

BSE LIMITED**Insertion of Bye-law 12.43, 15.2 (iiA) and 16.3A in the Rules, Bye Laws and Regulations of the Derivatives Segment of the Exchange in respect of Arbitration and Trade Guarantee Fund for providing additional Trading Floor to Regional Stock Exchange's ("RSE").**

Whereas under Section 10(4) of the Securities Contracts (Regulation) Act, 1956, making or the amendment or revision of any Bye-law is subject to the conditions of its previous publication.

Now, therefore, BSE Limited (the Exchange), hereto publishes the proposed Bye-laws 12.43, 15.2 (iiA) and 16.3A of the Rules, Bye Laws and Regulations of the Derivatives Segment of the Exchange.

Arbitration between the Members of the Exchange and Members of Regional Stock Exchange

12.43 Subject to and as provided by Securities and Exchange Board of India ("SEBI") and /or as agreed between the regional stock exchange and the Exchange, the provisions of "arbitration between the Members" of the Derivative Segment of the Exchange shall also apply to the arbitration (i) between the members of the regional stock exchange and the Members of the Derivative Segment of the Exchange, and (ii) between the members of the regional stock exchanges.

15.2 (iiA) Subject to and as provided by SEBI and /or as agreed between the regional stock exchange and the Exchange, the fund shall also guarantee financial settlement of the bona fide trade/ transactions executed on the floor/trading system of the Derivative Segment of the Exchange by the members of the regional stock exchange. The provisions of the "Derivative Segment Settlement Guarantee Fund" as contained in these Bye-laws shall, to the extent applicable, also apply to the transaction executed by the members of the regional stock exchange on this segment.

16.3 A Subject to and as provided by SEBI and /or as agreed between the regional stock exchange and the Exchange, the Investor Protection Fund shall also be utilized for the bona fide trade/ transactions executed on the Derivative Segment of the Exchange by the members of the regional stock exchange. The provisions of the "Investor Protection Fund" as contained in these Bye-laws shall, to the extent applicable, also apply to the transaction executed by the members of the regional stock exchange on this segment.

Any person interested in making any comments, in respect of the above amendments may please make presentations to the effect within a period of one month from the date of publication of this advertisement at the following address:

Company Secretary,
BSE Limited
25th Floor, Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001

For **BSE Limited**

Date: 18th October, 2011

Place: Mumbai

Neena Jindal
Company Secretary

BOMBAY STOCK EXCHANGE LIMITED**Rules**

Pursuant to the Order from the Hon'ble Supreme Court of India in the S.L.P. (C) 21686 of 2006 in the matter of Mahesh Ratilal Shah v/s Union of India & Ors., the Rules and Bye-laws of the Bombay Stock Exchange Limited are published as under:

**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 Statutory 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"}

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 as 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, By-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 -

²Main 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

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.}

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

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 SEBI 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

- ²16 (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.

- ⁴16. (2) The provisions of clause (1) of this Rule shall not apply in cases where 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 such date as the Governing Board may specify in this behalf.

Application of Consideration

- ⁵16A. 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.

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.

¹Firms Ineligible

- ²19. (a) A partnership firm as such shall not be eligible for membership 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.

- ⁵19A.(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 -

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

- ⁴19B. (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 fulfilment 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.

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 in respect 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 26.07.93 and 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, inter alia, 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.

- ¹35A. 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.

³Limited 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 ³Equity 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.

- ¹36A. 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 date¹ 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 date⁴ 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 date¹ 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.

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 entered 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

- ²68. 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.

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 than 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 adopted 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 from 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.

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.

AUDITOR

Appointment and Duties of Auditor

- ² 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 Inserted by Governing Board Resolution dated 16.08.71 and approved by Govt. on 26.08.71.

² 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

¹96. 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 ⁵⁶{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.

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}

- ²98. (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

- ³98A. 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

- ⁵99. 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.

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.

⁶Public 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.

¹¹Fair 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 }

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

- ⁴100A. 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

- ³102. 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

- 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

- ⁶110A 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

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

- ³⁴ 112. 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;

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; }

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 funds¹ { 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 necessary² { 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**

- 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

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.

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

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

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 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.

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

- ³149.** (deleted)

Representatives of the Exchange

- ⁴150.** ⁵(a) The President shall represent the Exchange officially in all public matters.

Ex-officio Members of Committees

- ⁶⁷(b) The President shall be ex-officio member of any committee appointed by the Governing Board of the Exchange.

Calling of Meetings

- ⁸151.** 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

- ⁹152.** 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.

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 pursuant 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 pursuant to SEBI's letter dated 05.09.2002.

⁶ Revised by Governing Board Resolution dated 13.09.2002 pursuant 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{³⁴(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.

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.

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.

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 members;

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 perform 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

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 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.

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 }

- ²177A. 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.

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.
- 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.

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

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 remisiers 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.

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

246. No member shall without the special permission of the Governing Board take into or continue 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 (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.

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.

- (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.

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.

RULES PERTAINING 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

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 matters 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 sever 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 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 :



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. _____

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.

- 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 than 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 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.

Date : _____

Seal: _____

Place : _____

Membership Number : _____

ANNEXURE - I

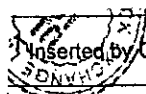
(To be filled in by each of the directors referred to
in Rule 19A(b)(v) of the Rules of the Exchange
i.e. by each of the designated directors)

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 :-



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 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.

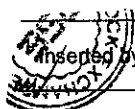
Dated this _____ day of _____ 20 . . .

(Director)

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 stop forthwith any business of the above mentioned type ?
10. Indicate :-
 - i) Your PAN allotted by the Income-Tax Department.



