BOMBAY STOCK EXCHANGE LIMITED

RULES, BYE-LAWS AND REGULATION, 1957

PRELIMINARY

Short Title

1. **(a)** These Rules, Bye - Laws and Regulations shall be called "The Stock Exchange Rules, Bye-Laws and Regulations, 1957".

Commencement

(b) They shall come into force on such date as the Governing Board may appoint and notify in that behalf

Subject to Act and Statutoty Rules

2. These Rules, Bye-Laws and Regulations shall be read subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957.

RULES

TITLE
Title of the Association

1. [1]{The Association hitherto known as "The Native Share and Stock Brokers' Association" and "The Stock Exchange" shall hereafter be known under the name and style of **"BSE"**.}

1A. [2]{The Phrase "The Stock Exchange" wherever it occurs in the Rules, Bye-laws and Regulations in the context of the name of the Exchange, shall be deemed to mean **"BSE"**.}

1B. [3]{The name "Bombay" wherever occurring in these Rules, Bye-laws and Regulations having a reference to the city of Mumbai shall be read as "Mumbai"}

[1] Amended by Governing Board Resolution dated 18.01.2001 and approved by SEBI on 10.01.2002.
[2] Inserted by Governing Board Resolution dated 18.01.2001 and approved by SEBI on 10.01.2002.
[3] Inserted by Governing Board Resolution dated 21.10.2003 and approved by SEBI on 06.02.2004.

CONSTITUTION AND OBJECTS

Constitution

2. The Stock Exchange (hereinafter referred to as "the Exchange") shall be constituted of those persons who are and shall hereafter be duly admitted a members of the Exchange according to the Rules for the time being in force and all such persons whether admitted as members of the Exchange before or after these Rules come into force shall be deemed bound by the Rules, Bye-laws and Regulations of the Exchange which are or shall hereafter be for the time being in force.

[1]**{2A.** Subject to the following provisions and unless otherwise expressly stated, all provisions contained in the following Rules shall apply, mutatis mutandis, to a company or a financial corporation which is a member of the Exchange.}

Membership

3. Subject to the provisions of the Securities Contracts (Regulation) Act, 1956, the membership of the Exchange shall consist of such number of members as the Exchange in general meeting may from time to time determine.

Objects

4. The Exchange is established -

[2]Main objects

(i) to support and protect [3]{in the public interest} the character and status of brokers and dealers and to further the interests both of brokers and dealers and of the public interested in securities, to assist, regulate and control [4]{in the public interest dealings in securities, to ensure fairdealings}, to maintain high standards of commercial honour and integrity, to promote and inculcate honorable practices and just and equitable principles of trade and business, to discourage and to suppress malpractices, to settle disputes and to decide all questions of usage, custom or courtesy in the conduct of trade and business;

Buildings

(ii) to erect, construct, extend and maintain in Bombay a suitable building to be used as Broker's Hall for such other purposes of the Exchange as may be determined upon, such building to be forever called "The Sir Dinshaw Petit Brokers' Exchange Hall", and to erect, construct and maintain such other building or buildings as may be considered necessary or desirable either [5]{for the use or convenience of the Exchange or its members or for furtherance of the objects and purposes of the Exchange} and to alter, add to or remove any such building or buildings;

Acquisition of Property

(iii) to acquire by purchase, taking on lease or otherwise and develop any property movable or immovable and any rights or privileges necessary or convenient for the [6]{objects and purposes} of the Exchange and in particular any land, buildings, easements or safe deposit vaults;

Safe Deposit Vaults

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[1] Inserted by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[2] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[3] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[4] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[5] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[6] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

(iv) to use the safe deposit vaults for purposes of the [1]{Exchange or for the convenience of the members}

Management and Disposal of Property

(v) to insure, manage, develop, sell, exchange, lease, let under lease, sublet, mortgage, [2]{turn to account or dispose of or otherwise deal with} all or any part of the property of the Exchange and in particular of the Exchange, for furtherance of the objects and purposes of the Exchange;

Borrowing of Monies

(vi) to borrow or raise any monies required [3]{for the objects and} purposes of the Exchange upon such terms and in such manner and with or without security as [4]{may from time to time be determined} [5] {and in particular by the issue of debentures, debenture stock, bonds or other securities, provided always and it is hereby expressly declared as an original and fundamental condition of any such borrowing or raising of moneys that in all cases and under all circumstances any person claiming payment whether of principal or interest or otherwise howsoever in respect of the moneys so borrowed or raised shall be entitled to claim such payment only out of the funds, properties and other assets of the Exchange which alone shall be deemed to be liable to answer and make good all claims and demands whatsoever under and in respect of the moneys so borrowed or raised and not the personal funds, properties and other assets of all or any one or more of the Trustees of the Exchange or Members of the Governing Board or members of the Exchange, their or his heirs, executors, administrators, successors and assigns who shall not and shall not be deemed to in anywise incur any personal liability or render themselves or himself personally subject or liable to any claims or demands or to be charged under and in respect of the moneys so borrowed or raised, and in the event of the funds, properties and other assets of the Exchange being insufficient to satisfy the claims of all persons claiming payment as aforesaid, the right of any such person shall be limited to and he shall not be entitled to claim anything more than his part or share of such funds, properties and other assets of the Exchange in accordance with the terms and conditions on which the moneys have been so borrowed or raised}

Investments

(vii) to invest or advance the monies of the Exchange not immediately required in or upon such security or without any security and at or without interest and in such other investments as may from time to time be determined upon;

Payments and Disbursements

(viii) to make payments or disbursements out of [6]{or dispose of the funds or any property} of the Exchange for any of the purposes specified in the Rules, Bye-laws and Regulations of the Exchange;

Subscriptions

(ix) to subscribe or guarantee money for charitable [7]{objects};

Funds and Trusts

[1] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.
[2] Inserted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.
[3] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.
[4] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.
[5] Substituted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.
[6] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.
[7] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.

(x) to establish and support or assist in the establishment and support of any Exchange funds, trusts and conveniences calculated to [1]{advance and further the objects and purposes of the Exchange};

[2] **{Clearing House}**

(xi) to establish and maintain or to arrange or appoint agents to establish and maintain a Clearing House for [3] {the objects and purposes of the Exchange} and to control and regulate the use and administration thereof;

Licences and Privileges

(xii) to enter into any arrangements with Government which may seem desirable and to obtain from Government any powers, rights, licences, privileges or concessions which it may be deemed fit and desirable to obtain [4]{for promotion of the objects and purposes of the Exchange};

Information and Publications

(xiii) to acquire, collect, preserve and disseminate statistical or other information in connection with the trade, to maintain a library and to print, publish, undertake, manage and carry on any newspaper, journal, magazine, pamphlet or other works in connection with or in furtherance of the objects of the Exchange;

Membership of other Bodies

(xiv)to subscribe to, become a member of and co-operate with any other association whether incorporated or not whose objects are to promote the interest represented by the Exchange or to promote general commercial and trade interests and to procure from and communicate to such association such information as may further the objects of the Exchange or promote measures for the protection of the trade or any interest therein; and

[5]**(xv)** {to promote, form and register and aid in the promotion, formation and registration of any company or companies subsidiary or otherwise for the purpose of acquiring all or any of the property, rights and liabilities of the Exchange, or for any other purposes which may seem directly or indirectly calculated to benefit the Exchange and to transfer to any such company any property of the Exchange, and to be interested in, or take or otherwise acquire, hold, sell or otherwise dispose of shares, debentures, and other securities in or of any such company, or any other company, in connection with or in furtherance of all or any of the objects and purposes of the Exchange;}

Incidental Powers

[6] **(xvi)** {to do all such other things as are incidental or conducive to the attainment of the above objects or any of them.}

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[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.

[2] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.

[3] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.

[4] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.11.68.

[5] Inserted by Governing Board Resolution dated 08.04.85 and approved by Govt. on 07.06.85.

[6] Renumbered by Governing Board Resolution dated 08.04.85 and approved by Govt. on 07.06.85.

MEMBERSHIP AND NOMINATION

Membership a Personal Privilege

5. The membership shall constitute a personal permission from the Exchange to exercise the rights and privileges attached thereto subject to the Rules, Bye-laws and Regulations of the Exchange.

Right of Membership Inalienable

6. A member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto and no such attempted assignment, mortgage, pledge, hypothecation or charge shall be effective as against the Exchange for any purpose nor shall any right or interest in any membership other than the personal right or interest of the member therein be recognised by the Exchange. The Governing Board shall expel any member of the Exchange who acts or attempts to act in violation of the provisions of this Rule.

Right of Nomination

7. Subject to the provisions of these Rules a member shall have the right of nomination which shall be personal and non-transferable.

Right of Nomination Not to be Exercised by Former Member

8. The right of nomination shall not be exercised by a former member who has been expelled or who has ceased to be a member under any Rule, Bye-law or Regulation of the Exchange for the time being in force.

Right of Nomination of Deceased or Defaulter Member

9. On the death or default of a member his right of nomination shall cease and vest in the Exchange.

Forfeited or Lapsed Right of Membership

10. When a right of membership is forfeited to or vest in the Exchange under any Rule, Bye-law or Regulation of the Exchange for the time being in force it shall belong absolutely to the Exchange free of all rights, claims or interest of such member or any person claiming through such member and the Governing Board shall be entitled to deal with or dispose of such right of membership as it may think fit.

Nomination by Member

[1]**{11. (a)** A member of not less than three years' standing who desires to resign may nominate a person eligible under these Rules for admission to membership of the Exchange as a candidate for admission in his place;

Provided that a member of less than three years' standing who desires to resign may with the sanction of the Governing Board nominate his own son eligible under these Rules for admission to membership of the Exchange as a candidate for admission in his place;

Provided further that the Governing Board may, at its absolute discretion and in exceptional cases and for cogent reasons to be recorded in writing, permit by a special resolution, a member of less than three years' standing, who desires to resign, to nominate a person as a candidate for admission in his place, subject to such terms and conditions as the Governing Board may in its absolute discretion think fit to impose.

Provided further that a member of less than three years' standing, may resign and exercise his right of nomination in favour of a company with the sanction of the Governing Board on the following conditions namely:

[1] Amended by Governing Board Resolution dated 24.02.97 and approved by SEBII on 21.03.97.

(i) He shall be a director of such company for a period of such number of years as would have brought him three years standing had he not resigned from the membership;

(ii) He shall hold not less than 51% of the paid up equity capital of the company for the period mentioned in sub clause (i); and

(iii) The company is eligible for membership in accordance with Rule 19A.}

Nomination in Case of Deceased Member

(b) The legal representatives of a deceased member or his heirs or the persons mentioned in Appendix C to these Rules may with the sanction of the Governing Board nominate any person eligible under these Rules for admission to membership of the Exchange as a candidate for admission in the place of the deceased member. In considering such nomination the Governing Board shall be guided so as far practicable by the instructions set out in Appendix C to these Rules.

Nomination in case of Defaulter

(c) The forfeited right of membership of a defaulter shall be restored to him if he be re-admitted as a member within six months from the date of default but if an application by a defaulter for re-admission be rejected by the Governing Board or if no such application be made within six months of the declaration of default the Governing Board may at any time exercise the right of nomination in respect of such membership.

Fresh Nomination

12. If a nominee be not eligible under these Rules or if a nominee be rejected by the Governing Board a fresh nomination may be submitted to the Exchange.

Form of Nomination

13. The nomination shall be in the form prescribed in Appendix B to these Rules or in such other form as the Governing Board may from time to time prescribe and the form shall only be issued on receipt of a written application signed by the nominator and containing the full name of and signed by the nominee.

Notice of Nomination

14. A notice of the proposed nomination shall be posted on the notice board of the Exchange for not less than fifteen days. Within fourteen days of the posting of such notice members shall file their claims against the member by or in respect of whom the nomination has been made and any claim not so filed may not be considered by the Governing Board.

Dues and Claims

15. The Governing Board shall not approve a nomination unless the nominating member or in the case of a deceased member his legal representatives or heirs or the persons mentioned in Appendix C to these Rules or any other person on his behalf shall have paid and satisfied in full -

Dues of the Exchange

(i) such subscriptions, debts, fines, fees, charges and other monies as shall have been determined by the Governing Board to be due to the Exchange or the Clearing House by the nominating or deceased member; and

Liabilities relating to Contracts

(ii) such debts, liabilities, obligations and claims arising out of any contracts made by such member subject to the Rules, Bye-laws and Regulations of the Exchange as shall have been admitted by the Governing Board; [1]{and

(iii) all amounts due or payable by the nominating or deceased member to the Trade Guarantee Fund. }

Allocation in Order of Priority

[2]**16** **(1)** When as provided in these Rules the Governing Board has exercised the right of nomination in respect of a membership vesting in the Exchange the consideration received therefor shall be applied to the following purposes and in the following order of priority namely -

Dues of Exchange and Clearing House

(i) first-the payment of such subscriptions, debts, fines, fees, charges and other monies as shall have been determined by the Governing Board to be due to the Exchange, to the Clearing House [3]{or to the Trade Guarantee Fund } by the former member whose right of membership vests in the Exchange.

Liabilities relating to Contracts

(ii) second-the payment of such debts, liabilities, obligations and claims arising out of any contracts made by such former member subject to the Rules, Bye-laws and Regulations of the Exchange as shall have been admitted by the Governing Board:

Provided that if the amount available be insufficient to pay and satisfy all such debts, liabilities, obligations and claims in full they shall be paid and satisfied pro rata; and

Surplus

(iii) third-the payment of the surplus if any to the funds of the Exchange: Provided that the Exchange in general meeting may at its absolute discretion direct that such surplus be disposed of or applied in such other manner as it may deem fit.

[4]**16.** **(2)** The provisions of clause (1) of this Rule shall not apply in cases wherethe Governing Board has exercised the right of nomination in respect of a membership which has vested in the Exchange upon a member having been declared a defaulter on or subsequent to such date as the Governing Board may specify in this behalf.

Application of Consideration

[5]**16A.** When the Governing Board has exercised the right of nomination in respect of a membership which has vested in the Exchange upon a member having been declared a defaulter on or subsequent to the date to be specified by the Governing Board as referred to in clause (2) of Rule 16, the consideration received therefor shall be paid by the Governing Board to the Defaulters' Committee to be applied for the purposes and in the order of priority specified in the Bye-laws and the Regulations of the Exchange.

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[1] Amended by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[2] Renumbered by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[3] Inserted by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[4] Inserted by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[5] Amended by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

ELECTION OF NEW MEMBERS

Conditions of Eligibility

17. No person shall be eligible to be elected as a member if-

Age

(i) he is less than twenty-one years of age;

Nationality

(ii) he is not a citizen of India:

Provided that the Governing Board may in suitable cases relax this condition with the prior approval of the Central Government;

Educational Qualification

[1]**(iiA)** { he has an educational qualification of less than either matriculation or the 10 plus 2 years' qualification of the 10 plus 2 plus 3 years' educational system or such other educational qualification as may be prescribed by the Governing Board from time to time;

Provided that the Governing Board may in exceptional cases, with the previous approval of the Central Government relax this condition;}

Bankruptcy

(iii) he has been adjudged bankrupt or a receiving order in bankruptcy has been made against him or he has been proved to be insolvent even though he has obtained his final discharge;

Composition with Creditors

(iv) he has compounded with his creditors unless he has paid sixteen annas in the Rupee;

Fraud

(v) he has been convicted of an offence involving fraud or dishonesty;

Connection with Other Association or Company Dealing in Securities

[2]**(vi)** {deleted}

Other Business

[3]**(vii)** { he is engaged as principal or employee in any business other than that of securities except as a broker or agent not involving any personal financial liability unless he undertakes on admission to sever his connection with such business; }

Connections with Other Forward Markets

(viii) he is associated with or is a member of or a subscriber to or a shareholder or debentureholder in or is connected through a partner or employee of a member of or is a member or director of or debenture-holder in a company which is a member of or debentureholder in any other organisation, institution, association, company or corporation where forward business of any kind whether in goods or commodities or

[1] Inserted by Governing Board Resolution dated 21.10.91 and approved by Govt. on 06.11.91.
[2] Deleted by Governing Board Resolution dated 19.05.89 and approved by Govt. on 28.03.90.
[3] Added by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58.

otherwise is carried on unless he undertakes on admission to sever such association or connection;

Expelled Member or Defaulter

[1]**(ix)** { he has been at any time expelled or declared a defaulter by any other Stock Exchange; }

Previous Rejection

[2] **(x)** { he has been previously refused admission to membership unless a period of one year has elapsed since the date of such rejection. }

Qualification for Membership

18. No person eligible for admission as a member under these Rules shall be admitted as a member unless -

Past Experience

(i) he worked for not less than two years as partner with or as an authorised clerk or remisier or apprentice to a member; or

Partner or Representative Member

(ii) he agrees to work for a minimum period of two years as a partner or to work for such period as a representative member with another member and enter into bargains on the floor of the Exchange not in his own name but in the name of such other member; or

Established Family Business

(iii) he succeeds to the established business of a deceased or retiring member who is his father, uncle, brother or any other person who is in the opinion of the Governing Board a close relative;

[3] {**Work Experience**

(iv) he has, in the opinion of the Governing Board, not less than two years experience in connection with various activities relating to the securities market;}

Financial Soundness

(v) he has a minimum net worth; possesses a minimum working capital of cash and/or marketable securities; and possess assets belonging to himself and/or spouse or children; of such nature and value as the Governing Board may from time to time in its opinion determine and consider acceptable; and

[4] **(vi)** { he qualifies in a written test conducted by the Exchange and in case of a corporate member, the directors referred to in sub-clause (v) of Rule 19A(b) qualify in a written test conducted by the Exchange, and in the case of a Financial Corporation the Chief Executive Officer and another director/officer both possessing experience as provided in sub-clause (v) of Rule 19A(b) qualify in a written test conducted by the Exchange. }

Provided that the Governing Board may waive compliance with any of the foregoing conditions if the person seeking admission is in respect of means, position, integrity, knowledge and

[1] Re-numbered by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58.

[2] Re-numbered by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58.

[3] Inserted by Governing Board Resolution dated 21.10.91 and approved by Govt. on 06.11.91.

[4] Inserted by Governing Board Resolution dated 26.07.93 and approved by SEBI on 14.10.93.

experience of business in securities considered by the Governing Board to be otherwise qualified for membership.

[1]Firms Ineligible

[2]**19.** **(a)** A partnership firm as such shall not be eligible for member- ship of the Exchange;

(b) [3] {deleted}

Companies

[4] **19A.** **(a)** A company as defined in the Companies Act, 1956 (1 of 1956) shall be eligible to be elected as a member of the Exchange if -

(i) such company is formed in compliance with the provisions of Section 322 of the said Act;

(ii) a majority of the directors of such company are shareholders of such company and also members of the Exchange; and

(iii) the directors of such company, who are members of the Exchange, have unlimited liability in such company;

Provided that where the Central Government makes a recommendation in this regard the Governing Board of the Exchange shall, in relaxation of the requirements of this clause admit as member the following corporations, companies or institutions (collectively referred to as "the financial corporation") namely -

(i) the Industrial Finance Corporation of India established under the Industrial Financial Corporation Act, 1948 (15 of 1948);

(ii) the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964);

(iii) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956);

(iv) the General Insurance Corporation of India constituted under the General Insurance Corporation (Nationalisation) Act, 1972 (57 of 1972);

(v) the Unit Trust of India, established under the Unit Trust of India Act, 1963 (52 of 1953);

(vi) the Industrial Credit and Investment Corporation of India Ltd., a company registered under the Companies Act, 1956 (1 of 1956);

(vii) the subsidiaries of any of the corporations or companies specified in (i) to (vi) and any subsidiary of the State Bank of India or any Nationalised Bank set up for providing merchant banking services, buying and selling securities and other similar activities.

[5]**{19A.(b)** A company as defined in the Companies Act, 1956 (1 of 1956) shall also be eligible to be elected as a member of a Stock exchange if -

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[1] Amended by Governing Board Resolution dated 21.12.92 and approved by SEBI on 27.02.93.

[2] Substituted by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[3] Deleted by Governing Board Resolution dated 21.12.92 and approved by SEBI on 27.02.93.

[4] Rule 19 (c) renumbered by Governing Board Resolution dated 21.12.92 and approved by SEBI on 27.2.93

[5] Inserted by Governing Board Resolution dated 21.12.92 and approved by SEBI on 27.02.93.

(i) such company is formed in compliance with the provisions of Section 12 of the said Act;

(ii) such company undertakes to comply with such financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such company under sub-section (1) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(iii) [1]{ Deleted }

(iv) the directors of the company are not disqualified for being members of a stock exchange under clause (1) [except [2]{ sub-clause (b) and } sub-clause (f)] or clause (3) [except [3]{ sub-clause (a) and } sub-clause (f)] of Rule 8 of the Securities Contracts (Regulation) Rules, 1957, and the Directors of the company had not held the office of the Directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange; and

(v) not less than two directors of the company are persons who possess a minimum two years' experience:

(a) in dealing in securities; or
(b) as portfolio managers; or
(c) as investment consultants. }

Composite Corporate Member and Component Members

[4]**19B.** **(i)** When a company formed and nominated by more than one member of the Exchange is admitted as a corporate member of the Exchange in place of such members or a corporate member of the Exchange acquires [5]{more than one membership right by nomination or in any other manner in accordance with and subject to} the fulfillment of all other applicable Rules, Bye-laws and Regulations of the Exchange including provisions relating to admission of new members, such a corporate member will be known as a Composite Corporate Member and the membership rights held by the Composite Corporate Member will be known as Component Memberships.

(ii) A Composite Corporate Member shall fulfill all eligibility criteria for admission to membership and for contribution of membership as is applicable to corporate members of the Exchange and also such other criteria as the Exchange or Securities and Exchange Board of India may prescribe from time to time.

(iii) A Composite Corporate Member shall not hold more than such number of membership rights as decided by the Governing Board from time to time;

(iv) The Composite Corporate Member shall pay the entrance fee, admission fee, annual subscription and fees payable to SEBI and furnish membership security in respect of each component membership.

(v) The Composite Corporate Member shall pay the base minimum capital in respect of each Component Membership, in accordance with and subject to the other provisions of these Rules, Bye-laws and Regulations and such conditions as the Governing Board may from time to time stipulate.

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[1] Deleted by Governing Board Resolution dated 12.06.95 and approved by SEBI on 30.10.95.
[2] Inserted by Governing Board Resolution dated 08.05.95 and approved by SEBI on 30.10.95.
[3] Inserted by Governing Board Resolution dated 08.05.95 and approved by SEBI on 30.10.95.
[4] Inserted by Governing Board Resolution dated 10.06.97 and approved by SEBI on 24.11.97.
[5] Inserted by Governing Board Resolution dated 08.07.99 and approved by SEBI on 18.09.2000.

(vi) The networth of the Composite Corporate Member shall be computed in the manner prescribed by the Securities and Exchange Board of India and the Governing Board of the Exchange and no value shall be assigned to the Component Memberships for computing the networth of the Composite Corporate Member.

(vii) The Composite Corporate Member shall have only one trading right and only one representative member on the Governing Board or any Standing Committee of the Exchange for all the Component Memberships of the Composite Corporate Member in accordance with the Rules, Bye-laws and Regulations of the Exchange.

(viii) A Composite Corporate Member shall be entitled to have as many voting rights as the number of Component Memberships of the Composite Corporate Member at the meeting of the members of the Exchange.

(ix) [1]{A Composite Corporate Member may resign from the membership right associated with any of its Component Memberships only after a period of:

(a) three years from the date of the acquisition of that Component Membership by the Composite Corporate Member; or

(b) six months from the date of the acquisition of that Component Membership by the Composite Corporate Member if atleast three years have elapsed after the date of acquisition of any other Component Membership then held by the Composite Corporate Member.

All the liabilities, if any, relating to the Component Membership in respect of which the Composite Corporate Member has resigned will continue to be borne by Composite Corporate Member.}

(x) If a Composite Corporate Member desires to resign from its Component Membership/s, the Composite Corporate Member may, in accordance with and subject to the other provisions of Rules, Bye-laws and Regulations and such conditions as the Governing Board may from time to time stipulate, nominate a person/s eligible under these Rules as a candidate for admission to the membership/s of the Exchange from which the Composite Corporate Member is resigning; and the Composite Corporate Member may continue in respect of the remaining Component Membership/s, if any.

(xi) The Composite Corporate Member shall maintain only one set of accounts books for all the Component Memberships.

(xii) Any action by the Securities and Exchange Board of India, Exchange or any committee or official of the Exchange against the Composite Corporate Member whether by way of censure, warning, fine, suspension, expulsion, default or withdrawal, suspension or limitation of membership rights or otherwise shall operate against all the Component Memberships of the Composite Corporate Member.

Clarification : Without prejudice to the generality of clause (xii) of this Rule, it is clarified that on declaration of default or expulsion of a Composite Corporate Member for any reason whatsoever, the Composite Corporate Member shall cease to be a member of the Exchange in respect of all its Component Memberships, and all the Component Memberships and the rights of nomination in respect of all such memberships shall vest in the Exchange or the Governing Board in accordance with the provisions of these Rules, Bye-laws and Regulations.

(xiii) If a Composite Corporate Member is disentitled to or disqualified from continuing as a member of the Exchange for any reason, the Composite Corporate Member shall cease to be a member of the Exchange inrespect of all the Component Memberships, and all the Component Memberships and the rights of nomination in respect of all such

[1] Amended by Governing Board Resolution dated 15.02.2001 and approved by SEBI on 20.06.2001.

memberships shall cease and vest in the Exchange or the Governing Board in accordance with the provisions of these Rules, Bye-laws and Regulations.

(xiv) Where a member of the Exchange is entitled to any right or privilege or is liable to pay any amount to the Exchange or discharge any liability or obligation to the Exchange, and these Rules, Bye-laws and Regulations do not stipulate whether a Composite Corporate Member is entitled to such right or privilege or is liable to pay such amount or discharge such liability or obligation in proportion to the Component Memberships or whether, notwithstanding the Component Memberships, the Composite Corporate Member is entitled or liable only to the same extent as a member who is not a Composite Corporate Member, the Governing Board may by resolution stipulate in this regard.

Nomination

20. A candidate for admission except a candidate applying for a membership vesting in the Exchange must obtain a nomination in the manner provided in these Rules.

Candidates to be Recommended

21. A candidate for admission must be recommended by two members none of whom should be a Member of the Governing Board. The recommenders must have such personal knowledge of the candidate and of his past and present circumstances as shall satisfy the Governing Board.

Form of Application

22. An application for admission shall be in the form prescribed in Appendix A to these Rules or in such other form as the Governing Board may from time to time prescribe and shall be signed by the candidate and his recommenders.

[1] **22A.** An application for admission by a company or a financial corporation eligible [2] { under sub-clause (a) of Rule 19A, } shall be in the form prescribed in Appendix A-I to these Rules or in such other form as the Governing Board may from time to time prescribe and shall be signed, in the case of the company, by at least two directors, one of whom shall be the Managing Director or the Executive Director where such financial corporation has a Managing Director or an Executive Director, as the case may be. The application shall be accompanied by a copy of the resolution passed by the Board of Directors of the company/financial corporation and duly certified as true by the Chairman, if any, or by a whole time director of the company or the financial corporation.

[3] **22B.** { An application for admission by a company or a financial corporation eligible under sub-clause (b) of Rule 19A, shall be in the form prescribed in Appendix A-II to these Rules or in such other form as the Governing Board may from time to time prescribe and shall be signed, in the case of a company, by at least two directors of such company (such directors to be shareholders of the company) and in case of a financial corporation, by at least two directors, one of who shall be the Managing Director or the Executive Director, where such financial corporation has a Managing Director or an Executive Director, as the case may be. The application shall be accompanied by a copy of the resolution passed by the Board of Directors of the company/financial corporation and duly certified as true by the Chairman, if any, or by a whole-time Director of the company or financial corporation. }

[1] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[2] Substituted by Governing Board Resolution dated 26.07.93and approved by SEBI on 14.10.93

[3] Substituted by Governing Board Resolution dated 26.07.93 and approved by SEBI on 14.10.93.

