

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

Regd. Office: 501, 5th Floor, Vibgyor Towers, Plot No. C-62, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai – 400098.

The proposed amendments to the Rules and Byelaws of Metropolitan Stock Exchange of India Limited are given hereunder and are published for criticism. Any person having any observations on the proposed amendments to the Rules and Byelaws can send the same to the undersigned at the registered address or through email at mseilegal@msei.in within fifteen days from the date of the publication of the Index of Amendments to Rules and Byelaws of Metropolitan Stock Exchange of India Limited in the Central Gazette and Maharashtra State Gazette. The observations received after the fifteen days, will not be considered when the amendment is taken for consideration.

Subject to SEBI's approval, it is proposed to make the following amendments in the Rules and Byelaws of the Exchange.

Index of Amendments to Rules and Byelaws of Metropolitan Stock Exchange of India Limited has already been published in the Central Gazette and Maharashtra State Gazette. The following document is for reference purpose only.

BYE-LAWS

- 1) The word, “MSEI” wherever appearing in the Byelaws shall be replaced with “MSE”.

CHAPTER- I -DEFINITIONS

- 2) **Byelaw 4** of the Chapter I pertaining to the definition of Executive Committee shall be deleted.
- 3) **Byelaw 11** of Chapter I shall be amended as under:-

Quote

11)"Relevant Authority" means the Board, Securities and Exchange Board of India or such other authority/ Relevant Committee as specified by the Board from time to time as relevant for a specified purpose.

Unquote

- 4) **Byelaw 15** of the Chapter I pertaining to the definition of securities shall be amended as under:-

Quote

(15) "Security(ies)" shall have the meaning assigned to it in the Securities Contracts (Regulation) Act, 1956 (as amended from time to time) and shall also include such other class of monetary transactions or instruments, scripless or otherwise, as may be admitted to dealings on Stock Exchange.

Unquote

CHAPTER II -TRADING SEGMENTS

- 5) **Byelaw 6** of Chapter II shall be amended as under

Quote

Currency Derivatives Trading Segment

(6) Derivatives contracts based on currency or any other underlying approved by SEBI may be admitted to dealings on the Currency Derivatives Segment.

Unquote

- 6) Following new **Byelaw 6A(v)** shall be inserted after **Byelaw 6A(iv)** of Chapter II

Quote

6A(v) Such other debt securities as may be specified by the Relevant Authority from time to time with prior approval of SEBI.

Unquote

- 7) Following new **Byelaw 6B** shall be inserted after Byelaw 6(A) of Chapter II

Quote

6B) SME Trading Segment

The specified securities issued by the Small & Medium Enterprises in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 may be admitted to the dealings on the SME Trading segment.

Unquote

8) The whole **Chapter III** pertaining to the Executive Committee shall be deleted

CHAPTER V-DEALINGS IN SECURITIES

9) **Byelaw 2(b)** of the Chapter V shall be amended as under:-

Quote

(2) (b) Admission of securities to listing on the Stock Exchange shall be in accordance with provisions prescribed in these Bye Laws and Regulations in that behalf and the applicable SEBI regulations and the amendments / clarifications issued from time to time.

Unquote

10) **Byelaw 8** of Chapter V shall be amended as under:-

Quote

Fees

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

(b) Every Issuers shall comply with the conditions of the listing agreement as prescribed by Exchange and/ or SEBI from time to time and shall be liable to pay such fine(s) as may be prescribed by the Exchange and/ or SEBI from time to time for non-compliance of provisions of the listing agreement or any of the SEBI Regulations dealing with listing as may be applicable to Issuers listed on Exchange.

Unquote

11) **Byelaw 13** of the Chapter V shall be amended as under:-

Quote

Suspension of Admission to Dealings on the Stock Exchange

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

(b) The manner of suspension and revocation of suspension of admission to dealings on the Exchange shall be in accordance with standard operating procedure prescribed by Exchange and/ or SEBI from time to time.

Unquote

CHAPTER VI-TRADING MEMBERS

12) Following new Byelaw 1(f) shall be inserted after Bylaw 1(e) of Chapter VI

Quote

(1)(f)

Any bank included in the Second Schedule of the Reserve Bank of India Act, 1934, and specifically authorized by Reserve Bank of India for this purpose:

- (i) is eligible to become a Trading Member of the Currency Derivatives Segment of the Exchange, on the recommendation of the Relevant Authority.
- (ii) such bank can act as a Trading Member for its proprietary dealings, to act on its own account, in the Currency Derivatives Segment of the Exchange.
- (iii) such bank can also act as a Trading Member for its clients or constituents in the Currency Derivatives Segment of the Exchange.
- (iv) such bank shall also abide by the circulars and directions issued by RBI and SEBI in respect of dealings of such bank on the Exchange besides Rules, Byelaws and Regulations of the Exchange.