- 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 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 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 fit 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)



Approved 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 authority. The other witness should be a member of the Exchange or failing him a person holding a public position.

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 hereby 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. _____	(") _____

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.

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 / adjudication 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.

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.

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

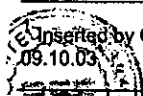
- (a) endeavour to attend all the board meetings and shall be liable to vacate his office if he remains absent for three consecutive meetings of the Governing Board/Board of Directors or does not attend 75% of the total meetings of the Board in a calendar year.
- (b) not participate in the discussion 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.



Inserted by Governing Board Resolution dated 19.08.03b pursuant to SEBI letter dated 03.07.03 and approved by SEBI on

- (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.

For Bombay Stock Exchange Limited

Place: Bombay Stock Exchange Limited
25th Floor, Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001

Neena Jindal
Company Secretary

Date: 31st August, 2010

21.0 तात्विक दस्तावेज

(1) निम्नलिखित दस्तावेज और "तात्विक दस्तावेज" के रूप में प्रस्ताव दस्तावेज में निर्दिष्ट कोई अन्य दस्तावेज निर्गमकर्ता के रजिस्ट्रीकृत कार्यालय में या मर्चेन्ट बैंककार के कार्यालय में प्रस्ताव कालावधि के दौरान भावी विनिधानकर्ताओं (निवेशकों) को निरीक्षण के लिए उपलब्ध कराया जाएगा:-

- (क) निर्गमकर्ता के गठन संबंधी दस्तावेज ;
- (ख) निर्गमकर्ता और सर्विसर, क्रेडिट वृद्धिकर्ता, और अर्थसुलभता प्रदाता जहाँ सुसंगत हो के बीच करारनामे की प्रतियाँ ;
- (ग) क्रेडिट वृद्धिकर्ता के साथ करारनामे की प्रतियाँ ;
- (घ) प्रतिभूतिकरण संव्यवहार के अधीन आस्तियों के समनुदेशन के दस्तावेज ;
- (ङ) हामीदारों के साथ करारनामों की प्रतियाँ,
- (च) प्रारंभकर्ता के बोर्ड संकल्प, शेयरधारक संकल्प, यदि लागू हो, और विद्यमान ऋण-धारकों द्वारा अनुमोदन, जहाँ लागू हो ;
- (छ) सभी रिपोर्टें, पत्र और अन्य दस्तावेज, किसी विशेषज्ञ द्वारा मूल्यांकन और कथन जिसका कोई भाग प्रस्ताव दस्तावेज में सम्मिलित या निर्दिष्ट है ;
- (ज) प्रारंभकर्ता के लेखापरीक्षित लेखे या, जहाँ इसके समनुषंगी हैं, प्रारंभकर्ता और इसके समनुषंगियों के समेकित लेखापरीक्षित लेखे, प्रस्ताव दस्तावेज के प्रकाशन से पूर्ववर्ती पाँच वित्तीय वर्षों में से प्रत्येक के लिए, जिसमें, उससे संलग्न किए जाने या उसके साथ लगाये जाने के लिए, कंपनी अधिनियम, 1956 (1956 का 1) द्वारा, अपेक्षित सभी टिप्पण, रिपोर्टें या जानकारी सम्मिलित है ।

(2) विस्तृत प्रकटीकरण उस रीति के विषय में दिए जाएँगे जिसमें उपरोक्त दस्तावेजों का निरीक्षण किया जा सकेगा ।

(3) जहाँ उपरोक्त दस्तावेजों में से कोई अंग्रेजी में नहीं है, तो अंग्रेजी में अनुवाद भी अनिवार्यतः निरीक्षण के लिए उपलब्ध होने चाहिए ।

सी. बी. भावे, अध्यक्ष

[विज्ञापन NI/4/69-जैडबी/2008/असा.]

→ P.T.O

**SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION**

Mumbai, the 26th May, 2008

**Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments)
Regulations, 2008**

F. No. LAD-NRO/GN/2008/12/126567.—In exercise of the powers conferred by Section 31 read with section 17A of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and Section 30 read with Sections 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities and Exchange Board of India hereby makes the following Regulations, namely :—

**CHAPTER I
PRELIMINARY**

- Short title and commencement.** 1. (1) These Regulations shall be called the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008.
(2) They shall come into force on the date of their publication in the Official Gazette.
- Definitions.** 2. (1) In these Regulations, unless the context otherwise requires:—
(a) “Act” means the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
(b) “asset pool”, in relation to a scheme of a special purpose distinct entity, means the total debt or receivables, assigned to such entity and in which investors of such scheme have beneficial interest;
(c) “Board” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act (15 of 1992);
(d) “certificate” means a certificate of registration granted to a trustee under these regulations;
(e) “clean-up call option” means an option retained and exercisable by the originator to purchase the debt or receivables assigned to a special purpose distinct entity, if the residual value of such debt or receivables falls below a specified percentage of the price at which it was assigned;
(f) “credit enhancement” means any arrangement intended to decrease the likelihood of default on the securitised debt instruments, including subordination, insurance, letter of credit, over-collateralisation, undertakings and guarantees;
(g) “debt” or “receivables” means any right that generates or results into a cash flow and includes—
(i) mortgage debt ;