Notice

23. A notice of each application for admission with the names of the recommenders shall be posted on the notice board of the Exchange for not less than fifteen days previous to the date of election.

[1]{ Provided that such notice of nomination shall not be necessary in case of a Corporate Member or Composite Corporate Member applying for a membership right directly either from auction of Membership or when fresh membership is issued by the Exchange. }

Objection

24. A member intending to object to the admission of a candidate shall communicate the grounds of his objection to the Governing Board by letter within fourteen days of the posting of the notice of the application for admission. Any such communication shall be deemed privileged and confidential.

Member's Duty to Report

25. It shall be deemed to be incumbent on any member who may know or who shall have received credible information of any fact or circumstance relating to such candidate or relating to his conduct or character which may render such candidate disqualified or unfit to be a member to report to the Governing Board accordingly. Any such report shall be deemed privileged and confidential.

Interview

[2] **25A.** {No candidate for admission shall be eligible for election unless he or in the case of a Corporate Member, the directors referred to in sub-clause (v) of Rule 19A(b) or in the case of a Financial Corporation, the Chief Executive Officer and another director/officer both possessing experience as provided in sub-clause (v) of Rule 19A(b)

(i) is interviewed by such committee or committees as may be constituted by the Governing Board and such committee(s) is/are adequately satisfied of his knowledge, integrity and ability to provide quality service; and

(ii) in the opinion of the Governing Board adequately fulfills, interalia, the requirements contained in clause (iiA) of Rule 17, clauses (iv) and (v) of Rule 18 and clause (i) herein above. }

Consideration of Application

26. After the expiry of the period prescribed for communicating objections to an application for admission the application together with all objections and reports relating to such application which may have been received [3]{and the report(s) by the committee(s) of the interview } shall be placed before the Governing Board.

Inquiry

27. A candidate for admission and his recommenders shall if required by the Governing Board appear personally before any meeting of the Governing Board and shall answer all questions which may be put to them.

Election by Ballot

28. The election of all new members (whether they shall have been nominated or not) shall be by ballot and a candidate shall be deemed duly elected if approved by a majority of not less than

[1] Inserted by Governing Board Resolution dated 20.01.2000 and approved by SEBI on 01.06.2000.

[2] Inserted by Governing Board Resolution dated 21.10.91 and approved by Govt. on 06.11.91.

[3] Inserted by Governing Board Resolution dated 21.10.91 and approved by Govt. on 06.11.91.

two-third of the votes cast at a meeting of the Governing Board at which not less than one-half of the total number of the Members of the Governing Board are present in addition to the Government Nominees (if any) attending the meeting.

Rejection of Candidate

29. The Governing Board may in its absolute discretion reject any application for admission (whether the candidate shall have been nominated or not) without assigning any reason.

Admission Under Misrepresentation

30. The Governing Board may expel a member if in its opinion he has in or at the time of his application for admission to membership or during the course of the inquiry made by the Governing Board preceding his admission -

(i) made any willful misrepresentation; or

(ii) suppressed any material information required of him as to his character and antecedents; or

(iii) has directly or indirectly given false particulars or information or made a false declaration.

[1]**{30A** **(a)** The Governing Board may expel a member which is a company if it is satisfied that-

(i) at the time of the making of the application for admission, the company was not eligible for admission under the provisions of sub-clause (c) of Rule 19 and admission had been secured by willful misrepresentation; or

(ii) at any time after admission, the company has ceased to maintain or have the characteristics of eligibility under the provisions of sub-clause (c) of Rule 19; or

(iii) the company contravenes or commits a breach of any of the provisions of these Rules.

(b) Expulsion of a member being a company as aforesaid under sub-clause (i) of clause (a) above, shall also operate as expulsion of each Director of such company who is a member of the Exchange. }

Intimation of Election

31. When a new member is elected intimation of his election shall be sent to him in the form prescribed in Appendix D to these Rules or in such other form as the Governing Board may from time to time prescribe.

Entrance Fee

32. A newly elected member shall immediately on receipt of intimation of his election pay such entrance fee as may be determined from time to time by the Exchange in general meeting which fee shall become the property of the Exchange.

Provided that no entrance fee shall be payable by a member who has been nominated as a candidate for admission under these Rules

Admission Fee

33. A newly elected member (whether he shall have been nominated for admission or not) shall on election pay such admission fee as the Exchange in general meeting may from time to time determine.

[1] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

Payment of Admission and Entrance Fees and Annual Subscription

34. A new member on election shall not be entitled to exercise any of the rights or privileges of membership until he shall have paid the admission fee and entrance fee if any and the annual subscription for the year of his election. Should such member fail to make such payment within one month of the receipt of the intimation of his election his election shall be deemed null and void and he shall be deemed never to have been elected a member.

Certificate of Admission to Membership

35. **(a)** On due payment of the admission fee and entrance fee if any and of the annual subscription a certificate of admission to membership shall be sent to the new member in the form prescribed in Appendix E to these Rules or in such other form as the Governing Board may from time to time prescribe together with an intimation of the date from which he shall enjoy the rights and privileges and be subject to all the duties, liabilities and obligations of a member of the Exchange.

Notice of Admission

(b) When a member is admitted as provided in sub-clause (a) a notice of such admission shall be posted on the notice board of the Exchange.

[1]**35A.** The provisions of Rules 20, 21, 23 to 28 shall not apply to a member which is a company [2]{ formed under Rule 19A(a) } and the provisions of Rules 20, 21, 23 to 29 shall not apply to a member which is a financial corporation.

[3]**Limited Trading Membership**

35B. **(1)** The Exchange may elect and admit one or more persons as Limited Trading Members of the Exchange ("Limited Trading Member") in accordance with guidelines prescribed by the Governing Board from time to time.

(2) Subject to the provisions of Sub-rule (3), and the scheme of Corporatisation and Demutualisation of the Exchange as approved by SEBI, a Limited Trading Member shall be a member of the Exchange in all respects and for all purposes and shall have all the rights, privileges, obligations and liabilities of a member of the Exchange, and shall have the right to carry on business as an intermediary in the [3]Equity Market Segment and/or the Debt Market Segment of the Exchange as prescribed by the Governing Board from time to time. All the Rules, Bye-laws and Regulations of the Exchange shall apply mutatis mutandis to a Limited Trading Member as they apply to any other member of the Exchange. Provided however that where the Governing Board permits a Limited Trading Member to carry on business in Equity Market Segment and/or the Debt Market Segment of the Exchange as set out hereinabove, the Governing Board shall, from time to time, prescribe detailed guidelines, terms and conditions including but not limited to guidelines, terms and conditions relating to the nature and amount of deposit to be kept with the Exchange, capital adequacy norms, margin requirements etc., for each such market/segment or combination thereof. Provided further that deposit kept by a Limited Trading Member for acquiring the Limited Trading Membership as set out hereinabove shall remain with the Exchange during the tenure of such membership.

(3) Notwithstanding anything stated above or elsewhere in these Rules, Bye-laws or Regulations, -

[1] Substituted by Governing Board Resolution dated 21.10.91 and approved by Govt. on 06.11.91.

[2] Inserted by Governing Board Resolution dated 23.05.94 and approved by SEBI on 22.07.94.

[3] Inserted by Governing Board Resolution dated 23.05.03 & 20.03.04 and approved by SEBI on 29.01.04 & 18.05.04.

(i) A Limited Trading Member, the legal representatives of a deceased Limited Trading Member, his heirs, the persons mentioned in Appendix C to these Rules or the Governing Board shall have a right of nomination in respect of a Limited Trading Membership or a former or lapsed Limited Trading Membership;

(ii) A Limited Trading Member or a partner or representative of a Limited Trading Member shall not, as such Limited Trading Member or partner or representative, be entitled to be a member of the Exchange's Governing Board or of any other Board, Council or Committee of the Exchange or any Segment of the Exchange and shall not, as such Limited Trading Member or partner or representative, be entitled to hold any office or post in the Exchange or any Segment of the Exchange; and

(iii) A Limited Trading Member shall not, as a Limited Trading Member, be entitled to voting rights on any matter save and except on resolution to be passed by the members of the Exchange for amending the Rules or Bye-laws of the Exchange which would prejudicially affect the rights of Limited Trading Members;

Provided always that the provisions of sub-clause (iii) above shall not entitle a Limited Trading Member to initiate or move any resolution but to merely vote on a resolution of the nature described herein.

and the Rules, Bye-laws and Regulations of the Exchange shall be construed accordingly

(4) If a member holds one or more memberships of the Exchange which are not Limited Trading Memberships and holds one or more Limited Trading Memberships then such Limited Membership(s) shall not limit or prejudice such member's rights in respect of the first mentioned membership(s).

(5) The Exchange may from time to time modify the form prescribed in the Appendices hereto in relation to their applicability to Limited Trading Members or applicants for Limited Trading Membership or may prescribe other forms for Limited Trading Members or applicants for Limited Trading Membership.

(6) The register of members maintained by the Exchange pursuant to Rule 64 shall also indicate, in respect of each Limited Trading Member, that such member is a Limited Trading Member.

MEMBERSHIP SECURITY
Provisions as to Security

36. A new member shall on admission provide security for the sum of Rs.50,000 or such enhanced amount as may be decided by Governing Board of the Exchange from time to time with the prior approval of the Central Government and shall maintain such security with the Exchange at all times he is carrying on business on the Exchange except when working as a representative member:

Provided, however, that if a member's son or son's son or brother or brother's son be admitted to membership, he shall not be required to provide such security during the period he continues to be a partner with such member.

Provided, further, the Governing Board may, in its discretion, but after getting the permission of the Central Government, increase the amount by such sum as it deems fit in the case of any particular applicant for membership.

[1]**36A.** A new member being a company or a financial corporation eligible [1] { under sub-clause (c) of Rule 19A } shall not be required to provide for membership security.

[1] Inserted by Governing Board Resolution dated 22.12.87 and approved by Govt. on 03.02.88.

Form of Security

37. The security to be furnished by a member shall be provided either by a deposit of cash or it may be provided in the form of a Deposit Receipt of a Bank approved by the Governing Board or in Securities approved by the Governing Board subject to such terms and conditions as the Governing Board may from time to time impose. Deposits of cash shall not carry interest and the securities deposited by a member valued at the market price of the day shall exceed the sum for the time being secured thereby by such percentage as the Governing Board may from time to time prescribe.

Security How Held

38. Deposits of cash shall be lodged in a Bank approved by the Governing Board and Bank Deposit Receipts and securities shall be transferred to and held either in the names of the Trustees of the Exchange or in the name of a Bank approved by the Governing Board and lodged with a Bank approved by the Governing Board. Such deposit shall be entirely at the risk of the member providing the security but it shall be held by the Bank solely for and on account of the Exchange at the absolute discretion of the Exchange without any right whatever on the part of such member or those in his right to call in question, the exercise of such discretion.

Value of Security to be Maintained

39. The member providing security in the form of securities shall always maintain the value thereof at not less than the sum of [2] {Rs.2,00,000} by providing further security to the satisfaction of the Governing Board which shall always determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be from time to time made up.

Suspension on Failure to Maintain Security

40. When so required under the provisions of these Rules a member shall provide further security within three days of a notice to that effect being sent to his registered address or if he has no registered address within three days of such notice being posted on the notice board of the Exchange. A member failing therein shall be required by the Governing Board or the President to suspend his business forthwith. A notice of such suspension shall be immediately posted on the notice board of the Exchange and the suspension shall continue until the further security is provided.

Change of Security

41. A member may withdraw any security provided by him if he first provides in lieu thereof other security of sufficient value to the satisfaction of the Governing Board.

Conditions of Other Security

42. All further and other security provided by a member shall be subject to the same conditions as the security originally provided.

Lien on Security

43. The security provided by a member shall be subject to a first and paramount lien for any sum due to the Exchange or to the Clearing House by him or by the partnership of which he may be a member and for the due fulfillment of his engagements, obligations and liabilities or of the partnership of which he may be a member arising out of or incidental to any bargains, dealings, transactions and contracts made subject to the Rules, Bye-laws and Regulations of the Exchange or anything done in pursuance thereof.

[1] Submitted by Governing Board Resolution dated 23.05.94 and approved by SEBI on 22.07.94.

[2] Amended by Governing Board Resolution dated 22.12.87 and approved by Govt. on 03.02.88.

Return of Security

44. On the termination of his membership or on his ceasing to carry on business on the Exchange or on his working as a representative member or on his death all security not applied under the Rules, Bye-laws and Regulations of the Exchange shall at the cost of the member be repaid and transferred either to him or as he shall direct or in the absence of such direction to his legal representatives.

Replacement of Security

45. A member who has withdrawn his security on his ceasing to carry on business on the Exchange or on his working as a representative member shall replace such security before commencing business on the Exchange at any time thereafter.

Letter of Declaration

46. A member providing security under the provisions of these Rules shall sign a Letter of Declaration in the form prescribed in Appendix F to these Rules or in such other form as the Governing Board may from time to time prescribe.

TERMINATION OF MEMBERSHIP

Discontinuance of Membership

47. **(a)** No member shall continue as such if -

Ceases to be Citizen of India

(i) he ceases to be a citizen of India:

Provided that nothing herein shall affect those who are not citizens of India if they were admitted as members prior to the date[1] of application to the Central Government for recognition of the Exchange under the Securities Contracts (Regulation) Act, 1956 or if they are hereafter admitted as members with the prior approval of the Central Government in conformity with the requirements prescribed in these Rules;

Adjudged Bankrupt

(ii) he is adjudged bankrupt or a receiving order in bankruptcy is made against him or he is proved to be insolvent;

Convicted of Fraud

(iii) he is convicted of an offence involving fraud or dishonesty;

[2]**(iv)** deleted.

[3]**(v)** deleted.

Engaged in Other Business

(vi) he engages either as principal or employee in any business other than that of securities except as a broker or agent not involving any personal financial liability:

Provided that the Governing Board may for reasons to be recorded in writing permit a member to engage himself as principal or employee in any such business if such member ceases to carry on business on the Exchange either as an individual or as a partner in a firm:

Provided further that the members who were under the Rules in force prior to the date[4] of application to the Central Government for recognition of the Exchange under the Securities Contracts (Regulation) Act, 1956 permitted to engage in any such business and were actually so engaged on the date of such application may continue to be so engaged for a period of three years from the date of the grant of such recognition.

[5] **Connected with other Forward Markets**

(vii) he becomes associated with or a member of or subscriber to or a shareholder or debentureholder in or connected through a partner or employee with or an agent or authorised representative or employee of a member of or a member or director of or debentureholder in a company which is a member of or debentureholder in

[1] 9th April, 1957

[2] Deleted by Governing Board Resolution dated 19.05.89 and approved by Govt. on 28.03.90.

[3] Deleted by Governing Board Resolution dated 19.05.89 and approved by Govt. on 28.03.90.

[4] 9th April, 1957

[5] Added by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58.

other organisation, institution, association, company or corporation where forward business of any kind whether in goods or commodities or otherwise is carried on:

Provided that the members who were admitted prior to the 1st of March 1926 and who were actually so associated or connected on the date[1] of application to the Central Government for recognition of the Exchange under the Securities Contracts (Regulations) Act, 1956 may continue to be so associated or connected for a period of three years from the date of the grant of such recognition.

[2]**(vii-a)** being a company, it ceases to maintain or have the characteristics of eligibility under the provisions of sub-clause (c) of [3]{ Rule 19A } hereof;

[4]**(vii-b)** being a director of the company referred to in the third proviso to Rule 11(a) ceases to maintain or ceases to have the characteristics of eligibility under the provisions of the third proviso to Rule 11(a) and under Rule 19A hereof.

[5]**(vii-c)** he ceases to have or possess the minimum net worth; the minimum working capital and the assets as may be determined by the Governing Board under clause (v) of Rule 18.

Expulsion Rules to Apply

(b) When a member ceases to be such under provisions of sub-clause (a) it shall be as if such member has been expelled by the Governing Board and in that event the provisions relating to expulsion contained in these Rules shall apply to such member in all respects.

Notice of Resignation

48. (a) A member wishing to resign from the membership of the Exchange shall serve on the Exchange a written notice to that effect which shall be posted on the notice board of the Exchange:

[6] { Provided that in case of a member which is a company or a financial corporation, such notice shall be accompanied by a copy of the resolution passed at a meeting of the Board of Directors of such company or financial corporation containing the decision to resign and such copy shall be certified as true by the Chairman, if any or by a whole-time Director of the company or financial corporation. }

Objection

(b) A member objecting to any resignation that has been notified shall communicate the grounds of his objection to the Governing Board by letter within fourteen days of the posting of such notice.

Acceptance or Refusal of Resignation

(c) The Governing Board may accept the resignation of a member either unconditionally or on such conditions as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such member have been settled.

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[1] 9th April, 1957

[2] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[3] Substituted by Governing Board Resolution dated 23.05.94 and approved by SEBI on 22.07.94.

[4] Inserted by Governing Board Resolution dated 23.05.94 and approved by SEBI on 22.07.94.

[5] Re-numbered by Governing Board Resolution dated 23.05.94 and approved by SEBI on 22.07.94.

[6] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

Intimation of Death of Member

49. On the death of a member his legal representatives or heirs or the persons mentioned in Appendix C to these Rules or his employees or any member receiving information of the death shall immediately communicate this information in writing to the Exchange.

Claims Against Deceased Member

50. When a member dies all subscriptions, debts, fines, fees, charges and other monies as shall have been determined by the Governing Board to be due by him to the Exchange or to the Clearing House, [1] { all amounts as shall have been determined by the Defaulters' Committee to be due or payable by him to the Trade Guarantee Fund } and all debts, liabilities, obligations and claims arising out of any contracts made by him subject to the Rules, Bye-laws and Regulations of the Exchange as shall have been admitted by the Governing Board shall be paid and satisfied in full before his legal representatives or heirs or the persons mentioned in Appendix C to these Rules are allowed to exercise the right of nomination.

[2] **50A.** The provisions of Rule 50 shall apply, mutatis mutandis, to a member being a company or a financial corporation which goes into liquidation or is dissolved.

Payment of Deceased Member's Obligations

51. If the legal representatives of a deceased member or his heirs or the persons mentioned in Appendix C to these Rules or any other person on his behalf do not or are unable to pay and satisfy his dues, debts, liabilities, obligations and claims as provided in the Rules, Bye-laws and Regulations of the Exchange the Governing Board shall exercise the right of nomination in respect of such membership and the consideration received therefor shall be applied in the manner provided in these Rules, [3] {Bye-laws and Regulations. }

Continuance of Deceased Member's Business

52. If on the death of a member his legal representatives or heirs or the persons mentioned in Appendix C to these Rules desire that his business should be continued for some time for the benefit of the deceased's family by any specified person who is eligible for membership and intimate their desire by a letter to the Exchange the Governing Board or the President may in its or his discretion permit such business to be carried on by such person on behalf of the legal representatives or heirs or the persons mentioned in Appendix C for such period not exceeding six months, as may be deemed proper.

[1] Amended by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[2] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[3] Amended by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

DEFAULT AND READMISSION TO MEMBERSHIP

Default

53. A member who is declared a defaulter shall at once cease to be a member of the Exchange and as such cease to enjoy any of the rights and privileges of membership but the rights of his creditor members against him shall remain unimpaired.

Lapse of Membership Right

54. A member's right of membership shall lapse to and vest in the Exchange immediately he is declared a defaulter.

Nomination for Defaulter when Necessary

55. A defaulter shall not be required to obtain a nomination before his readmission. But a defaulter in whose case the Governing Board has exercised the right of nomination shall not be readmitted unless he secures a nomination on or before readmission.

Notice to be Posted

56. A notice of every application by a defaulter for readmission shall be posted on the notice board of the Exchange for at least fifteen days previous to his readmission.

Objections to Readmission

57. Any member or any other creditor intending to object to the readmission of the defaulter shall communicate the grounds of his objection to the Governing Board by a letter within fourteen days of the date of the posting of the notice of the application for readmission. All such objections shall be deemed privileged and confidential.

Readmission of Defaulters

58. **(a)** Upon an application for re - admission by a defaulter the Defaulters' Committee shall investigate his conduct and accounts and no further proceedings shall be taken by the Governing Board with regard to his readmission until the report of the Defaulters' Committee shall have been submitted together with a statement as to the defaulter's estate signed by himself.

Investigation

(b) The attention of the Defaulters' Committee shall be directed -

(i) to ascertain the total amount of the defaulter's business assets and balances at his bankers during the previous three months and the highest volume of purchases and sales separately on any day during the same period and the proportion of the total purchases and sales on his own account and on account of his constituents during that period;

(ii) to ascertain the total amount paid to his estate specifying the sums collected on the Exchange and those received from constituents and those from the defaulter himself;

(iii) to ascertain the conduct of the defaulter preceding and subsequent to his failure and to report on any matter prejudicial or otherwise to the defaulter's application which has transpired at any meeting of creditors or has officially come to its knowledge elsewhere.

Surrender of Names of Constituents and Books a Condition of Eligibility

59. A defaulter shall not be eligible for readmission if he fails to give up the names of any constituents indebted to him or if he fails to deliver to the Defaulters' Committee as soon as he is so required to do his original books and accounts and all other papers, vouchers, documents and records and any information, explanations and statements he is called upon to submit.

[1] { **Full Payment a Condition of Eligibility**

60. **(1)** A defaulter shall not be eligible for re-admission unless, within such time as may be specified by the Governing Board, he has made full payment of all amounts payable by him to the Exchange, to the Clearing House, or to the Trade Guarantee Fund and also of all amounts payable by him to Securities and Exchange Board of India and all other creditors (whether they be members of the Exchange or not) in connection with contracts made subject to the Rules, Bye-laws and Regulations of the Exchange; Provided that where a claim of a creditor (other than the Exchange, the Clearing House or the Trade Guarantee Fund) is the subject matter of an arbitration proceeding under the Rules, Bye-laws and Regulations which is pending, the Governing Board may in its discretion consider the defaulter to be eligible for re-admission if he deposits with the Exchange a sum equal to the amount of such disputed claim. The sum so deposited shall be paid to the claimant to the extent to which the arbitration award is in favour of the claimant and the balance shall be refunded to the defaulter.

(2) Upon an application of the defaulter in this behalf, the Governing Board may from time to time in its discretion and subject to such terms and conditions as it may deem fit to impose, extend the time specified by it for payment of any amounts payable by the defaulter upon being satisfied that there is sufficient cause to do so. Provided that, save and except for exceptional reason which shall be recorded by the Governing Board in writing, the Governing Board shall not be entitled to extend time beyond one year from the date of declaration of default. }

Defaulter when not to be Readmitted

61. A defaulter shall not be readmitted if his default has been contributed to by reckless dealings on his own account or if his conduct has been marked by indiscretion and by the absence of reasonable caution.

Who may be Readmitted

62. **(a)** The Governing Board may subject to the conditions prescribed in sub - clause (b) and such other conditions as it deems fit to impose readmit only such defaulter who in its opinion -

(i) has defaulted owing to the default of principals whom he might have reasonably expected to be good for their commitments;

(ii) has not been guilty of bad faith or breach of the Rules, Bye-laws and Regulations of the Exchange;

(iii) has kept his business within a reasonable proportion of his means or resources; and

(iv) has been irreproachable in his general conduct.

Conditions of Readmission

(b) The readmission of a defaulter shall be on condition that he shall not carry on business on the Exchange for a period of atleast two years from the date of his readmission or for

[1] Replace by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

such longer periods as the Governing Board determines in each case and that before commencing business he shall provide security for the sum of [1]{ Rs.50,000 } and shall maintain such security (or the amount deemed fit to be in his case by the Governing Board) with the Exchange at all times he is carrying on business on the Exchange except when working as a representative member.

Provisions as to Security

(c) The provisions in these Rules relating to security provided by a member on admission shall apply in all respects to security provided by a defaulter subsequent to his readmission to membership as prescribed in sub-clause(b)

Readmitted Defaulter Ineligible for Appointment as Office Bearer

63. A member who has been declared a defaulter at any time shall not be eligible to be elected a Trustee, a Member of the Governing Board or of any standing or other committee or as an office bearer of the Exchange.

[2] **63A.** The provisions of Rules 53 to 63 shall apply mutatis mutandis, to a member being a company or financial corporation:

Provided that re-admission of a defaulter which is a company or a financial corporation shall be subject to such conditions which the Governing Board may in its absolute discretion impose and communicate to the defaulter;

Provided further that default by a member being a company shall also be deemed to be the default of all its Directors who are members of the Exchange and the provisions of these Rules to a defaulter members shall apply to such Director.

[1] Amended by Governing Board Resolution dated 21.04.81 and approved by Govt. on 06.07.81.

[2] Added by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

MEMBERSHIP REGISTER, NOTICES AND DUES

Register of Members

64. A register of members shall be maintained by the Exchange in which shall be en-tered the names and addresses of members and the dates of their admission and termination of membership by resignation, death, default, expulsion or otherwise.

List of Members

65. A list of the members of the Exchange shall be published from time to time.

Member's Address

66. **(a)** Every member shall register with the Exchange an address and subsequent changes thereof at which all communications addressed to him shall be delivered. [1]{ } Any member not complying with this provision shall be debarred from claiming the protection of the Rules, Bye-laws and Regulations of the Exchange.

Communications to Members

(b) If a member has not registered his address as provided in sub-clause (a) to which a communication addressed to him may be delivered or refuses to take delivery of such communication such communication shall be posted on the notice board of the Exchange and thereupon it shall be deemed to have been received by him.

General Notice

67. A notice to the general body of the members of the Exchange may be published by posting such notice bearing the date of posting on the notice board of the Exchange and every member shall be deemed to be affected by such notice immediately after it has been posted.

Annual subscriptions, Fees and Charges

[2]**68.** Every member shall pay at such time or times and in such manner as the Governing Board shall direct such admission and entrance fees if any and annual subscriptions as may be from time to time determined by the Exchange in general meeting and such other fees and charges as may be from time to time determined by the Governing Board.

Liabilities of Past Members

69. A member who shall for any reason cease to be a member of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies which at the time of his ceasing to be a member shall have been due by him to the Exchange, to the Clearing House [3]{ or to the Trade Guarantee Fund. }

Failure to Pay Subscription and Other Fees

70. Save as otherwise provided in the Rules, Bye-laws and Regulations of the Exchange if a member fails to pay his annual subscription, fees, charges or other monies which may be due by him to the Exchange, to the Clearing House [4] { or to the Trade Guarantee Fund } within two months after notice in writing has been served upon him by the Exchange he may be suspended by the Governing Board until he makes payment and if within a further period of six months he fails to make such payment he may be expelled by the Governing Board.

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[1] Deleted by Governing Board Resolution dated 16.01.2002 and approved by SEBI on 06.03.2002.

[2] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[3] Amended by SEBU on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

[4] Amended by SEBI on 09.05.97 and adopted by Governing Board Resolution dated 10.05.97.

MEETINGS OF MEMBERS

Annual General Meeting

71. **(a)** In the month of March in each year or as soon thereafter as may be practicable the Governing Board or the President may convene a meeting of the members of the Exchange to be called the Annual General Meeting of the Exchange.

Business at Annual General Meeting

(b) No business shall be brought forward or transacted at the Annual General Meeting except the following -

Balance Sheet and Auditor's Report

(i) Consideration of the preceding year's statement of income and expenditure and balance sheet together with the auditor's report thereon;

Appointment of Auditor

(ii) appointment of an auditor; and

Other Business

(iii) such other business as shall have been specified in the notice convening the meeting.

Extraordinary General meeting

72. All meetings of the Exchange other than Annual General Meetings shall be called Extraordinary General Meeting.

Extraordinary General Meetings How Convened

73. **(a)** The Governing Board or the President may at any time and in case the Governing Board is not functioning [1] { the Chairman or } the Secretary on the written requisition of five or more members shall convene an Extraordinary General Meeting of the Exchange.

