



Metropolitan Stock Exchange of India Limited

(Formerly known as MCX Stock Exchange Ltd.)

METROPOLITAN STOCK EXCHANGE (CAPITAL MARKET SEGMENT) REGULATIONS PART - II

Registered Office

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**METROPOLITAN STOCK EXCHANGE (CAPITAL MARKET SEGMENT) REGULATIONS
PART - II**

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CHAPTER 1

DEFINITIONS

1.1 Buyer

Buyer' includes the buying constituent and the buying member acting as his broker and agent and denotes the buying member when he is dealing on his own account as a principal.

1.2 Chairman

The term 'Chairman' refers to the Chairman of the Executive Committee of the Capital Market segment.

1.3 Clearing Bank

Clearing Bank is a Bank appointed as such by the Exchange to act as a funds settling agency, for the collection of Margin money for all deals entered into through the Exchange and any other funds movement between members and the Exchange and between members as may be directed by the Exchange from time to time. Exchange may appoint more than one Bank as Clearing Bank.

1.4 Clearing House

'Clearing House' means the Clearing House maintained by the Exchange or MCX-SX Clearing Corporation Limited or such other agency as may be identified by the Exchange, which shall act as the common agent of the members of the Clearing House for clearing contracts between members and for delivering and receiving securities from members in connection with any of the contracts and to do all things necessary or proper for carrying out the foregoing purposes. The functions of the clearing house may be performed by the Exchange or any other agency identified by the Exchange for this purpose.

1.5 Clearing Member

'Clearing Member' means a member of the Clearing House and/or Depository Clearing System and includes trading members of the Capital Market segment of the Exchange and Custodians and Clearing Member Banks/Institutions registered with the Clearing House and/or Depository Clearing System and the members of the Clearing Corporation.

1.6 Delegated Authority

'Delegated authority' means such officer of the Exchange as may be authorised by the Executive Committee for the purpose mentioned in such authorization.

1.7 Delivering Member

'Delivering member' means a clearing member who has to or has affected delivery in fulfillment of contracts to which the Rules, Bye Laws and Regulations of the Exchange apply unless the context indicates otherwise.

1.8 Exchange or MSEI

'Exchange' means the Metropolitan Stock Exchange of India Limited .

1.9 Executive Committee

'Executive Committee' means the Committee appointed by the Board of Directors of Metropolitan Stock Exchange of India Limited to manage the affairs of the Capital Market Segment of the Exchange.

1.10 Receiving Member

'Receiving member' means a clearing member who has to or has taken delivery in fulfillment of contracts to which the Rules, Bye Laws and Regulations of the Exchange apply unless the context indicates otherwise.

1.11 Seller

'Seller' includes the selling constituent and the selling member acting as his broker and agent, and denotes the selling member when he is dealing on his own account as a principal.

1.12 Interpretation

Unless in the context it is explicitly stated otherwise, all words and expressions used in these Regulations but not defined, and defined in the following, shall have the meanings respectively assigned to them therein:

- (1) Securities Contract (Regulations) Act, 1956 and the Rules made there-under.
- (2) Securities and Exchange Board of India Act, 1992 and the Regulations made there-under.
- (3) The Depositories Act, 1996 and the Regulations made thereunder
- (4) The Companies Act, 1956
- (5) Rules, Bye-laws of the Exchange
- (6) Rules, Byelaws and/or Regulations of Clearing Corporation.

Provided that in case a term is defined in more than one of the above instruments then its meaning as defined in the Act or statutory or other instrument which precedes the others in the above order shall prevail, unless the context requires otherwise.

In these Regulations, unless the context requires otherwise, the meanings in the definitions contained in this Chapter shall be attributed to the terms so defined.

CHAPTER 2

TYPES OF DEALS

2.1 Deals, transactions, dealings and contracts

For the purpose of these Regulations the terms 'deals', 'transaction', 'dealing', and 'contract' shall have one and the same meaning unless the context indicates otherwise.

2.2 Cleared and non-cleared securities

For purposes of Deals the securities in which dealings are admitted to dealings on the Capital Market segment of the Exchange shall be distinguished as under:

1. Cleared Securities, i.e., securities admitted to dealings on the Capital Market segment of the Exchange and placed by the Executive Committee on the Cleared Securities List; and
2. Non Cleared Securities, i.e., securities other than Cleared Securities admitted to dealings on the Capital Market segment of the Exchange.

The Executive Committee shall from time to time specify the securities admitted to dealings on the Capital Market segment of the Exchange which shall be included in the Cleared Securities List.

2.3 Depository and Non Depository Deals

1. Depository Deals are deals as may be specified by the relevant authority subject to such conditions as may be specified from time to time, in respect of which depository delivery is or is required to be effected.
2. Non Depository deals are deals as may be specified by the relevant authority subject to such conditions as may be specified from time to time, in respect of which non depository delivery is or is required to be effected.

2.4 Addition to or suspension or removal from the cleared securities list

The Executive Committee may from time to time add a security to the Cleared Securities List and may in like manner at any time suspend or remove any security from the List.

2.5 Kinds of Deals

Save as otherwise provided, Deals in securities may be of the following kind :

1. For “Spot Delivery” i.e., for delivery and payment on the same day as the date of the contract or on the next day;
2. For “Hand Delivery” i.e., for delivery and payment within the time or on the date stipulated when entering into the deal which time or date shall not be more than fourteen days following the date of the contract;
3. For the “Clearing”, i.e., for clearance and settlement through the Clearing House in the manner prescribed in these Regulations;
4. For “Special Delivery”, i.e., for delivery and payment within any time exceeding fourteen days but not exceeding two months following the date of the contract unless extended by the Executive Committee or delegated authority as provided in these Regulations.

2.6 Deals for Spot Delivery, Hand Delivery and Special Delivery in all securities

Deals for spot delivery, hand delivery and special delivery may be made in any security which is admitted to dealing on the Exchange as provided in these Regulations.

2.7 Clearing in Non-Cleared securities void

Deals for the Clearing shall only be made in Cleared Securities. All Deals for the Clearing in any other securities shall be deemed void.

2.8 Deals in Cleared securities deemed to be for current Clearing

Deals in Cleared Securities may be for spot delivery or for special delivery or for the Clearing but unless otherwise permitted by the Executive Committee or delegated authority and stipulated when entering into the transaction all Deals in Cleared Securities shall be deemed to be for the current Clearing;

Provided however that when deals in Cleared Securities are subject to any special stipulation as the Executive Committee or delegated authority may specify from time to time, such deals shall be deemed to be for hand delivery.

2.9 Deals in non-cleared securities

Deals in Non-Cleared Securities admitted to dealings on the Exchange may be for spot delivery or for hand delivery or for special delivery.

2.10 Deals in non-cleared securities deemed to be for hand delivery

Unless otherwise permitted by the Executive Committee or delegated authority and stipulated when entering into the Deal all Deals in Non-Cleared Securities shall be deemed to be for hand delivery falling due for delivery and payment within the time or on the day or days prescribed in the relevant Regulation or within such time or such other day or days as the Executive Committee or delegated authority may from time to time prescribe in addition thereto or in modification or substitution thereof, provided that such time or day or days shall be not earlier than two business days and not more than fourteen days following

the date of the contract.

2.11 Deals in Provisional Documents and Provisional Securities

Deals in Provisional Documents and Provisional Securities shall be made and settled as determined in each case by the Executive Committee or delegated authority.

2.12 Deals in Non-Cleared securities other than Provisional Documents and Securities admitted to Dealings on the Exchange

Deals in Non-Cleared Securities other than provisional documents and provisional securities admitted to dealings on the Capital Market segment of the Exchange shall be made and settled in accordance with the provisions relating to Non-cleared securities in the manner and to the extent and subject to such modifications as may be specified from time to time by the Executive Committee or delegated authority.

2.13 Deals for Special Delivery

Deals for special delivery may be entered into with the permission of the Executive Committee or delegated authority in case of new issues or when securities are sent for renewal, sub-division, consolidation, conversion, exchange or registration or when securities are lodged for collection of interest, dividend, bonus or rights or when securities have to be received from abroad or when securities cannot be delivered for any other reason within fourteen days following the date of the contract. The Executive Committee or delegated authority may give such permission generally for any or all securities admitted to dealings on the Exchange.

2.14 Specific Deals

Specific Deals may be entered into with the permission of the Executive Committee or delegated authority and applications for such permission shall be made in the form prescribed in the relevant Regulation or in such other form as the Executive Committee may from time to time prescribe in modification or substitution thereof.

2.15 Specific deals deemed to be for spot delivery

All specific Deals entered into subject to these provisions shall be deemed to be for spot delivery.

2.16 Deals due on other than business days

All Deals other than for the Clearing which fall due on a day other than a business day shall mature on the succeeding business day unless otherwise agreed.

2.17 Extension or postponement of contracts by the Executive Committee

Notwithstanding anything to the contrary contained in these Regulations, the Executive Committee may for reasons to be recorded from time to time extend or postpone the time for performance of contracts in any security or securities whenever in its opinion such action is called for in public interest or by just and equitable principles of trade or when circumstances beyond the control of either or both of the contracting parties make such action desirable.

2.18 Extension or postponement of contracts by the Chairman

Notwithstanding anything to the contrary contained in these Regulations the Chairman may in his discretion extend or postpone in any particular case the time for the performance of a contract in any Cleared Security or Securities from any one Clearing to the ensuing Clearing and in any Non-Cleared Security or Securities by a period not exceeding fourteen days.

CHAPTER 3

DEALS SUBJECT TO EMERGENCIES

All Deals in securities shall be deemed subject to the provisions relating to emergencies contained in these Regulations.

3.1 Measures to meet emergencies

If in the opinion of the Executive Committee, an emergency exists or has arisen or is likely to occur or if in its opinion the conditions are such as to make free trading in securities extremely difficult, the Executive Committee may by a resolution take such action as it deems fit for stabilizing the market.

CHAPTER 4

PROCEDURE FOR SETTLEMENT OF DEALS

4.1 Settlement by Hand Delivery

All Deals in securities other than for the Clearing shall be settled by delivery and payment between the contracting parties in accordance with the provisions in that behalf contained in the relevant Regulation or such other provisions as the Executive Committee may from time to time prescribe in addition thereto or in modification or substitution thereof.

4.2 Settlement through the Clearing House

All Non Depository Deals for the Clearing in Cleared Securities shall be settled through the Clearing House by such process or processes as the Executive Committee may from time to time prescribe in addition thereto or in modification or substitution thereof. The Regulation relating to the Clearing House shall be deemed to form a part of any settlement process so prescribed.

4.3 Settlement through the Depository Clearing System

All Depository Deals for the Clearing in Depository Securities shall be settled through the Depository Clearing System by such process or processes as the Executive Committee may from time to time prescribe in addition thereto or in modification or substitution thereof. The Regulation relating to the Depository Clearing System shall be deemed to form a part of any settlement process so prescribed.

