> <p>a) on a show of hands in case of physical meeting, every Shareholder present in person shall have one vote; and</p> <p>b) on a poll or in a meeting by electronic means, the voting rights of Shareholders shall be in proportion to his share in the paid-up equity share capital of the Company.</p> <p>111. a) A member may exercise his vote at a meeting by electronic means in accordance with the provisions of the Act and shall vote only once.</p> <p>b) A member may exercise his vote through postal ballot or by any other mode as may be prescribed by the Act.</p>	MODIFIED Art. 12.1

121	BOARD OF DIRECTORS	121. Unless otherwise determined by a General Meeting of the members of the Company, the Board shall comprise of not less than three Directors and not more than fifteen Directors including the Public Interest Directors, Non-Independent Directors and the number of Directors may be increased in such manner as may be prescribed in the Act.	MODIFIED Art. 13.1
122-138	Composition of the Board	<p>122. The Board of the Company shall include:</p> <p>a) Non-Independent Directors;</p> <p>b) Public Interest Directors.</p> <p>c) Managing Director;</p> <p>123. Subject to the prior approval of the Board, the chairperson shall be elected by the governing board from amongst the public interest directors.</p> <p>124. The number of public interest directors shall not be less than the number of non-independent directors on the governing board of the exchange.</p> <p>125. The managing director shall be included in the category of non-independent directors</p> <p>126. Any employee of the exchange may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a non-independent director.</p>	MODIFIED Art. 13.2-13.14
		<p>127. Subject to the provisions of Regulation 23(7) of SECC Regulation, no trading member or clearing member or their associates and agents, irrespective of the exchange of which they are members, shall be on the governing board of the exchange.</p> <p>128. The appointment of director shall be subject to the fulfillment of other requirements and satisfaction of the Board.</p> <p>129. The Exchange, shall monitor and ensure the compliance of Article 127 on continuous basis, to ensure that directors appointed, on their governing board, do not</p>	

		<p>get associated with trading member or clearing member after approval of appointment.</p> <p>130. The number of public interest directors shall not be less than the number of non-independent directors to constitute the quorum for the meeting of the governing board.</p> <p>131. The voting on a resolution in the meeting of the governing board shall be valid only when the number of public interest directors that have cast their vote on such resolution is equal to more than the number of non-independent directors who have cast their vote on such resolution.</p> <p>132. No foreign portfolio investor shall have any representation in the governing board of the Exchange.</p>	
		<p>133. The governing board of the exchange shall comprise of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management and management or administration:</p> <p>Provided that the governing board of the exchange shall comprise of at least one public interest director having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.</p> <p>134. The public interest directors shall not be liable to retire by rotation.</p> <p>135. No Director (subject to the provisions of the Act) shall hold office for more than two consecutive terms.</p> <p>136. The manner of election, appointment, tenure, resignation, vacation, etc. of Directors shall be governed by the Companies Act, 2013 save as otherwise specifically provided under or in accordance with the Securities Contracts (Regulation) Act, 1956 or in accordance with the SECC Regulations.</p>	

		<p>137. The SEBI may appoint one or more persons not exceeding three in number, as director(s) on the governing board of the exchange and such director(s) shall enjoy the same status and power as the other directors of the governing board.</p> <p>138. Directors are not required to hold any qualification shares.</p>	
139-141	Appointment, Tenure and Removal of Managing Director	<p>139. The appointment, renewal of appointment and termination of service of the managing director shall be subject to the prior approval of SEBI.</p> <p>a) The exchange shall, subject to the guidelines issued by SEBI from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the managing director.</p> <p>b) The appointment of the managing director shall be for a term not exceeding five years: Provided that post the completion of the first term, the exchange shall conduct the appointment process for appointment of the Managing Director afresh Provided further that a person may be appointed as the Managing Director for a maximum period of ten years, subject to a maximum age limit of sixty five years.</p>	MODIFIED Art. 13.15-13.16
		<p>c) The Managing director shall not—</p> <p>(i) be a shareholder or an associate of a shareholder of shareholder of an associate of the exchange, as the case may be;</p> <p>(ii) be a trading member or a clearing member or his associate and agent or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or</p> <p>(iii) hold any position concurrently in the subsidiary of the exchange or in any other entity associated with the exchange: Provided that the Managing Director may be appointed on the governing board, but not as managing director, of the subsidiary of the exchange.</p>	