Requisition for Extraordinary General Meeting

(b) The Governing Board or the President shall on the requisition of not less then fifty-one members convene an extraordinary general meeting within fifteen days of the receipt of such requisition failing which any five of the requisitionists may convene such meeting within the next fifteen days. The requisition shall state the objects of such meeting to which the discussion shall be strictly confined.

Sanction of General Meeting where Obligatory

74. The Exchange in general meeting may from time to time decide, [2] { determine, authorise and sanction } the following which matters shall be deemed to lie within its sole and exclusive jurisdiction and outside the purview of the Governing Board namely -

Trustees

(i) appointment and removal of Trustees;

Number of Members

[1] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Substituted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.

(ii) the maximum number of members of the Exchange;
(iii)

Entrance, Admission and Annual Fees

(iii) the amount of the entrance fee, admission fee and annual subscription payable by members;

Dealing with Immovable Property

(iv) Acquisition, purchase, lease, sale, exchange, mortgage or other disposal absolute or conditional of the whole or part of any immovable property of the Exchange;

Dealing with Funds

(v) payment, disbursement, disposal of or dealing with any funds or property of the Exchange for contributions or payment towards a charitable purpose or for expenses other than the expenses necessary for carrying on the [1] {administration, functions, working and affairs} of the Exchange: provided a resolution for this purpose has been adopted at a general meeting called for the purpose at which a quorum of not less than one hundred members is present and [2] { provided further that no payment or disbursement shall be made directly or indirectly by way of dividend, bonus or otherwise by way of profit to the members of the Exchange or to any one or more of them or to any persons claiming through any one or more of them; }

Borrowing

(vi) [3] { borrowing or raising, subject to the provisions of Rule 4(vi), of any monies } required for the purposes of the Exchange upon such terms and in such manner and with or without security as may be determined: provided however that the Governing Board shall have the right to borrow money against and pledge all or any part of the securities not paid for and held by the Clearing House for the account of a defaulting member upto an amount not exceeding the value of such securities at the ruling market price for the purpose of making payment to members in respect of such securities.

Extraordinary General Meeting may Make Rules and Bye-laws

75. **(a)** The Exchange in Extraordinary General Meeting may without derogating from the powers of the Governing Board in that behalf and subject to the provisions of the Securities Contracts (Regulation) Act, 1956 from time to time make, add to, vary or rescind any Rule or Rules or Bye-law or Bye-laws to carry out the objects of the Exchange.

Resolution How Passed

(b) No resolution for the purpose of sub-clause (a) shall be deemed to have been passed or be of any effect whatever unless it shall have been approved and a.dopted by a majority of three-fourths of the members present at a general meeting called for the purpose at which a quorum of not less than eighty members is present.

[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.
[2] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.
[3] Substituted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.

Extraordinary General Meeting Not to Alter Governing Board Resolution

76. It shall not be competent to the Exchange in general meeting to add, to alter, vary or rescind any resolution passed by the Governing Board under the powers or authority conferred upon it by the provisions of any Rule or Bye-law of the Exchange for the time being in force.

Notice of Meetings

77. All meetings of the Exchange shall be convened by a notice posted on the notice board of the Exchange at least three days before the date appointed for the meeting.

Who may be Present at Meetings

78. Members [1] { and the Chairman } and the legal advisers and officers of the Exchange shall be entitled and any other person may with the permission of the President be allowed to be present at a general meeting of the Exchange. A member before taking his seat shall sign his name in the book provided for the purpose.

Quorum

79. The quorum for a general meeting of the Exchange shall be not less than twenty-five members present unless it is otherwise provided in any Rule or Bye-law of the Exchange for the time being in force. If a fraction appears when determining a quorum under any Rule or Bye-law of the Exchange it shall be omitted. No business shall be transacted at any general meeting unless a quorum be present for the transaction of such business.

No Quorum - Adjournment of Meeting

80. If within thirty minutes from the time appointed for the meeting the quorum required by any Rule or Bye-law of the Exchange for the time being in force be not present the meeting if convened upon a requisition of members shall be dissolved and in any other case it shall stand adjourned at the same time and place to the same day in the next week or if such day be a holiday to the next business day and if at such adjourned meeting no such quorum be present within fifteen minutes of the time appointed for the meeting those members present shall constitute a quorum and may transact the business for which the meeting was called.

[2] **(President to Preside)**

81. The President of the Exchange or in his absence the Vice-President shall be entitled to take the chair at every general meeting. If there be no President or Vice-President or if at any meeting the President or Vice-President be not present within fifteen minutes of the time appointed for such meeting or be unwilling to act as chairman the members present shall choose a Member of the Governing Board as chairman and if no Member of the Governing Board be present or if all the Members of the Governing Board present decline to take the chair the members present shall choose one of their number to preside.

Decision by Majority

82. Every question submitted to a general meeting shall be decided by a majority of the votes cast at the meeting unless a specified majority is required by any Rule or Bye-law of the Exchange for the time being in force: provided that if a fraction appears when so determining the specified majority it shall be omitted.

[1] Substituted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Substituted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

Voting

83. Votes shall be taken by a show of hands unless a poll be (before or on the declaration of the result on the show of hands) demanded in writing by not less than five of the members present and unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or carried by a particular majority or lost and an entry to that effect in the minute book of the Exchange shall be deemed conclusive evidence of the fact that such resolution was so carried or lost and no further proof of the number or proportion of the votes recorded for or against such resolution shall be necessary.

Poll

84. If a poll be duly demanded by five or more members present at a general meeting it shall be taken at such time and place either immediately or after an interval or adjournment (except when the poll be demanded on the election of a chairman or on a question of adjournment when it shall be taken forthwith) and either by open voting or by ballot as the chairman directs and the result of such poll which shall determine whether the resolution is carried or lost shall be deemed to be the resolution of the meeting at which the poll was demanded.

Validity of Vote

85. The chairman of any general meeting shall be the sole judge of the validity of any vote given at such meeting.

Casting Vote

86. In case of an equality of votes whether on a show of hands or on a poll the chairman of the general meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Voting by Proxy

87. A member present in person at a general meeting shall have one vote. No voting by proxy or by power of attorney shall be allowed.

Suspended or Expelled Member and defaulter Not to Vote

88. A member who has been suspended or expelled or declared a defaulter shall not be entitled to be present or to vote at any general meeting but a member shall not be disentitled to be present and vote merely because money is due and payable by him to the Exchange.

Adjournment of Meeting

89. The chairman of a general meeting may with the consent of the majority of the members present adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Minutes

90. Minutes of the proceedings of general meetings shall be maintained under the authority of the Secretary and such minutes shall be available for inspection by members at such time and place as the Governing Board may determine.

TRUSTEES

Appointment of Trustees

91. The Exchange in general meeting shall from time to time appoint such members being citizens of India resident in Bombay City as it deems fit as Trustees [1] {to hold the} [2] { funds, properties and other assets of the Exchange upon trust for the objects and purposes of the Exchange } and shall have power from time to time remove such Trustees or one or more of them as it shall see occasion and to appoint another or others in the place of the Trustee or Trustees so removed.

[3] { Provided that the funds, property and other assets of the Trade Guarantee Fund shall be held and dealt with by such person or persons and in such manner as may be provided by the Bye-laws and Regulations of the Exchange}

Number of Trustees

92. There shall be [4] { five } Trustees of the Exchange. A Trustee shall continue in office till he dies or ceases to be a member or becomes insolvent or leaves Mumbai City or is removed by the Exchange or withdraws form the trust reposed in him. Upon the happening of any of such events the Exchange in general meeting shall nominate and appoint a successor who shall thereupon be and become a Trustee in the room of such Trustee so dying or ceasing to be a member or becoming insolvent or leaving Mumbai City or being removed from or relinquishing his trust as aforesaid.

Functions

[5] **93.** **(a)** The Trustees for the time being shall from time to time invest all monies belonging to the Exchange in houses and landed property as determined by the Exchange in general meeting or in securities of the Government of India or any State Government or in Port Trust Bonds, Municipal Bonds, First Debentures of any reputable Joint Stock Company or such other securities authorised by law for investment of Trust funds [6] { or with the permission of the Central Government in Equity or Preference shares of any Joint Stock Company } or by deposit at a fixed rate of interest or in current account with any reputable Bank or Joint Stock Company as the Governing Board may determine. The Trustees shall also from time to time as requested by the Exchange in general meeting or the Governing Board (as the case may be) alter and transpose the funds or securities in and upon which the monies for the time being shall be invested. Any surplus funds which may from time to time be with the Treasurer may in like manner be invested at the direction of the Exchange in general meeting or the Governing Board as the case may be.

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[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.
[2] Substituted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.
[3] Inserted SEBI on 09.05.97 and adopted by the Governing Board on 10.05.97.
[4] Amended by Governing Board Resolution dated 24.11.97 and approved by SEBI on 12.12.97.
[5] Renumbered by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.
[6] Inserted by Governing Board Resolution dated 15.03.74 and approved by Govt. on 27.05.74.

Delegation

[1] **(b)** The Trustees for the time being may whenever they think it expedient delegate by Power of Attorney or otherwise to the Governing Board or any person or persons (including any office-bearers or officers of the Exchange) or company or fluctuating body of persons (whether being a Trustee of the Exchange or not) all or any of the Trusts, powers and discretions vested in them and such delegation may be made upon such terms and conditions and subject to such regulations including power to sub-delegate as the Trustees may think fit and the Trustees shall not be bound to supervise the proceedings of or be in anywise responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate.

[1] Inserted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.

AUDITOR

Appointment and Duties of Auditor

[1] **94.** The Exchange in Annual General Meeting shall appoint an auditor and fix his remuneration. The auditor so appointed shall audit the accounts of the Exchange as well as examine the securities and other investment of the funds of the Exchange and all the necessary vouchers and papers and make his report which shall be submitted to the Annual General Meeting.

Vacancy

95. Any casual vacancy in the office of the auditor shall forthwith be filled by the appointment of another auditor by the Governing Board.

[1] Amended by Governing Board Resolution dated 10.05.93 and approved by SEBI on 24.06.93.

ELECTION OF THE GOVERNING BOARD AND OFFICE BEARERS

[1]**96.** The Governing Board shall consist of :

(a) [2]{Nine members} of the Exchange elected on general election basis by the members of the Exchange.

(b) Persons not exceeding three appointed by the [3]{Central Government or Securities and Exchange Board of India} as its representatives in accordance with Clauses (a) and (b) of Rule 99,

[4]**{(c)}**

(c) Persons not exceeding [5]{[6]{seven} nominated as public representatives in accordance with Clause (c) of Rule 99, and

[7]{Provided that SEBI may at any appoint public representatives more than seven provided that at any point of time the total number of members nominated under this clause and clause (b) above may not exceed the total number of elected members under clause (a) above.}

[8]**(d)** Chief Executive Officer appointed in accordance with Rule 98.

[9]**(e)** Chief Operating Officer appointed in accordance with Rule 98A

Retirement

[10] **97. (a)** On the 31st March of every year, one third of the members elected to the Governing Board under Clause (a) of Rule 96 and if their number is not a multiple of three, then the number nearest to one-third shall retire from office. The members elected to the Governing Board to retire by rotation each year on the 31st March shall be those who have been longest inoffice since their last appointment but as among persons who became members of the Governing Board on the same day those who are to retire shall in default of and subject to any agreement among themselves be determined by lot.

Election

(b) The Exchange shall in the month of March of every year in the manner hereafter provided elect by ballot one-third of the members of the Governing Board in place of those who retire as aforesaid. A retiring member shall be eligible for re-election as provided in Rule 102.

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[1] Substituted by Governing Board Resolution dated 21.03.88 and approved by Govt. on 06.12.88.
[2] Amended by Governing Board Resolution dated 13.09.93 and approved by SEBI on 27.09.93.
[3] Amended by Governing Board Resolution dated 13.09.93 and approved by SEBI on 27.09.93.
[4] Deleted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[5] Amended by Governing Board Resolution dated 13.09.93 and approved by SEBI on 27.09.93.
[6] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[7] Inserted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[8] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[9] Inserted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[10] Substituted by Governing Board Resolution dated 21.03.88 and approved by Govt. on 06.12.88.

[1]{Chief Executive Officer}

[2]**98.** **(a)** The Governing Board, shall with the previous approval of the Securities and Exchange Board of India, appoint a whole time Chief Executive Officer. The terms and conditions of service of the Chief Executive Officer, the renewal of his appointment and the removal or termination of his service shall be subject to prior approval of the Securities and Exchange Board of India. The person so appointed shall not engage himself in any business directly or indirectly during his tenure of office and if he is a member of the exchange at the time of appointment, he shall resign his membership forthwith.

Provided that no action regarding the removal or termination of service of the Chief Executive Officer shall be taken unless he has been given an opportunity of being heard against such removal or termination.

(b) The Chief Executive Officer shall be an ex-officio member of the Governing Board and of any committee appointed by the Governing Board.

(c) Subject to the overall management of the affairs of the exchange being vested in the governing board as provided in these Rules, Bye-laws and Regulations, the Chief Executive Officer shall be vested with the executive powers of the exchange to run day to day administration of the exchange and to enforce the rules, bye-laws and Regulations of the exchange and to represent the exchange in any public matter and to exercise all other powers, rights, duties and functions as may be entrusted or delegated to him by the Governing Board from time to time. It shall be the duty of the Chief Executive Officer to give effect to the directives, guidelines and orders issued by the Securities and Exchange Board of India from time to time in order to implement the applicable provisions of law, rules and regulations as also the Rules, Bye-laws and Regulations of the exchange.

Chief Operating Officer

[3]**98A.** The Governing Board may, in its sole discretion , appoint a whole-time director to be designated as Chief Operating Officer and the appointment of such Chief Operating Officer, the terms of his appointment and his removal or dismissal from office shall be subject to the previous approval of the Governing Board. The Chief Operating Officer shall be an ex-officio Member of the Governing Board of the exchange. The Chief Operating Officer shall be vested with such powers, rights, duties, responsibilities and functions as may be entrusted to him by the Chief Executive Officer or delegated to him by the Governing Board, in accordance with the Rules, Bye-laws and Regulations of the exchange, from time to time.

[4]{SEBI} Nominees

[5]**99.** [6]**(a)** The [7]{Securities and Exchange Board of India} may from time to time appoint one or more persons not exceeding three in number as its representatives [8]{ } on the Governing Board.

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[1] Revised by Governing Board Resolution dated 13.09.2002 pursuant to SEBI's letter dated 05.09.2002.
[2] Revised by Governing Board Resolution dated 13.09.2002 pursuant to SEBI's letter dated 05.09.2002.
[3] Inserted by Governing Board Resolution dated 13.09.2002 pursuant to SEBI's letter dated 05.09.2002.
[4] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[5] Substituted by Governing Board Resolution dated 30.11.82 and approved by Govt. on 23.12.82.
[6] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[7] Amended by Governing Board Resolution 13.09.93 and approved by Govt. on 27.09.93.
[8] Deleted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.

[1]{SEBI} Nominees to Hold Office at Pleasure of Government

[2]**(b)** The [3]{SEBI} Nominees [4]{ } shall not be subject to retirement. They will continue to hold office at the pleasure of the [5]{Securities and Exchange Board of India} which may at any time require them to relinquish their appointment and appoint other person in their place.

[6]Public Representatives

(c) The Governing Board shall, soon after it is constituted, nominate on the Board, subject to the approval of the Securities and Exchange Board of India, one or more persons, [7]{ } of Public eminence [8]{[9]{ } } who are not directly connected with the securities business as public representatives. The persons so nominated will hold office till the expiry of the term of the Board or till nomination of public representatives for the succeeding year is approved by the [10]{ } Securities and Exchange Board of India whichever is later. Any vacancy caused by resignation, death or otherwise will be filled in the same manner.

[11]Fair Practices/ Code of Conduct for Public Representatives and SEBI Nominees

99A. The Public Representatives and SEBI Nominees shall follow and observe the Guidelines for Fair Practices/ Code of Conduct as prescribed in the Appendix 'J' to these Rules and as may be amended by SEBI from time to time.

Conditions of Eligibility

100. No member shall be eligible to be elected a member of the Governing Board if -

Nationality

[12]{**(i)** he is not a citizen of India};

Standing

(ii) [13] { he has been member of less than three years' standing on the last day for submission of proposals by candidates for election under Rule 104 }

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[1] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[2] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[3] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[4] Deleted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[5] Amended by Governing Board Resolution dated 13.09.93 and approved by Govt. on 27.09.93.
[6] Amended by Governing Board Resolution dated 13.09.93 and approved by Govt. on 27.09.93.
[7] Deleted by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002.
[8] Amended by Governing Board Resolution dated 17.10.2002 and approved by SEBI on 18.12.2002
[9]. Deleted by Governing Board Resolution dated 07.08.2004 and approved by SEBI on 03.08.2004.
[10] Deleted by Governing Board Resolution dated 07.08.2004 and approved by SEBI on 03.08.2004.
[11] Inserted by Governing Board Resolution dated 19.08.2003 pursuant to SEBI letter dated 03.07.2003 and approved by SEBI on 09.10.2003.
[12] Inserted by Governing Board Resolution dated 20.01.2000 and approved by SEBI on 15.05.2000.
[13] Substituted by Governing Board Resolution dated 06.01.97 and approved by SEBI on 27.02.97.

Default

(iii) he has at any time been declared a defaulter or failed to meet his liabilities in ordinary course or compounded with his creditors.

[1]{**Cancellation of Registration**

(iv) his certificate registration as a stock broker has been cancelled by the Securities and Exchange Board of India;

Suspension of Certificate of Registration, Trading/Membership Rights

[2]{**(v)** his certificate of registration as a Stock Broker or his trading rights have been suspended by the Securities and Exchange Board of India or the Exchange as the case may be or his membership rights have been suspended by the Exchange on account of any disciplinary action taken against him under the Rules, Regulations or Bye-Laws of the Exchange and two years have not elapsed from the date of expiry of such suspension of certificate of registration, trading rights or membership rights.}

Notified Persons

{**(vi)** he falls in the category of Notified Persons as per the Special Courts (Trials of Offences Relating to Transactions in Securities) Act, 1992 and two years have not elapsed from the date the person is de – notified under the said Act.}

[3]{**(vii)** he was a member of the Governing Board of the Exchange at the time of its supercession and the period of two years has not elapsed from the date of expiry of the order of supercession passed by SEBI.
Clarification : It is clarified that in this clause (vii), the period of two years prior to the member being eligible for re-election shall also apply to all the partners of a partnership firm carrying on business on the Exchange or to all the nominees of corporate member (whether or not the same partner / nominee respectively were on the Board at the time of its supercession).}

Eligibility of Corporate Members

[4]**100A**. [5]{(i) A company or a body corporate which is a member (hereinafter referred to as the "corporate member") may nominate an individual who is a whole time director of a corporate member for election as a member of the Governing Board.

(ii) In case of conversion of individual member/ partnership firm into a corporate member, the corporate member may nominate the individual member or the partner or the constituted attorney who was authorised to carry on the business of the individual member or the partnership firm, as approved by the Governing Board under Rule 211

Provided that the individual, partner or the constituted attorney is a whole time director of the corporate member constituted on conversion of individual member/partnership firm into a corporate member.

[1] Inserted by Governing Board Resolution dated 20.01.2000 and approved by SEBI on 15.05.2000.
[2] Inserted by Governing Board Resolution dated 20.01.2000 and approved by SEBI on 15.05.2000.
[3] Inserted by Governing Board Resolution dated 16.02.2005 and approved by SEBI on 04.04.2005.
[4] Inserted by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.
[5] Substituted by Governing Board Resolution dated 20.01.2000 and approved by SEBI on 15.05.2000

(iii) The individual partner or the constituted attorney as referred to in sub rules (i) and (ii) of this rule shall comply with the eligibility criteria as specified in clauses (i) and (iii) to [1]{(vii)} of Rule 100

(iv) The corporate member shall comply with the eligibility criteria as contained in clauses (ii) to [2]{(vii)} of Rule 100

Provided that for the purpose of eligibility criteria of the corporate member under clause (ii) of Rule 100 the previous experience of the individual, partner or the constituted attorney as referred to in sub rule (ii) may be considered.

(v) Not more than one nominee of a corporate member shall be a member of the Governing Board at any point of time.}

Partners as Members

101. Not more than one partner of a partnership firm may be a Member of the Governing Board at one and the same time.

Retiring Members

[3]**102.** [4]{All the retiring members of the Governing Board shall be eligible for re-election. Provided that:-

(i) if a member who is an individual has been elected for two consecutive terms on the Governing Board then he shall not be eligible for re-election for a period of two years after the end of the second consecutive term;

(ii) if a partner (whether or not the same partner) of a partnership firm carrying on business on the Exchange has been elected for two consecutive terms on the Governing Board then no partner of that partnership firm shall be eligible for re-election for a period of two years after the end of the second consecutive term;

(iii) if a nominee (whether or not the same person) of a corporate member has been elected for two consecutive terms on the Governing Board then no nominee of that corporate member shall be eligible for re-election for a period of two years after the end of the second consecutive term.}

Notice of Election

103. At least one month's previous notice of any election by ballot of the Governing Board shall be given by the Governing Board and posted on the notice board of the Exchange.

Proposal of Candidates [5]{and Withdrawal of Proposal}

104. Any two members of the Exchange may propose and second candidates eligible for election to the Governing Board. Such proposals shall be in writing signed by the proposers and seconders and by the candidates in token of their willingness to stand for election and they shall reach the Exchange atleast fifteen clear days previous to the date of election. [6]{A candidate may withdraw his candidature by a letter in writing signed by him, which shall reach the Exchange atleast nine clear days previous to the date of election.}

[1] Amended by Governing Board Resolution dated 16.02.2005 and approved by SEBI on 04.04.2005.
[2] Amended by Governing Board Resolution dated 16.02.2005 and approved by SEBI on 04.04.2005.
[3] Amended by Governing Board Resolution dated 13.09.93 and approved by SEBI on 27.09.93.
[4] Substituted by Governing Board Resolution dated 23.09.99 and approved by SEBI on 15.05.2000.
[5] Inserted by Governing Board Resolution dated 18.01.2001 and approved by SEBI on 23.02.2001.
[6] Inserted by Governing Board Resolution dated 18.01.2001 and approved by SEBI on 23.02.2001.

Notice of Candidates

105. A notice containing the names of all candidates for election, their proposers and seconders shall be posted on the notice board of the Exchange for seven days previous to the date of election.

Ballot When Unnecessary

106. When the number of candidates does not exceed the number of vacancies to be filled no ballot shall be necessary and such candidates shall be deemed duly elected and if there be still a vacancy the Governing Board elected to office shall fill it up.

Scrutineers

107. The Governing Board or the President shall appoint three members of the Exchange not being Members of the Governing Board or candidates for election to act as scrutineers at elections and they shall report the result of the ballot to the Exchange and to the Governing Board.

Voting

108. No member shall be entitled to give more than one vote to any particular candidate nor shall he be entitled to give a smaller number of votes than the number of vacancies to be filled in.

Elected Candidates

109. Those candidates receiving the highest number of votes shall be declared elected to the vacant positions and in case of an equality of votes the election shall be decided by the scrutineers by drawing lots.

Office Bearers

[1]**110** Subject to the provisions of Rule 110A, the Governing Board [2]{may} at the first meeting after its election elect from amongst [3]{ } members of the Governing Board its President, Vice-President and Honorary Treasurer who shall be ex-officio the President, Vice-President and Honorary Treasurer respectively of the Exchange.

Provided that no [4]{ } member of the Governing Board who has held the office of the President for two consecutive terms shall be eligible for re-election as President unless a period of one year has elapsed since he last held such office.

Provided further that no [5]{ } member of the Governing Board who has held the office of Vice-President for two consecutive terms shall be eligible for re-election as Vice-President unless a period of one year has elapsed since he last held such office.

No Elected Members to be Office Bearers

[6]**110A** Notwithstanding anything else contained in the Rules, Bye-laws and Regulations of the Exchange, no elected member of the Governing Board shall be eligible to hold office as an office bearer of the Exchange such as President, Vice-President and Honorary Treasurer respectively.

Vacancy in the Office of President, Vice-President or Honorary Treasurer

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[1] Amended by Governing Board Resolution dated 13.09.93 and approved by Govt. on 27.09.93.

[2] Amended by Governing Board Resolution dated 19.04.2002 and approved by SEBI on 03.06.2002.

[3] Deleted by Governing Board Resolution dated 19.04.2002 and approved by SEBI on 03.06.2002.

[4] Deleted by Governing Board Resolution dated 19.04.2002 and approved by SEBI on 03.06.2002.

[5] Deleted by Governing Board Resolution dated 19.04.2002 and approved by SEBI on 03.06.2002.

[6] Inserted by Governing Board Resolution dated 19.04.2002 and approved by SEBI on 03.06.2002.

111. [1] **(a)** In case a vacancy shall occur in the office of President or Vice-President or Honorary Treasurer the Governing Board shall fill the vacancy by election from the Members of the Governing Board and the President or Vice-President or Honorary Treasurer so elected shall hold office until the next annual election and until his successor is elected and takes office.

Acting President

[2]**(b)** If there be no Acting President or Vice-President or in the temporary absence or inability of both to act the Governing Board may choose from the Members of the Governing Board an Acting President of the Exchange for the time being.

Non-Executive Chairman

[3]{[4]{**112.** Notwithstanding what is contained herein, the Governing Board may appoint a Non-Executive Chairman from amongst its non-elected members on such terms and for such period, not exceeding two years at a time, as it may determine. The Non-Executive Chairman shall chair the meetings of the Governing Board and discharge such other non-executive functions as may be entrusted to him by the Governing Board, in accordance with Rules, Bye-laws and Regulations of the exchange, from time to time. During his tenure, the Non-Executive Chairman shall not be a member of any stock exchange or carry on the business of purchase and sale of securities nor shall he be associated with any broking concern as a director, employee or otherwise.}

[1] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66 .

[3] Inserted by Governing Board Resolution dated 22.02.66 and approved by SEBI on 29.03.66

[4] Revised by Governing Board Resolution dated 13.04.2002 and approved by SEBI on 05.09.2002 .

VACANCIES IN THE GOVERNING BOARD

Leave

113. The Governing Board may give any Member of the Governing Board leave of absence for a period not exceeding four months and may by a resolution appoint any member of the Exchange eligible to be elected a Member of the Governing Board in the place of such Member for the duration of his leave.

Vacancy

114. The office of a Member of the Governing Board shall be ipso facto vacated -

Suspension of Payment

(i) [1]{if he or the corporate member who has nominated him or the partnership firm of which he is a partner suspends payment or is adjudicated an insolvent or if a petition be filed by him for winding up his affairs or those of his partnership firm or of the corporate member who has nominated him or if he or his partnership firm or the corporate member who has nominated him compounds with his / its creditors or is declared a defaulter;}

Unsound Mind

(ii) if he be found lunatic or becomes of unsound mind or incapable of efficient attention to business;

Absence

(iii) if he absents himself from all the meetings of the Governing Board for a continuous period of three months without leave of absence from the Governing Board;

Death, Suspension or Expulsion

(iv) if he dies or he or the corporate member who has nominated him ceases to be a member of the Exchange or is suspended or expelled from the Exchange;

[2] { Provided that the office of a Member of the Governing Board shall not be deemed to be vacated in case such Member exercises the right of nomination of his membership in favour of a Company or a Financial Corporation, of which he is a Designated Director if he holds together with his family members and current partners more than 51% of the share capital of such company or Financial Corporation that may be admitted as a member of the Exchange in his place. However, such member shall continue as a Member of the Governing Board till the remainder of his tenure or till he ceases to hold more than 51 % of the share capital as above, whichever is earlier. }

Resignation

(v) if he by notice in writing to the Governing Board resigns his office.