Unquote

13) **Byelaw 2(h)** of Chapter VI shall be amended as under:-

Quote

Conditions

- (2)(h) Trading members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange into or in regard to any trades, dealings, their settlement, accounting, manner of maintenance of the Trading Members records through a process of system audit, the Members IT infrastructure and trading systems as may be prescribed and/ or directed by SEBI from time to time and/or other related matters as may be determined by the Exchange.

Unquote

14) Byelaw 2(i) of Chapter VI shall be amended as under:-

Quote

2(i) A Trading Member shall not allow operation of its trading terminal at any office other than its registered office, branch offices and the offices of its registered Authorised Person.

Unquote

Chapter VIII- Dealings By Trading Members

15) Byelaw 5(a) of Chapter VIII shall be amended as under:-

Quote

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

Unquote

Chapter IX- Trading Systems and Market Makers

16) Byelaw 2(d)(i) of chapter IX shall be amended as under:-

Quote

2 (d) A registered market maker in any Security must:

(i) undertake to make bid and offer quotations in the trading system with respect to that security and to effect transactions in a minimum quantity of such other number of securities as may be prescribed from time to time at its quoted price per business day;

Unquote

CHAPTER X–MARGINS

17) **Byelaw 1(1)** of Chapter X shall be amended as under:-

Quote

1. Margin Requirements

- (1) The relevant authority may from time to time prescribe requirements of margins including collection of margins (including VaR margins) on an upfront basis for deals cleared and settled through the Clearing House/Clearing Corporation and the Trading Members shall furnish such margin as a condition precedent from such date as may be specified by the Stock Exchange

Unquote

CHAPTER XII -CLEARING AND SETTLEMENT OF DEALS

18) **Chapter XII** pertaining to Clearing and Settlement of Deals shall be deleted

CHAPTER XIII-RIGHTS AND LIABILITIES OF TRADING MEMBERS AND CONSTITUENTS

19) **New Byelaw 12** shall be inserted after Byelaw 11 in the Chapter XIII as under:-

Quote

- (12) The Relevant Authority shall constitute a Relevant Committee to supervise the working of the Investor Services Cell of the Exchange and in suitable cases attend to grievances of the Investors personally. The composition of Relevant Committee shall be such as may be prescribed by SEBI.

Unquote

CHAPTER XIII-A INVESTOR GRIEVANCE REDRESSAL MECHANISM

20) The words/phrases, “IGRC” or “Investor Grievance Redressal Committee” shall be replaced by the word, “Relevant Committee” wherever appearing in the byelaw.

21) Byelaw 1(a) of Chapter XIII-A shall be amended as under;

Quote

1(a) 'Committee Member' shall mean a member of the Relevant Committee.

Unquote

22) Byelaw 1(b) of Chapter XIII-A shall be amended as under;

Quote

(b) 'Investor' or 'constituent' or 'complainant' shall mean a person who has traded on the Exchange and is constituent of a Member.

Unquote

23) Byelaw 1(c) of Chapter XIII-A shall be amended as under;

Quote

1(c) 'Relevant Committee' shall mean Committee constituted by the Board or the Relevant Authority for the purposes of redressal of investor grievances.

Unquote

24) New Byelaw 1(f) shall be inserted after byelaw 1(e) in Chapter XIII-A;

Quote

1(f) 'Admissible claim value' shall mean the claim value admissible to the Constituent as ascertained by the Relevant Committee or Panel and recorded in the directions or order.

Unquote

25) Byelaw 3 of Chapter XIII-A shall be amended as under:-

Quote

3) Places of RISC

(1) The Relevant Authority may specify the different centers of RISC and the same shall be communicated from time to time.

- (2) The premises/location where meetings of Relevant Committee shall take place shall be such place as may be specified by the Exchange from time to time and intimated to the parties to the dispute accordingly.

Unquote

- 26) Byelaw 7** of Chapter XIII-A shall be amended as under:-

Quote

7) Implementation of Decision or Direction of the Relevant Committee

The Relevant Authority may from time to time specify the procedure and method for implementation of the decision/ order with respect to admissible claim or direction of the Relevant Committee.