		<p>d) The Managing Director shall be liable for removal or termination of services with the prior approval of the SEBI, for failure to give effect to the directions, guidelines and other orders issued by the SEBI or the rules, the articles of association, bye-laws and regulations of the exchange.</p> <p>e) The SEBI may suo motu remove or terminate the appointment of the managing director if deemed fit in the interest of securities market: Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.</p>	
		<p>140. The Nomination and Remuneration Committee of the exchange shall be responsible for selection of CEO /Managing Director / Executive Director, as the case may be. The managing director shall be selected through open advertisement in all editions of atleast one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience. The exchange shall forward the new names to the Board before two months from the last working day of the existing Managing Director.</p> <p>141. In case a vacancy of managing director arises due to unforeseen reasons, the exchange shall forward the new names to the Board within 60 days from the date of submission of resignation or such vacation of office.</p>	

142-153	Public Interest Directors	<p>142. The public interest directors shall be appointed with the prior approval of SEBI.</p> <p>143. The names of the public interest directors shall be forwarded to SEBI after the approval of the governing board of the exchange. The shareholders' approval shall not be necessary. A minimum of two names shall be submitted to the Board for each vacancy of public interest directors, two months before such vacancy.</p> <p>144. The exchange shall ensure that public interest directors are selected from diverse field of work. While deciding to propose a particular person as a public interest director, the exchange shall also take into account the following factors:</p> <p>(a) Qualifications as specified in sub-regulation (14) of regulation 23 of SECC Regulations.</p> <p>(b) Atleast one person shall be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.</p> <p>(c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.</p> <p>(d) Persons who are likely to have interested positions in commercial contracts and financial affairs of stock exchanges, may preferably be excluded. Persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Exchange, shall be excluded.</p>	MODIFIED Art. 13.9
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		<p>150. No public interest director shall become a non-independent directors unless there is a cooling-off period of three years after ceasing to be a public interest director.</p> <p>151. No public interest director, shall become a director on the board of subsidiary of that recognized stock exchange or recognized clearing corporation, as the case may be, unless there is a cooling-off period of three years after ceasing to be a public interest director.</p>	

		<p>152. A public interest director on the board of a recognized stock exchange or a recognized clearing corporation shall not act simultaneously as a member on more than five committees of that recognized stock exchange or a recognized clearing corporation.</p> <p>153. Public interest directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013.</p>	
154-157	Non-Independent Directors	<p>154. The appointment and re-appointment of all non-independent directors shall be with the prior approval of SEBI.</p> <p>155. The names of persons to be appointed as non-independent directors shall first be approved by the governing board of the stock exchange/ clearing corporation, followed by shareholders' approval before submitting the same to the Board for approval.</p> <p>156. The manner of election, appointment, tenure, resignation, vacation, etc. of non-independent directors shall be governed by the provisions applicable to shareholder directors under the Companies Act, 2013 save as otherwise specifically provided under SECC Regulations or in accordance with the Act and circulars issued thereunder.</p> <p>157. The exchange shall forward the details of Directors proposed to be appointed as provided in Part – H (I) of SECC Regulations to SEBI while recommending their names along with the minutes of the governing board meeting where their name(s) was approved, copy of the shareholders' resolution (wherever applicable) and a confirmation by the exchange that they are fit and proper persons in terms of the fit and proper criteria, are not associated with any trading member or clearing member in terms of regulation 23 (6) read with regulation 2 (1) (b) and compliance with the requirements specified in regulation 23 (14) of SECC Regulations.</p>	MODIFIED Art. 13.8