[3] {[4]{Cancellation of SEBI Registration

(vi) If his certificate of registration as Stock Broker has been cancelled by the Securities and Exchange Board of India**;**

Suspension

[1] Substituted by Governing Board Resolution dated 23.09.99 and approved by SEBI on 07.01.2000.

[2] Inserted by Governing Board Resolution dated 21.07.97 and approved by SEBI on 31.12.97.

[3] Substituted by Governing Board Resolution dated 12.06.95 and approved by SEBI on 11.07.95.

[4] Substituted by Governing Board Resolution dated 23.09.99 and approved by SEBI on 07.01.2000

(vii) if his certificate of registration as a Stock Broker or his trading rights have been suspended by the Securities and Exchange Board of India or Exchange as the case may be or his membership rights have been suspended by the Exchange on account of any disciplinary action taken against him under the Rules, Regulations or Bye-Laws of the Exchange and two years have not elapsed from the date of expiry of such suspension of certificate of registration, trading rights or membership rights.

Notified Persons

(viii) If he falls in the category of Notified Persons as per the Special Courts (Trial of Offences relating to Transactions in Securities) Act, 1992

Cessation as whole-time / designated director of the Corporate Member

(ix) If he, being a nominee of a Corporate member, ceases to be a whole time/designated director of the Corporate Member.

Nationality

(x) if he ceases to be a citizen of India;

In case of vacancy of the office of a member on the grounds as provided in the above clauses, the corporate members shall not have the right to replace that member and the vacancy shall be filled as per the Rules of the Exchange.}

When a member of the Governing Board vacates office upon occurrence of an event specified under any of the aforesaid clauses, he shall not resume office as a member / office bearer of Governing Board upon the cessation of such event during the remaining term of his office.}

Expulsion from Governing Board

115. The Governing Board may by a special resolution remove from the Governing Board any Member of the Governing Board who in its discretion is deemed to be guilty of improper conduct or who in its opinion has a direct or indirect interest (except brokerage) in any bull or bear syndicate or combination formed to rig or depress the market or is deemed to be a partner or sub-partner or responsible representative of such syndicate or combination.

Filling up of Casual Vacancies

116. [1]{If a casual vacancy arises in the Governing Board such vacancy shall be filled by election of a duly qualified member of the Exchange so far as circumstances permit in the manner provided in these Rules for election to the Governing Board unless the Governing Board determines that the vacancy so arisen need not be filled until the next annual election. The member so elected shall hold office only upto that date which the person in whose place he has been elected would have held office. Provided that the member, who vacates office upon the occurrence of any event under Rule 114 or upon removal under Rule 115, shall not be eligible for election in the said extra ordinary meeting/election.

Explanation : In this Rule the term “casual vacancy” includes a vacancy arising upon the occurrence of any event under Rule 114 or a removal under Rule 115.}

[1] Substituted by Governing Board Resolution dated 12.06.95 and approved by SEBI on 11.07.95.

Powers of Surviving Members

117. **(a)** The surviving or continuing Members of the Governing Board not with- standing any vacancy in their number may act until the vacancy shall have been filled up provided that such Members constitute aquorum.

Limited Powers of Surviving Members

(b) If the surviving or continuing Members of the Governing Board do not constitute a quorum they shall exercise the powers of the Governing Board only for the purpose of filling up such vacancies in accordance with the Rules applicable thereto.

Resignation of all Members of the Governing Board

(c) In the event of all the Members of the Governing Board resigning all together such Members shall continue to hold office and exercise all the powers vested in them as Members of the Governing Board until the succeeding Governing Board shall have been elected by ballot by the members of the Exchange in accordance with these Rules.

POWERS OF THE GOVERNING BOARD

Jurisdiction

118. The Governing Board shall have complete jurisdiction over all members of the Exchange and shall have supervisory jurisdiction over any and all subjects and matters referred to all standing and other committees and may direct and control their actions or proceedings at any stage thereof. The Governing Board shall have the absolute power and right to interpret the Rules, Bye-laws and Regulations of the Exchange and to decide all points, questions and disputes relating to Stock Exchange matters and relating to the administration, [1] { functions, working } and affairs of the Stock Exchange and relating to the conduct of members towards each other or towards third parties. Any interpretation or decision made by the Governing Board shall be final and conclusive and binding on all members, their partners, agents and employees and on all persons dealings through or with them.

General Powers

119. The management of the [2] { functions, working and affairs } and the control of the Exchange, the regulation of the conduct of members, their partners, agents and employees and the promotion of the welfare, objects and purposes of the Exchange and the management and control of the properties and funds of the Exchange and of its income and expenditure shall subject to the Rules, Bye-laws and Regulations of the Exchange vest in the Governing Board and in the exercise of such powers it may from time to time make subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities Contracts(Regulation) Rules, 1957 such Rules and Bye-laws and adopt such Regulations and resolutions and issue such orders, notices and directions and take such decisions as it may deem appropriate. The Governing Board may in addition to the powers and authorities expressly conferred by any Rule, Bye-law or Regulation of the Exchange for the time being in force exercise all such powers and do all such acts and things as may be exercised or done by the Exchange in general meeting assembled and which are not expressly required to be so exercised and done and more particularly in furtherance and not in limitation of the foregoing powers and without prejudice to the generality of the foregoing powers and to any power or authority impliedly or expressly conferred by any Rule, Bye-law or Regulation of the Exchange for the time being in force the Governing Board is specially authorised subject to any Rule or Bye-law for the time being in force to exercise governmental and administrative powers in the sense of the provisions in that behalf contained in these Rules.

Governmental Powers

120. In the exercise of its governmental powers the Governing Board shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities namely -

Office-Bearers

(i) to elect office-bearers and appoint committees;

Casual Vacancies

(ii) to fill casual vacancies in the Governing Board or in a standing or any other committee or of an auditor;

Admission, Expulsion and Control of Members

(iii) to admit members by a special majority, expel and reinstate them by a special resolution and to control, warn, censure, fine and suspend them, withdraw all or any of their membership rights and declare their default;

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[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[2] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

Approval of Partnership, Attorneys, Remisiers, and Authorised Clerks

(iv) to approve and regulate the formation and dissolution of partnerships and appointment of attorneys, agents, remisiers, authorised clerks and employees of members;

Control of Partners, Attorneys, Agents, Remisiers and Employees

(v) to approve, control, warn, censure, fine, suspend, expel and exercise supervision over partners, attorneys, agents, remisiers, authorised clerks and employees of members;

Investigation

(vi) to examine and investigate the financial conditions, business conduct and dealings of members;

Attendance and Information

(vii) to call upon any member, his partner, attorneys, agents, remisiers, authorised clerks and employees to appear and testify before the Governing Board or the President [1] { or the Chairman } or before a committee or an officer of the Exchange authorised in that behalf and to furnish to Governing Board or to the President [2] { or the Chairman} or to a committee or an officer of the Exchange authorised in that behalf such books, papers, documents, correspondence, clearing forms and any other records or information in his or their possession which may be deemed relevant or material to any matter under inquiry or investigation or which the Governing Board in its absolute discretion deems necessary in the interest of just and equitable principles of trade or in the public interest or in the interest and welfare of the Exchange and its members;

Adjudication of Disputes

(viii) to hear, investigate, arbitrate and adjudicate on and decide all questions and disputes affecting members, their partners, attorneys, agents, remisiers, authorised clerks, employees or constituents arising out of business done on the Exchange or affecting their dealings, character and conduct towards each other or towards third parties;

Imposition of Penalties

(ix) to prescribe from time to time and impose penalties for violation of the Rules, Bye-laws and Regulations of the Exchange and for neglect or failure or refusal to comply with resolutions, orders, notices, directions or decisions of the Governing Board or the President [3]{ or the Chairman } or of any committee or officer of the Exchange authorised in that behalf or for any offence against the Exchange the penalty for which is not specifically prescribed.

Enforcement of Rules, Bye-laws and Regulations

(x) to enforce the Rules, Bye-laws and Regulations of the Exchange and take cognisance of offences against them;

[4] **Regulation of Functioning**

(xi) to determine from time to time the mode in and conditions subject to which { the Stock Exchange shall function; }

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[1] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[3] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[4] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

Regulations

(xii) to make and from time to time add to, substitute, vary, modify or rescind any Regulations prescribed under the Rules and Bye-laws of the Exchange;

General Control

(xiii) to decide and from time to time adopt resolutions and issue orders, notices and directions in respect of matters not provided for in the Rules, Bye-laws and Regulations of the Exchange;

Review

(xiv) to review, reconsider, modify or rescind any resolutions, orders, notices,directions and decisions; and

General Power

(xv) generally to supervise and direct all matters affecting the interest of the Exchange.

Administrative Powers

121. In the exercise of its administrative powers the Governing Board shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities namely -

Fees and Charges

(i) to fix from time to time and collect [1] { from members } in addition to the dues and charges provided for in the Rules, Bye-laws and Regulations of the Exchange such other charges of fees [2] { as may be deemed necessary or desirable for the functioning of the Exchange; }

Borrowing

(ii) [3]{ subject to the provisions of Rule 4(vi), } to borrow against and pledge all or any part of the securities not paid for and held by the Clearing House for the account of a defaulting member upto an amount not exceeding the value of such securities at the ruling market price for the purpose of making payment to members in respect of such securities and to borrow or raise with the consent of the Exchange in general meeting any monies required for the purpose of the Exchange upon such terms and in such manner and with or without security as may be determined;

Dealings with Immovable Property

(iii) to acquire, develop, purchase, lease, sell, exchange, mortgage or otherwise dispose of with consent of the Exchange in general meeting either absolutely or conditionally the whole or part of any immovable property;

Dealings with Funds

[4,5]**(iv)** To lay proper systems and procedures in place authorising the Executive Director, any officer or a committee of the officers with specific responsibility to pay, disburse, dispose of or deal with any funds or other movable property of the Exchange for expenses

[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[2] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[3] Inserted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.

[4] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[5] Amended by Governing Board Resolution dated 30.06.03 and approved by SEBI on 31.05.04.

necessary for carrying on the administration, functions, working and affairs of the Exchange and for contribution or payment towards a public purpose. The Governing Board shall authorise the executives of the Exchange, including the Executive Director, to sign cheques.

Provided that no member of the Governing Board, except the Chief Executive Officer and the Chief Operating Officer who are the ex-officio members of the Governing Board, shall be authorised to sign any cheques or operate any bank accounts on behalf of the Exchange.

Investments

(v) to invest and deal with any of the monies of the Exchange not immediately required for purposes thereof in houses and landed property with the consent of the Exchange in general meeting and in such securities of the Government of India or any State Government or in Port Trust Bonds, Municipal Bonds, First debentures of any reputable Joint Stock Company or such other securities authorised by law for investment of Trust funds [1] { or with the permission of the Central Government in the Equity or Preference Shares of any Joint Stock Company } or by Deposit at a fixed rate of interest or in current account with any reputable bank as it may determine and in such manner as it thinks fit and from time to time to vary or realise such investment;

Releases

(vi) to make and give releases and other discharges for moneys payable to the Exchange and for the claims and demands of the Exchange;

Legal Proceedings

(vii) to institute, conduct, prosecute, defend, compound or abandon all such actions, suits, and proceedings civil or criminal by or against the Exchange or its employees or otherwise concerning the affairs of the Exchange as it may consider necessary and to compromise, compound or allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Exchange or to submit to arbitration and to observe and perform the awards and to make, give, sign and execute all documents in that behalf;

Appointment of Employees

(viii) to appoint and at its discretion to suspend or remove such permanent, temporary or special employees and to determine their powers, duties and terms of remuneration, to establish, maintain or subscribe to for their benefit any Provident or Benefit Funds, pensions, gratuities, compensation or insurance schemes and to make and alter service and other rules and regulations in that behalf as it may from time to time think fit;

Management of Clearing House

(ix) to instruct, control, manage and determine from time to time the remuneration of the Clearing House; and

Stock Exchange Facilities

(x) to provide from time to time such facilities as may be necessary [2] { for the functioning of the Stock Exchange }

[1] Inserted by Governing Board Resolution dated 15.03.74 and approved by Govt. on 27.05.74.

[2] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

Power to Make Rules and Bye-laws

122. The Governing Board may from time to time and subject to the provisions of the Securities Contracts (Regulation) Act, 1956 make, add to, vary or rescind any Rule or Rules or Bye-law or Bye-laws of the Exchange.

Suspension of Rules, Bye-laws and Regulations

123. The Governing Board may by a special resolution waive or dispense with the strict enforcement or suspend the operation in part or in whole of any Rule or Rules or Bye-law or Bye-laws or Regulation or Regulations of the Exchange and in regard to any person or persons, security or securities or matter or matters:

Provided that the Governing Board shall not waive or dispense with the strict enforcement or suspend the operation in part or in whole of any Rule or Rules or Bye-law or Bye-laws continuously for a period exceeding three days except with the approval of the Central Government:

Provided further that when information regarding waiver or suspension is so conveyed as to reach the Central Government in the normal course within twenty-four hours the Governing Board may waive or dispense with the strict enforcement or suspend the operation in part or in whole of any Rule or Rules or Bye-law or Bye-laws for any period exceeding three days without the approval of the Central Government till such time as the decision of the Central Government is communicated to the Exchange.

Exchange Not to Alter Governing Board Resolutions

124. Any resolution passed by the Governing Board under the powers or authority conferred upon it by the provisions of any Rule or Bye-law of the Exchange for the time being in force shall not be added to, altered, varied or rescinded by the Exchange in general meeting and all such resolutions shall when they come into force be deemed valid and binding upon all members of the Exchange, their partners, attorneys, agents, remisiers, authorised clerks, employees and all those dealing with or through them.

Decision of Governing Board Final

125. In all matter brought under the consideration of the Governing Board its decision whether expressed by a resolution or otherwise shall be final and must be carried out forthwith by every member concerned and by his partners, attorneys, agents, remisiers, authorised clerks or any other employees.

Delegation of Powers

126. **(a)** The Governing Board may subject to such conditions as it may think fit delegate such of its powers (except the power to make, add to, vary and rescind Rules and Bye-laws of the Exchange) as it may from time to time determine to the President [1] { or the Chairman } or to committees appointed out of its own Members and may likewise delegate the performance of such ministerial and administrative duties as may deem expedient to the President or to the Chairman or to committees composed of its own Members and/or to any officer of the Exchange.

Review

(b) A person affected by a decision of the President [2] { or the Chairman } or a Committee or an Officer of the Exchange acting under powers delegated by the Governing Board as provided in sub-clause (a) may require a review by the Governing Board within seven days after the decision has been rendered.

[1] Amended by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

[2] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

EXECUTIVE COMMITTEE

Constitution

[1]**126A.(a)** **(i)** The Governing Board may appoint one or more Executive Committees to consider judicial and quasi - judicial matters, membership matters of routine nature and any other matters referred to it by the Governing Board from time to time.

(ii) The Executive Committee(s) appointed by the Governing Board shall consist of :

(a) Executive Director & Chief Executive Officer of the Exchange and the Chief Operating Officer of the Exchange.

(b) Three members of the Exchange who have been elected on a general election basis to the Governing Board of the Exchange by the members of the Exchange.

(c) Persons not exceeding three who are members of the Governing Board of the Exchange as SEBI Nominees or Public Representatives.

Provided however that the Non-Executive Chairman shall be an ex-officio member of the Executive Committee

(d) The maximum strength of the Executive Committee shall be eight.

Provided that the Governing Board may from time to time increase or reduce the number of members of the Executive Committee(s).

Any vacancy in any of the aforesaid constituents of the Executive Committee(s) shall be filled in by a similarly appointed person(s) in accordance with the Rules, Bye-laws and Regulations of the Exchange.

Powers of the Executive Committee(s)

(b) **(i)** The Governing Board may, subject to the provisions of Rule 126(a), delegate, from time to time, to the Executive Committee(s) such of the powers vested in it and upon such terms as it may think fit, to manage all or any of the affairs of the Exchange and may from time to time revoke, withdraw, alter or vary all or any of such powers.

(ii) The Executive Committee(s) shall have such responsibilities and powers as may be delegated to it by the Governing Board from time to time which may inter-alia include the responsibilities and powers as set out in Appendix "I" to these Rules.

Chairman

(c) The Non-Executive Chairman shall preside at all the meetings of the Executive Committee. If there is no Non-Executive Chairman or if at any meeting the Non-Executive Chairman be not present within fifteen minutes of the time appointed for such meeting the members of the Executive Committee present shall choose a non-elected member as the chairman of the meeting.

Quorum

(d) **(i)** Unless otherwise specifically provided, the quorum for the Executive Committee(s) shall be three members out of which atleast one member shall be a non elected member of the Governing Board. If within half an hour from the time appointed for

[1] Inserted by Governing Board Resolution dated 23.05.03 and approved by SEBI on 09.10.03.

holding a meeting of the Executive Committee, a quorum is not present, the members present on the expiry of half an hour from the time appointed for holding the meeting shall be the quorum.

(ii) An interested Member of the Executive Committee shall not be included when counting the quorum prescribed under the Rules and Bye-laws of the Exchange for dealing with the question in which the Member is interested.

Proceedings

(e) **(i)** Unless otherwise provided or directed, the Executive Committee(s) shall conduct and regulate its proceedings in the same manner as the Governing Board.

(ii) The Executive Committee shall meet at least once in every calendar month for the despatch of business with a maximum gap of 45 days between two meetings.

(iii) The Chairman of the Committee or the Executive Director and Chief Executive Officer of the Exchange or any two members of the Committee may at any time convene a meeting of the Committee.

(iv) In a meeting of the Executive Committee, the issues shall be decided by the majority of votes cast except in cases where a larger majority is required under any provision of the Rules, Bye-laws and Regulations of the Exchange. In case of an equality of votes, the matter will be referred to the Governing Board.

(v) The Chairman shall normally preside over all the meetings of the Executive Committee. In the absence of the Chairman the members of the Executive Committee present shall elect one among themselves as the Chairman of such meeting.

(vi) Where in the opinion of the Executive Director and Chief Executive Officer of the Exchange an immediate action is required in any matter, the Executive Director and Chief Executive Officer of the Exchange will be entitled, subject to the Rules, Bye-laws and Regulations of the Exchange, to exercise any or all of the powers exercisable by the Executive Committee, subject to such action being confirmed/ratified by the Executive Committee at the earliest.

(vii) The Executive Committee shall carry out and implement any directives issued by the Governing Board from time to time and shall comply with all the conditions of delegation and limitations of the powers of the Executive Committee as may be prescribed.

(viii) In all matters that are brought under the consideration of the Executive Committee its decision whether expressed by a resolution or otherwise shall be final and binding.

Delegation of Powers in Emergency

127. Whenever the Governing Board in its discretion is of the opinion that an emergency exists it may by a special resolution delegate all of its powers for such period as it may determine to the [1] {President or} to the Chairman or to a special committee appointed out of the Members of the Governing Board from whose decision there shall be no appeal.

Governing Board as Trustees

128. The Governing Board shall hold on behalf of the Exchange as agent and in trust for a member all sums of money paid and securities delivered by him to the Clearing House and all credits and securities to which he is entitled as appearing in his account in the books of the Clearing House.

Indemnity to the Governing Board

[1] Amended by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

129. The Governing Board and its Members shall in no way either collectively or individually be held liable by any person for any act or omission on its part or on the part of any employee of the Exchange done or omitted to be done in good faith in the due discharge of duties and in the execution or purported execution of their duties or of any powers, authorities or discretions vested in them including all liabilities, costs, losses or expenses consequent on any mistake, oversight or omission on their part and they shall be fully indemnified by the Exchange out of its funds for anything so done or omitted to be done.

MEETINGS OF THE GOVERNING BOARD

Meetings of the Governing Board

130. The Governing Board may meet for the despatch of business adjourn and otherwise regulate its meetings as it deems fit.

Ordinary Meetings

131. Ordinary meetings of the Governing Board may be called by the President [1] { or the Chairman} at any time and by the Secretary as directed by the Governing Board.

President or Chairman May Call Special Meeting

132. **(a)** The President [2] {or the Chairman} may at any time call a special meeting of the Governing Board.

Special Meeting on Requisition

(b) The Secretary shall call a special meeting of the Governing Board within twenty-four hours of the receipt of a requisition to that effect signed by two or more Members of the Governing Board failing which any two of the signatories may call such meeting.

Urgent and Emergency Meetings

133. In case of urgency a special meeting may be called at less than twenty-four hour's notice and in case of emergency one hour's notice of a special meeting shall be deemed sufficient.

Notice of Special Meeting

134. **(a)** A notice calling a special meeting shall state the purpose for which it is called. In the case of an urgent or emergency meeting the notice shall state the nature of the urgency or the emergency and the business to be transacted at the meeting and no other business shall be transacted at such meeting.

Business When Not to be Stated

(b) Notwithstanding anything contained in sub-clause (a) when the President [3] { or the Chairman } is of the opinion that the matter is confidential or of a nature not advisable to disclose he may direct that the notice calling a special meeting shall not state the business and/or the urgency or emergency of the special meeting.

Quorum

135. **(a)** [4]{Unless otherwise specially provided the quorum of the Governing Board shall be eight members of the Governing Board. If a fraction appears when determining the quorum under any Rule or Bye-law of the Exchange, such fraction shall be omitted. If within half and hour from the time appointed for holding a meeting of the Governing Board, a quorum is not present, the members present on the expiry of half an hour from the time appointed for holding the meeting shall be the quorum}

Interested Member Not to be Included in Quorum

[1] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[3] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[4] Amended by Governing Board Resolution dated 13.09.93 and approved by Govt. on 27.09.93.

(b) An interested Member of the Governing Board shall not be included when counting the quorum prescribed under the Rules and Bye-laws of the Exchange for dealing with the question in which the Member is interested.

Co-option of Members for Making up Quorum

(c) If at a meeting called for the annulment of a bargain or for the prohibition of short selling or for the closure of the market or for the suspension of buying-in or selling-out as provided in the Rules and Bye-laws of the Exchange or for the consideration of any proposal or proposals which do not in the opinion of the President [1] { or the Chairman } and for reasons to be recorded in writing admit of any delay a sufficient number of Members of the Governing Board be not present to constitute a quorum the Members present shall co-opt for the purpose of that business only from among the members of the Arbitration Committee (and failing that from among the Members of the Defaulters' Committee and failing that from among the Members of the Exchange) as many as are necessary to make up a quorum.

President to Preside

136. The President of the Exchange or in his absence the Vice-President shall preside at all meetings of the Governing Board. If there be no President or Vice-President or if at any meeting the President or Vice-President be not present within fifteen minutes of the time appointed for such meeting the Members of the Governing Board present shall choose a Member of the Governing Board as chairman of the meeting.

Chairman to have Casting Vote

137. In case of an equality of votes at a meeting of the Governing Board the chairman of the meeting shall have a casting vote in addition to the vote to which he is entitled as a Member.

Voting

138. A member of the Governing Board shall be entitled to take part in the proceedings but it shall not be competent to him to vote -

Personal Interest

(i) on any question in which he is personally interested, the chairman of the meeting being the final judge whether he is so interested or not; or

Member of Committee

(ii) on the final decision in respect of any inquiry or dispute on which a decision has been given by a committee of which he has been a member except that no Member of the Governing Board shall be so disqualified by reason of his being or having been a member of a committee which has made prior examination or investigation of the subject under consideration for the purpose of submitting a report; or

Absence During Hearings

(iii) on the decision in respect of any inquiry or dispute unless he has been present at every meeting of the Governing Board at which there has been a hearing of the inquiry or dispute.

Majority

139. Any question before the Governing Board shall be decided by a majority of the votes cast at a meeting of the Governing Board unless a specified majority is required by any Rule or Bye-law of

[1] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

the Exchange for the time being in force. Any fraction that appears when determining the required majority shall be omitted.

[1] Special Resolution

140. { The quorum for a special resolution shall be twelve members of the Governing Board present at a meeting of the Governing Board and such special resolution shall be passed by a majority of at least two-thirds of the votes cast at the meeting.}

Ordinary Resolution by Circular

141. An ordinary resolution in writing approved by not less than two-thirds of the total number of Members of the Governing Board and Government Nominees (if any) present in Bombay shall be as valid and effective as if it had been passed at a meeting of the Governing Board duly called and constituted.

Adjourned Meeting

142. Any meeting of the Governing Board may be adjourned from time to time and it shall be no objection to any resolution passed or any decision arrived at such meeting that all or any of the Members of the Governing Board present thereat were not present at the former meeting or meetings or that any of those present at any former meeting or meetings were not present at any adjourned meeting or meetings.

Proceedings

143. The Governing Board shall unless otherwise provided regulate and determine the manner and form in which its proceedings shall be conducted. Except as otherwise specially provided in these Rules it may with permission of the President consider and take action upon any matter at any ordinary or special meeting even though such matter has been referred to in the notice of such meeting.

Governing Board Need Not Give Reasons

144. Save as provided in the Rules and Bye-laws of the Exchange it shall not be necessary for the Governing Board to give any reason for or to record in its minutes the reasons or circumstances of any proceedings or decision and all proceedings and the information obtain in connection therewith shall be deemed confidential.

Members and Others to Appear Before Meetings if Required

145. Members, their partners, attorneys, agents, remisiers, authorised clerks and employees shall appear before such meetings of the Governing Board or of any committee appointed by it as they may be directed to attend and they shall give all such information and produce all such records as may be in their possession relative to any matter before the Governing Board or such committee.

Minutes

146. Minutes of the proceedings of the Governing Board shall be maintained under the authority of the Secretary. Such minutes shall be deemed confidential and shall not be available for inspection by members of the Exchange.

Correspondence

[1] Substituted by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58 and resubstituted by Governing Board Resolution dated 13.09.93 and approved by SEBI on 27.09.93.

147. All communications to the Exchange or the Governing Board or any committee appointed by the Governing Board or to any official of the Exchange shall be made in writing and shall be signed and no action need be taken on any anonymous communications.

[1] PRESIDENT AND VICE-PRESIDENT - CHAIRMAN

President to Preside

148. The President of the Exchange shall preside at any meeting of the Exchange, Governing Board or any standing or other committee which he may attend and shall have in case of an equality of votes a casting vote in addition to the vote to which he is entitled as a member.

[2] Chairman

[3]**149.** (deleted)

Representatives of the Exchange

[4]**150.** [5]**(a)** The President shall represent the Exchange officially in all public matters.

Ex-officio Members of Committees

[6]{[7] **(b)** The President shall be ex-officio member of any committee appointed by the Governing Board of the Exchange.

Calling of Meetings

[8] **151.** The President may call Annual and Extraordinary General Meetings of the Exchange. The President or the Chairman may call ordinary and special meetings of the Governing Board and shall call an Extraordinary General Meeting of the Exchange on the written request of not less than 51 Members.

Special Power

[9] **152.** The President and the Chairman and in the absence of the one, the other shall be entitled to exercise any or all of the powers exercisable by the Governing Board whenever they or he be of the opinion that immediate action is necessary subject to such action being confirmed by the Governing Board within twenty-four hours.

Delegated Powers and Duties

153. The President may assume and exercise all such powers and perform all such duties as may be delegated to him by the Governing Board from time to time as provided in the Rules, Bye-laws and Regulations of the Exchange.

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[1] Amended by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[2] Amended by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[3] Deleted by Governing Board Resolution dated 13.09.2002 pusuant to SEBI's letter dated 05.09.2002.
[4] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[5] Revised by Governing Board Resolution dated 13.09.2002 pusuant to SEBI's letter dated 05.09.2002.
[6] Revised by Governing Board Resolution dated 13.09.2002 pusuant to SEBI's letter dated 05.09.2002.
[7] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[8] Amended by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.
[9] Amended by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

Powers Vested in Chairman

154. [1]{**(a)** (deleted)

Absence or Inability to Act

[2]{[3]{[4]**(a)** In the absence of Chief Executive Officer or in the event of his inability to act, his functions and powers shall be exercised by the Chief Operating Officer or in his absence, a senior available officer as decided by the Governing Board of the Exchange under the direction of the Governing Board".