Unquote

- 27) New Byelaws 7A, 7B and 7C** shall be inserted after Byelaw 7 of Chapter XIII-A

Quote

7A. Timeline

The Stock Exchange shall ensure that the investor complaints shall be resolved within timeline prescribed by the Relevant Authority from the date of receipt of the complaint. Additional information, if any, required from the complainant, shall be sought within the time frames from the date of receipt of the complaint. The period of time line shall be counted from the date of receipt of additional information sought.

7B. Complaints to be referred to Relevant Committee

For Complaints related to trade, settlement and ‘deficiency in services’, resulting into any financial loss, the stock exchange shall resolve the complaint on its own as per the time lines prescribed. However, if complaint is not resolved amicably, the same shall be referred to the Relevant Committee, after recording the reasons in writing by the Chief Regulatory Officer of the Stock Exchange or any other officer of the Stock Exchange authorized in this behalf by the Managing Director

7C. Arbitration

For any dispute between the member and the client relating to or arising out of the transactions in Stock Exchange, which is of civil nature, the complainant/ member shall first refer the complaint to the Relevant Committee and/ or to arbitration mechanism

provided by the Stock Exchange before resorting to other remedies available under any other law

A complainant/member, who is not satisfied with the recommendation of the Relevant Committee, shall avail the arbitration mechanism of the Stock Exchange for settlement of complaints within six months from the date of Relevant Committee recommendation.

Unquote

CHAPTER XIV—ARBITRATION

28) Byelaw 2(2) of the Chapter XIV shall be amended as under:-

Quote

2(2) All claims, differences or disputes between the Trading Members and Clients arising out of or in relation to dealings, contracts and transactions made subject to the Bye-laws, Rules and Regulations of the Stock Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Bye-laws.

Unquote

29) Byelaw 4 (except its explanation) of Chapter XIV shall be amended as under:-

Quote

4) Limitation period for reference of claims, differences or disputes for arbitration

All claims, differences or disputes referred to in these Bye laws shall be submitted to arbitration within the period prescribed as per the Regulatory Authority and under the Limitation Act, 1963.

Unquote

30) Following clause shall be inserted at the end of Byelaw 6 of the Chapter XIV

Quote

In case the Relevant Committee admissible claim award amount is more than Rs. 50 lakh (Rs. Fifty lakh), the next level of proceedings i.e. arbitration may take place at the nearest metro city, if desired by any of the party involved. The additional cost for arbitration, if any, to be borne by the appealing party.

Unquote

31) New Byelaw 9(1) (xi) shall be inserted after Byelaw 1(x) of Chapter XIV

Quote

9(1)(xi) No person appointed on the panel of Relevant Committee shall be eligible to be appointed on the panel of arbitrators or panel of Appellate arbitrators, maintained by the Exchange.

Unquote

32) Byelaw 19 (1) & (2) of Chapter XIV shall be amended as under:-

Quote

19. Deposits towards cost of Arbitration

(1) The parties to the claim, difference or dispute shall bear cost of arbitration. For this purpose, both the parties to arbitration shall make a deposit of the arbitration fee with the Stock Exchange along with the arbitration application or the reply, as the case may be, for defraying the costs that may be incurred for conducting the arbitration proceeding. Provided that when there is failure, neglect or refusal by Respondent, being a Constituent, to make a deposit accordingly, the Applicant shall be responsible for making such deposit without prejudice however to its right to recover the same from such Respondent in terms of the award. The Stock Exchange shall have the right to recover the deposit from the Trading Member from the moneys due to it if the Trading Member fails to make the deposit.

(2) The amount of deposit i.e arbitration fee , which has to be deposited shall be determined by the amount of the claim initially and thereafter determined based on a higher counter claim, if any, as specified by the Relevant Authority., The fee structure (exclusive of statutory dues – stamp duty, goods & service tax (GST), etc.), for filing arbitration subject to the maximum limits reference shall be as mentioned below:

S. No	Amount of Claim / Counter Claim, whichever is higher	Amount of fee, if claim is filed within six months from date of dispute (percentages refer to amount of claim or counterclaim, whichever is higher)	Amount of fee, if claim is filed after six Months or after one month from the date of IGRP order, whichever is later	Amount of fee, if claim is filed beyond the timeline prescribed in column (d), (only for member)
(a)	(b)	(c)	(d)	(e)