- (ii) such receivables arising out of securities as may be specified by the Board;
- (iii) any financial asset within the meaning of clause (l) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- (h) "investor" means a person holding any securitised debt instrument which acknowledges the interest of such person in the debt or receivables assigned to the special purpose distinct entity;
- (i) "issue" means an offer of securitised debt instruments by a special purpose distinct entity or under any scheme of such entity to the public or to any person(s), which is proposed to be listed on a recognised stock exchange;
- (j) "liquidity provider" means a person who agrees to provide funds to the special purpose distinct entity for settlement of payments due to investors in accordance with the schedule of payments contained in the terms of issue of the securitised debt instruments issued to them, in the event of any short term cash flow shortfalls of the special purpose distinct entity;
- (k) "obligor" means a person who is liable, whether under a contract or otherwise, to pay a debt or receivables or to discharge any obligation in respect of a debt or receivables;
- (l) "offer document" means any document including an electronic document described or issued as an offer document or prospectus and includes any notice, circular, advertisement or other document inviting subscription from the public or purchase of any securitised debt instruments of a scheme formulated under these regulations;
- (m) "originator" means the assignor of debt or receivables to a special purpose distinct entity for the purpose of securitisation;
- (n) "recognised stock exchange" means any stock exchange which is recognised under section 4 of the Act;
- (o) "regulated activity", in relation to a special purpose distinct entity, means any of its activities which are regulated by the Board under the Act and these regulations and includes making a public offer of securitised debt instruments, making disclosures in connection with such issue, the performance of obligations relating to public offer or listing and redemption of such instruments, management and administration of the schemes under which such instruments are issued, valuation and maintenance of accounts which have a bearing on value of such instruments, and any other related activity as may be specified by the Board;
- (p) "scheme" means a scheme for issue of securitised debt instruments in accordance with these regulations;
- (q) "Schedule" means a Schedule appended to these regulations;
- (r) "securitisation" means acquisition of debt or receivables by any special purpose distinct entity from any originator or originators for the purpose of issuance of securitised debt instruments to investors based on such debt or receivables and such issuance;

- (s) "securitised debt instrument" means any certificate or instrument, by whatever name called, of the nature referred to in sub-clause (ie) of clause (h) of section 2 of the Act issued by a special purpose distinct entity;
- (t) "servicer" means any person appointed by the special purpose distinct entity and who is responsible for the management or collection of the asset pool or making allocations or distributions to holders of the securitised debt instrument in accordance with these regulations but does not include a trustee for the issuer if the trustee receives such allocations or distributions;
- (u) "special purpose distinct entity" means a trust which acquires debt or receivables out of funds mobilized by it by issuance of securitised debt instruments through one or more schemes, and includes any trust set up by the National Housing Bank under the National Housing Bank Act, 1987 (53 of 1987) or by the National Bank for Agriculture and Rural Development under the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);
- (v) "sponsor" means any person who establishes or promotes a special purpose distinct entity;
- (w) "trustee" means a trustee of a special purpose distinct entity;
- (x) "working days" means working days of the Board.

(2) Words and expressions not defined in these Regulations, but defined in or under the Act or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the regulations made thereunder or the Companies Act, 1956 (1 of 1956) or the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002) or any statutory modification or re-enactment thereof, shall have the same meaning as have been assigned to them by or under those enactments, unless the context requires otherwise.

Applicability.

3. These regulations shall apply to-
 - (a) public offers of securitised debt instruments; or
 - (b) to listing of securitised debt instruments issued to public or any person(s), on a recognised stock exchange.

CHAPTER II REGISTRATION OF TRUSTEES

Eligibility criteria for trustees.

4. (1) On and from the commencement of these regulations, no person shall make a public offer of securitised debt instruments or seek listing for such securitised debt instruments unless -
 - (a) it is constituted as a special purpose distinct entity;
 - (b) all its trustees are registered with the Board under these regulations; and
 - (c) it complies with all applicable provisions of these regulations and the Act.
- (2) The requirement of obtaining registration shall not apply to the following persons, who may act as trustees of special purpose distinct entities, namely:-
 - (a) any person registered as a debenture trustee with the Board;
 - (b) any person registered as a securitisation company or a reconstruction company with the Reserve Bank of India under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security

- Interest Act, 2002 (54 of 2002);
- (c) the National Housing Bank established by the National Housing Bank Act, 1987 (53 of 1987);
- (d) the National Bank for Agriculture and Rural Development established by the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);

Provided that the aforesaid persons and special purpose distinct entities in respect of which they are trustees shall comply with all other provisions of these regulations:

Provided further that the provisions of these regulations shall not apply to the National Housing Bank and the National Bank for Agriculture and Rural Development to the extent of inconsistency with the provisions of their respective Acts.

- (3) An application for registration shall be made by the trustee to the Board in Form A of Schedule I along with non-refundable application fees as specified in Schedule II.
- (4) Any application which is not complete in all respects and does not conform to the instructions specified in Form A of Schedule I or which is incorrect, false or misleading in nature shall be liable to be rejected:

Provided that before rejecting any such application, the Board shall give an opportunity to the applicant to remove the objections pointed out by the Board within the time specified by the Board.

- (5) The Board may require the applicant to furnish such further information or explanation as is necessary in the opinion of the Board to take a decision on the application.

**Factors
consideration**

for 5.

While considering an application made under regulation 4, the Board may have regard to all relevant factors, including the following, namely:-

- (a) the applicant's track record, professional competence and general reputation and, where applicable those of its promoters and directors;
- (b) where the applicant is a body corporate, its objects as per the memorandum of association or other constitutional document, composition of its board of directors and other relevant matters;
- (c) whether the applicant has adequate infrastructure to ensure proper servicing of the securitisation transaction; adherence to the terms of the transaction documents by the originator, underwriter, credit enhancement provider, liquidity provider, and other parties to the securitisation transaction, and ensure compliance with the provisions of the Act and these regulations;
- (d) whether the applicant and the special purpose distinct entity have complied with or in a position to comply with the requirements of these regulations;
- (e) whether any previous application for grant of certificate made by any person directly or indirectly connected with the applicant was rejected by the Board;
- (f) whether the applicant, its promoters and directors are fit and proper persons in terms of the criteria

specified in respect of the intermediaries registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992).