Vice President

[5]**(c)** In the absence of the President or his inability to act, the Vice-President shall assume all the functions and exercise all the powers and discharge all the duties of the President.

[1] Deleted by Governing Board Resolution dated 13.09.02 pursuant to SEBI letter dated 05.09.02.

[2] Revised by Governing Board Resolution dated 13.09.2002 pursuant to SEBI,s letter dated 05.09.02.

[3] Revised by Governing Board Resolution dated 20.02.73 and approved by Govt. on 01.08.73.

[4] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[5] Renumbered by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

TREASURER

Subscriptions and Receipts

155. The Honorary Treasurer of the Exchange shall recover and receive all subscriptions, donations, fees, fines and all other monies due to the Exchange and shall give receipts for the same.

Expenses and Accounts

156. The Treasurer shall sign all cheques and defray out of the funds of the Exchange all expenses incurred on behalf of the Exchange in accordance with the directions of the Governing Board and shall keep a full and detailed account of all receipts and disbursements. He shall cause a full and detailed account to be kept of the income and expenditure and of the funds and investment of the Exchange and shall submit the accounts to the Governing Board when required.

Financial Statement and Balance Sheet

157. The Treasurer shall cause the annual statement of income and expenditure and the balance sheet to be prepared and laid before the Annual General Meeting of the Exchange and the same shall be published annually for the information of the members of the Exchange.

Delegation

158. In defining the duties of Treasurer the term “Treasurer” shall be taken to apply to the Secretary in so far as it may relate to the duties apportioned and delegated to him.

SECRETARY

Secretary

[1] **159.** The Governing Board shall appoint a Secretary of the Exchange and if necessary Deputy and Assistant Secretaries. For the purpose of the Rules, Bye-laws and Regulations of the Exchange the term Secretary includes Deputy Secretary and Assistant Secretary.

Secretary Not an Active Member

160. The Secretary [2] {or Deputy Secretary} or Assistant Secretary shall not be an active member of the Exchange.

Speculative Dealings Forbidden

161. The Secretary [3] {or Deputy Secretary} or Assistant Secretary shall not be a party to or concerned in any speculative dealing on the Exchange or with any member of the Exchange.

Functions

162. The Secretary shall be the Secretary of the Governing Board and shall be the Secretary of each standing and other committee unless an Honorary Secretary to a standing committee has been appointed as provided in these Rules.

Secretary to Control Staff

163. The Secretary shall subject to any regulation or direction of the Governing Board have general charge and control over the employees of the Exchange and of all books, papers and registers belonging to the Exchange.

Minutes

164. The Secretary shall send out all notices and attend all meetings of the Exchange and of the Governing Board and if necessary of standing and other committee and shall cause proper minutes to be kept of the proceedings of all such meetings.

Records

165. The Secretary shall cause records to be maintained showing -

Register of Members

(i) the names and addresses of members, the dates of their admission to and termination of membership and the addresses of present member*s;*

Register of Partnerships

(ii) the names and addresses of all partners and partnerships approved by the Governing Board and the admission to, alterations in and the dissolution of such partnerships with relevant dates;

[1] Substituted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[2] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

[3] Inserted by Governing Board Resolution dated 22.02.66 and approved by Govt. on 29.03.66.

Register of Firms

(iii) the names of all members working in firm names and the names of the firms of which they are the sole proprietors together with the relevant dates;

Register of Representative Members

(iv) the names of all representative members and the names of the members with whom they are so working together with the relevant dates;

Register of Attorneys

(v) the names of all persons holding from members a power of attorney and the substitute appointed by such attorneys and the dates on which such authority was granted and revoked.

Register of Remisiers

(vi) the names of all remisiers appointed by each member with the dates of appointment and termination;

Register of Authorised Clerks

(vii) the names of all authorised clerks employed by each member together with the dates of authorisation and termination.

List of Members

166. The Secretary shall publish a list of members to be forwarded to any applicant on request.

Posting of Notices

167. No notices, communications or announcements shall be posted on the notice board of the Exchange except through or under the authority of the Secretary.

Correspondence and Cheques

168. The Secretary shall conduct all correspondence on behalf of the Exchange and the Governing Board and shall performs such other duties as the Governing Board may direct. He shall countersign all cheques for the payment of money.

Members to give Information

169. All members of the Exchange, their partners, attorney, agents, remisiers, authorised clerks and employees shall give to the Secretary all such information and produce before him all such records as he may by direction of the Governing Board or the President require for the purposes of the Exchange or of the Governing Board or of the President.

STANDING COMMITTEES

[1]{Arbitration, Defaulters', Disciplinary Action and Ethics Committee

170. **(a)** The Governing Board shall every year at the first meeting in April after its election appoint :

[2]**(i-a)** Arbitration Panel [3] separately for each of the Regional Arbitration Centre for Member V/s Non-Member Arbitration, consisting of persons, who are not members of the Exchange or their Designated Directors and/or partners of member of the Exchange, to be appointed by the Exchange [3].

(i-b) an Arbitration committee for Arbitration between members, consisting of persons appointed from amongst members of the Exchange or the Designated Directors of the corporate members of the Exchange and/or partners of member of the Exchange, whose partnership has been approved by the Governing Board and registered with the SEBI.

[4]**(ii)** a Defaulters' Committee consisting of 40% persons appointed from among the members of the Exchange and 60% persons who are not members of the Exchange to be appointed [5]{by the Exchange with the approval of SEBI or, if SEBI so desires, to be appointed by SEBI.}

[6]**(iii)** a Disciplinary Action Committee consisting of 40% persons from among members of the Exchange and 60% persons who are not members of the Exchange to be appointed [7] {by the Exchange with the approval of SEBI or, if SEBI so desires, to be appointed by SEBI;} [8]{ and }

[9]**(iv)** an Ethics Committee consisting of not more than 40% persons appointed from amongst the members of the Exchange and atleast 60% persons who are not members of the Exchange, out of which atleast one person should neither be a member of the Exchange nor be a member of the Governing Board. [10]{ }**}**

Implementation of Code of Ethics

[11]**(aa)** the members of the Governing Board and Functionaries of the Exchange shall follow and observe the Code of Ethics applicable to the members of the Governing Board and the functionaries of the Exchange. The Ethics Committee shall oversee the implementation of such Code of Ethics as prescribed in the Appendix 'H' to these Rules and as may be amended from time to time by SEBI.

Alteration in Number of Members

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[1] Amended by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.03.
[2] Amended by Governing Board Resolution dated 17.06.03 and approved by SEBI on 15.09.03.
[3] Amended by Board Resolution dated 12.07.2008 and SEBI approved on 05.01.2009
[4] Amended by Governing Board Resolution dated 26.05.97 and approved by Govt. on 02.09.97.
[5] Substituted by Governing Board Resolution dated 23.09.99 and approved by Govt. on 07.01.2000.
[6] Inserted by Governing Board Resolution dated 26.05.97 and approved by Govt. on 02.09.97.
[7] Substituted by Governing Board Resolution dated 23.09.99 and approved by Govt. on 07.01.2000.
[8] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.03.
[9] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.03.
[10] Deleted by SEBI vide its letter dated 03.03.02.
[11] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.03.

(b) The Governing Board may from time to time increase or reduce the number of members of [1]any Arbitration Panel or the Arbitration Committee or the Defaulters' committee or the Disciplinary Action Committee [1]{or the Ethics Committee.}

(c) Only an individual may be a member of the Arbitration Panel and / or the Arbitration Committee and/or the Defaulters' Committee [1]{ and/or the Disciplinary Action Committee and / or Ethics committee.}

Chairman and Honorary Secretary

171. Each Committee shall immediately after its nomination elect from its own body its Chairman. [2]{The Chairman of the Ethics Committee shall be elected from among the persons, who are neither the members of the Exchange nor the members of the Governing Board, appointed to the Committee.} The Committee may also elect from its own body an Honorary Secretary."

Retiring Members

172. **(a)** All retiring members of a Committee shall be eligible for re-nomination.

Retiring Members When to Continue in Office

(b) All retiring members of a Committee shall continue in office until their successors are validly nominated.

Quorum

[3] **173.** A committee may from time to time determine its own quorum provided that-

(i) in case of the Arbitration Committee, such quorum shall not be less than one-third of the total number of members of the Arbitration Committee (any fraction contained in that one-third being rounded off as one) or three committee members, whichever is higher [4]{ } .

(ii) in case of the Defaulters' Committee, such quorum shall not be less than one-fourth of the total number of members of the Defaulters' Committee (any fraction contained in that one-fourth being rounded off as one) or three committee members, whichever is higher.

[5]**(iii)** in case of the Disciplinary Action Committee, such quorum shall not be less than one-third of the total number of members of the Disciplinary Action Committee (any fraction contained in that one-third being rounded off as one) or three committee members, whichever is higher; and

[6]**(iv)** in case of the Ethics Committee, such quorum shall not be less than one-third of the total number of members of the Ethics Committee (any fraction contained in that one-third being rounded off as one) or three committee members, whichever is higher.

Voting

174. Any question before a Committee shall be decided by a majority of the votes cast at a meeting and in case of an equality of votes the Chairman shall have a casting vote in addition to the vote to which he is entitled as a member.

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[1] Amended by Board Resolution dated 12.07.2008 and SEBI approved on 05.01.2009

[2] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.03.

[3] Amended by SEBI on 09.05.97 and adopted by Governing Board on 10.05.97.

[4] Deleted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

[5] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.2002.

[6] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

Proceedings

175. Unless otherwise provided or directed a Committee shall conduct and regulate its proceedings in the same manner as the Governing Board.

Leave

176. A committee may give any member thereof leave of absence for a period not exceeding four months and may declare the seat of such member temporarily vacated in which event the vacancy shall be filled by the Governing Board. The member so appointed shall vacate office on the return to Bombay of the absent member.

Removal of Member

177. The Governing Board may for reason to be recorded remove a member of a committee from such Committee.

[1] { Provided that a member appointed with the approval of the Securities and Exchange Board of India shall be removed only with the approval of the Securities and Exchange Board of India}

[2]**177A.** A person shall forthwith cease to be a member of the Defaulters' Committee [3]{and/or the Disciplinary Action Committee} upon the occurrence of any of the events specified at clauses (i) to (xiii) below and of the Arbitration Committee [4]{and/or the Ethics Committee} upon the occurrence of any of the events specified at clauses (iii) to (xiii) below:

(i) if he is a member of the Defaulters' Committee [5]{and/or the Disciplinary Action Committee} by reason of his having been the Executive Director of the Exchange and he ceases to be the Executive Director of the Exchange,

(ii) if he is a member of the Defaulters' Committee [6]{and/or the Disciplinary Action Committee} by reason of his having been the President of the Exchange and he ceases to be the President of the Exchange,

(iii) if he was a member of the Exchange at the time when he was appointed a member of the Committee or at any time thereafter and he ceases to be a member of the Exchange,

(iv) he dies,

(v) he is found to be of unsound mind by a court of competent jurisdiction,

(vi) he applies to be adjudicated an insolvent,

(vii) he is adjudicated an insolvent,

(viii) he is convicted by a court of any offence involving moral turpitude,

(ix) he leaves India on a permanent basis,

(x) the Governing Board is of the opinion that by reason of illness or infirmity he has become incompetent to properly discharge his duties as a member of the Committee,

(xi) he resigns as a member of the Committee,

(xii) he is removed as a member of the Committee by the Governing Board or

(xiii) his registration as a broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992 is suspended or canceled.

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[1] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

[2] Inserted by SEBI on 09.05.97 and adopted by the Governing Board on 10.05.97.

[3] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

[4] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

[5] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

[6] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02.

Casual Vacancy

178. If a casual vacancy arises in a Committee by reason of death, resignation, removal, expulsion, absence for a period exceeding four months [1]{or for any other reason} such vacancy shall be filled by the appointment of a member of Exchange by the Governing Board [2] { or by appointment of a person who is not member of the Exchange with the approval of the Securities and Exchange Board of India as the case may be } and the member so appointed shall retain office till the next appointment and shall be eligible for re-appointment.

[3] { Provided that when a person has ceased to be a member of the Defaulters' Committee by reason of his having ceased to be the President or the Executive Director of the Exchange, such vacancy shall be filled by the person who next occupies the office of the President or the Executive Director of the Exchange, as the case may be. }

[1] Inserted by SEBI on 09.05.97 and adopted by the Governing Board on 10.05.1997.

[2] Amended by Governing Board Resolution dated the 13.09.93 and approved by SEBI on 27.09.93.

[3] Inserted by SEBI on 09.05.97 and adopted by the Governing Board on 10.05.97.

PARTNERSHIPS

Who may Form Partnership

[1] **179.** No partnership shall be formed except -

(i) between two or more members of the Exchange; or

[2]{**(ii)** between a member of the Exchange and his father or mother or wife or his son or sons or daughter or daughters or daughter-in-law or daughters-in-law or father's brother or brothers or unmarried sister or sisters or brother's or brother's son or sons; or

(iii) between two or more members of the Exchange and their fathers, mothers or wives or son or sons or daughter or daughters or daughter-in-law or daughters-in-law or brother or brothers or father's brother or brothers or unmarried sister or sisters or brother's or brothers' son or sons;

Provided that a son or daughter or son's son or brother or father's brother or unmarried sister of brother's shall not be taken into partnership unless he or she be in all respects eligible for membership of the Exchange. }

Security

180. [3] {**(a)** A member or his son's son or brother or brother's son shall provide security for a sum equivalent to 50 per cent of the security deposit prescribed under Rule 36 on admission of such son's son or brother or brother's son to partnership under the provisions of these Rules and shall maintain such security with the exchange at all times during the period such son's son or brother or brother's son continues to be a partner in the partnership firm. }

Provisions as to Security

(b) The provisions in these Rules relating to security provided by a member shall apply mutatis mutandis to security provided in respect of a partner under sub-clause (a)

Lien on Security

(c) The security provided in respect of a partner shall be subject to lien for any sum due to the Exchange or to the Clearing House by the partnership of which he is a partner and for the due fulfillment the engagements, obligations and liabilities of the partnership of which he is a partner arising out of or incidental to any bargains, dealings, transactions and contracts made subject to the Rules, Bye-laws and Regulations of the Exchange or anything done in pursuance thereof.

Return of Security

(d) On the termination of the partnership or in the event of the member's son's son or brother or brother's son ceasing to be a partner or dying all security in respect of such partner not applied under the Rules, Bye-laws and Regulations of the Exchange shall at the cost of

[1] Substituted by Governing Board Resolution dated 05.06.86 and approved by Govt. on 27.11.89.
[2] Substituted by Governing Board Resolution dated 25.04.95 and approved by SEBI on 25.07.95.
[3] Substituted by Governing Board Resolution dated 24.02.87 and approved by Govt. on 19.05.87.

the party providing such security be repaid and transferred either to such party or as such party shall direct or in the absence of any direction to such party's legal representative.

Letter of Declaration

(e) A member or his son's son or brother or brother's son admitted to partnership providing security under the provisions of this Rule shall sign a Letter of Declaration in the form prescribed in Appendix F to these Rules or in such other form as the Governing Board may from time to time prescribe.

Annual Subscription

181. A member shall pay to the Exchange such annual subscription as the Governing Board may from time to time prescribe in respect of each son's son or brother or brother's son admitted by him to partnership under the provisions of these Rules.

Partner in One Firm Only

182. No person shall at the same time be a partner in more than one partnership firm.

[1]**182A.** A director of a company who is a member of the Exchange shall not carry on any business either as a sole proprietor or as a partner of a firm or as a director of any other company which is a member of the Exchange or hold office or place of profit as a director of any other company as long as he acts as a director of the company.

Partnership with Non-Members Forbidden

183. No person who is not a member of the Exchange or who is not a [2] {father or mother or wife or son or daughter or daughter-in-law or} son of a son or brother or [3] { unmarried sister } or son of a brother [4] { or father's brother } of such member shall be admitted a member of any partnership firm and a member of the Exchange entering into partnership with any such person shall on proof thereof before the Governing Board and upon a resolution of the Governing Board to that effect cease to be a member of the Exchange.

Partnership with Suspended Members Forbidden

184. A member shall not without the special permission of the Governing Board form a partnership with a member who has been suspended from the Exchange.

Contingent Partnership

185. A member shall not borrow money or securities from a non-member on terms that the lender shall receive a rate of interest varying with the profits or shall receive a share of the profits.

Partnership Interest Not to be Assigned

186. No partner in any partnership firm shall assign or in any way encumber his interest in such firm.

Remuneration of Agents and Employees

187. No agent or employee of a member shall be paid any remuneration other than a fixed salary. The salary shall not vary with the business though it may be supplemented by a reasonable bonus or a share of the commission on the business introduced by him in the manner provided in the Rules, Bye-laws and Regulations of the Exchange.

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[1] Inserted by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[2] Inserted by Governing Board Resolution dated 05.06.86 and approved by Govt. on 28.11.89.

[3] Inserted by Governing Board Resolution dated 05.06.86 and approved by Govt. on 28.11.89.

[4] Inserted by Governing Board Resolution dated 27.07.95 and approved by SEBI on 25.07.95.

Governing Board Sole Judge of Partnership

188. The Governing Board shall be the sole judge as to what constitutes partnership within the meaning of these Rules and its decision shall be final.

Permission Necessary

189. No member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without the prior approval of the Governing Board.

Application for Permission

190. **(a)** The member or members desirous of carrying on business in partnership or admitting new partner or partners shall apply for permission to the Governing Board giving the names of the partners and the name of the partnership firm in the form prescribed in Appendix G to these Rules or in such other form or forms as the Governing Board may from time to time prescribe.

Information and Partnership Deed

(b) Every application for permission shall be accompanied by such information in connection therewith as may be required by the Governing Board and by a copy of the proposed deed of partnership if any. Thereupon the Governing Board may approve the partnership and when the partnership is entered into a signed copy of the deed of partnership if any shall be delivered to the Exchange for purposes of record.

Withdrawal of Permission

191. The Governing Board in its discretion may at any time by a special resolution terminate any permission which it may have given with respect to a partnership and the partners affected shall conform to such directions as the Governing Board may make with respect thereto.

Changes in Partnership

192. **(a)** The members of the Partnership must communicate to the Exchange in writing under the signatures of all the partners or surviving partners who are members of the Exchange any change in such partnership either by dissolution or retirement or death of any partner or partners.

Intimation in Prescribed Form

(b) The Governing Board may from time to time prescribe forms for the purposes of sub-clause(a). The notice to the Exchange intimating dissolution of a partnership shall contain a statement as to who undertakes the responsibility of settling all outstanding liabilities but that shall not be deemed to absolve the other partner or partners of his or their responsibility for such liabilities.

Notice of Formation of and Changes in Partnership

193. On the Governing Board giving its sanction where necessary a notice of the partnership and the names of the partners and of any change therein shall be posted on the notice board of the Exchange and no partnership shall be considered formed, altered or dissolved until it is so notified.

Register of Partnerships

194. A register of partnerships shall be maintained by the Exchange in which shall be entered the names of partnerships and the names and addresses of the partners and any change in such partnership or names together with the relevant dates.

Fictitious Partnership Names Forbidden

195. Save as otherwise provided in these Rules no member shall conduct business under a firm name unless he shall have atleast one partner.

Misleading Names

196. The Governing Board shall refuse to allow a partnership firm to carry on business under a name which it considers misleading.

Names to be Printed

197. A partnership firm shall state on all communications and circulars relating to Stock Exchange business and on all contract notes the name of the firm and the names of all partners therein.

Liability of Member Partners

198. All members of the Exchange who are partners of a firm which is guilty of any act or omission which if done by an individual member would render any such member liable to expulsion, suspension or any other penalty shall be liable to be expelled, suspended or penalised as the case may be.

Liability of Partners

199. During the continuance of any partnership the Governing Board may at any time inquire into the conduct of a partner and hold him liable to discipline in the same manner and to the same extent as if he were a member of the Exchange.

Joint and Several Liability

200. Business by a partnership firm shall be done in the name of the firm and all the partners of the firm shall be liable jointly and severally in respect of all dealings of the firm.

Bargains with Individual Partners

201. A member shall not transact any business or make any bargain for and on behalf of a partner of a partnership firm and such partnership firm shall not be liable for any business transacted or any bargain made by a member in the name of one only of the partners of the partnership firm.

Partnership Dissolved on Default

202. The default of a partnership firm shall dissolve the partnership and should the member partners of such firm when readmitted desire to renew the partnership they shall apply for permission to the Governing Board in the manner prescribed in these Rules.

The Term "Member" Include Partnership Firm

203. Whenever the word "member" appears in the Rules, Bye-laws and Regulations of the Exchange it shall include a partnership firm unless the context indicates otherwise.

FIRMS AND REPRESENTATIVE MEMBERS

Member Working In Firm Name

204. A member who is a surviving or continuing partner of a partnership firm who is admitted as a member may with the permission of the Governing Board continue business in the name of the firm of which he was a partner.

Misleading Firm Name

205. The Governing Board shall refuse to allow a firm to carry on business under a firm name which it considers misleading.

Names to be Printed

206. A firm shall state on all communications and circulars relating to Stock Exchange business and on all contract notes the name of the firm and the name of the sole proprietor.

Register of Firms

207. A register of firms shall be maintained by the Exchange in which shall be entered the names of firms and the names of the sole proprietors together with the relevant dates.

The Term "Member" Includes "Firm"

208. Whenever the word "member" appears in the Rules, Bye-laws and Regulations of the Exchange it shall be deemed to include a member working under a firm name unless the context indicates otherwise.

Representative Member

[1] **209.** **(a)** A member carrying on business on the Exchange may with the permission of the Governing Board authorise another member to act as a representative member.

Number of Representative Members

(b) The Governing Board may from time to time fix the number of representative members a member shall be entitled to authorise.

Approval or Rejection of Applications

(c) The Governing Board in its discretion may approve or reject any application for authorisation of a representative member.

Termination

(d) The Governing Board in its discretion may at any time terminate its approval of the authorisation of a representative member whereupon the authorising member shall discontinue the authorisation of the representative member concerned.

Notice of Termination

(e) The authorising member and the representative member shall give prompt notice to the Exchange when the representative member ceases to work in that capacity with the authorising member.

[1] Substituted by Governing Board Resolution dated 13.02.62 and approved by Govt. on 16.02.62.

Register of Representative Members

(f) A register of representative members shall be maintained by the Exchange in which shall be entered the names of representative members and the names of the members by whom they are so authorised together with the date on which they commence and cease to work as such representative members.

Registration and Removal

(g) The Governing Board shall have full power to refuse registration or to remove the name of any representative member from the register without assigning any reason.

Transactions in the Market by Representative Member

[1] **210.** **(a)** A representative member shall be entitled to enter into bargains in the market in the name of the authorising member but he shall not enter into such bargains either in his own name or in the name of any other member nor shall he be entitled to employ any authorised clerks.

Authorising Member's Responsibility

(b) A member authorising a representative member shall be responsible for all bargains made in the market by such representative member whether in the name of the authorising or representative member or in the name of any other member and he shall fulfill such bargains according to the Rules, Bye-laws and Regulations of the Exchange in the same manner as if such bargains had been made personally by him.

Representative Member's Business

(c) A representative member shall transact all business whether on his own account or on behalf of his constituents and execute all orders for his constituents only through or with the authorising member and not directly or indirectly through or with any other member.

Indemnity

(d) In the absence of an agreement in writing to the contrary the representative member shall be deemed to have agreed to give a full and complete indemnity to the authorising member for any loss which such authorising member may sustain by the default of the constituents (provided such constituents are not members of the Exchange) introduced by him in fulfilling their obligations and the provisions in the Rules, Bye-laws and Regulations in this behalf applicable to remisiers, authorised clerks and other persons sharing brokerage shall apply mutatis mutandis to the representative member.

Representative Member when to Issue Contract Notes

(e) A representative member shall be entitled to issue to his constituents contract notes in his own name provided he has deposited with the Exchange security for [2] {the amount prescribed under Rule 36 } and continues to maintain such security upto the expiry of one

[1] Substituted by Governing Board Resolution dated 13.02.62 and approved by Govt. on 16.02.62.

[2] Substituted by Governing Board Resolution dated the 24.02.87 and approved by Govt. on 19.05.87.

month from the date on which he notifies the Exchange that he has ceased issuing contract notes to his constituents.

Provisions as to Security

(f) The provisions in these Rules relating to security deposited by a member shall apply mutatis mutandis to security deposited by a representative member provided however that the authorising member shall also have a lien on the security for the due fulfillment of the engagements, obligations and liabilities of the representative member as provided in these Rules, Bye-laws and Regulations.

CONSTITUTED ATTORNEYS

Power of Attorney

211. No member shall give a Power of Attorney to a non-member to carry on or supervise his Stock Exchange business unless the non-member to whom he proposes to give such Power of Attorney is in all respects eligible for membership of the Exchange and is approved by the Governing Board.

Appointment of Substitutes

212. No substitute shall be appointed under a Power of Attorney given by a member unless the person it is proposed to appoint as a substitute is in all other respect eligible for membership of the Exchange and is approved by the Governing Board.

Registration of Power of Attorneys

213. Any power of Attorney granted by a member and any substitution thereunder must be registered and a copy thereof filed with the Exchange.

Register of Constituted Attorneys

214. A register of Constituted Attorneys shall be maintained by the Exchange in which shall be entered the names of the constituted attorneys and the names of the appointing members and the names of the substitutes appointed by such attorneys together with the dates on which the authority is granted and rescinded.

Member's Liability

215. Nothing contained in these Rules shall absolve the member granting the Power of Attorney from responsibility for the acts of his attorney or substitute.

REMISIERS

Remisier

216. A person who is engaged by a member primarily to solicit commission business in securities shall be called a remisier.

Commission Terms

[1]**217.** A member shall be entitled to employ remisiers for the purpose of his Stock Exchange business, and subject to the provisions of the Bye Laws, remunerate such remisers with such brokerage as agreed upon in writing by way of an agreement.

Permission Necessary

218. No member shall employ any remisier without first having such appointment approved by the Governing Board.

Ex-members as Remisiers

219. A member may with the special consent of the Governing Board employ as his remisier a person who has ceased to be a member under the Rules, Bye-laws and Regulations of the Exchange.

Remisier Not to be Another's Employee

220. A remisier may be an individual or firm but must not be in the employ of any individual or firm.

Remisier to Act for one Member only

221. No person shall be registered as a remisier to more than one member.

Application

222. **(a)** A member desirous of employing a remisier shall apply for the permission of the Governing Board in such form as the Governing Board may from time to time prescribe. Such form shall be signed both by the member and the proposed remisier.

Discharge Certificate

(b) An application by a member to employ a remisier who previously had been acting as a remisier or authorised clerk with another member must be accompanied by a discharge certificate from the former employer or employers. Such discharge certificate shall be in such form as the Governing Board may from time to time prescribe and it shall show whether the remisier or authorised clerk left his former employer or employers clear of all debts and outstanding liabilities and whether his conduct while in that employment was satisfactory.

[1] Amended by the Governing Board on 30.09.2005 pursuant to SEBI letter no. MRD/DSA/BSE/50562/2005 dated 28/09/05

Absence of Discharge Certificate

(c) When a discharge certificate is not attached to an application as required under sub-clause (b) the proposed remisier shall submit an explanation therefor and the Governing Board or the President shall then decide whether and on what conditions the requirements relating to the discharge certificate shall be waived and if there be any dispute between the proposed remisier and his former employer the Governing Board or the President may refer it to the Arbitration Committee for its adjudication or may require that the dispute be decided by arbitration in accordance with the Bye-laws and Regulations of the Exchange relating to arbitration other than between members.

Remisier Not to Engage in Forward Business

223. The Governing Board may refuse permission to a person desirous of working as a remisier unless he gives an undertaking that forthwith on registration as remisier he will cease to engage himself as principal or employee in and not be directly or indirectly connected with any other kind of forward business.