1.	Upto 10,00,000/- Rs.	1.3% subject to a minimum of Rs.10,000/-	3.9% subject to a minimum of Rs.30,000/-	Additional fee of Rs. 3,000/- per month over and above fee prescribed in column (d)
2.	Above Rs.10,00,000/- and upto Rs.25,00,000/-	Rs. 13,000/- plus 0.3% amount above Rs. 10 lakh	Rs. 39,000/- plus 0.9% amount above Rs. 10 lakh	Additional fee of Rs. 6,000/- per month over and above fee prescribed in column (d)
3.	Above 25,00,000/- Rs.	Rs. 17,500/- plus 0.2% amount above Rs. 25 lakh subject to maximum of Rs. 30,000	Rs. 52,500/- plus 0.6 % amount above Rs. 25 lakh subject to maximum of Rs.90,000/-	Additional fee of Rs. 12,000/- per month over and above fee prescribed in column (d)

The fees will be utilized to meet the fee payable to the arbitrators.

Unquote

33) Following clause shall be inserted at the end of Byelaw 19(4) of the Chapter XIV

Quote

Excess of filing fee, over fee payable to the arbitrator, if any, to be deposited in the Investor Protection Fund of the Stock Exchange.

Unquote

34) **Byelaw 30 (2)** of Chapter XIV shall be amended as under;

Quote

30(2) A sum directed to be paid by an award shall, unless the award otherwise directs, carry rate of interest in compliance with Arbitration and Conciliation (Amendment) Act, 2015.

Unquote

35) In **Byelaw 35** of Chapter XIV phrase, “ and/or its subrokers” appearing at two places shall be deleted

36) In **Byelaw 36(1) & (2)** of Chapter XIV word, “Sub Broker” shall be deleted at all places.

37) In **Byelaw 37** of Chapter XIV the phrase, “or sub broker” shall be deleted

CHAPTER XIV-A APPELLATE ARBITRATION

38) In **Byelaw 2** of Chapter XIV-A following clause shall be added at the end of the Byelaw

Quote

In case the award amount is more than Rs. 50 lakh (Rs. Fifty lakh), the next level of proceedings may take place at the nearest metro city, if desired by any of the party involved. The additional cost for arbitration, if any, to be borne by the appealing party.

Unquote

39) **Byelaw 4(1)** of the Chapter XIV-A shall be amended as under

Quote

4. Procedure for Appointment of Arbitrators

(1)The Appellant and the Respondent shall submit to the Stock Exchange preference, names of persons from amongst the list of eligible persons specified by the Stock Exchange for the respective seats of appellate arbitration other than those Arbitrator(s) who passed the Award under dispute. The number of persons to be so submitted by the Appellant and the Respondent shall be as may be specified by the Relevant Authority. Such names shall be submitted in the prescribed form by the Appellant along with Memorandum of Appeal. The Respondent shall submit the names in the prescribed form within seven days of the receipt of Memorandum of Appeal from the Stock Exchange. Upon receiving the prescribed form, from the Appellant as well as the Respondent, the Stock Exchange shall as provided for herein, identify the person/s who shall act as the arbitrators.

Unquote

CHAPTER XV-DEFAULT

40) The words, “Defaulter’s Committee” or “Defaulter Committee” wherever appearing in the Byelaws shall be replaced with Relevant Committee.

41) **Byelaw 1(d)** of Chapter XV shall be amended as under;

Quote

1(d) he fails to pay any sum due to the Stock Exchange or to submit or deliver to the Stock Exchange on the due date, delivery and receive orders, statement of differences and securities, balance sheet and such other statements as the relevant authority may from time to time prescribe; or

Unquote

42) Following new **Byelaw 1(h)** is inserted after Byelaw 1(g) in Chapter XV;

Quote

(1(h) they fall in the criteria specified by SEBI from time to time or as per the conditions specified in the SOP prescribed by SEBI related to cases leading to default as amended from time to time.

Unquote

43) **Byelaw 2** of Chapter XV shall be amended as under;

Quote

Expulsion in Certain Cases

- (2) Without prejudice to the foregoing, if a Trading Member is expelled by any other recognised stock exchange on which he is a Trading Member or if the registration certificate is cancelled by SEBI, the said Trading Member would automatically stand expelled from membership of the Stock Exchange

The trading facility of the Trading Member shall be withdrawn immediately after the receipt of information of expulsion by any other stock exchange or cancellation of registration certificate by SEBI.