**Procedure
granting
registration, etc.**

- for 6. (1) Except as otherwise provided in these regulations, the provisions relating to procedure of consideration of application, grant of registration, powers of the Board including the power to seek further information, verify the information furnished by the applicant, conditions of registration, effect of refusal of grant of certificate, etc.; as applicable to any intermediary shall apply to an applicant under these regulations:
- (2) The Board shall, if it decides to grant registration to the applicant, send intimation to the applicant for payment of the registration fees specified in Schedule II.
- (3) Upon payment of registration fees, the Board shall grant a certificate to the applicant in Form B of Schedule I.
- (4) Subject to the provisions of the Act, these regulations, conditions of certificate and the obligations of payments of fees the registration granted by the Board to a trustee shall be permanent unless suspended or cancelled by the Board.

**Conditions
registration.**

- of 7. Any certificate granted under regulation 6 shall be subject to the following conditions being complied with by the trustee, namely:-

- (a) where it proposes to change its management or control, it shall obtain prior approval of the Board for continuing to act as such after the change;
- (b) it shall pay the registration fees and annual fees in the manner provided in Schedule II;
- (c) it shall take adequate steps for redressal of grievances of the investors within one month of the date of the receipt of the complaint and keep the Board informed about the number, nature and other particulars of the complaints received;
- (d) it shall abide by the provisions of the Act and these regulations in respect of the regulated activities carried on by the special purpose distinct entity;
- (e) it shall forthwith inform the Board, if any information or particulars previously submitted to the Board is found to be misleading in any material respect or false;
- (f) it shall forthwith inform the Board, of any material change in the information or particulars furnished, which may have a bearing on the certificate granted to it;
- (g) it shall abide by the Code of Conduct specified in Schedule III.

**Procedure
application
rejected.**

- where 8.
is

- (1) Where an application for grant of a certificate does not conform to the eligibility criteria and other requirements as set out in these regulations, the Board may reject the application and communicate the decision with reasons in writing:

Provided that before rejecting the application, the applicant shall be given an opportunity to remove within a reasonable time specified by the Board, such objections as may be

indicated by the Board to the applicant in writing.

(2) Where an application is rejected for the reason that it contains false or misleading information, no such opportunity shall be given and the applicant shall not make any application for grant of certificate of registration under these regulations or any other regulations for a period of one year from the date of such rejection.

CHAPTER III CONSTITUTION AND MANAGEMENT OF SPECIAL PURPOSE DISTINCT ENTITIES AND INCIDENTAL MATTERS

**Permissible
structures for
special purpose
distinct entity.**

9. (1) The special purpose distinct entity shall be constituted in the form of a trust the constitutional document whereof entitles the trustees to issue securitised debt instruments:
Provided that originator or any of its associates shall not exercise control over the special purpose distinct entity and its trustees.
- (2) The instrument of trust, whether trust deed or any other constitutional document, shall be executed by the sponsor in favour of the trustees named in such instrument.
- (3) The instrument of trust shall contain such clauses as are mentioned in Schedule IV and such other clauses which are necessary to protect the interests of investors in the securitised debt instruments.
- (4) No instrument of trust shall contain a clause which has the effect of—
 - (i) limiting or extinguishing the obligations and liabilities of the trustees or the special purpose distinct entity in relation to any scheme or the rights or interests of investors;
 - (ii) limiting or restricting or waiving the provisions of the Act, these regulations and circulars or guidelines issued by the Board;
 - (iii) indemnifying the trustees or the special purpose distinct entity for loss or damage caused to the investors by their act of negligence or commission or omission.
- (5) The special purpose distinct entity and the trustee shall adopt internal procedures designed to avoid conflict of interest.
- (6) A special purpose distinct entity shall not raise any moneys in the form of debt or issue any debt securities other than through issue of securitised debt instruments:
Provided that the restriction contained in this sub-regulation shall not apply to issue of security receipts.
- (7) A special purpose distinct entity shall be entitled, in terms of the trust deed or other constitutional document, to segregate the debt or receivables out of the asset pool for the purpose of servicing of any securitised debt instrument in accordance with the scheme.
- (8) The special purpose distinct entity shall not be dissolved until the securitised debt instruments issued under all its schemes are fully redeemed or written off in accordance with their terms of issue.
- (9) Trustees who are nominees of the sponsor or the

- originator or who are associated in any manner with the sponsor or the originator or with a company in the same management as the sponsor or originator shall not constitute more than one half of the Board of Trustees of the special purpose distinct entity, as the case may be.
- (10) Where the special purpose distinct entity proposes to launch multiple schemes, -
- (a) it shall be capable in terms of the trust deed or other constitutional document, of segregating multiple securitisation schemes; and
 - (b) the terms of issue of securitised debt instruments proposed to be issued under each scheme or each series of such instruments shall restrict the rights of investors therein to the relevant asset pool alone.
- (11) The special purpose distinct entity shall not carry on any activity other than regulated activities and those incidental thereto and it shall not engage in:
- (a) business of lending or investment except making passive financial investments required in accordance with the scheme;
 - (b) activities of an asset management company or portfolio manager or a mutual fund:

Provided that the restriction provided in clause(a) shall not apply to -

- (i) any trust or other body promoted by the National Housing Bank, in respect of activities undertaken by it in terms of the National Housing Bank Act, 1987 (53 of 1987);
- (ii) any trust or other body promoted by the National Bank for Agriculture and Rural Development, in respect of activities undertaken by it in terms of the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);
- (iii) any trust set up by a securitisation company or reconstruction company in respect of activities undertaken by it in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- (iv) any securitisation undertaken by a special purpose distinct entity, which involves private placement of any instruments representing securitised debt which are not proposed to be listed on any recognised stock exchange.