Approval or Rejection of Application

224. The Governing Board in its discretion may approve or reject any application for appointment of a remisier.

Withdrawal of Permission

225. The Governing Board in its discretion may at any time terminate the approval of a remisier whereupon the member shall discontinue the employment of the remisier concerned.

Termination

226. Each member shall give prompt notice to the Exchange of the termination of the employment of a remisier.

Register of Remisiers

227. **(a)** A register of remisiers shall be maintained by the Exchange in which shall be entered the names of all remisiers together with the dates of their appointment and discharge and the names of the members employing them.

Inspection of Register

(b) The register shall not be open to inspection generally but only to the President or to the Governing Board sitting as such.

Registration and Removal

(c) The Governing Board shall have full power to refuse registration or to remove the name of any remisier from the register without assigning any reason.

Admission to the Floor

228. **(a)** A remisier may be allowed admission to the floor of the Exchange on [1] { such terms and conditions } as the Governing Board may from time to time prescribe.

Admission during Good Behaviour

(b) A remisier shall be admitted to the floor of the Exchange only during good behaviour and shall be bound to observe the Rules, Bye-laws and Regulations of the Exchange.

[1] Substitute by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68.

Grant, Refusal or Suspension of Admission

(c) The Governing Board may in its absolute discretion refuse admission to the floor of the Exchange to the remisier of any member and may at any time suspend the admission of such remisier without assigning any reason whatsoever.

Remisier Not to Make Bargains

229. When on the floor of the Exchange a remisier shall not make bargains in his own name or on behalf of his employer or any other member. A remisier acting in violation of this provision shall be immediately suspended or expelled by the Governing Board or the President.

Remisier Not to Sign Contract Notes

230. A remisier shall give the names of his constituents in whose names contract notes are to be rendered by the member for whom the remisier acts. The remisier shall not sign contract notes in his own or any other name nor shall he sign on behalf of his employer unless appointed by such employer as his constituted attorney for that purpose.

Remisier Not to Advertise

231. A remisier shall not advertised or issue price lists or circulars to other than his own constituents.

Remisier's Personal Business

232. A remisier may not act as a remisier for his personal business. No allowance shall be made for the brokerage upon business for his own personal account.

Sub-Agent

233. If a remisier in whatever circumstances directly or indirectly divides or shares his brokerage with his constituent or sub-agent his name shall be forthwith removed from the register.

Remisier Not to Share Brokerage with Constituents

234. Members shall be held responsible that remisiers make no allowance or return of brokerage directly or indirectly to the constituents they introduce or to any other person or agent.

Security

235. **(a)** When the employing member so requires a remisier shall on registration provide security for the sum of atleast Rs. 5,000 and shall maintain such security with the Exchange at all times during the period he continues to be a remisier with such member.

Provisions as to Security

(b) The provisions in these Rules relating to security provided by a member shall apply mutatis mutandis to security provided by a remisier under sub-clause (a)

Lien on Security

(c) The member for whom a remisier is working shall have a first charge on the security for the due fulfillment of his engagements, obligations or liabilities arising out of or incidental to any bargains, dealings, transactions and contracts made with him or on his behalf or with or on behalf of his constituents subject to the Rules, Bye-laws and Regulations of the Exchange or anything done in pursuance thereof.

Return of Security

(d) On the termination of his employment or in the event of his death all security not applied under the Rules, Bye-laws and Regulations of the Exchange shall at the cost of the remisier be repaid and transferred to him or as he shall direct or in the absence of such direction to his legal representatives.

Letter of Declaration

(e) A remisier providing security under the provisions of these Rules shall sign a Letter of Declaration in the form prescribed in Appendix F to these rules or in such other form as the Governing Board may from time to time prescribe.

AUTHORISED CLERKS

Authorised Clerks

236. A member carrying on business on the Exchange other than a representative member shall be entitled to appoint authorised clerks in his own exclusive employment for entering into bargains in the market on behalf of such member.

Number of Authorised Clerks

237. The Governing Board shall from time to time fix the number of authorised clerks a member shall be entitled to employ.

Remisiers as Authorised Clerks

238. A member may with the permission of the Governing Board employ his remisier also as his authorised clerk but not in addition to the number of authorised clerks allowed to him under these Rules: Provided however that no member who has been declared a defaulter under the Rules, Bye-laws and Regulations of the Exchange and subsequently registered as a remisier shall be allowed to enter the floor of the Exchange to effect bargains as an authorised clerk.

Alternate Authorised Clerks

239. A member may with the permission of the Governing Board nominate an alternate authorised clerk to act temporarily in the absence of an authorised clerk.

Substitute Authorised Clerks

240. A member may with the permission of the Governing Board substitute other authorised clerks for those withdrawn.

Substitute Authorised Clerks When not Allowed

241. When an authorised clerk is suspended or expelled by the Governing Board or the President for any reason his employer shall not be permitted to appoint a substitute authorised clerk in his place for such period following the date of suspension or expulsion as may be deemed proper.

Terms and conditions

[1] **242.** The appointment of authorised clerks and of alternate and substitute clerks in their place shall be subject to such terms and conditions as the Governing Board may from time to time prescribe.

Permission of Governing Board Necessary

243. No member shall employ an authorised clerk or appoint an alternate or substitute authorised clerk in his place without first having such appointment approved by the Governing Board.

Minor Ineligible

244. No person shall be admitted as an authorised clerk who is under eighteen years of age.

Defaulter Ineligible

245. No member shall take into or continue in his employment as an authorised clerk a former member who has been declared a defaulter but he may apply for the admission of a defaulter as his clerk in the Settling Room.

Suspended and Expelled Members

[1] Substituted by Governing Board Resolution dated 19.11.68 and approved by Govt. on 24.12.68

246. No member shall without the special permission of the Governing Board take into or continue in his employment as an authorised clerk a former member who has been suspended or expelled.

Application

247. **(a)** A member desirous of obtaining admission to the market for his authorised clerks (which term shall include alternate or substitute authorised clerks) shall apply for the permission of the Governing Board in such form as the Governing Board may from time to time prescribe.

Discharge Certificate

(b) An application by a member to employ an authorised clerk who previously had been acting as an authorised clerk or a remisier to another member must be accompanied by a discharge certificate from the former employer. Such discharge certificate shall be in a form prescribed from time to time by the Governing Board and it shall show whether the authorised clerk or remisier left his former employer or employers clear of all debts and outstanding liabilities and whether his conduct while in that employment was satisfactory.

Absence of Discharge Certificate

(c) When a discharge certificate is not attached to an application as required in sub-clause (b) the proposed authorised clerk shall submit an explanation therefor and the Governing Board or the President shall then decide whether and on what conditions the requirement relating to the discharge certificate shall be waived and if there be any dispute between the proposed authorised clerk and his former employer the Governing Board or the President may refer it to the Arbitration Committee for its adjudication or may require that the dispute be decided by arbitration in accordance with the Bye-laws and Regulations of the Exchange relating to arbitration other than between members.

Approval or Rejection of Application

248. The Governing Board in its discretion may approve or reject any application for appointment of an authorised clerk.

Withdrawal of Permission

249. The Governing Board in its discretion may at any time terminate the approval of any authorised clerk whereupon the members shall discontinue the employment of such authorised clerk.

Notice of Authorisation, Termination and Withdrawal

250. A member employing an authorised clerk or terminating the employment or withdrawing the authorisation of such clerk shall give notice in writing to the Exchange of the name of such clerk and of the date of the commencement or termination of his employment or the withdrawal of his authorisation and a notice of such employment, termination or withdrawal shall be posted on the notice board of the Exchange.

Register of Authorised Clerks

251. **(a)** A register of authorised clerks shall be maintained by the Exchange in which shall be entered the names of all authorised clerks together with the dates of their authorisation and discharge and the names of the members employing them.

Registration and Removal

(b) The Governing Board shall have full power to refuse registration or to remove the name of any authorised clerk from the register without assigning any reason.

Admission to the Floor

252. **(a)** An authorised clerk shall be allowed admission to the floor of the Exchange and no clerk so authorised shall be so allowed.

Admission During Good Behaviour

(b) An authorised clerk shall be admitted to the floor of the Exchange only during good behaviour and shall be bound to observe the Rules, Bye-laws and Regulations of the Exchange.

Grant, Refusal or Suspension of Admission

(c) The Governing Board in its absolute discretion may refuse admission to the floor of the Exchange to the authorised clerk of any member and may at any time suspend the admission of such authorised clerk without assigning any reason whatever.

Authorised Clerks to Make Bargains

253. An authorised clerk shall transact business only on behalf of his employer. He shall be liable to be immediately suspended or expelled by the Governing Board or the President if he makes bargains in his own name or in any name other than that of his employer.

Member Liable for Bargains of Authorised Clerk

254. A member shall be liable for all bargains made in the market by any authorised clerk employed by him and he shall fulfill such bargains according to the Rules, Bye-laws and Regulations of the Exchange in the same manner as if such bargains had been made personally by him.

Liability of Employer to Continue Until Notice

255. The responsibility of a member to other members for the bargains of his authorised clerk shall continue until one day after the notice of the termination of his employment or the withdrawal of his authorisation shall have been received and posted on the notice board of the Exchange.

Authorised Clerks Not to Sign Contract Notes

256. An authorised clerk shall not sign contract notes in his own or any other name nor shall he sign on behalf of his employer unless appointed by such employer as his constituted attorney for that purpose.

Members Not Liable for Authorised Clerk's Borrowings

257. A member appointing on authorised clerk shall not be held answerable for money borrowed by such authorised clerk with or without security unless he shall have given special authority for that purpose.

[1] Additional Terms in Case of companies

257A. **(i)** The Articles of Association of a member which is a company shall contain such provisions as the Governing Board may from time to time require. The list of shareholders of the company shall be furnished to the Exchange. The shareholders for the time being shall be persons acceptable to the Governing Board;

[1] Inserted by Governing Board Resolution dated 07.12.87 and approved by Govt. on 03.02.88.

[1] **(ii)** {In case of a private limited company formed under Rule 19A(a), the directors of the company who are members of the Exchange shall always hold atleast 51 percent of the issued capital of the company and in the case of a public limited company formed under Rule 19A(a) the directors of the company who are members of the Exchange and their associates shall always hold atleast 40 per cent of the issued capital of the company.}

(iii) The name, the Memorandum and Articles of Association and the capital and shareholding pattern of such a company shall not be altered without the prior consent of the Governing Board;

(iv) A person shall not be appointed a Director of such a company unless the Governing Board conveys its approval to such appointment;

(v) If there is a change in the shareholding of the company which is not acceptable to the Governing Board or a person is appointed as a Director who is not acceptable to the Governing Board, the Governing Board may expel the member company.

[2]**(vi)** In the case of a company formed under Rule 19A(b) of the Rules, Bye-laws and Regulations of the Exchange, the company shall declare its dominant shareholders at the time of seeking admission to the membership of the Exchange and shall appoint at least one of the dominant shareholders as one of its Designated Directors.

If, however, it is not feasible for a company to appoint one of its dominant shareholders as a Designated Director, then the company shall appoint at least two Designated Directors, who should possess

(a) educational qualification of not less than graduation; and
(b) minimum of two years' experience in capital markets.

The Designated Directors so appointed shall each hold a minimum of 5% shares in the paid-up capital of the company.

Provided further that the Governing Board will have the power to waive the above requirement for a company (including a company promoted by Non-Resident Indians) on such conditions as it finds fit subject to provisions of Rule 8(4A) of S.C. (R) Rules, 1957.

The Governing Board will have the power to define the concept of Dominant Shareholder.

[1] Amended by Governing Board Resolution dated 27.05.96 and approved by SEBI on 27.02.97.
[2] Inserted by Governing Board Resolution dated 23.05.03 & 20.09.03 and approved by SEBI on 18.08.03.

[1]AMALGAMATION AND DEMERGER OF CORPORATE MEMBERS

Definitions

257B (1) In this Rule, unless repugnant to the context or meaning thereof -

(i) "company" means a company or other body corporate incorporated under any law.

(ii) "Corporate Member" means a member of the Exchange which is a company.

(iii) "SEBI" means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

SEBI's and Governing Board's Consent For Amalgamation of Corporate Member

(2) A Corporate Member shall not amalgamate with any other company and no company shall amalgamate with any Corporate Member except with the prior permission of SEBI and the Governing Board and subject to such terms and conditions as SEBI and the Governing Board may stipulate. SEBI and / or the Governing Board may refuse to consent to such amalgamation for such reasons as it considers fit and proper including (but not limited to) on account of any disciplinary proceedings pending against any of the parties or their directors under the Securities and Exchange Board of India Act, 1992 or any rules or regulations framed therein or under the Exchange's Rules Bye-laws and Regulations. The Governing Board may expel the concerned Corporate Member in the event of a breach of this Rule. Prior to granting such consent the provisions of Rule 23 of the Exchange's Rules, Bye-laws and Regulations shall be complied with in respect of the transferor and the transferee, and the Governing Board shall consider any claims and objections which may be received.

Consequence of Amalgamation of Corporate Member with Non-Member Company

(3) If, pursuant to SEBI's and / or the Governing Board's consent and in accordance with the terms and conditions stipulated by SEBI and / or the Governing Board, a Corporate Member ("the transferor company") amalgamates with a company which is not a Corporate Member ("the transferee company") and the scheme of amalgamation provides that the transferor company's right of membership of the Exchange shall vest in the transferee company consequent to such amalgamation then, immediately upon the amalgamation becoming effective, :-

(a) the transferee company shall be deemed to be a member of the Exchange in place and stead of the transferor company without the transferee company being required to pay any membership, entrance or admission fee to the Exchange; provided always that the transferee company shall not be deemed to be a member of the Exchange until the transferee company complies with all the conditions as applicable to such member, such as payment of registration fee, etc., as per the applicable SEBI Regulations.

(b) the registrations, if any, of the transferor company as a Trading or Clearing Member of the Derivatives Segment of the Exchange and all other registrations of the transferor company with any other segment of the Exchange shall vest in the transferee company without the transferee company being required to pay any membership, entrance or admission fee;

[1] Inserted by Governing Board Resolution dated 13.04.2000 and approved by SEBI on 14.11.2000.

(c) any nominee of the transferor company who is a member of the Governing Board of the Exchange or any other board, council or committee of the Exchange or who holds any office on the Exchange at the time of the amalgamation shall continue to be such member or to hold such post (but as a nominee of the transferee company) for so long as he would have held such post if such amalgamation had not occurred unless he ceases to be a whole-time / designated director of the transferee company or otherwise prematurely vacates or becomes ineligible to hold such office or be such member under any other Rule or any law. The transferee company shall not have the right to fill in the vacancy and the vacancy will be filled in accordance with the provisions of the Exchange's Rules, Bye-laws and Regulations;

(d) the transferee company shall be entitled to and be bound by all the rights and obligations of the transferor company; and

(e) the transferee company shall be liable for all acts and omissions of the transferor company prior to the amalgamation, and any disciplinary, arbitration or other proceeding which, but for such amalgamation, could have been commenced or continued by or against the transferor company, may be commenced or continued by or against the transferee company.

Provided that –

(i) Sub-Clause (a) shall not apply if the transferee company is ineligible to be or continue as a member of the Exchange under the Securities Contracts (Regulation) Rules, 1957, The Securities & Exchange Board of India (Stock brokers and Sub-brokers) Rules, 1992, the Rules, Bye-laws and Regulations of the Exchange or any other law; and

(ii) Sub-Clause (b) shall not apply if the transferee company is ineligible to be or to continue to be so registered under the Rules, Bye-laws and Regulations of the Exchange or of any segment of the Exchange or under any other law.

Consequence of Amalgamation of Corporate Member with another Corporate Member

(4) If, pursuant to SEBI's and the Governing Board's consent and in accordance with the terms and conditions stipulated by SEBI and the Governing Board, one or more Corporate Members ("the transferor company" or "the transferor companies") amalgamate with another Corporate Member ("the transferee company") or two or more Corporate Members ("the transferor companies") amalgamate with a company which is not a Corporate Member ("the transferee company") and the scheme of amalgamation provides that the transferor company's or the transferor companies' (as the case may be) right of membership of the Exchange shall vest in the transferee company consequent to such amalgamation then, immediately upon the amalgamation becoming effective, the provisions of Sub-Rule (3) shall apply *mutatis-mutandis* subject to the following modifications –

(a) If nominees of two or more of the Corporate Members are directors or members of the Governing Board of the Exchange or any other board, council or committee of the Exchange or hold any offices on the Exchange, and the Rules or any other law do not permit more than one nominee of the same Corporate Member to be such director or member or to hold such office then, prior to the amalgamation, the transferor company or companies and the transferee company shall jointly inform the Governing Board who will cease to be such director or member or vacate such post as may be required failing which the Governing Board shall be entitled to decide which director/member shall vacate office;

(b) The transferee company shall be deemed to be a Composite Corporate Member; and

(c) If the transferor company or companies and the transferee company hold more than one registration as Trading and/or Clearing Member of the Derivatives Segment of the Exchange or hold any other common registrations of any other

segment of the Exchange then unless the provisions relating to such registrations permit the same Corporate Member to have more than one registration, prior to the amalgamation the transferor company or companies and the transferee company shall jointly inform the Governing Board which registration(s) shall cease failing which the Governing Board shall be entitled to decide which registration(s) shall cease.

Governing Board's Consent For Demerger by Corporate Member

(5) A Corporate Member shall not undertake a scheme of reconstruction or demerger except with the prior permission of SEBI and the Governing Board and on and subject to such terms and conditions as SEBI and / or the Governing Board may stipulate. The Governing Board may expel a Corporate Member in the event of a breach of this Rule.

Consequence of Demerger by Corporate Member

(6) If, pursuant to SEBI's and the Governing Board's consent and in accordance with the terms and conditions stipulated by SEBI and / or the Governing Board, a Corporate Member ("the transferor company") undertakes a scheme of reconstruction or demerger whereby, pursuant to the order of a court or other statutory authority, the transferor company's right of membership of the Exchange vests in a wholly owned subsidiary of the transferor company ("transferee company") then, immediately upon the reconstruction or demerger becoming effective, the provisions of Sub-Rule (3) shall apply *mutatis-mutandis*.

DISCIPLINARY PROCEEDINGS

Disciplinary Jurisdiction

258. The Governing Board may expel or suspend and/or fine and/or censure and/or warn and/or withdraw any of the membership rights of member if he be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Rules, Bye-laws and Regulations of the Exchange or of any resolutions, orders, notices, directions or decisions or rulings of the Exchange or the Governing Board or the President or of any committee or officer of the Exchange authorised in that behalf or of any conduct, proceeding or method of business which the Governing Board in its absolute discretion deems dishonourable, disgraceful or unbecoming a member of the Exchange or inconsistent with just and equitable principles of trade or detrimental to the interest, good name or welfare of the Exchange or prejudicial or subversive to its objects and purposes.

Offences by Partners, Agents and Employees of Members

259. The Governing Board may expel or suspend and/or fine and/or censure and/or warn the partner of a member or his attorney, agent, remisier, authorised clerk or employee for any act or omission which if done or omitted by the member would subject him to the same penalties.

Member's responsibility for Partners, Agents and Employees

260. A member shall be fully responsible for the acts and omissions of his partnership firm and of his partners, attorneys, agents, remisiers, authorised clerks and employees and if any such act or omission be held by the Governing Board to be one which if done or omitted by the member would subject him to any of the penalties as provided in the Rules, Bye-laws and Regulations of the Exchange then such member shall be liable therefor to the same penalty to the same extent as if such act or omission had been done or omitted by him personally.

Members and Others to Testify and Give Information

261. A member shall appear and testify before and cause his partners, attorneys, agents, remisiers, authorised clerks and employees to appear and testify before the Governing Board or the President or before a committee or an officer of the Exchange authorised in that behalf and shall produce and cause to be produced before the Governing Board or the President or before a committee or an officer of the Exchange authorised in that behalf such books, correspondence, documents, papers and records or any part thereof which may be in his or their possession and which may be deemed relevant or material to any matter under inquiry or investigation.

Permission Necessary for Legal Representation

262. No person shall have the right to be represented by professional counsel, attorney, advocate or other representative in any investigation or hearing before the Governing Board, President or any committee unless the Governing Board or President or committee so permits.

Explanation Before Suspension or Expulsion

263. A member shall be entitled to be summoned before the Governing Board or the President and afforded an opportunity for explanation before being suspended or expelled but in all cases the findings of the Governing Board shall be final and conclusive.

Penalties How Imposed

264. The penalty of suspension, withdrawal of all or any of the membership rights, fine censure or warning may be inflicted singly or conjointly by the Governing Board. The penalty of expulsion shall be inflicted only by a special resolution of the Governing Board.

Pre-determination of Penalties

265. The Governing Board shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or evasion of any Rule, Bye-law or Regulation of the Exchange or of any resolution, order, notice, direction, decision or ruling thereunder of the Exchange, the Governing Board or the President or of any committee or officer of the Exchange authorised in that behalf.

Commutation

266. Subject to the provisions of the Securities Contracts (Regulation) Rules, 1957 the Governing Board in its discretion may in any case suspend a member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable.

Reconsideration

267. Subject to the provisions of the Securities Contracts (Regulation) Rules 1957 the Governing Board may of its own motion or on appeal by the member concerned reconsider and may rescind, revoke or modify its resolution withdrawing all or any of the membership rights of or fining, censuring or warning any member. In a like manner the Governing Board may by a special resolution rescind, revoke or modify its resolution expelling or suspending any member.

Failure to Pay Fines and Penalties

268. If a member fails to pay any fine or penalty imposed on him within seven days after notice in writing has been served on him by the Exchange he may be suspended by the Governing Board until he makes payment and if within a further period of thirty days he fails to make such payment he may be expelled by the Governing Board.

Consequences of Suspension

269. The suspension of a member shall have the following consequences namely-

Suspension of Membership Rights

(i) the suspended member shall during the term of his suspension be deprived of and excluded from all the rights and privileges of membership including the right to attend or vote at any meeting of the Exchange but he may be proceeded against by the Governing Board for any offence committed by him either before or after his suspension and the Governing Board shall not be debarred from taking cognisance of and adjudicating on or dealing with any claim made against him by other members;

Rights of Creditors Unimpaired

(ii) the suspension shall not affect the rights of the members who are creditors of the suspended member;

Fulfillment of Contracts

(iii) the suspended member shall be bound to fulfill contracts outstanding at the time of his suspension;

Further Business Prohibited

(iv) the suspended member shall not during the term of his suspension make any bargain on the floor of the Exchange or transact any business with or through a member provided that he may with the permission of the Governing Board close with or through a member the transactions outstanding at the time of his suspension;

Members Not to Deal

(v) no member shall transact business for or with or share brokerage with a suspended member during the term of his suspension except with the previous permission of the Governing Board.

Consequences of Expulsion

270. The expulsion of a member shall have the following consequences namely -

(i) the expelled member shall forfeit to the Exchange his right of membership and all rights and privileges as a member of the Exchange including any right to the use of or any claim upon or any interest in any property or funds of the Exchange [1]{ or of the Trade Guarantee Fund } but any liability of any such member to the Exchange, [2]{ to the Clearing House, to the Trade Guarantee Fund }or to any member of the Exchange shall continue and remain unaffected by his expulsion;

Lapse of Right of Nomination

(ii) the right of nomination shall vest in the Exchange and shall not be exercised by the expelled member;

Office Vacated

(iii) the expulsion shall create a vacancy in any office or position held by the expelled member;

Rights of Creditors Unimpaired

(iv) the expulsion shall not affect the rights of the members who are creditors of the expelled member;

Fulfillment of Contracts

(v) the expelled member shall be bound to fulfill transaction outstanding at the time of his expulsion and he may with the permission of the Governing Board close such outstanding transaction with or through a member;

Members Not to Deal

(vi) no member shall transact business for or with or share brokerage with the expelled member except with the previous permission of the Governing Board.

Expulsion Rules to Apply

271. When a member ceases to be such under the provisions of these Rules otherwise than by death, default or resignation it shall be as if such member has been expelled by the Governing Board and in that event all the provisions relating to expulsion contained in these Rules shall apply to such member in all respects.

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[1] Inserted by SEBI on 09.05.97 and adopted by the Governing Board on 10.05.97.

[2] Inserted by SEBI on 09.05.97 and adopted by the Governing Board on 10.05.97.

Suspension of Business

272. **(a)** The Governing Board or the President shall require a member to suspend his business when he fails to maintain or provide further security as prescribed in these Rules and the suspension shall continue until he pays the necessary amount by way of security.

Penalty for Contravention

(b) A member who is required to suspend his business under sub-clause (a) shall be expelled by the Governing Board if he acts in contravention of the provisions of this Rule.

Notice of Penalty and Suspension of Business

273. Notice shall be given to the member concerned and to the members in general by a notice on the notice board of the Exchange of the expulsion or suspension or default of or of the suspension of business by a member or of any other penalty imposed on him or on his partners, attorneys, agents, remisiers, authorised clerks or other employees. The Governing Board may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the members of the Exchange or to the public that any person who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended his business or ceased to be a member. No action or other proceedings shall in any circumstances be maintainable by such person against the Exchange or the Governing Board or any member of the Governing Board or any officer or employee of the Exchange for the publication or circulation of such notification and the application for membership or the application for registration as a partner, constituted attorney, remisier or clerk by the person concerned shall operate as license and this Rule shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly.

[1]RULES PERTAINTING TO CLEARING HOUSE / CLEARING COUNCIL

Clearing Council

274. Without prejudice to the Rules, Bye-laws and Regulations of the Exchange and of any segment of the Exchange, the regulation, management and control of the Clearing House shall vest in the Clearing Council.

Composition of Clearing Council

275. The composition of the Clearing Council shall be prescribed by the Regulations. Provided that there shall not be more than seven members on the Clearing Council. Provided that no member of the Exchange and no Trading or Clearing Member on any segment of the Exchange shall be a member of the Clearing Council. Any appointment to the Clearing Council will be subject to approval of Securities & Exchange Board of India.

Chief Executive Officer

276 The Clearing Council shall appoint as a whole-time Chief Executive Officer of the Clearing House any person who in its opinion is suitable for the office on such terms and for such period as it may determine. During his tenure of office the Chief Executive Officer shall neither directly or indirectly be an active member of the Exchange nor shall he be a party to or be concerned in any speculative dealing on the Exchange or with any member of the Exchange. The person appointed as Chief Executive Officer shall not directly or indirectly engage himself in any business during his tenure of office and if he is a member of the Exchange or a Trading Member or a Clearing Member on the Derivatives Segment or is a partner, director, shareholder or representative of a member of the Exchange or of a Trading Member or of a Clearing Member then he or such member or Trading/Clearing Member (as the case may be) shall not directly or indirectly carry on any business on the Exchange. Subject to the over-all management of the operations of the Clearing House being vested in the Clearing Council as provided in these Rules, Bye-laws and Regulations, the Chief Executive Officer shall be vested with the executive powers of the Clearing House to run the day-to-day administration and to enforce the Rules, Bye-laws and Regulations of the Exchange and also of any segment of the Exchange applicable to the Clearing House and to represent the Clearing House in any public matter and to exercise all other powers, rights, duties and functions as are vested in the Chief Executive Officer of the Clearing House under the Rules, Bye-laws and Regulation of the Exchange and also of any segment of the Exchange and/or as may be entrusted or delegated to him by the Clearing Council from time to time. The Chief Executive Officer shall cease to be a member of the Clearing Council if he ceases to hold the office of Chief Executive Officer.

Office Bearers

277 The members of the Clearing Council shall elect from amongst themselves the Chairman of the Clearing Council and the Clearing House within a period of 10 days from the constitution of Clearing Council

Vacancy in the Office of Chairman

278 In case a vacancy shall occur in the office of Chairman, the Clearing Council shall fill the vacancy by electing an Acting Chairman from among the members of the Clearing Council.