Unquote

44) **Byelaw 2(A)** of Chapter XV shall be amended as under;

Quote

Declaration of Default in all Segments

(2A) Where the Trading Member is declared defaulter on any trading segment of the Stock Exchange, he shall also be immediately declared defaulter on all other trading

segments of the Stock Exchange in which he may hold membership and the trading facility of the Trading Member shall be withdrawn immediately.

Unquote

45) Byelaw 2(C) of Chapter XV shall be amended as under;

Quote

Action against Associate in cases Leading to Default / Declaration of Default

(2C) Actions to be initiated against Associates of Trading members if they fall in the criteria specified by SEBI from time to time or as per the conditions specified in the SOP prescribed by SEBI related to cases leading to default as amended from time to time

Unquote

46) New Byelaw 3(A) shall be inserted after Byelaw 3 in Chapter XV

Quote

Addition

(3A) Actions by Exchange against members likely to Default and their associates

The Exchange may initiate actions against members likely to default and / or their associates as per the criteria specified by SEBI from time to time or as per the conditions specified in the SOP prescribed by SEBI as amended from time to time including issuance of instructions to banks to freeze the balances in all the accounts of the member for debits.

Unquote

47) Byelaw 7 of the Chapter XV shall be amended as under;

Quote

(7) On a Trading Member being declared a defaulter a notice to that effect shall be placed forthwith

- a) on the trading system of the relevant trading segment and.
- b) upon confirmation of disablement, a written intimation to be sent to member about his declaration as a defaulter.

Further, the Stock Exchange shall notify SEBI and other stock exchanges preferably the same day/or next working days on the Trading Members being declared a defaulter.

Unquote

48) **Byelaw 12** of Chapter XV shall be amended as under;

Quote

Vesting of assets in the Stock Exchange

(12) a) In case both the Clearing Member and his constituent Trading Member are declared as defaulter, the Relevant Committee of Stock Exchange and Clearing Corporation shall work together to realize the assets of both the clearing member and the Trading Member.

b)The Stock Exchange shall determine the extent of funds available with it in different forms as well as that with the Clearing Corporations of the member in default and also seek information from Clearing corporation for the dues recoverable if any, from the member in default and place the case before the Relevant Committee along with the details of total dues and total amount available with the Exchange/ Clearing Corporation Limited seeking further course of action.

c) The Relevant Committee shall call from all departments and Clearing Corporations for the funds available in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Trading Member in respect of any transaction or dealing made subject to the Byelaws, Rules and Regulations of the Stock Exchange and such assets shall vest ipso facto, on declaration of any Trading Member as a defaulter, in the Stock Exchange for the benefit of and on account of any dues of the Stock Exchange, Clearing House, Clearing Corporation, Securities and Exchange Board of India, other Trading Members, Constituents of the defaulter, approved banks and any other persons as may be approved by the Relevant Committee and other recognised stock exchanges. The Relevant Committee shall initiate suitable actions for liquidating the assets (movable and immovable) of defaulter member including that of debit balance clients (to the extent of debit balance), as per the Guidelines prescribed by SEBI and as per the relevant SOP defined by the Stock Exchange in this regard from time to time

d) The Stock Exchange shall prepare an Action Taken Report on the status of funds being transferred to Relevant Committee Account which shall be placed before the Relevant Committee. In case of any amount remaining outstanding the same should be informed to the Relevant Committee and as directed by Relevant Committee, legal proceedings to be initiated against the defaulting members.

e) On approval from the Relevant Committee, a notice shall be sent to the defaulter to pay the outstanding dues within 15 days/extended time as may be approved by the Relevant Committee. If the defaulter fails to pay the outstanding dues within the above stipulated time then appropriate legal proceedings for recovery shall be initiated against the defaulter.

Unquote

49) New Byelaw 13(A) shall be inserted after byelaw 13 of Chapter XV

Quote

13 (A) Admissibility of claim for making payment out of IPF:

In the event of default by the member, all transactions executed on exchange platform shall be eligible for settlement from IPF (subject to maximum limit), subject to the appropriate norms laid down by the Relevant Committee.