4.4 Delivery and Payment in Cleared Securities through the Clearing House and Clearing Bank

4.4.1 Delivery through the Clearing House

Delivery in respect of all Non Depository Deals for the Clearing in Cleared Securities shall be made through the Clearing House;

Provided however that any trading member, who holds for account of his different constituents contracts both for sale and purchase in the same Clearing that offset each other, shall be entitled to offset such contracts subject to such conditions as the Executive Committee may specify from time to time and in that case he shall be entitled to give and take the relative delivery outside the Clearing House.

4.4.2 Delivery through the Depository Clearing System

Delivery in respect of all Depository Deals for the Clearing in Cleared Securities shall be through the Depository Clearing System.

Provided however that any trading member, who holds for account of his different constituents contracts both for sale and purchase in the same Clearing that offset each other, shall be entitled to offset such contracts subject to such conditions as the Executive Committee may specify from time to time and in that case he shall be entitled to give and take the relative delivery outside the Depository Clearing System.

4.4.3 Payment through the Clearing Bank

Payment in respect of all Deals for the Clearing in Cleared Securities shall be made through the Clearing Bank(s);

Provided however that any trading member, who holds for account of his different constituents contracts both for sale and purchase in the same Clearing that offset each other, shall be entitled to offset such contracts subject to such conditions as the Executive Committee may specify from time to time and in that case he shall be entitled to give and take relevant payment outside the Clearing Bank.

4.5 Delivery in Cleared Securities when outside the Clearing House

It shall be competent to the Executive Committee or delegated authority to order that delivery and/or payment in respect of any or all non depository deals entered into or to be entered into in any Cleared Security or Securities shall be effected outside the Clearing House by such process or processes as may be prescribed from time to time.

4.6 Delivery for the clearing when outside the Depository Clearing System

It shall be competent to the Executive Committee or delegated authority to order that delivery and/or payment in respect of any or all depository deals entered into or to be entered into in any Cleared Security or Securities shall be effected outside the Depository Clearing System by such process or processes as may be prescribed from time to time.

4.7 Change in Settlement Procedure

4.7.1 Non Depository Deals

It shall be competent to the Executive Committee or delegated authority to order at any time that any/all non depository deals entered into or to be entered into in any security or securities shall be settled by any suitable process through the Clearing House instead of hand delivery and vice versa.

4.7.2 Depository Deals

It shall be competent to the Executive Committee or delegated authority to order at any time that any/all depository deals entered into or to be entered into in any security or securities shall be settled by any suitable process through the Depository Clearing System.

4.8 Settlement Regulations form part of Contracts

4.8.1 Non Depository Deals

The Regulations from time to time in force relating to any procedure for settlement of non depository deals and to the Clearing House and clearance of non depository deals through the Clearing House and Clearing Bank and the resolutions, notices, directions and decisions of the Executive Committee or delegated authority thereunder for the time being in force shall be a part of the terms and conditions of every contract in any Cleared or Non-Cleared Security or Securities.

4.8.2 Depository Deals

The Regulations from time to time in force relating to any procedure for settlement of depository deals and to the Depository Clearing System and clearance of depository deals through the Depository Clearing System and Clearing Bank and the resolutions, notices, directions and decisions of the Executive Committee or delegated authority thereunder for the time being in force shall be a part of the terms and conditions of every contract in any Cleared or Non-Cleared Security or Securities.

4.9 Privity of Contract

Trading members giving and receiving delivery as provided in these Regulations shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with each other as sellers and buyers. However the rights and liabilities of such members in relation to their immediate contracting parties shall not be deemed to be affected thereby except that the selling member shall be (unless he be himself the delivering member) released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving member and in regard to the loss and damages arising there from which shall be dealt with in accordance with the Regulations relating to Documents and Registration.

4.10 Contracts subject to change in Settlement Procedure

The Executive Committee may at any time through a notice in that behalf bring into effect in respect of any Deals entered into or to be entered into in any Cleared or Non-Cleared Security or Securities any substitution of or any additions to, deletions from or variations, alterations or amendments in any settlement procedure or in any clearing process or in the time or the forms prescribed there for.

CHAPTER 5

PROCEDURE FOR SETTLEMENT OF NON-CLEARED SECURITIES BY HAND DELIVERY

5.1 Scheduled Date and Time

The Scheduled time and hour to be observed in connection with the clearing and settlement of Deals in Non-Cleared Securities shall be as prescribed by Executive Committee from time to time.

5.2 Delivery and payment

On the due date of the contract in a non-cleared security in respect of non depository deals, the selling member shall deliver to the buying member at such place and at such time, in such manner and in such delivery units as the Executive Committee may notify from time to time, securities together with the necessary transfer deeds duly signed and witnessed and showing on the reverse the code and name of the member delivering the securities and the buying member shall pay for them on the same day or such other day and in such manner as the Executive Committee may specify from time to time.

On the due date of the contract in a non-cleared security in respect of depository deals, the selling member shall effect depository delivery to the buying member at such place and at such time, in such manner and in such delivery units as the Executive Committee may notify from time to time and the buying member shall pay for them on the same day or such other day and in such manner as the relevant authority may specify from time to time.

5.3 Delivery in part

The buying member shall accept any portion of a lot of securities contracted for if tendered in delivery units.

5.4 No deduction from purchase price

The buying member receiving securities shall not be entitled to deduct from the purchase price any sum due to or any damages claimed by him from the selling member except as provided under the relevant Regulations.

5.5 Payment

The buying member shall make payment to the selling member through the Clearing Bank or by cheque or such other mode as may be prescribed by the Executive Committee from time to time.

5.6 Closing Out by Buying-in

If the selling member fails to deliver the securities on the due date of the contract

the buying member shall be entitled to buy-in the same or the undelivered portion thereof as provided in these Regulations and Byelaws of the Exchange relating to closing-out.

5.7 Closing Out by Selling-out

If the buying members fails to take up or pay for the securities delivered on the due date of contract the selling member shall be entitled to sell-out the same as provided in these Regulations and the Byelaws of the Exchange relating to closing-out.

CHAPTER 6

PROCEDURE FOR SETTLEMENT IN CLEARED SECURITIES

6.1 Clearing Days and Scheduled Times

The Executive Committee or delegated authority shall from time to time fix the various clearing days, the pay-in and pay-out days and the scheduled time to be observed in connection with the clearing and settlement operations of Deals in Cleared Securities. The Executive Committee or delegated authority may specify different schedules for any or all Clearing Members from time to time.

6.2 Alteration of Clearing and Clearing days and times

The Executive Committee or delegated authority may at any time curtail, extend, alter or postpone to any other date or dates the entire Clearing or any or all of the various clearing days in respect of any or all of the Cleared Securities.

In case of multiple settlements on a single day because of intervening holidays or otherwise, the deals shall be cleared and settled on a sequential basis i.e. the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement/s. The cash/securities pay-out from the first settlement shall be made available to the members for meeting their pay-in obligations for the subsequent settlement/s.

6.3 Clearing and Settlement Process

The Executive Committee or delegated authority shall prescribe the process from time to time for the functioning and operations of the Clearing House and to regulate the functioning and operations of the Clearing House. The Bye-laws, Rules and Regulations relating to the Clearing House shall be deemed to form a part of any settlement process so provided. The Executive Committee or delegated authority may specify different process and procedures for clearing and settlement for any or all Clearing Members from time to time.

6.4 Clearing forms

All Clearing Forms shall be as prescribed in the relevant regulation or in such other form or forms as the Executive Committee or delegated authority may from time to time prescribe in addition thereto or in modification or substitution thereof.

6.5 Settlement Obligations Statements

6.5.1 Settlement Obligations Statements for Trading Members

Exchange or its clearing house shall generate and provide to each Trading Member, Settlement Obligations Statements showing the quantities of the different kinds of securities for which delivery/ deliveries is/ are to be given and/or taken and the

funds payable or receivable by him and by Custodian and Clearing Member Banks/Institutions for deals made by him in such form and manner as may be decided by it. The Obligations Statement shall be deemed to be confirmation by him of the different kinds of securities for which deliveries is to be given and/or taken and of the funds to be debited and/or credited to his account as specified in the Obligations Statements and deemed instructions to the Custodians and Clearing Member Banks/Institutions for the same.

6.5.2 Settlement Obligations Statements for Clearing Members other than Trading Members

Exchange or clearing house shall generate and provide to each Custodian and Clearing Member Bank/Institution, Settlement Obligations Statements showing the quantities of the different kinds of securities for which delivery/ deliveries is/ are to be given and/or taken and the funds payable or receivable by him in such form and manner as may be decided by it. The Settlement Obligation Statement shall be deemed to have been confirmed by the concerned Custodians and Clearing Member Banks/ Institutions in respect of every and all obligations enlisted therein.

6.6 Delivery and Receipt Statements

6.6.1 Trading Members

Based on the Settlement Obligations Statements the Exchange shall generate Delivery Statement and Receipt Statement for each Trading Member. The Delivery and Receipt Statement shall contain details of securities to be delivered to and received from other Clearing Members. The Delivery and Receipt Statements shall be deemed to be confirmed orders by a Trading Member to deliver and receive on his account securities as specified in the Delivery and Receipt Statements.

6.6.2 Clearing Members other than Trading Members

Based on the Settlement Obligations Statements the Exchange shall generate Delivery Statement and Receipt Statement for each Custodian and Clearing Member Banks/Institutions. The Delivery and Receipt Statement shall contain details of securities to be delivered to and received from other Clearing Members. The Delivery and Receipt Statements shall be deemed to be confirmed orders by a Clearing Member to deliver and receive on his account securities as specified in the Delivery and Receipt Statements.

6.7 Delivery Slips

For every delivery to be made by a Clearing Member to another member a unique delivery number will be assigned by the Exchange. A Delivery Slip corresponding to each delivery number will specify the delivery number, security to deliver, quantity and to whom to deliver as per format and manner prescribed. This regulation shall not apply to depository deals.

6.8 Delivery of Securities

6.8.1 Non depository deals

On the respective pay-in day, clearing members shall deliver securities to the Clearing House as per Delivery Statement in respect of non-depository deals. Each delivery shall be accompanied by the corresponding Delivery Slip and a Delivery Details Statement. Delivery shall be in such delivery units, as the Executive Committee or delegated authority may notify from time to time together with the necessary transfer forms, duly signed and witnessed and showing on the reverse the code and name of the clearing member delivering the securities.

6.8.2 Depository deals

On respective pay-in day, clearing members shall effect depository delivery in the Depository Clearing System as per Delivery Statement in respect of depository deals. Delivery shall be in such delivery units the Executive Committee or delegated authority may notify from time to time.