POWERS OF THE CLEARING COUNCIL

Jurisdiction

279 Without prejudice to the rights of inspection and other rights of the Exchange, the Derivatives Segment and other authorities, the Clearing Council shall have complete jurisdiction over all the members of the Exchange and Clearing Members in relation to clearing and settlement of trades, surveillance, supervision and inspection and other matters related thereto. The Clearing Council

[1] Inserted by Governing Board Resolution dated 02.03.2000 and approved by SEBI on 24.07.2000

shall have the absolute power and right to interpret all the Rules, Bye-laws and Regulations of the Exchange and of any segment of the Exchange in so far as they relate to the clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto and to decide all points, questions and disputes relating to the Clearing House and matters relating to the administration, functions, working and affairs of the Clearing House. Notwithstanding anything contained elsewhere in these Rules, Bye-laws and Regulations of the Exchange, any interpretation or decision made by the Clearing Council in respect of the Rules, Bye-laws and Regulations of the Exchange relating to the clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto shall be final and conclusive and binding on all members of the Exchange, all Trading Members, Clearing Members, their directors, partners, agents, representatives, officers, employees and Clients and Constituents and on all persons dealing through or with the members, Trading Members and Clearing Members.

General Powers

280 Without prejudice to the rights of inspection and other rights of the Exchange, the Derivatives Segment and other authorities, the management and control of the operational functions, working and affairs of the Clearing House, the regulation of the conduct of the members of the Exchange Clearing Members, their directors, partners, agents, representatives, officers, employees and Clients/Constituents in relation to clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto and the promotion of the welfare, objects and purposes of the Clearing House (but not the management or control of any properties, finances or funds of the Exchange or of its income or expenditure, whether or not pertaining to the Clearing House) shall, subject to these Rules, Bye-laws and Regulations, vest in the Clearing Council. In the exercise of such powers it may from time to time adopt such Regulations, pass such resolutions, issue such orders, notices and directions and take such decisions relating to the Clearing House as it may deem appropriate. More particularly, in furtherance and not in limitation of the foregoing powers, and without prejudice to the generality of the foregoing powers and to any power or authority impliedly or expressly conferred by any Rule, Bye-law or Regulation of the Exchange and of any segment of the Exchange for the time being in force, the Clearing Council is specially authorised, subject to any Rule or Bye-law for the time being in force, to exercise the powers in relation to clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto in the sense of the provisions in that behalf contained in the Rules, Bye-laws and Regulations of the Exchange and of any segment of the Exchange.

Powers

281 In the exercise of its powers, and in compliance with SEBI guidelines, if any, the Clearing Council shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities in connection with the clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto namely -

Committees

(i) to appoint committees;

Casual Vacancies

(ii) to fill casual vacancies in any committee;

Recommending Expulsion and Control of Members

(iii) to recommend to the Governing Board or the Governing Council the registration of Clearing Members and expulsion of members of the Exchange, Trading and Clearing Members.

Controlling Members

(iv) to control, warn, censure, fine and suspend, and withdraw all or any of the rights of, the members of the Exchange (for any default relating to clearing and settling) and Clearing Members, to declare Clearing Members as defaulters and recommend to the Governing Board or the Governing Council, declaration of default of members of the Exchange or Trading Members (for

any default relating to clearing and settling). The Clearing Council may also suspend the operations of a Trading Member after consultation with the Governing Council (for any default relating to clearing and settling).

Control of Partners, Attorneys, Agents and Employees

(v) to control, warn, censure, fine, suspend, and exercise supervision over directors, officers, representatives, partners, attorneys, agents, authorised clerks, Approved Users, Authorised Persons and employees of members of the Exchange and Clearing Members;

Investigation

(vi) to examine and investigate the financial conditions, business conduct and dealings of the members of the Exchange Trading Members and Clearing Members;

Attendance and Information

(vii) to call upon any member of the Exchange, Trading Member or Clearing Member, his directors, officers, representatives, partners, attorneys, agents, authorised clerks, Approved Users, Authorised Persons and employees to appear and testify before the Clearing Council or the Chief Executive Officer of the Clearing Council or the Chairman of the Clearing Council or before a committee or an officer of the Clearing House authorised in that behalf and to furnish to the Clearing Council or to the Chief Executive Officer or the Chairman of the Clearing Council or to a committee or an officer of the Clearing House authorised in that behalf, such books, papers, documents, correspondence, clearing forms and any other records or information in his or their possession which may be deemed relevant or material to any matter under inquiry or investigation or which the Clearing Council, Chief Executive Officer, Chairman, committee or officer in its or his absolute discretion deems necessary in the interest of just and equitable principles of trade or in the public interest or in the interest and welfare of the Clearing House or the Exchange or investors.

Imposition of Penalties

(viii) to prescribe from time to time and impose penalties for violation of these Rules, Bye-laws and Regulations relating to clearing and settlement and for neglect or failure or refusal to comply with resolutions, orders, notices, directions or decisions of the Clearing Council or the Chief Executive Officer of the Clearing Council or the Chairman of the Clearing Council or of any committee or officer of the Clearing House authorised in that behalf or for any infraction against the Clearing House the penalty for which is not specifically prescribed.

Enforcement of Rules, Bye-laws and Regulations

(ix) to enforce the Rules, Bye-laws and Regulations of the Exchange or any segment of the Exchange in so far as they relate to the Clearing House and clearing and settlement of trades, surveillance, supervision, inspection and other matters related thereto and take cognisance of breaches thereof and offences against them;

Regulation of Functioning

(x) to determine from time to time the mode and conditions subject to which the Clearing House and clearing and settlement of contracts/trades, surveillance, supervision, inspection and other matters related thereto shall function;

Fees and Charges

(xi) to fix from time to time and collect from members of the Exchange and Clearing Members in addition to the dues and charges provided for in these Rules, Bye-laws and Regulations and such other charges of fees as may be deemed necessary or desirable for the functioning of the Clearing House;

Appointment of Employees

(xii) to appoint and at its discretion to suspend or remove such permanent, temporary or special employees pertaining to the Clearing House, to determine their powers, duties and terms of remuneration, to establish, maintain or subscribe to for their benefit any provident or benefit funds, pensions, gratuities, compensation or insurance schemes and to make and alter service and other rules and regulations in that behalf as it may from time to time think fit;

Facilities

(xiii) to provide from time to time such facilities as may be necessary for the functioning of the Clearing House.

Powers and Rights

(xiv) to award contracts for managing the Clearing House (for the Derivatives Segment, Cash Segment or for any other segment of the Exchange);

Monitoring of Payments

(xv) to monitor payment obligations of members of the Exchange and Clearing Members (for the Derivatives Segment and/or Cash Segment and/or any other segment of the Exchange);

Surveillance

(xvi) the surveillance, supervision and inspection of the members of the Exchange Clearing Members and of the clearance and settlement system and all matters related thereto;

Security Management

(xvii) to manage all security, margins and collateral;

Suspensions

(xviii) to suspend Clearing Memberships in the Derivatives Segment, the Cash Segment and any other segment of the Exchange for default in meeting obligations;

Fees

(xix) to levy charges on members for usage of facilities;

Disciplinary Action Committee

(xx) to recommend to the Disciplinary Action Committee of the Cash Segment, Derivatives Segment and/or any other segment of the Exchange disciplinary action for defaults, price rigging, market manipulations, front running or any other improper, unethical, unfair or fraudulent practice;

Compliance and Monitoring

(xxi) to monitor net worth criteria, compliance and composition, security deposit criteria, compliance and composition and the financial condition of members of the Exchange, Trading Members and Clearing Members;

Margin Collection

(xxii) to levy, monitor, decide, arrange for collection of and collect margins of all types;

Clearing Session

(xxiii) to fix and hold special clearing sessions;

Settlement Schedules

(xxiv) to fix normal settlement schedules;

Annulment of Trades

(xxv) to recommend to the Governing Council or the Governing Board annulment of trades/contracts in any segment;

General Control

(xxvi) to decide and from time to time adopt resolutions, issue orders, notices and directions in respect of matters relating to the Clearing House not provided for in these Rules, Bye-laws and Regulations;

Review

(xxvii) to review, reconsider, modify or rescind any resolutions, orders, notices, directions and decisions relating to the Clearing House;

General Power

(xxviii) generally to supervise and direct all matters affecting the Clearing House.

Limitation of Powers

282 Notwithstanding anything stated elsewhere in these Rules, Bye-laws and Regulations, the Clearing Council shall not have any powers in respect of the properties, finances or funds of the Exchange (whether or not relating to the Clearing House) and shall not be entitled to incur any financial liability or obligation (whether contractual or otherwise and whether contingent or otherwise) on behalf of the Exchange or do any act or deed which may affect the Exchange's finances, funds or properties, save and except as may be expressly delegated by the Governing Board to the Clearing Council.

Suspension of Rules, Bye-laws and Regulations

283 The Clearing Council may by a special resolution waive or dispense with the strict enforcement or suspend the operation in part or in whole of any of the Rules, Bye-laws or Regulations of the Exchange (other than Rule 283 or this Rule) in regard to any person or persons, security or securities or matter or matters relating to the Clearing House or to the clearing and settlement of trades, surveillance, supervision and inspection .

Provided that the Clearing Council shall not waive or dispense with the strict enforcement or suspend the operation in part or in whole of any Rules, Bye-laws or Regulations continuously for a period exceeding three days except with the approval of SEBI:

Finality of Clearing Council Resolutions

284 Any resolution passed by the Clearing Council under the powers or authority conferred upon it by the provisions of any of these Rules or Bye-laws relating to the Clearing House shall not be added to, altered, varied or rescinded by the members of the Exchange or the Trading Members in general meeting and all such resolutions shall when they come into force be deemed valid and binding upon all members, Trading Members and Clearing Members, their directors, officers, representatives, partners, attorneys, agents, authorised clerks, Approved Users, Authorised Persons, employees, Clients/Constituents and all those dealing with or through them.

Decision of Clearing Council Final

285 Notwithstanding anything stated elsewhere in the Rules, Bye-laws and Regulations of the Exchange, in all matters relating to the Clearing House or clearing and settlement of trades, surveillance, supervision, inspection and other maters related thereto which are brought under the consideration of the Clearing Council, its decision whether expressed by a resolution or otherwise shall be final and must be carried out forthwith by every member of the Exchange, Trading Member and Clearing Member concerned and by his directors, officers, representatives, partners, attorneys, agents, authorised clerks, Approved Users, Authorised Persons, employees, Clients/Constituents and all those dealing with or through them.

Delegation of Powers

(a) The Clearing Council may subject to such conditions as it may think fit delegate such of its powers as it may from time to time determine to the Chief Executive Officer of the Clearing Council or the Chairman of the Clearing Council or to committees appointed out of members of the Clearing Council or any other person(s) and may likewise delegate the performance of such ministerial and administrative duties as it may deem expedient to the Chief Executive Officer or to the Chairman or to committees composed of members of the Clearing Council and/or to any officer of the Clearing House and/or any other person(s). Provided, that Trading/Clearing Members shall not be eligible to be appointed to any committee.

Review

(b) A person affected by a decision of the Chief Executive Officer or the Chairman or a Committee or an Officer of the Clearing House or any other persons acting under powers delegated by the Clearing Council as provided in sub-clause (a) may require a review by the Clearing Council within seven days after the decision has been rendered.

Delegation of Powers in Emergency

286 Whenever the Clearing Council in its discretion is of the opinion that an emergency exists it may by a special resolution delegate all of its powers for such period as it may determine to the Chief Executive Officer of the Clearing House or to the Chairman of the Clearing House or to a special committee appointed out of the members of the Clearing Council from whose decision there shall be no appeal.

Indemnity to the Exchange and Clearing Council

287 The Clearing House and the Clearing Council and its members shall in no way either collectively or individually be held liable by any person for any act or omission on its part or on the part of any employee of the Clearing House done or omitted to be done in good faith in the due discharge of duties and in the execution or purported execution of their duties or of any powers, authorities or discretion vested in them including all liabilities, costs, losses or expenses consequent on any mistake, oversight or omission on their part and they shall be fully indemnified by the Exchange out of its funds for anything so done or omitted to be done.

Meetings of the Clearing Council

288 The Clearing Council may meet for the despatch of business, adjourn and otherwise regulate its meetings as it deems fit.

Ordinary Meetings

289 Ordinary meetings of the Clearing Council may be called by the Chief Executive Officer or the Chairman of the Clearing House as directed by the Clearing Council at any time.

Chief Executive Officer or Chairman May Call Special Meeting

290 (a) The Chief Executive Officer or the Chairman of the Clearing House may at any time call a special meeting of the Clearing Council.

Special Meeting on Requisition

(b) The Chief Executive Officer shall call a special meeting of the Clearing Council within twenty-four hours of the receipt of a requisition to that effect signed by two or more members of the Clearing Council failing which any two of the signatories may call such meeting.

Urgent and Emergency Meetings

291 In case of urgency a special meeting may be called at less than twenty-four hours' notice and in case of an emergency, one hour's notice of a special meeting shall be deemed sufficient.

Notice of Special Meeting

292 **(a)** A notice calling a special meeting shall state the purpose for which it is called. In the case of an urgent or emergency meeting the notice shall state the nature of the urgency or the emergency and the business to be transacted at the meeting and no other business shall be transacted at such meeting.

Business When Not to be Stated

(b) Notwithstanding anything contained in sub-clause (a) when the Chief Executive Officer or the Chairman is of the opinion that the matter is confidential or of a nature not advisable to disclose he may direct that the notice calling a special meeting shall not state the business and/or the urgency or emergency of the special meeting.

Quorum

293 **(a)** Unless otherwise specially provided the quorum of the Clearing Council shall be two members of the Clearing Council.

Interested Member Not to be Included in Quorum

(b) An interested member of the Clearing Council shall not be included when counting the quorum prescribed under these Rules and Bye-laws for dealing with the question in which the member is interested.

Chairman to Preside

294 The Chairman of the Clearing House or in his absence the Chief Executive Officer of the Clearing House shall preside at all meetings of the Clearing Council. If there be no Chairman or Chief Executive Officer or if at any meeting the Chairman or Chief Executive Officer be not present within fifteen minutes of the time appointed for such meeting the members of the Clearing Council present shall choose a member of the Clearing Council as chairman of the meeting.

Chairman to have Casting Vote

295 In case of an equality of votes at a meeting of the Clearing Council the chairman of the meeting shall have a casting vote in addition to the vote to which he is entitled as a member.

Voting

296 A member of the Clearing Council shall be entitled to take part in the proceedings but it shall not be competent for him to vote -

Personal Interest

(i) on any question in which he is personally interested, the chairman of the meeting being the final judge whether he is so interested or not; or

Member of Committee

(ii) on the final decision in respect of any inquiry or dispute on which a decision has been given by a committee of which he has been a member except that no member of the Clearing Council shall be so disqualified by reason of his being or having been a member of a committee which has made prior examination or investigation of the subject under consideration for the purpose of submitting a report; or

Absence During Hearings

(iii) on the decision in respect of any inquiry or dispute unless he has been present at every meeting of the Clearing Council at which there has been a hearing of the inquiry or dispute.

Majority

297 Any question before the Clearing Council shall be decided by a majority of the votes cast at a meeting of the Clearing Council unless a specified majority is required by any Rule or Bye-law for the time being in force. Any fraction that appears when determining the required majority shall be rounded off as one.

Special Resolution

298 The quorum for a special resolution shall be three members of the Clearing Council present at a meeting of the Clearing Council. Such special resolution shall be passed by a majority of at least two-thirds of the votes cast at the meeting. Any fraction contained in such two-thirds shall be rounded off as one.

Ordinary Resolution by Circular

299 An ordinary resolution in writing, approved by not less than two-thirds of the total number of members of the Clearing Council present in Mumbai shall be as valid and effective as if it had been passed at a meeting of the Clearing Council duly called and constituted. Any fraction contained in such two-thirds shall be rounded off as one.

Adjourned Meeting

300 Any meeting of the Clearing Council may be adjourned from time to time and it shall be no objection to any resolution passed or any decision arrived at such meeting that all or any of the members of the Clearing Council present were not present at the former meeting or meetings or that any of those present at any former meeting or meetings were not present at any adjourned meeting or meetings.

Proceedings

301 The Clearing Council shall, unless otherwise provided, regulate and determine the manner and form in which its proceedings shall be conducted. Except as otherwise specially provided in these Rules it may with permission of the Chairman consider and take action upon any matter at any ordinary or special meeting even though such matter has not been referred to in the notice of such meeting.

Members and Others to Appear Before Meetings if Required

302 Members, Trading Members, Clearing Members, their directors, partners, attorneys, agents, authorised clerks, Authorised Persons, Approved Users, representatives, officers and employees shall appear before such meetings of the Clearing Council or of any committee appointed by it as they may be directed to attend and they shall give all such information and produce all such records as may be in their possession relative to any matter before the Clearing Council or such committee.

Minutes

303 Minutes of the proceedings of the Clearing Council shall be maintained under the authority of the Secretary of the Exchange. Such minutes shall be deemed confidential and shall not be available for inspection by Trading Members, Clearing Members or any members of the Exchange.

Correspondence

304 All communications to the Clearing House or the Clearing Council or any committee appointed by the Clearing Council or to any official of the Clearing House shall be made in writing and shall be signed and no action need be taken on any anonymous communications.

Chairman to Preside

305 The Chairman of the Clearing House shall preside at any meeting of the Clearing Council or any standing or other committee which he may attend and he shall have in case of an equality of votes a casting vote in addition to the vote to which he may be entitled as a member.

Representatives of the Clearing House

306 **(a)** The Chief Executive Officer and/or the Chairman of the Clearing House shall represent the Clearing House officially in all public matters.

Ex-Officio Members of Committees

(b) The Chief Executive Officer and the Chairman of the Clearing House shall be ex-officio members of any committee appointed by the Clearing Council.

Special Power

307 **(a)** The Chief Executive Officer and the Chairman and in the absence of the one, the other shall be entitled to exercise any or all of the powers exercisable by the Clearing Council whenever they or he be of the opinion that immediate action is necessary subject to such action being confirmed by the Clearing Council within twenty-four hours.

Absence or Inability to Act

(b) In the absence of the Chief Executive Officer or in the event of his inability to act, his functions and powers shall be exercised under the directions of the Clearing Council by a senior available officer of the Clearing House appointed by the Clearing Council in this behalf.

APPENDIX A
Admission Application Form
(Rule 22)

The Secretary,
The Stock Exchange,
Bombay.

Sir,

Please acquaint the Governing Board that I am desirous of being admitted as a member of the Exchange upon the terms of and under and subject in all respects to the Rules, Bye-laws and Regulations of the Exchange which now are or hereafter may be for the time being in force.

I have read the Rules, Bye-laws and Regulations of the Exchange.

I solemnly declare -

(i) that I am a citizen of India;

(ii) that I am not engaged as principal or employee in any business other than that of securities except as a broker or agent not involving any personal financial liability, nor if admitted as a member of the Exchange shall I so engage myself except with the permission of the Governing Board;

[1] **(iii)** that I am not nor if admitted as a member of the Exchange shall I during the time I remain a member be associated with or a member of or subscriber to or a shareholder or debentureholder in or connected through a partner or employee with or an agent or authorised representative or employee with or an agent or authorised representative or employee of a member of or a member or director of or debentureholder in a company which is a member of or debentureholder in any other organisation, institution, association, company or corporation where forward business of any kind whether in goods or commodities or otherwise is carried on;

(iv) [2] { that I am associated with/engaged in } but undertake to severe my said connection immediately on election.

Full Name :
Age :
Address :
Occupation :
Reasons for giving up the present business :

Yours faithfully,

Date :_____ (Signature of Candidate)

We recommend_____as a fit and proper person to be admitted as a member of the Exchange.

Signature of two members { _____
{
{ _____

[1] Added by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58.

[2] Renumbered and substituted by Governing Board Resolution dated 09.09.58 and approved by Govt. on 30.09.58

[1] **Appendix A-I**

Admission Application Form
(Rule 22A)

The Secretary,
The Stock Exchange,
Mumbai.

Sir,

Please acquaint the Governing Board that we are desirous of being admitted as a member of the Exchange upon the terms of and under subject in all respects to the Rules, Bye-laws & Regulations of the Exchange which now are or hereafter may be for the time being in force.

We have read the Rules, Bye-laws & Regulations of the Exchange.

***A.** For a company referred under Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

We solemnly declare

(i) that the company is formed in compliance with the provisions of Section 322 of the Companies Act, 1956;

(ii) that a majority of directors of the company are shareholders of the company and also members of the Exchange; and

(iii) that the directors of the company who are members of the exchange have unlimited liability in the company.

***B.** For a company referred under Proviso to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

We solemnly declare

(i) that the company is as specified under proviso to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

(ii) that the company has obtained a recommendation from the Central Government as required under Proviso to Rule 8(4) of the Securities Contracts (Regulation) Rules, 1957 read with proviso to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange as amended upto date.

We send herewith following documents and undertake to furnish such additional information and documents as may be required :

[1] Amended by Governing Board Resolution dated 30.09.96 and approved by SEBI on 19.05.97.

I Certified copies of

(a) Memorandum and Articles of Association.

(b) Prospectus.

(c) Statement in lieu of Prospectus.

(d) Directors' Report, Auditor's Report and Annual Accounts for the last five years.

(e) The short history of the company and its activities.

(f) The capital structure of the company .

(g) The Board resolution authorising the directors to apply for membership.

(h) The shareholding pattern of the company in respect of each class of security.

***A.** For a company referred under to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

II Certificate from the Auditors of the company certifying that the company is eligible to be elected as a member of the Exchange and that in the case of a private limited company, the directors of the company who are members of the Exchange hold at least 51 percent of the issued capital of the company and in the case of a public limited company the directors of the company who are members of the Exchange and their associates hold at least 40 percent of the issued capital of the company.

We hereby declare

(i) that the issued, subscribed and paid up capital of the company is not less than Rs. 5,00,000 per each director who is a member of the Exchange.

(ii) that I/We am/are associated with _____ as a sole proprietor/ partner/director of a company which is a member of the Exchange / holding office or place of profit as a director but undertake to sever connection immediately on election of the company.

(iii) that the company shall carry on business only as a corporate member of the Exchange and shall not, during such continuance as a member, do or engage in any other business which is not conducive to the business of share and stockbroking and allied financial services.

***B.** For a company referred under Proviso to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

II Certificate from the Auditors of the company certifying that the company as specified under Proviso to Rule 19A(a) is eligible to be elected as a member of the Exchange.

We hereby declare

(i) that I/We am/are associated with _____ as a sole proprietor/ partner/director of a company which is a member of the Exchange / holding office or place of profit as a director but undertake to sever connection immediately on election of the company.

(ii) that the company shall carry on business only as a corporate member of the Exchange and shall not, during such continuance as a member, do or engage in any other business which is not conducive to the business of share and stockbroking and allied financial services.

Name of the Company :

Registered Office :

Names of Directors who are members of the Exchange/ Directors of a company referred under proviso to Rule 19 A(a) :

Yours faithfully,

For

_____
Director

Date:_____

_____
Director

(* Strike out whichever is not applicable)

AUDITOR'S CERTIFICATE

A. For a company referred under Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

We certify that _____ private limited/limited is eligible to be elected as a member of the Exchange in terms of Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Stock Exchange, Mumbai.

* We further certify that the directors of the company who are members of the Exchange hold at least 51 percent of the issued, subscribed and paid up capital of the company.

* We further certify that the directors of the company who are members of the Exchange and their associates hold at least 40 percent of the issued capital of the company.

'*' Strike out whichever is not applicable

B. For a company referred under Proviso to Rule 19 A(a) of the Rules, Bye-laws & Regulations of the Exchange.

We certify that _____ private limited/ limited is eligible to be elected as a member of the Exchange in terms of Proviso to Rule 19A(a) of the Rules, Bye-laws & Regulations of the Stock Exchange, Mumbai.

Date _____ Seal _____

Place_____ Membership No. _____

[1] Appendix A-II

Admission Application Form
(Rule 22B)

The Secretary,
The Stock Exchange,
Mumbai.

Sir,

Please acquaint the Governing Board that we are desirous of being admitted as a member of the Exchange upon the terms of and under subject in all respects to the Rules, Bye-laws and Regulations of the Exchange which now are or hereafter may be for the time being in force.

We have read the Rules, Bye-laws and Regulations of the Exchange.

We solemnly declare :

(i) that the company is formed in compliance with the provisions of section 12 of the Companies Act, 1956;

(ii) that the directors of the company are not disqualified for being members of a stock exchange under clause(1) [except sub-clause(b) and sub-clause(f)] or clause (3) [except sub-clause(a) and sub-clause(f)] of Rule 8 of the Securities Contracts (Regulations) Rules, 1957, and the directors of the company had not held the offices of directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange : and

(iii) that at least two directors of the company possess a minimum two years experience in dealing in securities or as portfolio managers or as investment consultants.

We send herewith the following documents and undertake to furnish such additional information and documents as may be required :

I. Copies of the following documents certified by a chartered accountant :

(a) The Memorandum and Articles of Association

(b) The Prospectus / Statement in lieu of Prospectus

(c) The Directors' Report, the Auditors' Report and Annual Accounts for the last five years

(d) The Short history of the Company and its activities

(e) The Capital structure of the company

(f) The Board Resolution authorising the directors to apply for membership of the Exchange

(g) The Shareholding pattern of the company in respect of each class of security.

[1] Amended by Governing Board Resolution dated 30.09.96 and approved by SEBI on 19.05.97.

II. A Certificate from the Auditors of the Company certifying that the company is eligible to be elected as a member of the Exchange as per the Rules, Bye-laws and Regulations of the Exchange as amended upto date.

We hereby declare

(i) that the issued, subscribed and paid up capital of the company is not less that Rs. 30,00,000/-.

(ii) that I/we am/are associated with as a sole proprietor / partner/director of company which is a member of the Exchange/holding office or place of profit as a director but undertake to sever connection immediately on election of the company (if applicable).

(iii) that the company shall carry on business only as corporate member of the Exchange and shall not, during such continuance as a member, do or engage in any other business which is not conducive to the business of share and stockbroking and allied financial services.

(iv) that the company shall at all times maintain a net worth i.e. the aggregate of the paid up capital plus free reserves, which shall conform to the capital adequacy norms as specified by the Securities and Exchange Board of India from time to time.

Name of the Company :

Registered Office :

Names of directors :

Yours faithfully,

Date : _____ Director Director

Auditors' Certificate

We certify that _____ Private Limited/Limited is eligible to be elected as a member of the Exchange in terms of Rule 19A(b) of the Rules, Bye-laws and Regulations of the Stock Exchange, Bombay.

We further certify that the directors of the company are not disqualified for being members of a stock exchange under clause(1) [except sub-clause(b) and sub-clause(f)] or clause (3) [except sub-clause(a) and sub-clause(f)] of Rule 8 of the SecuritiesContracts (Regulations) Rules, 1957, and the directors of the company had not held the offices of directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange.