Unquote

50) New Byelaw 14(A) shall be inserted after byelaw 14 in Chapter XV

Quote

14 A Determination of Legitimate Claims:

- (a) The Stock Exchange shall ensure that once a member has been declared defaulter, the claim(s) arising out the clients of the defaulter member shall be placed before the Relevant Committee for sanction and ratification.
- b) The Relevant Committee could adopt the Investor Redressal mechanism of the Stock Exchange to determine the legitimacy of the claims received from the claimants.
- c) The Stock Exchange shall publish in all editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation, a notice specifying a date not being less than 3 months after the said publication, on or before which claims for compensation shall be made in relation to the defaulter specified in the notice. The notice shall contain the specified period, the maximum compensation limit for a single claim of a claimant, etc. The said notice shall also be displayed on the premises of the Stock Exchange as well as on the web-site of the Stock Exchange for the entire specified period.
- (d) Email and SMS shall be send to the defaulter members clients as per the UCC database on their registered Email ID and mobile number respectively intimating about the default of member and calling of claims, if any.
- (e) Claim forms should be displayed on the Exchange web-site, accordingly the claimant shall use this form to claim the compensation and submit to the Exchange/ IGR centers.
- (f) A claim for compensation in respect of a default shall be made in writing to the Stock Exchange on or before the date specified in the said notice and any claim which is not so made shall be barred unless the Relevant Committee otherwise determines.
- (g) A claimant under this Chapter must sign an undertaking to be bound by the decision of the Trust whose decision shall be final and binding.

- (h) The Relevant Committee shall admit or reject the claims of the client/ Trading Members/ clearing members over the assets of the defaulter/ expelled member.
- (i) The Relevant Committee in disallowing (whether wholly or partly) a claim for compensation shall serve notice of such disallowance on the claimant.
- (j) The Relevant Committee shall send the legitimate claims to the IPF Trust for disbursement of the amount immediately. The Relevant Committee should advise in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.
- (k) In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the Relevant Committee is less than the claim amount then the investor will be at liberty to prefer for arbitration mechanism for claim of the balance amount.
- (l) The Relevant Committee may at any time and from time to time require the claimant to produce and deliver any securities, documents or statements of evidence necessary to support any claim made or necessary for the purpose of establishing his claims and in default of delivery of any such securities, documents or statements of evidence by such claimant, the Relevant Committee may disallow any claim by him under this Chapter.

Unquote

- 51) Byelaw 16,17,18 & 19 of Chapter XV shall be deleted**
- 52) Byelaw 23 of Chapter XV shall be amended as under:**

Quote

Scale of Charges

(23)The charges to be paid to the Stock Exchange on the amounts transferred to the Relevant Committee account shall be such sum as the relevant authority may from time to time prescribe.

Unquote

- 53) In Byelaw 24 (b), the phrase, “and registered sub brokers” appearing at all places shall be deleted**
- 54) Following New Byelaw 22 (f) shall be inserted after byelaw 22(e) of Chapter XV**

Quote

24 (f) To re-imburse and/ or compensate the Investor Protection Fund for any payments made therefrom.

Unquote

55) Byelaw 31 of Chapter XV shall be amended as under;

Quote

The Relevant Committee for the purpose of this Chapter shall be a Committee as may be constituted by the Board of Directors from time to time. The composition of the Relevant Committee shall be such as may be prescribed by SEBI.

Unquote

CHAPTER XVI- INVESTOR PROTECTION FUND

56) Byelaw 1 of Chapter XVI shall be amended as under;

Quote

(1)In respect of such market segment of the Stock Exchange as may be prescribed by the Stock Exchange, an Investor Protection Fund (IPF) to be held in trust by Metropolitan Stock Exchange Investor Protection Fund Trust (Trust) shall be maintained to make good claims for compensation which may be submitted by a Trading Member's Constituent who suffers loss arising from the said Trading Member being declared as a defaulter by the Stock Exchange under Chapter XV. No claim of a claimant, who is a Trading Member of the Stock Exchange or an associate of a Trading Member, shall be eligible for compensation from the IPF unless he has acted as a Constituent of the said Trading Member to the extent permitted by the Stock Exchange.

Unquote

57) Byelaw 3 of Chapter XVI shall be amended as under;

Quote

(3)The amount that may be paid under this Part to a claimant shall not exceed such amount as may be decided by the Trust from time to time. The Trust shall disburse the compensation to the claimants immediately as and when claims are sent to the trust as determined and ratified by Relevant Committee however, such compensation shall not be more than the maximum amount fixed for a single claim.