**Assignment of debt 10.
or receivables.**

- (1). The originator and the trustee shall ensure in respect of the debt or receivables assigned to the special purpose distinct entity that the following conditions are fulfilled:
 - (a) the debt or receivables generates or is reasonably expected to generate identifiable cash flows for the purpose of servicing the securitised debt instruments in accordance with the scheme;
 - (b) the originator has a valid enforceable interest in the assets and in the cash flow of the assets prior to the securitisation;
 - (c) the debt or receivables is free from any encumbrances or impediments to their free transfer

or the transfer of the rights attaching thereto and their transfer does not constitute an event of default or acceleration trigger under any agreement;

- (d) the necessary regulatory or contractual permissions or consents have been obtained in order to effect the transfer of such debt or receivables from the originator to the special purpose distinct entity;
 - (e) the originator has not done or omitted to do anything which enables any of his debtors to exercise the right of set-off in relation to such assets;
 - (f) the debt or receivables is transferred at a price arrived at through an arms' length transaction and solely on commercial considerations; and
 - (g) any representations and warranties made by the originator regarding the debt or receivables are duly adhered to.
- (2) The special purpose distinct entity and the originator shall take all necessary steps to ensure that the debt or receivables acquired by the special purpose distinct entity are duly assigned in its name and are legally realizable by it.
- (3) No special purpose distinct entity shall acquire any debt or receivables from any originator which is part of the same group or which is under the same management as the trustee.

Explanation: For the purposes of sub-regulation (3), -

- (a) two persons shall be deemed to be "part of the same group" if they belong to the same group within the meaning of clause (ef) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) or if they own "inter-connected undertakings" within the meaning of clause (g) of section 2 of that Act;
 - (b) the expression "under the same management" shall have the meaning derived from sub-section (1B) of section 370 of the Companies Act, 1956 (1 of 1956).
- (4) The securitisation transaction shall be structured in such a manner so as to minimise the risk of the asset pool being consolidated with the assets of the originator or the sponsor, in the event of insolvency or winding up of either of them.
- (5) The special purpose distinct entity and its trustees shall ensure that the debt and receivables assigned to it are through a genuine transaction amounting to a true sale and are legally realizable by it and the special purpose distinct entity shall be remote from the risk of bankruptcy, insolvency and winding up of the originator, sponsor and any other entity.

Obligations trustees

of 11.

- (1) A trustee shall carry out his duties and perform his functions under these regulations, the trust deed or other document, with due care and diligence.
- (2) The trustees shall ensure that the covenants in the trust deed and any other transaction document are complied with by the concerned parties.

CHAPTER IV

SCHEMES OF SPECIAL PURPOSE DISTINCT ENTITIES

- | | | |
|--|------------|--|
| <p>Launching of schemes.</p> | <p>12.</p> | <p>(1) A special purpose distinct entity may raise funds by making an offer of securitised debt instruments through formulating schemes in accordance with these regulations.</p> <p>(2) Where there are multiple schemes, the special purpose distinct entity shall maintain separate and distinct accounts in respect of each such scheme and shall not commingle asset pools or realisations of a scheme with those of other schemes.</p> <p>(3) A special purpose distinct entity and trustees thereof shall ensure that realisations of debts and receivables are held and correctly applied towards redemption of securitised debt instruments issued under the respective schemes or towards payment of returns on such instruments or towards other permissible expenditure of the scheme.</p> <p>(4) The terms of issue of the securitised debt instruments may provide for exercise of a clean -up call option by the special purpose distinct entity, subject to adequate disclosures.</p> <p>(5) No expenses shall be charged to the scheme in excess of the allowable expenses as may be specified in the scheme and any such expenditure, if incurred, shall be borne by the trustees.</p> |
| <p>Obligation to redeem securitised debt instruments.</p> | <p>13.</p> | <p>(1) The trustee and the special purpose distinct entity shall ensure timely payment of interest and redemption amounts to the investors in terms of the offer document or other terms of issue of the securitised debt instruments out of the realisations from the asset pool, credit enhancer or liquidity provider.</p> <p>(2) The trustee shall ensure that the servicer adopts such prudent measures as may be expected under the origination documents to recover the dues from the obligors in the event of any default in any portion thereof.</p> <p>(3) The expected period of maturity of each scheme and the possibility of extension or shortening of such period shall be disclosed in the offer document together with the likely circumstances in which such extension or shortening may take place.</p> |
| <p>Credit enhancement and liquidity facilities.</p> | <p>14.</p> | <p>(1) A special purpose distinct entity may opt for credit enhancement of the asset pool, subject to making full disclosures of the arrangements in the offer document or the particulars submitted to the recognised stock exchange.</p> <p>(2) A special purpose distinct entity may avail the services of a liquidity provider, subject to making full disclosures of the arrangements in the offer document or the particulars submitted to the recognised stock exchange.</p> |
| <p>Servicers.</p> | <p>15.</p> | <p>(1) A special purpose distinct entity may appoint either the originator or any other person as servicer in respect of any of its schemes, subject to the following, namely:-</p> <p>(a) the trustees shall ensure that the servicer keeps</p> |

proper accounts in respect of the activities delegated to him;

- (b) the trustees shall ensure that the servicer has adequate operational systems and resources to administer the asset pool in relation to a securitisation transaction.
- (2) Servicer may be appointed by the special purpose distinct entity to do all or any of the following, namely:-
 - (i) to coordinate with the obligors, manage the asset pool and collections therefrom;
 - (ii) administer the cash flows of such asset pool, distributions to investors; and reinvestment, if any, in accordance with the scheme; and
 - (iii) manage incidental matters.
- (3) Where a special purpose distinct entity appoints the originator as servicer, it shall adopt internal procedures designed to avoid conflict of interest.