6.9 Mode of Funds Payment

Unless otherwise prescribed for a Clearing Member regarding the mode of payment, as on the time specified by the Executive Committee or delegated authority, Clearing Members shall have clear balance of funds in their clearing account to the extent of funds to be debited to his account and on pay-in day the Clearing Bank shall debit a clearing member's clearing account to the extent of his funds obligation as per the instructions of the Exchange.

6.10 Receipt of Securities

6.10.1 Non Depository Deals

Securities which are to be received by a clearing member shall be delivered to him by the Clearing House in respect of non depository deals on the respective pay-out day as per instructions of the Exchange. Clearing members who are taking delivery of securities from the Clearing House shall sign a receipt thereof in the form attached to the Clearing House Receipt Statement.

6.10.2 Depository Deals

Securities which are to be received by a clearing member shall be delivered to him in the Depository Clearing System in respect of depository deals on the respective pay-out day as per instructions of the Exchange.

6.11 Receipt of Funds

On the pay-out day, unless otherwise prescribed for a Clearing Member regarding the mode of payment, the Clearing Bank shall credit the clearing accounts of the Clearing Members who are due to receive funds or make payments to Clearing Members as per the instructions of the Exchange. All funds due to a Clearing

Member shall normally be credited to his account unless (a) the Clearing Member has not delivered securities on pay-in day as per Settlement Obligations Statement or (b) the full extent of funds obligation of the Clearing Member was not available with the Exchange Clearing Account for funds pay-in or (c) it is otherwise ordered by the Executive Committee or delegated authority.

6.12 Notice of delivery and payment outside Clearing House in respect of Cleared Securities

Whenever the Executive Committee or delegated authority orders delivery and payment to be made outside the Clearing House in respect of contracts in any cleared security or securities a notice to that effect shall normally be sent to the Clearing Members at least a day before the pay-in day.

6.13 Death of a Member during Clearing

If an individual trading member dies on or before the pay-in day and after the Clearing House has determined the Settlement Obligations Statement for that settlement, the procedure to be followed in clearing and settling the account of such member shall be the procedure prescribed for clearing and settling the account of a defaulter, provided that with the permission of the Executive Committee the heirs or legal representatives of such deceased member may receive and deliver securities and make and receive payment on account of such deceased member or any member of whom the Executive Committee approves, may deliver securities and make payment on account of such deceased member.

CHAPTER 7

NON DEPOSITORY DELIVERY

7.1 Which documents good delivery

The documents specified in these and relevant Regulations or such other documents as the Executive Committee may from time to time specify in addition thereto or in modification or substitution thereof shall constitute good delivery when tendered in fulfillment of contracts to which these Regulations apply.

7.2 Certificates accompanied by Transfer deeds Good Delivery

In the case of Cleared securities, certificates accompanied by duly executed transfer deed shall constitute good delivery.

7.3 Allotment Letter when Good Delivery

7.3.1 Allotment Letters duly discharged

Allotment Letters shall be accepted in lieu of certificates, provided Allotment Letters duly discharged by the allottees together with application receipts duly discharged wherever required by the Company are tendered in the case of securities, whose Allotment Letters do not call for further monies and are accepted by the Company for registering transfers.

7.3.2 Allotment Receipts

Where allotment monies are called for in the Allotment Letters such Allotment Letters shall be accompanied by properly discharged Allotment Receipts.

7.3.3 When Allotment Letters cease to be Good Delivery

Unless otherwise directed by the Executive Committee or delegated authority in any particular case, Allotment Letters shall continue to be good delivery till the certificates are issued by the Company.

7.4 Split and Transfer Receipts when Good Delivery

Split Receipts issued by the Clearing House and by Companies and proper Transfer or Transmission Receipts issued by Companies complying with such conditions, as the Executive Committee may from time to time determine, and duly discharged where necessary shall be accepted in lieu of certificates as good delivery for such period from the date of issue as the Executive Committee or delegated authority may from time to time fix and notify in that behalf.

7.5 Certified Transfers

7.5.1 When Good Delivery

Certified transfers shall constitute good delivery when so directed by the Executive Committee.

7.5.2 Mode of Certification

The certification on the transfer deed may be by the Clearing House or by the Company concerned. It shall state the distinctive numbers of the securities covered by the transfer deed and it shall also state in clear and definite terms that the certificate relating to such securities has been forwarded to or lodged with the Company. Transfer deeds with any mode of conditional certification are not good delivery.

7.5.3 Date of Certification

All certified transfer deeds shall bear the date of certification.

7.5.4 Particulars to be filled in Transfers

In the case of all certified transfers the full name and address of the transferor shall be mentioned in the body of the transfer as also the distinctive numbers of the securities. Otherwise they shall not be good delivery.

7.6 Delivery Units

7.6.1 Prescribed Delivery Units

The Executive Committee or delegated authority may specify from time to time the delivery units for any or all of the securities admitted to dealings on the Exchange and special stipulations, if any, in that regard.

7.6.2 Delivery in Prescribed Units

Unless otherwise directed by the Executive Committee or delegated authority or stipulated when entering into a deal one certificate for the exact amount of the delivery unit or two or more certificates making up in the aggregate the delivery unit or where the deal is for an odd lot, certificates making up in the aggregate the odd lot, may be delivered in settlement of contracts in securities but the transfer deeds delivered shall be for the exact amount of the delivery unit and where the deal is for an odd lot, for the exact amount of the odd lot or for smaller amounts making up in the aggregate the odd lot.

7.6.3 Certified Transfers, Split Receipts and Allotment Letters to be in Delivery Unit

The provisions relating to delivery units contained as above shall also apply to Certified Transfers, Split Receipts issued by the Clearing House, Split or Transfer or Transmission Receipts issued by Companies and Allotment Letters delivered in settlement of contracts as provided in these Regulations.

7.7 Renewal Fees for Securities

In the case of securities when a fee is charged by any Company for a new certificate in lieu of an old one either worn out or incapable of carrying further endorsements, the fee shall be payable by the seller.

7.8 Transfer stamp and registration fees

Unless otherwise directed by the Executive Committee or delegated authority transfer stamp duties payable to Government and fees charged by Companies for registering transfers of securities and known as transfer fees shall be paid by the buyer but where transfer deeds have been given in lots other than the prescribed lots the extra stamp duty, transfer fees and consolidation charges to be paid as a result thereof shall be paid by the seller to the buyer.

7.9 Delivery in part

The receiving member shall accept such portion of the securities as may be in order provided it is in lots of delivery unit and the Exchange on behalf of the receiving member may buy-in the undelivered portion in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

7.10 Closing-out on refusal to accept delivery

When documents which are regular, genuine and valid are duly tendered in performance of a deal and not accepted by the receiving member, the Exchange on behalf of the delivering member shall be entitled to sell-out the same against him in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

7.11 Disputes relating to Good or Bad Delivery

In case of Cleared Securities if any documents be found by the receiving member to be not good delivery the documents alongwith a prescribed form stating the defects shall be returned by the receiving member to the Clearing House within two days from the date of delivery or such other time and/or days as the Executive Committee or delegated authority may from time to time fix in this behalf. When the documents are not so returned the receiving member shall have recourses against the delivering member only in accordance with these Regulations and Byelaws of the Exchange relating to Documents and Registrations.

7.12 Replacement of Bad Delivery

The delivering member responsible for the documents which are not good delivery shall remove the defect or in the alternative, deliver to the Clearing House or the receiving member as the case may be, other regular, genuine and valid documents in their place within 3 calendar days of intimation of the same or such other period as the Executive Committee or delegated authority may direct from time to time.

7.13 Disputed Documents

7.13.1 Disputes

When documents tendered for delivery in settlement of deals are considered by the receiving member or by the concerned company / share transfer agent to be defective in their title, ownership, genuineness regularity or validity or not in order for any other reason and the objection is not accepted by the delivering member, the disputes relating thereto shall be resolved by the Exchange as provided in these Regulations.

7.13.2 Dispute Resolution

If the objection raised or defects pointed out by the receiving member or the concerned company / the share transfer agent be not accepted by the delivering member, a reference may be made by the aggrieved member to the relevant authority which shall adjudicate in the dispute, as soon thereafter as possible, through such mechanism as may be laid down by the relevant authority from time to time.

7.13.3 Delivery when complete

If the disputed documents are held to be in order under Regulation 7.13.2, then the delivery shall be complete and the receiving member shall accept them as good delivery and failing such acceptance, the Exchange shall be entitled to sell-out the same against the receiving member in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

7.13.4 Delivery when not complete

If the disputed documents are held to be defective under Regulation 7.13.2, as the case may be, then the delivery shall not be complete. The delivering member shall remove the defect or in the alternative deliver to the receiving member other regular genuine and valid documents in place of the defective documents within two working days of the decision under Regulation 7.13.2 or within such further period or periods as may from time to time be allowed by the relevant authority.

7.14 Closing Out by Buying-in

If the delivering member fails to remove the defect or in the alternative deliver to the receiving member other regular, genuine and valid documents in place of the defective documents within the period prescribed above, the Exchange on behalf of the receiving member shall be entitled to buy-in such securities against the delivering member in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

7.15 Delivering Member Debited

Without prejudice to the provisions contained elsewhere in this regard, the Exchange shall be entitled to debit the delivering member responsible for the documents which are not good delivery or are disputed documents by an amount equivalent to the said documents valued at such valuation price as the Executive Committee may specify from time to time in this regard.

7.16 Penalty for bad delivery

The Executive Committee or delegated authority may impose on a delivering member responsible for the documents which are not good delivery such penalty and other charges as it may prescribe from time to time in this regard. Such penalty and other charges shall be in addition to any loss such member may suffer on account of closing-out and shall be in addition to the commission chargeable in that behalf.

CHAPTER 8

DEPOSITORY DELIVERY

8.1 Delivery Units

Depository Delivery shall be in such units as may be prescribed by the relevant authority from time to time. In case where the deal is for an odd lot, the delivery shall be for the exact amount of odd lot or for smaller amounts making up in the aggregate the odd lot.

8.2 Transfer Duties and Charges

Unless otherwise directed by the relevant authority and subject to applicable laws, transfer duties and charges payable, if any, to Government and fees charged by Companies for registering transfers of securities, if any, shall be paid by the buyer.

8.3 Delivery in Part

The receiving member shall accept such portion of the securities as may be in order provided it is in lots of delivery unit and may buy-in the undelivered portion in accordance with the Bye Laws and Regulations relating to closing-out.

8.4 Closing out on refusal to accept Delivery

When deliveries in performance of a deal are not accepted by the receiving member, the Exchange shall be entitled to sell-out the same against him in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

CHAPTER 9

NON-DELIVERY AND NON-PAYMENT

9.1 Notice of Non-delivery and Non-Payment

Each clearing member shall send to the Clearing House and Exchange on the pay-in day an intimation of non-delivery in respect of each failure to deliver securities and a notice to the Clearing Bank and Exchange of non-payment in respect of failure to pay any or all of the funds which are due to be paid in such forms as may be prescribed in this regard by the Executive Committee or delegated authority from time to time.