Unquote

58) Byelaw 4 of Chapter XVI shall be amended as under;

Quote

(4) Notwithstanding anything contained in any other Byelaw, the Trust shall have the power to utilise the interest income earned on the investments made out of IPF, for educating investors, creating awareness among the investor community at large and for any research connected therewith or incidental thereto as prescribed by SEBI from time to time.

Unquote

59) Byelaw 5 of Chapter XVI shall be deleted;

60) Byelaw 6 of Chapter XVI shall be amended as under;

Quote

(6)The Stock Exchange shall process the claims in accordance with procedures as may be laid down by Relevant Committee and if the assets of the defaulter are insufficient to meet the approved claims, it shall forward the claims alongwith the recommendations of the respective Relevant Committee to the Trust. However, the Trust need not wait for the realisation of the assets of the defaulter before the disbursement towards claims.

Unquote

61) Byelaw 7,8,9 & 10 of Chapter XVI shall be deleted;

62) Bye law 10 A of Chapter XVI shall be amended as under;

Quote

(10-A)

- i) The Trust shall have the power to release such interim sums of moneys to the Constituent as may be prescribed by SEBI or the Exchange, to cover whole or part of the admissible claim amount determined or amount awarded by the Relevant Committee under Chapter XIII-A or through the Arbitration Award under Chapter XIV or by the Appellate Arbitration Award under Chapter XIV-A, pending final determination of their complaint.
- ii) Before release of the said amounts from the IPF to the Constituent, the Exchange shall obtain appropriate undertaking or indemnity from the Constituent against the

release of the amount from IPF, to ensure return of the amount so released to the Constituent, in case the proceedings are decided against the Constituent

- iii) If it is observed that there is an attempt by Constituent either individually or through collusion with Trading Member(s) or with any other stakeholders, to misuse the clauses (i) & (ii) above, then without prejudice to the powers of SEBI to take action, appropriate action in this regard shall be taken against any such person, by the Relevant Authority, including disqualification of the person so involved from henceforth accessing the benefits of these provisions.

Unquote

- 63)** Following **new byelaw 11(h) and 11(i)** shall be inserted after the Byelaw 11(g) of Chapter XVI

Quote

7(h) Excess of filing fee over fee payable to the arbitrator, if any, to be deposited in the IPF.

7(i) Penalties/ fines realized from the listed entities by the Exchange owing to their default under the applicable SEBI standard operating procedure circular.

Unquote

- 64)** **Byelaw 13** of Chapter XVI shall be amended as under;

Quote

- (9) The Stock Exchange, in consultation with the Trust, shall periodically review the sources of the fund and progressively increase the amount of compensation available against a single claim from an investor every three years. The Stock Exchange shall disseminate the compensation limit fixed and any change thereof, to the public through a Press Release and also through web site of the Stock Exchange.

Unquote

- 65)** **Byelaw 14** of Chapter VI shall be amended as under;

Quote

(14)The Trust may seek the advice of the Relevant Committee as to the eligibility or otherwise of individual claims of investors.

Unquote

66) Following New **Byelaw 18** shall be inserted after Byelaw 17 of Chapter XVI

Quote

(18) Investor Service Fund

The Exchange shall set up an Investor Services Fund in accordance with the terms and conditions and shall use the funds as clarified and prescribed by SEBI from time to time.

Unquote

RULES

Chapter-I BOARD

1. **Rule 2** of Chapter I shall be amended as under;

Quote

2)Directors of the Metropolitan Stock Exchange of India Limited shall be appointed in accordance with the provisions of the Articles of Association of the Company as amended from time to time and the provisions contained in this Chapter. The appointment of the Directors on the governing board shall be subject to rules and regulations specified by SEBI from time to time.

Unquote

2. **Rule 2(D)** of Chapter I shall be amended as under;

Quote

2D) The Managing Director shall be an ex-officio director on the governing board and shall be included in the category of Shareholder Directors.

Unquote

3. **Rule (2N)** of Chapter I shall be amended as under;

Quote

2(N) Public Interest Directors shall be paid only sitting fees as specified in the Companies Act, 2013 for Independent Directors.

Unquote

4. **Rule 2P(b)** of Chapter I shall be amended as under;

Quote

2P(b) The appointment, as well as re-appointment, of the Managing Director shall be for a term as specified in SEBI and other applicable regulations.