158-160	Qualification of Directors:	<p>158. In addition to the provisions of Section 164 of the Companies Act, 2013 with regard to the disqualification for appointment of Director, the exchange shall also ensure that all its directors and key management personnel are fit and proper persons at all times.</p> <p>159. For the purposes of these regulations, a person shall be deemed to be a fit and proper person if—</p> <p>(a) such person has a general reputation and record of fairness and integrity, including but not limited to—</p> <p>(i) financial integrity;</p> <p>(ii) good reputation and character; and</p> <p>(iii) honesty;</p> <p>(b) such person has not incurred any of the following disqualifications—</p> <p>(i) the person or any of its whole time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;</p> <p>(ii) an order for winding up has been passed against the person;</p> <p>(iii) the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;</p> <p>(iv) an order, restraining, prohibiting or debarring the person or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by SEBI or any other regulatory authority and a period of three years from the date of the expiry of the period specified in the order has not elapsed;</p>	INSERTED
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		<p>(v) any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by SEBI or any other regulatory authority, and a period of three years from the date of the order has not elapsed;</p> <p>(vi) the SEBI has initiated recovery proceedings under the SEBI Act, 1992 and are pending;</p> <p>(vii) the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;</p> <p>(viii) the person is financially not sound or has been categorized as a willful defaulter; and</p> <p>(ix) any other disqualification as specified by SEBI.</p> <p>160. If any question arises on the decision as to whether a person is a fit and proper person, the SEBI's decision on such question shall be final.</p>	
161-162	Chairman	<p>161. The Chairman shall be elected by the Board from amongst the Public Interest Director, subject to the prior approval of SEBI.</p> <p>162. The Chairman shall cease to be the Chairman upon ceasing to be a Director.</p>	MODIFIED Art. 13.22
169-170	Proceedings of the Board	<p>169. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. The Board meetings may be conducted through video conferencing or through hybrid mode.</p> <p>170. The Chairman or the Managing Director (and, in the absence of the Managing Director, the whole time director, and in the absence of the whole-time director, any senior officer of the Company holding charge as Managing Director) may, and the Secretary on the requisition of any three Directors shall, at any time, summon a meeting of the Board.</p>	MODIFIED Art. 14.1

191-193	COMMITTEES Delegation of Powers	<p>191. The Board shall constitute committees as may be required in terms of the applicable Laws, Acts, Rules, Regulations, Guidelines and Circulars, if any, issued by SEBI or any other regulatory authority from time to time, in this regard.</p> <p>192. The Board may, at its discretion, constitute and delegate such powers which according to them is necessary and at the same time not restricted to be delegated as per applicable Laws, Acts, Rules, Regulations, Guidelines, Notifications and Circulars, if any, issued by SEBI or any other regulatory authority from time to time, in this regard, to Committees consisting of such persons as it thinks fit.</p> <p>193. All acts done by any meeting of the Board or of a Committee thereof or by any person acting as a Director or committee member, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a Director or committee member.</p>	MODIFIED Art. 14.21
203	Appointment, Compensation And Tenure Of Key Management Personnel	<p>203. The exchange shall constitute a Nomination and Remuneration Committee comprising a majority of public interest directors and chaired by a public interest director.</p> <p>(i) The Nomination and Remuneration Committee shall determine the compensation of key management personnel in terms of a compensation policy.</p> <p>(ii) The compensation policy shall be in accordance with the norms for compensation policy specified in SECC Regulations.</p> <p>(iii) The compensation payable to the managing director shall be as approved by SEBI and the terms and conditions of the compensation of the managing director shall not be changed without prior approval of SEBI.</p> <p>(iv) The compensation given to the key management personnel shall be disclosed in the report of the exchange under section 134 of the Companies Act, 2013.</p>	INSERTED

		(v) The tenure of a key management personnel, other than a director, shall be for a fixed period, as may be decided by the Nomination and Remuneration Committee.	
204	Appointment of Compliance Officer	204. The exchange shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, the Securities and Exchange Board of India Act, 1992, rules, regulations including SECC Regulations, or directions issued thereunder and for the redressal of investors' grievances from time to time.	INSERTED
205	Appointment of the Chief Risk Officer	205. In terms of the provisions of SECC Regulations, the exchange shall appoint a chief risk officer to identify, monitor and initiate necessary steps to mitigate the risk associated with the functioning of the Exchange and who shall be responsible for the overall risk management of the exchange as provided under SECC Regulations.	INSERTED
225	BOOKS OF ACCOUNTS AND RECORDS	225. In addition to the books of accounts and records required to be maintained in accordance with the Act, the Exchange shall maintain and preserve the books of accounts and document as prescribed in Regulations 40 of SECC Regulations for a minimum period of eight years	MODIFIED Art.18