9.2 Non-delivery and Non-Payment by Custodian and Clearing Member Banks/Institutions

Obligations and responsibility for clearing and settlement undertaken by Custodian and Clearing Member Banks/Institutions shall be discharged by them in regard to securities and funds in the like manner and to the same extent as they would have discharged their obligation/responsibility on a trade for trade settlement. Therefore, it shall be the responsibility of the Custodians and Clearing Member Banks/Institutions in the event of non-performance of any obligation or part thereof to the clearing house or otherwise, to identify the relevant contract(s), to which the non-performance or part performance relates.

9.3 Failure to Deliver

Without prejudice to the provisions contained elsewhere in this regard, if a clearing member fails to deliver on the pay-in day the securities deliverable by him, the Exchange shall be entitled to debit his account by an amount equivalent to the securities not delivered valued at such valuation price as the Executive Committee may specify from time to time in this regard.

9.4 Buying-in on Failure to Deliver

If a clearing member fails to deliver on the pay-in day the securities deliverable by him, the Exchange shall be entitled to buy-in such securities in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

9.5 Selling-out on Failure to pay

If a clearing member fails to pay on the pay-in day for the securities to be received by him, the Exchange shall be entitled to sell-out any/all of such securities in accordance with these Regulations and Bye-laws of the Exchange relating to losing-out.

9.6 Disabling of a member

Any trading member who fails to deliver securities or pay funds on the pay-in day shall be forthwith disabled from dealing through the trading system until the Executive Committee or delegated authority may decide otherwise.

9.7 Declaration of Default

A trading member failing to deliver the documents due from him or pay the amount due by him may be declared a defaulter as provided in these Regulations and Bye-laws of the Exchange.

9.8 Transactions with Defaulter

Trading members shall not omit from their Clearing Forms any transactions entered into with a defaulter who has been so declared after the last business day of the Clearing but before such forms have been lodged with the Clearing House.

9.9 Deliveries due to the defaulter

All deliveries and payment due to the defaulter shall be handed over to the Exchange. The Exchange shall reserve the right to dispose off the documents or demat securities to make good non-payment of funds or non-delivery of securities by the defaulting member.

9.10 Penalty for failure to give or take delivery

The Executive Committee or delegated authority may impose on a member failing to give or take delivery of all or any of the securities and/or funds according to his obligation, such penalty and other charges as it may prescribe from time to time in this regard. Such penalty and other charges shall be in addition to any loss such member may suffer on account of closing-out and shall be in addition to the commission chargeable in that behalf.

9.11 Withholding of Securities and Funds

Notwithstanding anything contained in these Regulations, irrespective of whether the deals are depository deals or non-depository deals, the Exchange may withhold, for such period(s) as the relevant authority may decide from time to time, pay-out of any securities and any funds including securities and funds constituting margins, if

- (a) the clearing member has not delivered the required securities on pay-in day or
- (b) there are no adequate funds in the Exchange Clearing Account of the clearing member to meet the funds pay-in obligation on the pay-in day or
- (c) the clearing member fails to satisfy the margin requirements or
- (d) the clearing member fails to fulfill any other obligation or
- (e) the relevant authority, otherwise, deems fit.

9.12 With-holding of securities for shortages

The relevant authority may, with-hold the securities pay-out due to the clearing member and/or withdraw his trading facility in case of any pay-in shortages by

the clearing member for such amount as the relevant authority may deem fit.

The relevant authority may, on recovery of such shortages as it may deem fit, release the pay-out and/or restore the trading facility and permit the clearing member to clear and settle subject to such terms and conditions as the relevant authority may impose.

9.13 Withheld Securities and Funds - How dealt with

The securities and funds withheld pursuant to clause 9.11 and clause 9.12 above shall be dealt with by the Exchange at such times and in such manner as it may deem fit, which may include appropriating the withheld funds for the purpose of fulfilling the obligations of the clearing member, closing out of the withheld securities or registering the withheld securities in the name of the Exchange or any other entity as decided by the Exchange. The funds received out of closing out of withheld or registered securities may be dealt with by the Exchange at such times and in such manner as it may deem fit.

CHAPTER 10

CLOSING-OUT OF CONTRACTS

10.1 Closing-Out

10.1.1 Closing-out when effected

Any deal made subject to the Rules, Bye Laws and Regulations of the Exchange may be closed-out against a member on his failure 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.

10.1.2 Member in Default

For the purpose of this Chapter a member who has failed 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 shall be referred to as “member in default

10.1.3 Closing-out in specific cases

Without prejudice to the generality of the provision contained as above, closing-out may be effected in cases specified in the relevant Regulations or in such other cases as the relevant authority may from time to time specify in addition thereto or in modification thereof.

10.1.4 Borrowing of Securities

Notwithstanding anything contained in Regulations 10.1.1 and 10.1.2 hereinabove, in the event of failure of a Delivering Member to complete delivery of specified securities on the due date, the Clearing house may borrow the securities specified by it on behalf of such Delivering member in such manner, within such time frame and subject to such conditions and procedures as the relevant authority may prescribe from time to time, and deliver them to the Receiving Member(s) and / to complete the delivery. Such Delivering Member shall return the specified securities within the time stipulated by the relevant authority together with such fees and charges as may be prescribed by the relevant authority.

In the event of failure of the Delivering Member to return the securities borrowed by the Clearing house on his behalf within the stipulated time, the Clearing house shall buy the securities on behalf of the member in the manner and method prescribed by the relevant authority and may recover the amount thereof from such member together with such other fees and charges as may be prescribed by the relevant authority.

In the event the Clearing house fails to buy-in the securities to be returned on behalf of such borrowing Delivering Member, the Clearing house may effect close out in respect of the securities to the extent that could not be bought in, in the

manner prescribed by the relevant authority and recover the amount of such close out and fees from such member.

10.2 Closing out of Deals settled outside clearing house

10.2.1 Application for closing-out

A member shall be entitled to make an application to the Exchange for closing-out of non depository deals agreed to be settled outside the Clearing House against the member in default within such time from the date of default as the relevant authority may decide from time to time, failing which the member shall forfeit all further right of recourse against the other member unless such member proves that he has not exercised his right on the written request of the other.

10.3 Closing out of Deals settled outside Depository Clearing System

10.3.1 Application for closing-out

A member shall be entitled to make an application to the Exchange for closing-out of depository deals agreed to be settled outside the Depository Clearing System against the member in default within such time from the date of default as the relevant authority may decide from time to time, failing which the member shall forfeit all further right of recourse against the other member unless such member proves that he has not exercised his right on the written request of the other.

10.4 Closing out for Deals settled through the Clearing House

10.4.1 Exchange entitled

In respect of deals settled through the Clearing House, the Exchange shall be entitled to closing out against the member in default for the benefit of the receiving/delivering member or itself as the case may be. In such cases no notice of closing-out shall be given to the member against whom the closing-out is to be effected but a closing out notice shall be broadcast by the Exchange specifying the quantity of each kind of security to be closed out.

10.4.2 Closing-out without notice

Without prejudice to the generality of the provisions contained as above, closing-out without notice may be effected in cases specified in the relevant Regulation or in such other cases as the relevant authority may from time to time specify or deem necessary in addition thereto or in modification or substitution thereof.

10.5 Closing out for Deals settled through the Depository Clearing System

10.5.1 Exchange entitled

In respect of deals settled through the Depository Clearing System, the Exchange shall be entitled to closing out against the member in default for the benefit of the

receiving/ delivering member or itself as the case may be. In such cases no notice of closing-out shall be given to the member against whom the closing-out is to be effected but a closing out notice shall be broadcast by the Exchange specifying the quantity of each kind of security to be closed out.

10.5.2 Closing-out without notice

Without prejudice to the generality of the provisions contained as above, closing-out without notice may be affected in cases specified in the relevant Regulation or in such other cases as the relevant authority may from time to time specify or deem necessary in addition thereto or in modification or substitution thereof.

10.6 Closing-Out Contracts with Defaulter member

If a trading member be declared a defaulter, the Exchange shall determine all outstanding deals by closing-out against him in accordance with these Regulations and Byelaws of the Exchange relating to default.

10.7 Closing-Out Contracts with Deceased member

On the death of a trading member, having transactions outstanding in the market in any security, the relevant authority may at its discretion give permission to his heirs or legal representatives to settle such transactions according to the terms thereof. In the event of such permission not being applied for or not being granted, the Exchange shall forthwith determine all outstanding obligations by closing out against the deceased Member. The loss, if any, on such closing-out shall be claimed from the heirs or legal representatives of the deceased Member and the profit, if any, shall be paid to them with the prior approval of the relevant authority. If the heirs or legal representatives of the deceased Member fail to pay the amount claimed from them, it shall be deemed that such deceased Member has been declared a defaulter and in that event the Bye Laws and Regulations relating to default shall apply.

10.8 Compliance before Closing-Out

If the Member against whom closing-out is to be effected tenders compliance in accordance with the provisions of the Bye Laws and Regulations relating to delivery, payment and settlement of settlement obligations and deals or the terms and conditions subject to which the deal has been made at any time before the deals have been actually closed out, the relevant authority may accept the same in fulfillment of his obligations. This will not relieve the Member in default of the obligation to pay any resulting damages and other penalties and interest charges imposed by the Exchange on such default.

10.9 Closing-Out how effected

Closing out shall be effected against the Member by the Exchange in any of the following manners:

- (i) by buying-in or selling-out against the Member through an auction initiated

- by the Exchange.
- (ii) by declaring a closing-out at such prices as may be decided by the relevant authority.
- (iii) by buying-in or selling-out against the Member during the same trading period in which the deals were made or at any time thereafter.
- (iv) in any other manner as the relevant authority may decide from time to time.

10.10 Bids and Offers

Unless permitted otherwise by the relevant authority, Members other than those against whom the closing-out is effected may make a bid or offer during such closing-out. The relevant authority shall be at liberty at its discretion to refuse any bid or offer given.

10.11 Closing-Out Clearing Member's responsibility

Save as otherwise provided, the Member against whom the closing-out is effected by the Exchange for the purpose of closing-out shall be responsible for the deal made and no liability or responsibility shall attach to the Exchange or its employees for any deal made in pursuance of such closing-out.

10.12 Securities when not Bought-In

When the relevant authority is satisfied that in spite of the best efforts the securities cannot be bought-in or sold-out except at an arbitrary price or at such other instances as the relevant authority may decide from time to time, the deals shall be deemed to be closed-out at such price as the relevant authority may decide from time to time. In the event of the relevant authority not deciding the price, the deals shall be deemed to be closed-out at a price which is not less than the highest price touched at any time in the preceding six months. This price shall be paid to the Member entitled to the securities to be bought-in.