Accounts.

- 16. (1) Without prejudice to provisions of the Companies Act, 1956 (1 of 1956), or any other applicable law, a special purpose distinct entity shall maintain or cause to be maintained proper accounts and records to enable a true and fair view to be formed of its assets, liabilities, income and expenditure and those of all its schemes and to comply with the disclosure requirements of these regulations and other applicable laws.
- (2) The accounts of a scheme shall be maintained in such a manner so as to disclose as on the most recent pay out date, the financial position of the scheme and shall in particular give a true and fair view of the state of affairs of the scheme.
- (3) The accounts of the special purpose distinct entity and all its schemes shall be maintained in accordance with generally accepted accounting principles and having regard to the guidance issued by the Institute of Chartered Accountants of India or as may be specified by the Board in respect of accounting for schemes.

Audit.

- 17. (1) The accounts of the schemes formulated by a special purpose distinct entity shall be audited by a chartered accountant in practice within the meaning of the Chartered Accountants Act, 1949 (38 of 1949) at such frequency as may be specified in the listing agreement or conditions.
- (2) Such audit shall be conducted in accordance with generally accepted auditing standards.
- (3) The scope of such audit may be specified by the Board.

Maintenance of records.

- 18. (1) A special purpose distinct entity shall maintain or cause to be maintained other records and documents, including a register of holders of securitised debt instruments, for each scheme so as to explain its transactions and its accounts:
 Provided that the register of beneficial owners maintained by a depository in respect of securitised debt instruments held in dematerialised form with it shall be deemed to be a register of holders of securitised debt instruments for the purposes of these regulations.
- (2) A special purpose distinct entity shall intimate to the Board the places where the records and documents

maintained under sub-regulation (1) and the accounts maintained under regulation 16 are kept.

- (3) The special purpose distinct entity shall maintain its books of account, records and other documents in respect of its schemes for a minimum period of eight years from the redemption of all instruments issued under the scheme.

**Holding
originator.**

of 19.

- (1) No originator shall at any time subscribe to or hold securitised debt instruments in excess of twenty per cent of the total securitised debt instruments issued by the special purpose distinct entity in a particular scheme.
- (2) Nothing contained in sub-regulation (1) shall apply to the holdings of an originator acquired on account of underwriting of a public issue of securitised debt instruments or in pursuance of an arrangement for credit enhancement:
Provided that the possibilities of such holdings are disclosed in the offer document or in the listing particulars.
- (3) For the removal of doubts, it is clarified that sub-regulation (1) applies only to the classes of securitised debt instruments which are offered to the public or listed.

**Winding
schemes.**

up of 20.

- A scheme may be wound up in the event of the following:
- (a) when the securitised debt instruments have been fully redeemed as per the scheme;
- (b) upon legal maturity as stated in the terms of issue of the securitised debt instrument:
Provided that if any debt or receivable is outstanding on legal maturity, the trustees shall dispose off the same in accordance with the scheme and distribute the proceeds;
- (c) by vote of investors by a special resolution as provided in regulation 34.

CHAPTER V PUBLIC OFFER OF SECURITISED DEBT INSTRUMENTS

Offer to the public.

21.

- (1) This Chapter shall be applicable to offer of securitised debt instruments to the public.
- (2) Any reference in these regulations to offering securitised debt instruments to the public shall be construed as including a reference to offering them to any section of the public.
- (3) No offer shall be treated as made to the public by virtue of sub-regulation (1), if the offer can properly be regarded, in all the circumstances –
- (a) as not being likely to result, directly or indirectly, in the securitised debt instruments becoming available for subscription or purchase by persons other than those receiving the offer;
- (b) otherwise as being the domestic concern of the persons making and receiving the offer.
- (4) Notwithstanding sub-regulation (2), any offer of securitised debt instruments made to fifty or more persons in a financial year shall always be deemed to have been made to the public:
Provided that sub-regulation (3) applies only in respect of

securitised debt instruments which belong to the same tranche and which are *pari passu* in all respects.

Explanation: For the purposes of sub-regulation (4), the term "financial year" shall mean the period of twelve months commencing from the 1st day of April in any year.

Submission of draft offer document and filing of final offer document.

22. (1) No special purpose distinct entity or trustee thereof shall make an offer of securitised debt instruments to the public unless it files a draft offer document with the Board at least fifteen working days before the proposed opening of the issue.
- (2) Such offer document shall be filed along with the minimum filing fee as mentioned in Schedule II:
Provided that the balance filing fee provided in Schedule II shall be paid to the Board within seven days of closure of the public offer.
- (3) If the Board specifies any changes to be made in the offer document within the said period of fifteen working days, the special purpose distinct entity and trustee thereof shall carry out such changes in the draft offer document prior to filing it with the designated stock exchange under regulation 35 or issuing it.
- (4) The final offer document shall be filed with the Board and with every recognised stock exchange to which an application for listing of the securitised debt instruments is proposed to be made prior to its issuance to public.

Arrangements for dematerialisation.

23. (1) Prior to submitting the draft offer document with the Board under regulation 22, the special purpose distinct entity shall enter into an arrangement with a registered depository for dematerialisation of the securitised debt instruments that are proposed to be issued to the public.
- (2) The special purpose distinct entity shall give an option to the investors to receive the securitised debt instruments either in the physical form or in dematerialised form.
- (3) The holders of dematerialised instruments shall have the same rights and liabilities as holders of physical instruments.