Unquote

5. **Rule 4** of Chapter I shall be renumbered as Rule 5 and amended as under;

Quote

5)The Board is empowered to delegate, from time to time to the Managing Director or to any person, such of the powers vested in it and upon such terms as they may think fit, to manage all or any of the affairs of the Stock Exchange and from time to time, to revoke, withdraw, alter or vary all or any of such powers

Unquote

6. Following new **Rule 6** shall be inserted after renumbered **Rule 5** of Chapter I;

Quote

6) The conducting of business of the Board (including meetings) shall be as per the provisions of Companies Act, 2013 and Rules and Regulations specified by SEBI from time to time.

Unquote

7. **Rule 5** of **Chapter I** shall be renumbered as rule 7 and amended as under;

Quote

7) The Board may, from time to time, constitute one or more committees comprising of members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such committees such powers as the Board may deem fit and the Board may from time to time revoke such delegation. The Committees constituted by the Board may inter alia include the committees specified under SEBI Regulations, Companies Act, 2013 or any other Regulations, Acts and circulars.

Unquote

8. **Rule 6** of **Chapter I** shall be renumbered as rule 8 and amended as under;

Quote

8) The Board shall have the authority to issue directives from time to time to any Committees or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be of policy nature or may include directives to dispose off a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).

Unquote

9. **Rule 7** of Chapter I shall be renumbered as rule 9

10. **Rule 8** of Chapter I shall be renumbered as Rule 10 and amended as under;

Quote

10) The Members of the Board and of such committees shall adhere to the Code of Conduct as may be prescribed by the Board from time to time

Unquote

11. **Rule 9(A), 9 (B), 9(C), 9(D)** of Chapter I shall be renumbered as Rule 11(A), 11(B), 11(C), 11 (D) respectively.

Further the word, “Public Representative” shall be replaced with, the word, “Public Interest” and the word, “SEBI Nominee” wherever appearing in the above rules shall be deleted.

Chapter II-Executive Committee

12. **Chapter II-Executive Committee** shall be deleted

Chapter III- Trading Membership

13. **Rule 4(b)** of Chapter III shall be amended as under;

Quote

4(b) is an individual who is engaged as a principal or employer in any business other than that of securities/ commodities except as a broker or agent not involving any personal financial liability unless he undertakes on admission to sever his connection with such business;

Unquote

14. **Rule 17 of** Chapter III shall be amended as under;

Quote

(17) When a person is admitted to the trading membership of the Stock Exchange, intimation of the person’s admission shall be sent to the person and to the Securities and Exchange Board of India in the prescribed form. If the person admitted to the membership of the Stock Exchange and after intimation of his admission is duly sent, does not become a member by complying with acts and procedures for exercising the privileges of membership as may be prescribed by the relevant authority within a specified time period from the date of dispatch of the intimation of admission, the admission fee paid by him shall be forfeited by the Stock Exchange.

Unquote

15. Following new **Rule 17A** shall be inserted after Rule 17 in Chapter III

Quote

17(A) If an entity is already registered with Securities and Exchange Board of India as a stock broker with any recognized stock exchange or as a clearing member in any recognized clearing corporation, then for operating on the Stock Exchange the entity can directly apply to the Stock Exchange as per the procedure prescribed. The Stock Exchange shall report such grant of approval to Securities and Exchange Board of India in the prescribed form.

Unquote

Chapter IV- Clearing Membership

16. **Whole Chapter IV-** pertaining to Clearing Membership shall be deleted

Chapter V- DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

17. **Rule 13A (c) & d** of Chapter V shall be amended as under;

Quote

13A(c) Wherever such temporary suspension is on account of similar actions initiated by any other stock Exchange, no notice to show cause is required.

13 A(d)Any such temporary suspension may be revoked at the discretion of the Managing Director, for reasons to be recorded in writing, if the Managing Director is satisfied that the circumstances leading to the formations of opinion of the Managing Director to effect temporary suspension, have ceased to exist or are satisfactorily resolved or where such action is initiated by any other exchange, the temporary suspension has been revoked by the initiating Exchange.

Unquote

18. **Rule 24** of Chapter V shall be amended as under;

Quote

(24)The Relevant authority for the purpose of this Chapter shall be the Member Committee as may be constituted by the Board of Directors from time to time or the Committee formed under the Member Committee. The composition of Member Committee shall be such as may be prescribed by SEBI.

Unquote

19. In **Rule 25** and **26** of Chapter V the words, “Disciplinary Action Committee” wherever appearing shall be replaced by “Member Committee”.