10.13 Deferment by the Relevant Authority

The relevant authority may defer closing-out in any particular case if in its opinion a fair market to close-out is not available or if it is satisfied that the securities are out of the control of the seller for payment of calls, receipt of interest, dividends, bonus, rights or if it determines that the default is due to the existence of a special situation but no such deferment shall relieve the Member in default of the obligation to pay for any resulting damages or free the intermediate parties of their liabilities.

10.14 Suspension or Postponement of Closing-Out

The relevant authority may suspend or postpone closing-out in respect of any deals and from time to time extend or postpone the period of such suspension or postponement when circumstances appear in its view to make such suspension or postponement desirable in the general interest. The liability of intermediaries in respect of deals in such securities settled through the Clearing House or Depository Clearing System, as the case may be, shall continue during the period of such

suspension or postponement.

10.15 Securities Bought-In but undelivered

If securities are bought-in but not delivered as per the schedule for buying-in, it will be deemed as if the buying-in did not go through and the deals shall be deemed to be closed-out at such price as the relevant authority may decide from time to time. In the event of the relevant authority not deciding the price, the deals shall be deemed to be closed-out at a price which is not less than the highest price touched at any time in the preceding six months. This price shall be paid to the Member entitled to the securities to be bought-in.

10.16 Closing-Out against Defaulter

When closing-out is effected as provided above and the trading member concerned is declared a defaulter, the difference arising from closing-out shall be recovered from the said trading member or distributed in accordance with the Bye-Laws and Regulations relating to default.

10.17 Charges for Closing-Out

When closing-out is effected on the advice of the Exchange, the Member against whom the closing-out takes place shall pay to the Exchange such closing out charges as the relevant authority may from time to time prescribe.

10.18 Loss arising from Closing-Out

When closing-out is effected on the advice of the Exchange against a Member failing to give or take delivery of all or any of the securities or funds according to his obligation, the resulting difference (between the money value of securities at the valuation price and the closing out price) due by such Member shall be paid by him forthwith to the Clearing Bank.

10.19 Profit arising from Closing-Out

When closing-out is effected on the advice of the Exchange against a Member failing to give or take delivery of all or any of the securities or funds according to his obligation, any profit (between the money value of securities at the valuation price and the closing out price) shall be credited to the account of the Investor Protection Fund and such other funds as may be set up by the relevant authority from time to time to be held by the Exchange for such purposes as may be prescribed by the relevant authority.

10.20 Default if Closing-Out loss and damage not paid

If any Member against whom a deal is closed-out under the provisions of these Regulations fails to make payment of the loss arising out of the closing-out and of the damages, if any, within such time as may be stipulated by the relevant authority from time to time, he may be declared a defaulter.

CHAPTER 11

INTEREST, DIVIDENDS, RIGHTS AND CALL

11.1 Interest, dividends and rights

The buyer shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may pertain to securities bought cum voucher, cum coupons, cum dividend, cum cash bonus, cum bonus, cum rights, etc. and the seller shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may pertain to securities sold ex coupon, ex voucher, ex dividend, or ex cash bonus, ex bonus, ex rights, etc.

11.2 When member liable for defective securities

11.2.1 Original Selling member

In respect of securities delivered in fulfillment of deals to which the Byelaws and Regulation of the Exchange apply the original selling member is the clearing member who is the first to deliver defective document to the Clearing House.

11.2.2 Original Selling member when liable

In respect of securities delivered in fulfillment of deals to which the Bye Laws and Regulations of the Exchange apply the original selling member who receives payment against delivery of defective documents shall be personally responsible for them to the buyer to whom the same are delivered or any subsequent buyer provided one of the following conditions is fulfilled, namely:

- (a) the documents are lodged with the Company for registration at any time before (i) the date on which the Register of Members of the Company is closed following the date on which the documents are delivered by the Clearing House on the original selling member's behalf, or (ii) twelve months from the date of presentation of the Share Transfer Form to the prescribed authority, whichever is later, and the buyer or any subsequent buyer gives intimation in writing to the original selling member as soon as it comes to his knowledge that the Company refuses to register the transfer on the ground that the documents are defective.
- (b) the buyer or any subsequent buyer gives intimation in writing to the original selling member at any time before (i) the date on which the Register of Members of the Company is closed following the date on which the documents are delivered by the Clearing House on the original selling member's behalf, or (ii) twelve months from the date of presentation of the Share Transfer Form to the prescribed authority, whichever is later and establishes to the satisfaction of the relevant authority that the documents are defective.

11.2.3 Subsequent selling member when liable

In respect of securities delivered in fulfillment of deals to which these Bye-Laws and Regulations apply, if the original selling member who is responsible for defective documents as provided in clause above fails to meet his liability any of the subsequent selling members acting as a broker who receives payment against delivery of such documents shall be personally responsible for them to the buyer to whom the same are delivered or any subsequent buyer provided one of the following two conditions is fulfilled namely:

- (a) the documents are lodged with the Company for registration on or before the twenty first day after the date on which the documents are delivered by the Clearing House on behalf of such subsequent selling member or should the Transfer Books of the Company be closed on such twenty first day the documents are lodged for registration on or before the second working day after the date on which the Transfer Books reopen and the buyer or any subsequent buyer gives intimation in writing to such subsequent selling member as soon as it comes to his knowledge that the Company refuses to register the transfer on the ground that the documents are defective; or
- (b) the buyer or any subsequent buyer gives intimation in writing to such subsequent selling member within twenty one days of the date on which the documents are delivered by such subsequent selling member or by the Clearing House on such subsequent selling member's behalf and establishes to the satisfaction of the relevant authority that the documents are defective.

11.3 Members when not liable

11.3.1 For Defective Documents

If the documents be not lodged within the prescribed period or if intimation in writing that the documents are defective be not given by the buyer to the original and subsequent selling members as provided in these Regulations then except in the case of fraud or bad faith on their part, such selling members shall not be personally liable for the defective documents either to the buying members or to the constituents of the buying members and the liability of such selling members to the buyers as also the liability of the buying members to their constituents shall cease in all respects.

11.3.2 For benefits

If the documents be not lodged at any time prior to the first record date of closure of the Transfer Books of the Company for the purpose of interest, dividend, bonus, rights or any other benefit accruing to the shareholders or for the purpose of Annual General Meeting of the Company by the buyer, the original selling member shall not be personally liable either to the buying members or to the constituents of the buying members for the interest, dividend, bonus, rights or other benefit declared by the Company and for the income-tax deduction certificates, if any, in respect of the interest, dividend or cash bonus or for the equivalent in cash of the

amount of income-tax, if any, deducted at source.

11.3.3 When deals cease to be ex dividend or ex cash bonus

On receipt of official intimation by the Exchange cancelling the declaration of a dividend or cash bonus all deals thereafter shall be entered into as if the security had not become ex dividend or ex cash bonus.

11.3.4 Deduction from cum dividend or cum cash bonus purchase price

In respect of a cum dividend or cum cash bonus transaction if the securities are delivered by the Clearing House less than five days before the record date or date of closure of the Transfer Books for the purpose of dividend or cash bonus the Exchange may debit the account of the seller to the extent of the dividend or cash bonus recommended or declared to which the buyer is entitled and correspondingly credit the buyer. When the dividend or cash bonus is not known the Exchange may provisionally deduct from the purchase price such other amount as the Executive Committee or delegated authority may fix and notify in that behalf.

11.3.5 Members responsible for adjustment in respect of cum dividend or cum cash bonus deals

If securities in respect of which the amount of dividend or cash bonus has been deducted from the cum dividend or cum cash bonus price by the Exchange are lodged for registration with the Company before the record date or date of closure of the Transfer Books of the Company for the purpose of dividend or cash bonus or if the actual dividend differs from the amount deducted from the cum dividend or cum cash bonus purchase price the dividend or cash bonus or the differences (as the case may be) shall be immediately adjusted between the buyer and the seller and the members shall be personally responsible between themselves and to their constituents for effecting such adjustment.

11.3.6 Claim within four months

All claims in respect of vouchers, coupons, interest, dividend, or cash bonus shall be made and adjusted as provided herein within four months from the date of payment of the interest, dividend or cash bonus and members shall not be personally responsible between themselves or to their constituents thereafter.

11.4 Cum rights or cum bonus purchase price

11.4.1 Deduction from cum rights or cum bonus purchase price

In the case of Cleared Securities in respect of a cum bonus or cum rights transaction when the securities are delivered to the buyer by the Clearing House less than five days before the record date or date of closure of the Transfer Books for the purpose of bonus issue or rights the Exchange may debit the account of the seller an amount equivalent to the proportionate value of the bonus issue or rights to which he is entitled or such other amount as the Executive Committee or delegated authority

may fix and notify in that behalf and retain the same as a deposit with the Clearing Bank.

11.4.2 Payment of deposit

The amount retained as a deposit with the Clearing Bank representing the balance due as provided above shall be paid to the seller when he delivers the bonus issue or rights at any time on or before the date fixed by the Executive Committee or delegated authority for the purpose.

11.4.3 Buying-in

If the seller fails to deliver the bonus issue or rights within the prescribed time the Exchange shall be entitled to buy-in against him in accordance with the Regulations relating to closing-out.

11.5 Letters of renunciation

Bonus issues and rights shall be settled by letters of renunciation when such letters are issued by the Company. When proper letters of renunciation are delivered or tendered to the buyer on or before the fifth day preceding the date fixed for the receipt of applications by the Company or before such other date as the Executive Committee or delegated authority may fix and notify in that behalf the seller shall be relieved of further liability in respect of such bonus issues or rights. A member shall not be bound to accept letters of renunciation not tendered within the prescribed time.

11.6 Non-delivery of letters of renunciation

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

11.7 Rights Entitlement

11.7.1 Application for rights

In respect of a cum rights transaction when the buyer is entitled to the new securities issued in respect of old the buyer shall unless otherwise ordered by the Executive Committee or delegated authority specially claim them in writing from the seller on or before the fifth day preceding the date fixed for the receipt of applications by the Company.

11.7.2 Seller's liability and duty

Notwithstanding what is contained in sub-clause above if the seller be in

possession of the new securities he shall be responsible for them to the buyer if claimed by the buyer on the date following the last day fixed for the receipt of applications by the Company. Should the seller not be in possession of new securities, he shall be bound to render every assistance to the buyer, in tracing them.

11.8 When no letters of renunciation

11.8.1 Payment in respect of rights

When letters of renunciation are not issued, all payments as and when required by the Company in respect of rights are to be advanced to the seller by the buyer.