Date : _____ Seal: _____

Place : _____ Membership Number : _____

[1]ANNEXURE - I

(To be filled in by each of the directors referred to
in Rule 19A(b)(v) of the Rules of the Exchange
i.e. by each of the designated directors)

1. Full Name (Surname first, if applicable) :

2. Father's/Husband's Name :

3. Date of Birth :

4. Whether a citizen of India ? :

5. Educational Qualifications (attach certified copies) :

Name of the College/ University/institution	Degree/Diploma	Grade	Year

6. Details of experience in the Capital market activities (use additional sheets if required) :

7. Are you carrying on business of dealing in shares & securities either in your name or in the name of any other person? If so, give particulars. :

8. Are you carrying on business as a stockbroker or as a sub-broker or as an investment consultant or in any other similar capacity? If so, give particulars. :

9. Are you engaged as a principal or as an employee or otherwise in any business other than that of dealing in shares & securities or stock brokerage? If so give particulars. :

10. Are you aware that on election of your company to the membership of the Exchange you will have to stop forthwith any business of the above mentioned type? :

11. Indicate :-

[1] Inserted by Governing Board Resolution dated 30.09.96 and approved by SEBI on 19.05.97.

i)Your PAN allotted by the Income-Tax Department :

ii) Details of Income Tax Assessment for the last three assessment years (attach copies of the assessment orders) and any other claim, order, notices served by the Income-Tax Department. :

iii) Details of Wealth Tax Assessments for the last three assessment years (attach copies of the assessment orders) and any other claim, order, notices served by the Income-Tax Department. :

12. Give details of your bank/s. (attach reference from at least one banker) :

13. Do you have any objection to a reference being made to your bank/s? :

14. State any other circumstance which in your opinion should be disclosed to the Exchange :

15. Have you been involved in any civil or criminal litigation, suit or proceeding? If so, give particulars :

16. Have you been involved in any financial liability or contingent or unascertained nature? If so, give particulars :

17. Have you, at any time, been convicted of an offence involving fraud or dishonesty? If so, give particulars :

18. Have you at any time been

a) rejected by any Stock Exchange for membership? :

b) suspended or Expelled by a Stock Exchange from membership? :

c) declared a defaulter by a Stock Exchange? If so, give particulars. :

19. Have you at any time been

a) rejected by any commodity or similar Exchange or commercial organisation for membership? :

b)expelled by any such Exchange or :

commercial organisation from membership?

c) declared a defaulter by any such Exchange or commercial organisation If so, give particulars. :

20. Have you at any time been adjudged bankrupt or has a receiving order in bankruptcy made against you or have you been proved to be Insolvent? If so, give particulars. :

21. Have you at any time compounded with your creditors? If so, give particulars :

22. Have you any liabilities which are overdue? :

23. Have you read the Rules, Bye-laws & Regulations of the Exchange? :

24. Are you aware that any misstatement or misrepresentation or suppression of of facts by you in connection with the application for membership by your company or any breach by you of any undertaking or condition of admission to the membership may entail non consideration expulsion of your company's application from membership? :

I _____ being a wholetime director of the _____ applying for membership of the Stock Exchange, Mumbai, do hereby solemnly declare and affirm that what is stated above is true to the best of my knowledge.

Dated this day of 20 .

_____
(Director)

[1] ANNEXURE - II

(To be filled in and signed on behalf of the applicant company by the designated directors. In respect of companies under formation such particulars as are applicable may be filled in)

1. Name of the Applicant Company and its registered address :

2. Year of incorporation :

3. Infrastructure details (give explanatory details about the following aspects. Use additional sheets if required) :

   a) Office Premises :

   b) Computers :

   c) Telephone/Telex/Fax :

   d) Employees :

   e) Affiliates and Associates including foreign collaborations :

   f) Any other aspect considered relevant :

4. Give details of your bank/s (attach reference from at least one banker) :

5. Do you have any objection to a reference being made to your bank/s :

6. Present activities (use additional sheets if required) :

7. Are you carrying on business as a stock broker or as a sub-broker or as an investment consultant or in any other similar capacity ? If so, give particulars. :

8. Are you engaged in any business other than that of dealing in shares & securities or stock brokerage ? If so, give particulars. :

9. Are you aware that on election of your company to the membership of the Exchange you will have to stopforthwith any business of the above mentioned type ? :

10. Indicate :-

    i) Your PAN allotted by the Income-Tax Department. :

[1] Inserted by Governing Board Resolution dated 30.09.96 and approved by SEBI on 19.05.97

ii) Details of Income Tax Assessments for the last three assessment years (attach copies of assessment orders) and any other claim, order, notices served by the Income-Tax Department. :

iii) Details of Wealth Tax Assessments for the last three assessment years (attach copies of the assessment orders) and any other claim, order, notices served by the Income-Tax Department. :

11. Types of client you expect to service :

12. Have you at any time compounded with your creditors ? If so, give particulars :

13. Have you been involved in any civil or criminal litigation, suit or proceeding? If so, give particulars :

14. Have you been involved in any financial liability of contingent or unascertained nature ? If so, give particulars :

15. Have you, at any time, been convicted of an offence involving fraud or dishonesty ? If so, give particulars :

16. Have you at any time been

a) rejected by any Stock Exchange for membership ? :

b) suspended or expelled by a Stock Exchange for membership ? :

c) declared a defaulter by a Stock Exchange for membership ? If so, give particulars :

17. Have you at any time been

a) rejected by any commodity or similar Exchange or commercial organisation for membership ? :

b) expelled by any such Exchange or commercial organisation from membership ? :

c) declared a defaulter by any such Exchange or commercial organisation ? If so, give particulars :

18. Please state any other circumstances arising from your application for membership which should be disclosed to the Exchange. :

19. Are you aware that any misstatement or misrepresentation or suppression of facts by :

you in connection with the application for membership by your company or any breach by you of any undertaking or condition of admission to the membership may entail non consideration/Expulsion of your company's application from membership?

20. Please give names, addresses, occupations and backgrounds of all your directors. :

21. Please give names and addresses of share holders holding more than 10% of the paid up shares capital of the applicant company. If the shareholders are companies then furnish details of shareholders indicated hereinbefore. :

22. We, the applicant company hereby undertake to comply with such financial requirements and norms as may be specified by Securities and Exchange Board of India & the Stock Exchange for registration of such companies under section 12 of the Securities and Exchange Board of India Act (15 of 1992). :

23. We, the applicant company are agreeable to the selection & admission procedure contained in the Note accompanying the Application Form for Corporate Membership :

We, directors of _____ applying for membership of Stock Exchange, Mumbai, do hereby solemnly declare and affirm that what is stated above is true to our own knowledge.

Dated this day of 20 .

_____ _____
(Director) (Director)

APPENDIX B

Nomination Form No. 1
(Rule 13)

The Secretary,
The Stock Exchange,
Bombay.

Sir,

I,_____a member of The Stock Exchange, hereby nominate_____as my successor and hereby tender the resignation of my membership in his favour.

Dated this day of 20

Yours faithfully,

(Witness) (Signature of Nominator)

(Witness) (Signature of Nominee)

Nomination Form No. 2
(Rule 13)

The Secretary,
The Stock Exchange,
Bombay.

Sir,

We, the undersigned Near relative of _____ deceased, until _____

legal representative

a member of The Stock Exchange, hereby nominate _____ as his successor.

Dated this day of 20

Yours faithfully,

(Witness) (Signature of Nominator)

(Witness) (Signature of Nominee)

APPENDIX C

Instructions for the Guidance of the Governing Board admitting Successor to Deceased Member

(Rule 11(b))

In dealing with any application under Rule 11(b) the Governing Board shall so far as practicable be guided by the following instruction:

(i) if there be a widow and sons preference shall be given to any person recommended by the widow and all the sons who are of age and the guardian of the minor sons (if any) if such person is otherwise qualified to be admitted as a member;

(ii) if there be no widow preference shall be given to any person who is recommended by all the sons who are of age and the guardian of minor sons (if any) if such person is otherwise qualified to be admitted as a member;

(iii) if there be a widow but no sons who are of age preference shall be given to any person recommended by the widow if such person is otherwise qualified to be admitted as a member;

(iv) if there be no widow or sons preference shall be given to any person who is recommended by the daughters if such person is otherwise qualified to be admitted as a member;

(v) if there be no widow, sons or daughters preference shall be given to any person recommended by the parents if such person is otherwise qualified to be admitted as a member;

(vi) in any other event the Governing Board shall subject to the Rules of the Exchange relating to the qualifications of candidates have absolute discretion to make the nomination in favour of any person it may think fit.

APPENDIX D

Form of Letter Intimating Election
(Rule 31)

The Stock Exchange
Bombay

Date

To,

Sir,

I am directed to inform you that you are elected a member of The Stock Exchange under the terms of and subject in all respects to the Rules, Bye-laws and Regulations of the Exchange which now are and hereafter may be in force. Upon your paying the Admission Fee* of Rs. _____, the Entrance Fee* of Rs. _____ and annual subscription of Rs._____ as well as depositing security of Rs. _____ within one month of the receipt of this intimation, a further intimation will be sent to you giving the date from which you may exercise the rights and privileges of membership.

Yours faithfully,

Secretary

* Strike out if not applicable

APPENDIX E

Certificate of Admission
(Rule 35(a))

The Stock Exchange,
Bombay.

Date

To,

Sir,

This is to certify that _____ has this day been admitted as a member of The Stock Exchange according to the Rules of the Exchange and that he is from this day entitled to exercise all the rights and privileges and is subject to all the liabilities of such membership and that he is and will be hereafter bound by the Rules, Bye-laws and Regulations of the Exchange which now are or may hereafter be for the time being in force.

As witness our hand and seal this___day of ___two thousand _____.

President

Secretary

APPENDIX F
Member's Security Declaration Form No. 1
(Rule 46)

The Governing Board,
The Stock Exchange,
Bombay.

Gentlemen,

Having been admitted as a member of the Stock Exchange and having handed to you in terms of the Rules thereof to be deposited in _____(Name of Bank) in the name of the Exchange the sum of Rs. 20,000 and/or having transferred to the names of the Trustees of the Exchange and/or (Name of Bank) the securities mentioned below, I hereby declare and agree that the said Security and any cash, stock, shares or other securities that may be added to or substituted for the said Security by arrangement with you are subject to a first and paramount lien for any sum due to the Exchange or to the Clearing House by me/us or by the partnership of which I may be a partner and for any sum due to any member of the Exchange for the due fulfillment of my engagements, obligations and liabilities or of the partnership of which I may be a member arising out of or incidental to any bargains, dealings, transactions and contracts made subject to the Rules, Bye-laws and Regulations of the Exchange or anything done in pursuance thereof. I hereby further declare and agree that the said Security and any cash, stock, shares or other securities that may be added to or substituted for the said Security by arrangement with you are to be held for you and on your account by the said Security by arrangement with you are to be held for you and on your account by the said Trustees and/or Bank(s) at your absolute discretion without any right whatever on the part of myself or those in my right to call in question the exercise of such discretion on any ground whatever so that you may at your absolute discretion as aforesaid apply and pay the same or the proceeds thereof (in case you shall as you shall be fully entitled to do sell the same) or cause the same to be applied and paid to or for behalf of the Exchange or the Clearing House to whom I or any partnership of which I may be a partner may be indebted or to or for behalf of any member of the Exchange to whom I or any partnership of which I may be a partner may be indebted under a claim or claims arising from any bargains, dealings, transactions and contracts made subject to the Rules, Bye-laws and Regulations of the Exchange during the continuance of my membership of the Exchange. If on the completion of all bargains, dealings, transactions and contracts entered into before the termination of my membership or on my ceasing to do business on the Exchange the said Security or proceeds thereof shall not have been required for payment of my or my said partnership liabilities as above provided the same or any balance thereof then remaining will be returned to me and a receipt signed by me that whatever cash, stock, shares or other securities or balance thereof is/are so returned to me is/are all to which I am entitled in terms hereof shall be final and conclusive and bar inquiry of any kind at the instance of myself or any one in my right in respect thereof.

Yours faithfully,

(Signature of member depositing the Security)

Securities above referred to:

APPENDIX F (Contd.)
Partner's Security Declaration Form No. 2
(Rule 180(e))

The Governing Board,
The Stock Exchange, Bombay.

Gentlemen,

_____ having been admitted as a partner in the partnership firm of under the Rules of The Stock Exchange and having handed to you in terms of the said Rules to be deposited in (Name of Bank) in the name of the Exchange the sum of Rs. _____ and/or having transferred to the names of the Trustees of the Exchange and/or (Name of the Bank) the securities mentioned below, I hereby declare and agree that the said Security and any cash, stock, shares or other securities that may be added to or substituted for the said Security by arrangement with you are subject to a first and paramount lien for any sum due to the Exchange or to the Clearing House by the said partnership firm and for any sum due to any member of the Exchange for the due fulfillment of the engagements, obligations and liabilities of the said partnership firm arising out of or incidental to any bargains, dealings, transactions and contracts made subject to the Rules, Bye-laws and Regulations of the Exchange or anything done in pursuance thereof. I hereby further declare and agree that the said Security and any cash, stock, shares or other securities that may be added or substituted for the said Security by arrangement with you are to be held for you and on your account by the said Trustees and/or Bank(s) at your absolute discretion without any right whatever on the part of myself or those in my right to call in question the exercise of such discretion on any ground whatever so that you may at your absolute discretion as aforesaid apply and pay the same or the proceeds thereof (in case you shall as you be fully entitled to do sell the same) or cause the same to be applied and paid to or for behalf of the Exchange or the Clearing House or to or for behalf of any members of the Exchange to whom the said partnership firm may be indebted under a claim or claims arising from any bargains, dealings, transactions and contracts made subject to the Rules,

Bye-laws and Regulations of the Exchange during the continuance of the said partnership. If on the completion of all bargains, dealings, transactions and contracts entered into before the termination of the said partnership the said Security or proceeds thereof shall not have been required for payment of the said partnership liabilities as above provided the same or any balance thereof then remaining will be returned to me and a receipt signed by me that whatever cash, stock, shares or other securities or balance thereof is/are so returned t me is/are all to which I am entitled in terms hereof shall be final and conclusive and bar inquiry of any kind at the instance of myself or any one in my right in respect thereof.

Yours faithfully,

(Signature of member or partner depositing the Security)

Securities above referred to:

APPENDIX F (Contd.)
Remisier's Security Declaration Form No. 3
(Rule 235(e))

The Governing Board,
The Stock Exchange,
Bombay.

Gentlemen,

Having been registered as a remisier to a member of The Stock Exchange (hereinafter referred as the "employing member") and having handed to you in terms of the Rules, thereof to be deposited in (Name of Bank) in the name of the Exchange the sum of Rs. _____ and/or having transferred to the names of the Trustees of the Exchange and/or (Name of Bank) the securities mentioned below, I hereby declare and agree that the said Security and any cash, stock, shares or other securities that may be added to or substituted for the said Security by arrangement with you are to be held for you and on your account by the said Trustees and or Bank(s) at your absolute discretion without any right whatever on the part of myself or those in my right to call in question without any right whatever on the part of myself or those in my right to call in question the exercise of such discretion as aforesaid apply and pay the same that you may at your absolute discretion as aforesaid apply and pay the same or the proceeds thereof (in case you shall be fully entitled to do sell the same) or cause the same to be applied and paid to or for behalf of the said employing member to whom I may be indebted as provided in the Rules, Bye-laws and Regulations of the Exchange or under any claim or claims arising from any bargains, dealings, transactions and contracts for or with me or at my instance or with or on behalf of my constituents made subject to the Rules, Bye-laws and Regulations of the Exchange during the time I continue my registration as a remisier to the said employing member. If on the completion of all bargains, dealings, transactions and contracts entered into before the termination of my registration the said Security or proceeds thereof shall not have been required for payment of my liabilities as above provided the same or any balance thereof then remaining will be returned to me and a receipt signed by me that whatever cash, stock, shares or other securities or balance thereof shall be final and conclusive and bar inquiry of any kind at the instance of myself or any one in my right in respect thereof.

Yours faithfully,

(Signature of Remisier depositing the Security)

Securities above referred to:

APPENDIX F (Contd.)

[11]**Nomination Form No. 4**

(Rule 44, 180(d) and 235(d))

From:

To,

The Governing Board,
The Stock Exchange,
Bombay.

Gentlemen,

With reference to the Security deposited by me with the Exchange under and held subject to the Rules, Bye-laws and Regulations of the Exchange I hereby nominate as provided in the said Rules, Bye-laws and Regulations

_____ (Name)

of_____(Full Address)

and failing him _____ (Name)

of_____(Full Address)

and failing him _____ (Name)

of_____(Full Address)

as my nominee or nominees (in the absence of any notice of revocation by me with the Exchange prior to my death) to receive from you at my death the said Security and all additions and accretions thereto or any other security that may be substituted by me for the same and all additions and accretions thereto or the balance thereof as shall remain returnable to me in terms of the Rules, Bye-laws and Regulations of the Exchange then in force.

And I declare that the receipt of such nominee or nominees for such Security or the balance thereof as the case may be shall be final and conclusive and bar inquiry of any kind at the instance of any one in my right in respect thereof and shall be a full complete and sufficient discharge to the Exchange and/or to you in respect of all claims of my estate or anybody claiming through from or under me in to and upon the same.

And I further declare that I retain the right to cancel any or all of the aforesaid nominations made by me and to make any fresh nomination in addition thereto or

substituted thereof whenever I think fir and that in event of any of the aforesaid nominees predeceasing me the said nomination shall forthwith stand cancelled.

Dated this day of 20

(Signature of Party depositing the Security)

[1] Inserted by Governing Board Resolution dated 09.09.56 and approved by Govt. on 30.09.58.

1. Witness :

   Address :

2. Witness :

   Address :

Note :

1. One of the witness should be a J. P. Magistrate, Notary Public or similar other authourity. The other witness should be a member of the Exchange or failing him a person holding a public postion.

2. In case of a nomination in favour of a minor the name and address of the person to whom the Security is to be returned on behalf of such minor must be stated.

3. If a person depositing the Security wishes to revoke this nomination or make any other nomination in substitution of this nomination he must lodge , with the Exchange prior to his death, a notice of revocation in the following form duly signed by him and attested by two witnesses as stated in Note No. 1 above.

With reference to the Security deposited by me with the Exchange under and held subject to the Rules, Bye - Laws and Regulations of the Exchange I hererby revoke the nomination made by me appointing _____ as my nominee(s) to receive from you at my death the said Security.

Dated this day of 20

(Signature of Party depositing the Security)

APPENDIX G

Partnership Form

(Rule 190(a)

Address:

Date:

The Secretary,
The Stock Exchange,
Bombay.

Please acquaint the Governing Board that we the undersigned desire to do Stock Exchange business in partnership under the name and style of.

In the event of our application being approved by the Governing Board we shall work in partnership from the _____ day of 20 ___ and we each and all of us undertake to hold ourselves jointly and severally responsible in respect of all acts and dealings of the firm entered into by any one of us in that name.

Yours faithfully,

Full Names of Partners

1. _____ (Signature) _____

2. _____ (") _____

3. _____ (") _____

4. _____ (") _____

[1]APPENDIX H

Code of Ethics for Directors and Functionaries
[Rule 170 (aa)]

Objectives and Underlying Principles

The Code of Ethics for Directors and Functionaries of the Exchange seeks to establish a minimum level of business / professional ethics to be followed by these functionaries, towards establishing a fair and transparent marketplace. The Code of Ethics is based on the following fundamental principles:

- Fairness and transparency in dealing with matters relating to the Exchange and the investors.
- Compliance with all laws / rules / regulations laid down by regulatory agencies / the Exchange
- Exercising due diligence in the performance of duties
- Avoidance of conflict of interest between self interest of Directors / Functionaries and interests of the Exchange and investors.

While the objective of this code is to enhance the level of market integrity and investor confidence, it is emphasized that a written code of ethics may not completely guarantee adherence to high ethical standards. This can be accomplished only if directors and functionaries of the exchange commit themselves to the task of enhancing the fairness and integrity of the system in letter and spirit.

Definitions

1. Functionaries : Functionaries of the Exchange to whom this code shall be applicable shall be decided by the Exchange but shall include all officials of the rank of General Manager and above.

2. Family: Family members will include dependent spouse, dependent children and dependent parents.

3. Securities : Securities for the purpose of this code shall not include mutual fund units and government securities.

Ethics Committee

For overseeing implementation of this code, an Ethics Committee shall be constituted by the Exchange under the Governing Board. Not more than 40% of the members of the Ethics Committee shall be elected directors / exchange members.

1. General Standards

i. Directors and functionaries shall endeavour to promote greater awareness and understanding of ethical responsibilities.

ii. Directors and functionaries, in the conduct of their business shall observe high standards of commercial honour and just and equitable principles of trade.

iii. The conduct of Directors and functionaries in business life should be exemplary which will set a standard for other members of the Exchange to follow.

iv. Directors and functionaries shall not use their position to do or get favours from the executive or administrative staff of the Exchange, suppliers of the Exchange or any listed company at the Exchange.

v. Directors and functionaries shall not commit any act which will put the reputation of the Exchange in jeopardy.

vi. Directors, committee members and functionaries of the Exchange should comply with all rules and regulations applicable to the securities market.

[1] Inserted by Governing Board Resolution dated 17.10.02 and approved by SEBI on 25.02.02

2. Prohibition on dealings in securities in proprietary account by elected office bearers of the Exchange (President / Vice President / Treasurer):

Elected offices bearers (President / Vice President / Treasurer) of the Exchange shall refrain from proprietary trades in securities, directly or indirectly, during the period of holding office.

In this connection, it is clarified that :-

a) Elected office bearers may carry on brokerage business for clients. But shall refrain from trading in proprietary account. This would also apply in case of elected office bearers who trade under corporate entity including

   - Proprietary trading of corporate member
   - Proprietary trading of directors of corporate member.

b) Trading in securities is inclusive of all kinds of trades. Any trading in own account will come within mischief of the circular except where a broker is acting as a market maker under SEBI circular.

c) The code does not make any specific reference to existing investment in securities by elected office bearers. As regards further investment in securities, so far as this constitutes proprietary trading the elected offices bearers shall refrain from the same. As regards existing holding the same is allowed to be disinvested.

3. Disclosure of dealings in securities by functionaries of the Exchange :

i. Functionaries of the exchange shall disclose on a periodic basis as determined by the Exchange (which could be monthly), all their dealings in securities, directly or indirectly, to the Governing Board / Ethics Committee / designated Compliance Officer.

ii. The dealings in securities shall also be subject to trading restrictions for securities about which functionaries in the Exchange may have non-public price sensitive information. Requirement laid down under SEBI Insider Trading Regulations may be referred in this regard.

iii. All transactions must be of an investment nature and not speculative in nature Towards this end, all securities purchased must be held for a minimum period of 60 days before they are sold. However, in specific / exceptional circumstances, sale can be effected anytime by obtaining pre-clearance from the Compliance Officer or any other designated authority who will be empowered to waive this condition after recording in writing his satisfaction in this regard.

4. Disclosure of dealings in securities by Directors of the Exchange :

i. Directors (other then elected office bearers as per clause 2) of the Exchange shall disclose on a periodic basis, as determined by the Exchange (which could be monthly), their proprietary trading, directly or indirectly, to the Ethics Committee.

ii. All Directors shall also disclose on a periodic basis as above, the trading conducted by firms / corporate entities in which they hold 20% or more beneficial interest or hold a controlling interest, to the Ethics Committee.

Directors who are Government of India nominees or nominees of Government of India statutory bodies or Financial Institutions and are governed by their own codes shall be exempt from this requirement.

5. Avoidance of Conflict of Interest

i) No director of the Governing Board or member of any committee of the Exchange shall participate in any decision making /ajudication in respect of any person / matter in which he is in any way, directly or indirectly, concerned or interested.

ii) Whether there is any conflict of interest or not in a matter, should be decided by the Governing Board.

6. Disclosures of beneficial interest

All Directors and functionaries shall disclose to the Governing Board, upon assuming office and during their tenure in office, whenever the following arises:

i) any fiduciary relationship of self and family members and directorship / partnership of self and family members in any broking outfit;

ii) shareholding, in cases where the shareholding of the director, directly or through his family exceeds 5% in any listed company on the Exchange or in other entities related to the capital markets;

iii) any other business interests.

7. Role of the President/Chairman and Directors in the day to day functioning of the Exchange

i) The President and directors shall not interfere in the day to day functioning of the Exchange and shall limit their role to decision making on policy issues and to issues as the Governing Board may decide.

ii) The President and directors shall abstain from influencing the employees of the Exchange in conducting their day to day activities.

iii) President and directors shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the Governing Board.

8. Access to Information

i) Directors shall call for information only as part of specific committees or as may be authorised by the Governing Board.

ii) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents / information shall be properly recorded.

iii) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration / gain.

iv) Any information relating to the business / operations of the Exchange, which may come to the knowledge of directors / functionaries during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

9. Misuse of Position

Directors / committee members shall not use their position to obtain business or any pecuniary benefit (as intermediaries like brokers or in any other capacity like professional or consultant) in the organisation for themselves or family members.

10. Ethics Committee to lay down procedures and designate Compliance Officer

i) The Ethics Committee shall lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.

ii) The Ethics Committee may designate a senior officer of the Exchange as Compliance Officer for executing the requirements laid down by it.

[1]APPENDIX I
(Rule 126A)

Matters that can be dealt with by the Executive Committee

(i) Matters which are quasi - judicial in nature including matters which are required to be heard under the directions of a judicial authority.

(ii) Matters in which the Governing Board exercises power as an Appellate Authority.

(iii) Matters regarding annulment of transactions

(iv) Matters regarding admission, continuance and suspension of Members.

(v) Matters pertaining to declaration of a Member as defaulter.

(vi) Matters dealing with the norms, procedures and other matters relating to arbitration.

(vii) Determining from time to time the fees, deposits, margins and other monies payable to the Exchange by the members.

(viii) any other matter referred by the Governing Board.

[1] Inserted by Governing Board Resolution dated 23.05.03 and approved by SEBI on 09.10.03.

[1]APPENDIX J

Guidelines for Fair Practices/Code of Conduct for Public Representative and SEBI Nominee Directors (Rule 99A)

Public Representative/SEBI Nominee Director shall:

(A) Meetings & minutes

(a) endeavour to attend all the board meetings and shall be liable to vacate his office if he remains absent for three consecutive meetings of the Governing Board/Board of Directors or does not attend 75% of the total meetings of the Board in a calendar year.

(b) not participate in the discussion of any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting.

(c) not encourage the circulation of agenda papers during the meeting, unless circumstances require.

(d) meet themselves at least once in 6 months separately, if necessary, to exchange views on critical issues. .

(e) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes.

(f) insist on the minutes of the previous meeting being placed for approval in subsequent meeting.

(g) endeavour to have the date of next meeting fixed at each Board Meeting in consultation with other members of the Governing Board.

(h) endeavour that in case where all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within 15 days for considering the remaining items.

(B) Strategic Planning

(a) participate in the formulation and execution of strategies in the best interest of the exchanges and contribute towards pro-active decision making at the Board level.

(b) give benefit of his experience and expertise to the Exchange and provide assistance in strategic planning and execution of decisions when the Board is in the throes of a raging controversy.

(C) Regulatory Compliances

(a) endeavour to ensure that the Exchange abides by all the provisions of the SEBI Act, Securities Contracts (Regulation) Act, Rules, Regulations framed thereunder and the circulars, directions issued by the Government/SEBI from time to time.

(b) endeavour compliance at all levels so that the regulatory system does not suffer any breaches.

(c) endeavour to ensure that the Exchange takes commensurate steps to honour the time limit prescribed by SEBI for corrective action.

[1] Inserted by Governing Board Resolution dated 19.08.03b pursuant to SEBI letter dated 03.07.03 and approved by SEBI on 09.10.03

(d) not support any decision in the meeting of the Governing Board which may adversely affect the interest of investors and shall report forthwith any such decision to SEBI.

(e) endeavour that the arbitral award is given within the period stipulated in the Rules, Bye-laws and Regulations of the Exchange and in any case, the award is delivered within 15 days after the final meeting.

(D) General Responsibility

(a) be punctual and participate actively in the proceedings of the Meetings.

(b) place priority for redressing Investor Grievance, encourage fair trade practice, to become engine for the right growth of the securities industry.

(c) make use of every reasonable opportunity to enhance and improve his level of knowledge and endeavour to analyse and administer the exchange issues with professional competence, fairness, impartiality, efficiency and effectiveness.

(d) submit the necessary disclosures/statement of holdings/dealings in securities as required by the Exchange from time to time as per their Rules or Articles of Association.

(e) unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty. Further, no such information shall be used for personal gain.

(f) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties in order to inspire public confidence and shall not engage in acts discreditable to his responsibilities.

(g) avoid any interest or activity which is in conflict with the conduct of his official duties.

(h) perform his duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, his independence or objectivity.

(i) perform his duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion.

(j) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Exchange.