Mandatory listing.

24. A special purpose distinct entity desirous of making an offer of securitised debt instruments to the public shall make an application for listing to one or more recognized stock exchanges in terms of sub-section (2) of section 17A of the Act.

Credit rating.

25. (1) No special purpose distinct entity shall offer securitised debt instruments to the public unless credit rating is obtained from not less than two registered credit rating agencies.
- (2) All credit ratings obtained by a special purpose distinct entity on the securitised debt instruments shall be disclosed in the offer document, including unaccepted credit ratings.
- (3) A credit rating agency rating the securitised debt instruments issued by a special purpose distinct entity shall include reference to the following in the rating rationale:
- (a) quality of the asset pool and the strength of cash flows;
 - (b) payment structure;
 - (c) adequacy of credit enhancements;
 - (d) originator profile;
 - (e) risks and concerns for investors and mitigating factors;

- (f) quality and experience of the servicer;
- (g) terms of the servicer contract;
- (h) provision for appointment of back-up servicer, if any;
- (i) any other relevant information.

Contents of offer document.

26. (1) An offer document issued by a special purpose distinct entity, or trustee thereof, shall contain all material information which is true, fair and adequate for an investor to make informed investment decision and shall also disclose the matters specified in Schedule V.
- (2) An offer document shall not include a statement purporting to be made by an expert unless—
- (a) he has given his written consent to the offer document being issued with the statement included in the form and context in which it is included;
 - (b) such consent is not revoked by him prior to its filing with the Board; and
 - (c) a statement that he has given and has not withdrawn his consent as aforesaid appears in the offer document.
- Explanation: For the purpose of this regulation "expert" shall have the same meaning as in sub-section (2) of section 59 of the Companies Act, 1956 (1 of 1956).

Prohibition of mis-statements in the offer document.

27. (1) An offer document or any report or memorandum issued by a special purpose distinct entity in connection with an offer of securitised debt instruments shall not contain any false or misleading statement.
- (2) An offer document shall not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading.

Underwriting of the issue.

Offer period.

Minimum subscription.

28. A public offer made by a special purpose distinct entity may be underwritten by an underwriter registered with the Board.
29. No public offer of securitised debt instruments shall remain open for more than thirty days.
30. (1) The offer document shall disclose the minimum subscription it seeks to raise under the scheme.
- (2) No securitised debt instruments shall be allotted under the public offer unless subscriptions have been received in respect of the minimum number of securitised debt instruments which will constitute minimum subscription.
- (3) In the event of non receipt of minimum subscription or refusal of listing by any recognised stock exchange, all application moneys received in the public offer shall be refunded forthwith to the applicants.
- Explanation: For the purposes of this regulation and Schedule V, "minimum subscription" refers to the amount which, in the opinion of the directors of the originator and trustees of the special purpose distinct entity, must be raised by issue of securitised debt instruments.

Allotment and other obligations.

31. (1) The securitised debt instruments shall be allotted to the investors within the following time periods:-
- (a) in case of dematerialized securitised debt instruments – within five days of closure of the offer;
 - (b) in case of securitised debt instruments in the physical form – the certificates shall be dispatched within eight days of closure of the offer.
- (2) No special purpose distinct entity shall retain any over-

- subscription received in any public offer.
- (3) In the event of over-subscription, the allotment shall be made as per the basis of allotment finalized in consultation with the recognized stock exchanges to which an application for listing was made.
 - (4) The special purpose distinct entity shall dispatch refund orders to unsuccessful or partially successful applicants within eight days of closure of the offer.
 - (5) In a case where the issue proceeds become liable to be refunded in accordance with the disclosures made in the offer document, the special purpose distinct entity shall dispatch refund orders to the applicants within eight days of closure of the offer.
 - (6) Where the allotment is not made within the time period mentioned in clause (a) of sub-regulation (1) or where the certificates are not dispatched within the time mentioned in clause (b) of sub-regulation (1), the special purpose distinct entity and every trustee thereof, and where any such trustee is a body corporate, every director thereof, who is in default shall, on and from the expiry of such period, be jointly and severally liable to pay interest at the rate of fifteen per cent. per annum to the concerned applicants.
 - (7) Where the refund orders are not dispatched within the time mentioned in sub-regulations (4) or (5), the special purpose distinct entity and every trustee thereof, and where any such trustee is a body corporate, every director thereof, who is in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent per annum.
 - (8) Sub-regulations (6) and (7) shall have effect without prejudice to any other provisions of these regulations or any other law.

Post
obligations.

- issue 32. The special purpose distinct entity shall file such reports and furnish such information to the Board or to the investors, as directed by the Board from time to time.

CHAPTER VI RIGHTS OF INVESTORS

Transferability of
securitised debt
instruments.

Rights of investors
in securities issued
by special purpose
distinct entity.

33. Subject to the provisions of regulation 38, the securitised debt instruments issued to the public or listed on a recognized stock exchange in accordance with these regulations shall be freely transferable.

34. (1) The trust deed or other instrument comprising the terms of issue of the securitised debt instruments issued by a special purpose distinct entity shall provide that investors holding such securitised debt instruments have such beneficial interest in the underlying debt or receivables as may have been conferred by the scheme.
- (2) In the event of failure of the special purpose distinct entity to redeem any securitised debt instruments offered through an offer document or listed, within the time and in accordance with the conditions stated in the offer document or other terms of issue, the investors holding not less than ten per cent in nominal value of such securitised debt instruments shall be entitled to call a meeting of all such investors.