11.8.2 Selling constituent trustee for the buying constituent

The amount in respect of rights shall be paid by the buyer to the seller in sufficient time for the amount to be paid to the Company and the buyer may demand a receipt for the same. In such cases members shall not be personally responsible and the selling constituent shall be deemed a trustee for the buying constituent in respect of such payments.

11.8.3 Buyer to bear transfer expenses

When letters of renunciation are not issued by the Company the expense of transferring the rights to the name of the buyer shall be borne by the buyer.

11.9 Rights and obligations of buyers and sellers

11.9.1 Member when liable for dividend or rights

In respect of cum dividend, cum cash bonus or cum rights deals members shall be personally responsible for the dividend, cash bonus, bonus issue or rights on the securities only when such securities are delivered to the buyer by the Clearing House less than five days before the record date or date of closure of the Transfer Books for the purpose of dividend, cash bonus, bonus issue or rights.

11.9.2 Rights and obligations of buying and selling constituents and transferors

Member shall not be liable between themselves or to their constituents for dividend, cash bonus, bonus issue or rights save as provided in sub-clause above but nothing contained therein shall affect the rights and obligations of the buying and selling constituents (which terms shall where the buying members and/or selling members have dealt on their own account as principals include such members) between themselves as principals or the liability of the transferors in respect of such dividend, cash bonus, bonus issue or rights.

11.10 Payments of calls by buying constituent

The buying constituent shall pay every call or contribution which becomes payable after delivery of the certificate and transfer. However he shall not be obliged to pay such call or contribution if the Company refuses to register the transfer on account of lien. In any other case if the buying constituent fails to make such payment and the selling constituent is compelled to pay the same the selling constituent shall be entitled to claim and recover the same from the buying constituent notwithstanding that the buying constituent applied to the Company to transfer the shares and that the Directors of the Company refused to transfer.

11.11 Member not liable for calls

Save as provided in these Regulations no trading member shall in respect of any deal made by him on behalf of a constituent and as trading member only be deemed personally liable or responsible in any way to any party for the payment of calls made by a Company.

11.12 Company in liquidation

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

11.13 Delivery of equivalent securities

In respect of a contract in securities which shall become or are exchangeable for new other securities under a scheme of reconstruction or reorganization the seller shall deliver to the buyer accordingly as the Executive Committee directs either the securities contracted for or the equivalent in securities and/or cash and/or other properly receivable under such scheme of reconstruction or reorganization.

CHAPTER 12

DOCUMENTS AND REGISTRATION

12.1 Documents when defective

For the purpose of these Regulations documents shall be deemed defective if there is a defect in their title, ownership, genuineness, regularity or validity or if they are under any lien on account of any debt or liability of the transferor or if they are subject to any attachment or injunction or other legal proceedings or order of Court or other statutory authority for which the seller may be held responsible and the defect shall be deemed to be removed when the title is cleared and/or the ownership, genuineness and validity of the documents established and/or the irregularity rectified and/or the documents released from lien, attachment, injunction or other legal proceedings or order of Court or other statutory authority.

12.2 When Member liable for defective securities

12.2.1 Original Selling Member

In respect of securities delivered in fulfillment of contracts to which the Bye-laws and Regulations of the Exchange apply the original selling member is the member who is the first to deliver defective document to the Clearing House on or after or less than five days before the record date or date of closure of the Transfer Books of the Company for the purpose of interest, dividend, bonus, rights or any other benefit accruing to the shareholders or for the purpose of the Annual General Meeting of the Company.

12.2.2 Original Selling Member when liable

In respect of securities delivered in fulfillment of contracts to which the Bye-laws and Regulations of the Exchange apply the original selling member who receives payment against delivery of defective documents shall be personally responsible for them to the buyer to whom the same are delivered or any subsequent buyer provided one of the following conditions is fulfilled namely :

- (a) the documents are lodged with the Company for registration at any time prior to the first record date or date of closure of the Transfer Books of the Company (for the same purpose as aforesaid) subsequent to the fourth day following the date on which the documents are delivered by the Clearing House on the original selling member's behalf and the buyer or any subsequent buyers gives intimation in writing to the original selling member as soon as it comes to his knowledge that the Company refuses to register the transfer on the ground that the documents are defective; or
- (b) the documents are lodged with the Company for registration on or before the twenty first day after the date on which the documents are delivered by the Clearing House on the original selling member's behalf or should the Transfer Books of the Company be closed on such twenty first day the

- documents are lodged for registration on or before the second working day after the date on which the Transfer Books reopen and the buyer or any subsequent buyer gives intimation in writing to the original selling member as soon as it comes to his knowledge that the Company refuses to register the transfer on the ground that the documents are defective; or
- (c) the buyer or any subsequent buyer gives intimation in writing to the original selling member at any time prior to the first record date or date of closure of the Transfer Books of the Company (for the same purpose as aforesaid) subsequent to the fourth day following the date on which the documents are delivered by the Clearing House on the original selling member's behalf or at any time within twenty one days of the date on which the documents are so delivered whichever of the two periods is longer and establishes to the satisfaction of the relevant authority that the documents are defective.

12.2.3 Subsequent selling member when liable

In respect of securities delivered in fulfillment of contracts to which these Bye-laws and Regulations of the Exchange apply, if the original selling member who is responsible for defective documents as provided in clause above fails to meet his liability, any of the subsequent selling members acting as a broker who receives payment against delivery of such documents shall be personally responsible for them to the buyer to whom the same are delivered or any subsequent buyer provided one of the following two conditions is fulfilled namely :

- (a) the documents are lodged with the Company for registration on or before the twenty first day after the date on which the documents are delivered by the Clearing House on behalf of such subsequent selling member or should the Transfer Books of the Company be closed on such twenty first day the documents are lodged for registration on or before the second working day after the date on which the Transfer Books reopen and the buyer or any subsequent buyer gives intimation in writing to such subsequent selling member as soon as it comes to his knowledge that the Company refuses to register the transfer on the ground that the documents are defective; or
- (b) the buyer or any subsequent buyer gives intimation in writing to such subsequent selling member within twenty one days of the date on which the documents are delivered by such subsequent selling member or by the Clearing House on such subsequent selling member's behalf and establishes to the satisfaction of the relevant authority that the documents are defective.

12.3 Members when not liable

If the documents be not lodged within the prescribed period or if intimation in writing that the documents are defective be not given by the buyer to the original and subsequent selling members as provided in these Regulations then except in the case of fraud or bad faith on their part such selling members shall not be personally liable for the defective documents either to the buying members or to the constituents of the buying members and the liability of such selling members to the buyers as also the liability of the buying members to their constituents shall cease in

all respects.

12.4 Liability in event of unforeseen circumstances

In circumstances not specially covered by the Bye-law and Regulations of the Exchange, the Executive Committee may determine the liability of the parties on equitable considerations.

12.5 Rights and liabilities of buying and selling constituents

Nothing contained in these Regulations shall affect the rights and obligations of the buying and selling constituents (which terms shall when the buying members and/or selling members have dealt on their own account as principals include such members) between themselves as principals in any action at law or in any other proceedings and the buying and selling members shall be bound to render every assistance to the buying constituents in any action at law or other proceedings they may take against the selling constituents who receive payment against delivery of the defective document.

12.6 Liability of selling constituents to selling members

The selling constituents who receive payment against delivery of defective documents shall be liable for the same in all respects and when selling members are personally responsible for such documents under the provisions of these Regulations they shall be fully indemnified by such constituents as agents acting on behalf of principals.

12.7 Rectification or replacement of defective documents

12.7.1 Period for Rectification or Replacement

The selling member responsible for the defective documents shall within fifteen days from the date of the intimation of the objection remove the defect or in the alternative deliver to the Clearing House other regular, genuine, and valid documents in their place.

Provided however that the Executive Committee in its discretion and subject to such conditions as it deems fit to impose may from time to time enlarge the aforesaid period of fifteen days in special circumstances and in particular it may so do in the manner following that is,

- (a) when the documents are suspected or alleged to be forged or reported or alleged to be stolen or have passed into police custody for purposes of investigation the time may be enlarged till the fact that the documents are forged or stolen property is conclusively established to the satisfaction of the Executive Committee or proved in a Court of Law;
- (b) when an attachment, injunction or similar other order of Court or other statutory authority has been served on the issuer of the security restraining it from transferring the documents the time may be enlarged till an

application for setting aside such order has been finally rejected by the proper authority or when the security is by pursuant to some special law ostensibly placed under any disability not applicable to all other securities of the same issue and the documents are not transferred on the ground of such ostensible disability or when the issuer of the security or the agent of such issuer of the security declines for any reason peculiar to that security as compared with other securities of the same issue to transfer the documents the time may be enlarged till the legal point has been decided by the proper authority.

In such and similar cases when the time is enlarged the selling member shall be bound to comply with such conditions as the Executive Committee may impose and shall also place such amount (if any) in deposit with the Exchange as the Executive Committee on the application of the buyer or of its own accord directs.

12.7.2 Refund of monies

If the selling member responsible for the defective documents fails to remove the defect or in the alternative to deliver to the Clearing House (or buyer as the case may be) other regular, genuine and valid documents in their place as provided above the Exchange shall be entitled to debit from the selling member the value of the defective documents at the closing price of that day or at such price as the Executive Committee or delegated authority may decide from time to time and credit the same to the receiving member.

12.7.3 Documents to be returned and power of attorney to be executed on refund

When claiming the refund the buyer shall return to the selling member the defective documents if they have not been impounded and shall procure for the selling member and at the selling member's expense an irrevocable power of attorney executed by the transferee in favour of the selling member or his nominee entitling the selling member or his nominee to institute any suit or legal proceedings on behalf and in the name of the transferee and to litigate the dispute and to have the objection to the title of documents cleared and to obtain the return of the documents in question if they have not been already returned to him and also to sign and execute all transfer deeds and other writings and do all such other acts and things as may be necessary for effectually transferring the documents to the selling member or his nominee if they be subsequently registered by the issuer of the security in the name of the transferee.

12.7.4 Rectification or replacement after refund

A refund of monies relating to defective documents shall not operate as cancellation of the contract. The selling member shall within fifteen days from the date of such debit or within such further time as the Executive Committee or delegated authority may from time to time allow either remove the defect or in alternative deliver to the Clearing house (or buyer as the case may be) other regular, genuine or such rectified or substitute documents in fulfillment of the original contract and the Exchange

shall be entitled to debit the buying member the monies refunded and credit the selling member by the same.

12.8 Responsibility of selling member for dividend, bonus and rights

If the selling member fails to rectify or replace the defective documents and deliver them to the buyer through the Clearing House at least five days before the record date or date of closure of the Transfer Books of the Company for the purpose of interest, dividend, bonus, rights or any other benefit accruing to the shareholders of the company the selling member shall be responsible to the buyer for the interest, dividend, bonus, rights or other benefits declared by the Company and for the income-tax deduction certificates, if any, in respect of the interest, dividend or cash bonus or for the equivalent in cash of the amount of income-tax if any deducted at source. The selling member shall also be responsible to the buyer for the extra expense of transfer if any.

12.9 Buying-in

If the selling member fails to make refund of monies or to remove the defect or replace the defective documents within the prescribed period the Exchange shall be entitled to buy-in the securities against him in accordance with the Regulations relating to closing-out.

12.10 Apportionment of loss and damages

If the selling member responsible for the defective documents fails to refund the monies and/or to hand over the interest, dividend, bonus, rights or other benefit declared by the Company and the income-tax deduction certificate if any or the equivalent in cash of amount of income-tax if any deducted at source and/or to pay the damages if any arising from buying-in as provided in these Regulations he shall be liable to be declared a defaulter. In the event of the defective documents having passed through the Clearing House, the Clearing House shall assess such loss and damages pro-rata against the original contracting parties with whom such defaulter had outstanding sale transactions in such securities as shown in his Clearing Forms. Each such party shall pay the amount of loss and damages to the buyer through the Clearing Bank on receipt of notice of the amount of such assessment. If a contracting party fails to pay his share of the pro-rata loss and damages he shall be declared a defaulter and thereupon the procedure to be followed shall be the same as if he were the selling member who has been declared a defaulter. This procedure shall be repeated as many times as may be necessary in relation to each succeeding party in interest until the loss and damages are fully recovered.

12.11 Sale not conditional on transfer

A sale of securities is not conditional on the Company transferring the securities to the name of the buyer. On the sale of securities the only obligation on the seller is to tender documents that are not defective and he shall not be deemed to guarantee that the Company will transfer the securities to the name of the buyer nor shall he incur liability by reason of the refusal of the Company to do so.

12.12 Fresh Transfer on refusal of company

When a Company objects to a transferee and refuses to register a transfer on the ground of such objection the transferor shall, on request and on the original transfer being presented to him for cancellation of his signature, sign a fresh transfer.

12.13 Dispute after registration

When a transfer has been accepted by the Company and the certificate or an official receipt in the form of a Transfer Receipt or Transmission Receipt or such other receipt in favour of the transferee has been issued by the Company neither the buying member nor the selling member shall be personally responsible to the buying constituent or the transferee for any subsequent dispute as to the title, ownership, genuineness, regularity and validity of the documents unless bad faith or fraud be proved against such member. But nothing herein contained shall affect the liability of the transferor or of the selling constituent who has received payment against delivery of securities in any action at law or in any other proceedings. The provisions herein shall apply only to the rights and obligations of members.

CHAPTER 13

CLEARING BANK

13.1 Exchange to Regulate

The relevant authority shall specify from time to time the processes, procedures, and operations that every Clearing member shall be required to follow for the participation, functioning and operations of the Clearing Banks. The Regulations relating to the Clearing Banks shall be deemed to form a part of any settlement process so provided.

13.2 Functions of Clearing Bank

The Exchange shall appoint one or more Clearing Banks which shall act as an agent for funds settlement, for the collection of margin money for all deals entered into through the Exchange and any other funds movement between clearing members and the Exchange and between member to member as may be directed by the Executive Committee from time to time.

13.3 Members to have account with the Clearing Bank

Every Trading Member of the Exchange shall have a clearing account with designated Clearing Bank branch. Members shall operate the clearing account only for the purpose of settlement of deals entered through the Exchange, for the payment of margin money and for any other purpose as may be specified by the Executive Committee from time to time. The member shall not operate the clearing account for any other purpose.

13.4 Clearing Bank to act as per the instructions of the Exchange

The Exchange shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement between the members. The Clearing Bank shall act as per the instructions received from the Exchange for the funds movement. Instructions of the Exchange as to debits and credits to a member's accounts shall be deemed to be irrevocable and confirmed orders by a Clearing Member to debit his account and/or credit his account, funds as specified in the instruction.

13.5 Clearing Bank to inform exchange of default in funds settlement

If there is any funds default arising out of the instructions received from the Exchange, the Clearing Bank shall inform the Exchange immediately.

13.6 Members to authorise the Clearing Bank to act as per the instructions received from the Exchange

Members shall authorise the Clearing Bank to access their clearing account for debiting and crediting their accounts as per the instructions received from the Exchange.

13.7 Clearing Account(s) of Exchange in the Clearing Bank

Unless otherwise prescribed in respect of any deals as may be specified by the relevant authority, no clearing member or any person claiming through him shall have or be deemed to have any right, title or interest in any monies in the Clearing Account or other account/(s), as the relevant authority may from time to time prescribe, of the Exchange with the Clearing Bank.

The relevant authority may specify from time to time the deals in respect of which all sums of monies paid into the Clearing Account or other account/(s), as the relevant authority may from time to time prescribe, of the Exchange on account of any Clearing members entitled thereto, shall be held by the Exchange as agents and in trust for such clearing member. In such cases, the making of such payment or credit entry shall be deemed and taken to be a payment or credit to such clearing member.

CHAPTER 14

DEPOSITORY CLEARING SYSTEM

14.1 Exchange to Regulate

The relevant authority shall prescribe the process from time to time for the functioning and operations of the Depository Clearing System and to regulate the functioning and operations of the Depository Clearing System for the settlement of depository deals.

The relevant authority shall specify from time to time the processes, procedures, and operations that every Clearing member shall be required to follow for the participation, functioning and operations of the Depository Clearing System.

The Regulations relating to the Depository Clearing System shall be deemed to form a part of any settlement process so provided.

14.2 Clearance by members only

Clearing members only shall be entitled to clear and settle deals through the Depository Clearing System.

14.3 Functions of Depository Clearing System

14.3.1 Depository

The Exchange shall specify one or more depository(ies) through which depository delivery shall be effected and which shall act as agents for settlement of depository deals, for the collection of margins by way of securities for all deals entered into through the Exchange, for any other securities movement and transfer in a depository(ies) between Clearing members and the Exchange and between clearing member to clearing member as may be directed by the relevant authority from time to time and for any other purpose as the relevant authority may specify from time to time.

14.3.2 Depository Participants

The Exchange may specify depository participants with whom clearing members shall be required to open and operate accounts for settlement of depository deals, for the collection of margins by way of securities for all deals entered into through the Exchange and for any other securities movement and transfer in a depository(ies) between clearing members and the Exchange and between clearing member to clearing member as may be directed by the relevant authority from time to time and for any other purpose as the relevant authority may specify from time to time.

14.3.3 Clearing and other Accounts

The Exchange shall specify from time to time clearing and other accounts which clearing members shall be required to open and operate with depository(ies) and depository participants subject to such conditions as the relevant authority may prescribe from time to time.

14.4 Specified Depository

The following depositories are specified as Specified Depository.

- i. National Securities Depository Limited which depository is hereinafter referred to as NSDL for the purposes of these Regulations.
- ii. Central Depository Services (India) Limited which depository is hereinafter referred to as CDSL for the purposes of these Regulations.

Specified Depository for the purpose of these Regulations shall also include such other Depository registered by SEBI as may be prescribed by the relevant authority from time to time.

14.5 Clearing Members to have account with a Depository Participant

Every clearing member shall have a clearing account with any of the Depository Participants of specified depositories. Clearing members shall operate the clearing account only for the purpose of settlement of depository deals entered through the Exchange, for the collection of margins by way of securities for deals entered into through the Exchange and for any other purpose as the relevant authority may specify from time to time. The clearing member shall not operate the clearing account for any other purpose.

14.6 Specified Depository to act as per the instructions of the Exchange

The Exchange shall instruct the Specified Depository as to the debits and credits to be carried out for the settlement of depository deals between clearing members. The Specified Depository shall act as per the instructions received from the Exchange for effecting account transfers in respect of settlement of depository deals. Instructions of the Exchange as to debits and credits to a clearing member's accounts shall be deemed to be irrevocable and confirmed orders by a clearing member to debit his account and/or credit his account as specified in the instruction.

14.7 Release of Intermediaries

If a clearing member delivers securities outside the Depository Clearing System except when so provided in these Regulations or so directed by the relevant authority, making and accepting such delivery shall release all intermediate parties from all liabilities. The deliverer shall alone remain responsible to the receiver.

14.8 Authority to Pledge

The relevant authority shall have the right to borrow money against and pledge all

or any part of the securities held by the Exchange for the account of any member who fails to pay all or part of funds due to the Exchange.

14.9 Selling-Out

The securities not taken up and paid for shall be sold-out by the Exchange in accordance with these Regulations and Byelaws of the Exchange relating to closing-out.

14.10 Members to authorise Depository Participants

Clearing members shall authorise the specified depositories and depository participants with whom they have a clearing account to access their clearing account for debiting and crediting their accounts as per instructions received from the Exchange and to report balances and other credit information to the Exchange.

14.11 Clearing Account(s) of Exchange with the Specified Depository

Unless otherwise prescribed in respect of any deals as may be specified by the relevant authority, no clearing member or any person claiming through him shall have or be deemed to have any right, title or interest in any securities in the Clearing Account or other account/(s), as the relevant authority may from time to time prescribe, of the Exchange with the Specified Depository.

The relevant authority may specify from time to time the deals in respect of which all securities deposited into the Clearing Account or other account/(s), as the relevant authority may from time to time prescribe, of the Exchange on account of any clearing member entitled thereto, shall be held by the Exchange as agents and in trust for such clearing member. In such cases, transfer of accounts of securities through depositories shall be deemed and taken to be a transfer of accounts of securities to such clearing member.

14.12 Notices and Directions

All clearing members shall comply with the instructions, resolutions, orders, notices, directions and decisions of the relevant authority in all matters connected with the operations of the Depository Clearing System.

14.13 Clearing Member Id and Clearing Forms

A clearing member shall be allotted an identification number hereinafter referred to as "CM Id" which must appear on all forms used by the clearing member connected with the operations of the Depository Clearing System.

14.14 Exchange to deliver Securities at discretion

The Exchange is entitled at its discretion to deliver through the depository clearing system securities received from a clearing member under these Regulations to another clearing member who is entitled under these Regulations to receive

delivery of securities of a like kind or to instruct a clearing member to give direct delivery of securities which he has to deliver through the depository system.

14.15 Charges for Clearing

The relevant authority shall from time to time prescribe the scale of clearing charges for the clearance and settlement of transactions through the Depository Clearing System.

14.16 Exchange bills

The Exchange shall periodically render bills for the charges, fees, fines and other dues payable by clearing members to the Depository System which would also include the charges, fines and other dues payable on account of the business cleared and settled through the Depository Clearing System and debit the amount payable by such members to their accounts. All such bills shall be paid within a week of the date on which they are rendered.

14.17 Liability of the exchange

The Exchange shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any security, transfer deed or any other document passing through the Depository Clearing System and the only obligation of the Exchange in this matter shall be to facilitate the delivery and payment in respect of securities between clearing members.

No liability shall attach either to the Exchange or to the relevant authority or any member of the relevant authority by reason of anything done or omitted to be done by the Depository Clearing System in the course of its operations.

CHAPTER 15

CLEARING HOUSE

15.1 Regulation of Clearing house

The relevant authority shall prescribe the process from time to time for the functioning and operations of the Clearing House and to regulate the functioning and operations of the Clearing House for the settlement of non depository deals. The Regulations relating to the Clearing House shall be deemed to form a part of any settlement process so provided.

15.2 Functions of Clearing house

15.2.1 Exchange to maintain Clearing house

The Exchange shall maintain a Clearing House which shall function as per the instructions and supervision of the Executive Committee or such other relevant authority as may be specified from time to time. The Clearing House shall act as the common agent of the members for clearing contracts between members and for delivering securities to and receiving securities from members in connection with any of the contracts and to do all things necessary or proper for carrying out the foregoing purposes.

15.2.2 Clearing House to deliver Securities at discretion

Subject to the above, the Clearing House is entitled at its discretion to deliver securities which it has received from a member under these Regulations to another member who is entitled under these Regulations to receive delivery of securities of a like kind or to instruct a member to give direct delivery of securities which he has to deliver.

15.3 Release of Intermediaries

If a member delivers securities outside the Clearing House except when so provided in these Regulations or so directed by the Executive Committee, making and accepting such delivery shall release all intermediate parties from all liabilities. The deliverer shall alone remain responsible to the receiver.

15.4 Authority to Pledge

The Executive Committee shall have the right to borrow money against and pledge all or any part of the securities held by the Clearing House for the account of any member who fails to pay all or part of funds to be paid on the pay-in day.

15.5 Selling-Out

The securities not taken up and paid for shall be sold-out by the Exchange in accordance with these Regulations and Byelaws of the Exchange relating to

closing-out.

15.6 No lien on Constituent's Securities

When a member is declared a defaulter, neither the Exchange nor the creditors of the defaulter shall be entitled to any lien on the securities delivered by him to the Clearing House on account of his constituents. A constituent shall, on offering proof considered satisfactory by the Executive Committee or the relevant authority that such securities were so delivered on his behalf, shall be entitled to receive from the Clearing House accordingly as the Executive Committee or delegated 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.

15.7 Clearing Assistants for the Clearing House

A Clearing Member may nominate two or more Clearing Assistants as may be specified by the Executive Committee or delegated authority from time to time, who shall be competent to sign on behalf of such member all clearing forms, vouchers, claim notes, receipts and other documents and transact on his behalf all such business as is necessary to be transacted in all matters connected with the operations of the Clearing House. Each Clearing Assistant shall be issued an Identity Card which shall be displayed by him on his person during his presence at the Clearing House premises.

15.8 Attendance at Clearing House

A Clearing Member who has to give or take delivery of securities, transfer deed or any other documents or to make or accept payments shall either attend personally in the Clearing House or be represented by his Clearing Assistant at the proper time and no member shall be entitled to demand delivery of securities, transfer deeds or any other documents outside the Clearing House unless other-wise permitted by the Executive Committee or delegated authority.

15.9 Clearing Code and Clearing Forms

A member shall be allotted a Clearing Code which must appear on all forms used by the member connected with the operation of the Clearing House.

The Clearing Forms and Formats to be used by the members shall be as prescribed by the Clearing House and unless otherwise permitted no other form or format shall be used.

15.10 Signing of Clearing Forms

All Clearing Forms shall be signed by the member or his Clearing Assistant.

15.11 Specimen Signatures

A member shall file with the Clearing House specimens of his own signature and of

the signatures of his Clearing Assistants. The specimen signature card shall be signed by the member and his Authorised Representative in the presence of an officer of the Exchange or of the Clearing House.

15.12 Comparison with Specimen signatures when necessary

When handing over securities the Clearing House shall compare the signature appearing on the acknowledgment receipt with the specimen signature in its possession. In the case of any other Clearing Forms the Clearing House may make such comparison in its entire discretion but it shall be under no obligation to do so nor shall it in any manner incur any liability by reason of having done or omitted to do so.

15.13 Clearing House Split and Balance Receipts

The Clearing House Split and Balance Receipts shall be in the form prescribed in the relevant Regulation or in such other form or forms as the Executive Committee may from time to time prescribe in addition thereto or in modification or substitution thereof.

CHAPTER 16

PROVISIONS REGARDING MEMBERS OF THE CLEARING HOUSE

16.1 Clearance by Members only

Clearing Members only shall be entitled to clear and settle contracts through the Clearing House.

16.2 Delivery and payment through Custodians and Clearing Member Banks

The Clearing House shall maintain a register of Custodians, Banks, Trust Companies and other firms approved by the Executive Committee which may act for members and their constituents in giving and taking delivery of securities, transfer deeds and any other documents and in making and accepting payment for the same in the manner prescribed in these Regulations herein after called Custodians and Clearing Member Banks/Institutions.

16.3 Custodians and Clearing Member Banks/Institutions to observe Bye-laws and Regulations

Custodians and Clearing Member Banks/Institutions must agree to abide by the Bye-laws and Regulations relating to delivery, payment and the clearing and settlement of transactions through or as directed by the Clearing House and the resolutions, orders, notices, directions and decisions of the Executive Committee or the Chairman thereunder.

16.4 Trading Members responsibility

Without prejudice to the obligations of the Custodians and Clearing Member Banks/Institutions hereunder, the registration and approval of Custodians and Clearing Member Banks/Institutions as Clearing Members, shall not in any way affect the jurisdiction of the Exchange on the concerned trading member in respect of the trade(s) and/or contract(s) effected by him for or on account of his constituent who settle trades through such Custodians and Clearing Member Banks/Institutions and such trading member shall continue to remain responsible, accountable and liable to the Exchange in this behalf.

16.5 Inclusion in or removal from Approved List

The Executive Committee may at its sole discretion from time to time add names to the list of Custodians and Clearing Member Banks and remove names there from.

16.6 Notices and Directions

All Clearing Members shall comply with the instructions, resolutions, orders, notices, directions and decisions of the Executive Committee in all matters connected with the operations of the Clearing House.

16.7 Charges for Clearing

The Executive Committee shall from time to time prescribe the scale of clearing charges for the clearance and settlement of transactions through the Clearing House.

16.8 Clearing House Bills

The Clearing House shall periodically render bills for the charges, fees, fines and other dues payable by members to the Exchange which would also include the charges for the use of the property as well as the charges, fines and other dues payable on account of the business cleared and settled through the Clearing House and debit the amount payable by members to their accounts. All such bills shall be paid within a week of the date on which they are rendered.

16.9 Liability of the Clearing House

The Clearing House shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any security, transfer deed or any other document passing through the Clearing House and the only obligation of the Clearing House in this matter shall be to facilitate the delivery and payment in respect of securities, transfer deed and any other documents between members.

16.10 Liability of the Exchange

No liability shall attach either to the Exchange or to the Executive Committee or any member of the Executive Committee by reason of anything done or omitted to be done by the Clearing House in the course of its operations nor shall the Exchange or the Executive Committee or any member of the Executive Committee be liable to answer in any way for the title, ownership, genuineness, regularity or validity of any securities, transfer deeds or any other documents passing through the Clearing House nor shall any liability attach to the Exchange, the Executive Committee or any Member of the Executive Committee in any way in respect of such securities, transfer deeds and any other documents.

CHAPTER 17

PROVISIONS RELATING TO SUB-DIVISION, SPLIT RECEIPTS AND CERTIFIED TRANSFER DEEDS

In respect of securities so specifically designated by the Executive Committee the Clearing House may act for its members in procuring subdivided certificates or provisional documents or split receipts or certified transfer deeds and may in such cases also issue its own Split Receipts and where the company agrees to certify the transfer deeds.

17.1 Sub-Division

When the delivering member has a certificate or a provisional document of a larger denomination than the amount of securities to be delivered or only one certificate representing securities conveyed by two or more transfer deeds the certificates or provisional documents may be deposited with the Clearing House. Thereupon the Clearing House shall at the depositor's risk forward them to the office of the Company and either certify the transfer deeds to that effect or procure the subdivided certificates or provisional documents or split receipts or certified transfer deeds from the Company.

17.2 Clearing House Split Receipts

In respect of securities so specifically designated the Clearing House may on a member depositing a certificate or provisional document of larger denomination issue its own Clearing House Split Receipts prescribed in the Regulation relating to Clearing and other Forms or such other form or forms as the Executive Committee may from time to time prescribe in addition thereto or in modification or substitution thereof.

17.3 Title to Clearing House Split Receipts

Title to the Clearing House Split Receipts is transferable with the same effect as in the case of original certificates or provisional documents.

17.4 Exchange of Clearing House Split Receipts

The Clearing House shall deliver the new certificates or provisional documents or split receipt or certified transfer deeds issued by the Company on presentation and surrender of the Clearing House Split Receipts duly discharged by the members to whom they have been issued.

17.5 Procedure to be prescribed by the Executive Committee

The Executive Committee shall from time to time prescribe the fees to be paid and the procedure to be followed for sub-division of documents, certification of transfer deeds and issue of Clearing House Split Receipts.

17.6 No Responsibility in regard to Sub-division and Certification

The Exchange, the Executive Committee, the Clearing House and their officials shall not be liable or responsible for the due or accurate performance of any duties in connection with the issue of split receipts or certification of transfers nor for the verification of documents presented to them for sub-division or certification nor for any duties in connection with the transmission of certificates or other documents to the Company nor for any loss arising from the certification of forged transfers or from issue of Clearing House Split Receipts or certification of transfers against forged certificates or forged documents nor for the execution, mis-execution or non-execution of the duties in question.

CHAPTER 18

CLEARING AND OTHER FORMS

18.1 Clearing forms, special returns and other forms

The clearing forms, special returns and other forms referred to in these Bye Laws and Regulations and not separately prescribed shall be in such other form or forms as the relevant authority may from time to time prescribe in addition thereto or in modification or substitution thereof.

18.2 Clearing number and clearing forms

A clearing member shall be allotted a Clearing Number which must appear on all forms used by the clearing member connected with the operation of the Exchange.

The Clearing Forms and Formats to be used by the clearing members shall be as prescribed by the Clearing House and Depository Clearing System and unless otherwise permitted, no other form or format shall be used.

18.3 Signing of clearing forms

All Clearing Forms shall be signed by the clearing member or his clearing assistant.

18.4 False or misleading statements

The relevant authority may fine, suspend or expel a clearing member who makes any false or misleading statement in the Clearing Forms required to be submitted under these Regulations or any resolutions, orders, notices, directions and decisions of the relevant authority thereunder.