- (3) In such meeting, the investors may move a motion to—
(a) call upon the trustee and the special purpose

distinct entity to wind up the scheme and distribute the realisations;

(b) remove the trustee;

(c) appoint a new trustee in place of the one removed under clause (b):

Provided that any such decision shall be taken by means of a special resolution of the investors of the scheme and sections 179 and 189 of the Companies Act, 1956 (1 of 1956) shall *mutatis mutandis* apply to such special resolution:

Provided further that the new trustee appointed under clause (c) is registered with the Board under these regulations or is exempted from such registration.

- (4) The trustee and the special purpose distinct entity shall take all reasonable steps to carry out the resolutions passed by the investors under sub-regulation (3).
- (5) Any reasonable expenses incurred in calling and holding a meeting under sub-regulation (3) and any reasonable expenses incurred by the trustee or the new trustee, as the case may be, in winding up the scheme and incidental activities shall be met from or reimbursed out of realisations from the asset pool.
- (6) The terms of issue of securitised debt instruments shall not be adversely varied without the consent of the investors.
- (7) For purposes of sub-regulation (6), investors shall be deemed to have given their consent to variation if and only if twenty one days notice is given to them of the proposed variation and it is approved by a special resolution passed by them through postal ballot.
- (8) Sections 189 and 192A of the Companies Act, 1956 (1 of 1956) and the rules framed thereunder shall *mutatis mutandis* apply to the special resolution referred to in sub-regulation (7).

CHAPTER VII

LISTING OF SECURITISED DEBT INSTRUMENTS

Application
listing.

- for 35. (1) A special purpose distinct entity required by sub-section (2) of section 17A of the Act to get the securitised debt instruments issued by it listed on a recognised stock exchange or otherwise desirous of getting the securitised debt instruments issued by it so listed shall make an application to the stock exchange in the form specified by it along with the following documents and particulars:
- (a) trust deed or other constitutional document, as the case may be;
 - (b) copies of all offer documents and advertisements in connection with offer of securitised debt instruments by the special purpose distinct entity or its trustee at any time;
 - (c) certified copy of every material document or proposed document which is referred to in any such offer document;
 - (d) certified copies of agreements or memoranda of understanding relating to acquisition or proposed acquisition of debt or receivables from a financial institution or other person;

- (e) certified copy of certificate of registration granted by the Board to the trustee under these regulations;
 - (f) specimen of any other securitised debt instrument issued by the special purpose distinct entity which are listed or proposed to be listed;
 - (g) any other document or particular as may be required by the stock exchange.
- (2) As a condition for listing, the securitised debt instruments issued by a special purpose distinct entity shall have the following characteristics:
- (a) free transferability;
 - (b) being in the nature of such undivided beneficial interest of the investors in the asset pool as is specified in the scheme, and not constituting debt of the special purpose distinct entity or originator;
 - (c) maintenance of a record of the holders thereof, whether holding the same in physical form or dematerialized form.
- (3) The special purpose distinct entity shall enter into a listing agreement with the recognised stock exchanges where the securitised debt instruments are proposed to be listed.
- (4) In exercise of the powers conferred by sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, the Board hereby waives the strict enforcement of sub-rules (1) to (3) of the said rule in relation to listing of securitised debt instruments issued in terms of these regulations, subject to compliance with these regulations.

Minimum public offering for listing

36. (1) In respect of public offers of securitised debt instruments, the special purpose distinct entity or trustee thereof shall satisfy the recognised stock exchange to which a listing application is made that each scheme of securitised debt instruments was offered to the public for subscription through advertisements in newspapers for a period of not less than two days and that applications received in pursuance of the offer were allotted in accordance with these regulations and the disclosures made in the offer document.
- (2) In case of a private placement of securitised debt instruments, the special purpose distinct entity shall ensure that it has obtained credit rating from a registered credit rating agency in respect of its securitised debt instruments.
- (3) In case of a private placement of securitised debt instruments, the special purpose distinct entity shall file listing particulars with the recognised stock exchange along with the application made under sub-regulation (1) of regulation 35, containing such information as may be necessary for any investor in the secondary market to make an informed investment decision in respect of its securitised debt instruments.
- (4) All credit ratings obtained pursuant to sub-regulation (2), including unaccepted ratings, if any, shall be disclosed in the listing particulars filed with the recognised stock exchange under sub-regulation (3).

Continuous listing conditions

37. (1) The special purpose distinct entity or trustee thereof shall submit such information, including financial information relating to the schemes, to the stock

exchanges and investors and comply with such other continuing obligations as may be stipulated in the listing agreement.

- (2) Every rating obtained by a special purpose distinct entity under sub-regulation (1) of regulation 25 or under sub-regulation (2) of regulation 36 shall be periodically (not later than one year) reviewed by the registered credit rating agency and any revision in the rating shall be promptly disclosed by the special purpose distinct entity to the recognised stock exchanges where the securitised debt instruments are listed.
- (3) The information filed with a recognised stock exchange under sub-regulation (3) of regulation 36 and sub-regulations (1) and (2) of this regulation shall be promptly disseminated to investors and prospective investors in such manner as the recognised stock exchange may determine.

**Trading
securitised
instruments**

**of 38.
debt**

The securitised debt instruments issued to the public or on a private placement basis, which are listed in recognised stock exchanges, shall be traded and such trades shall be cleared and settled in recognised stock exchanges subject to conditions specified by the Board.

CHAPTER VIII INSPECTION AND DISCIPLINARY PROCEEDINGS

**Power to call for 39.
information**

The Board may call for information from the originator, special purpose distinct entity, trustee (whether registered with the Board or not), sponsor, servicers, underwriters, credit enhancers, liquidity providers or any other person associated with securitisation or any regulated activity.

**Right of inspection 40.
by the Board.**

- (1) Without prejudice to provisions of sections 11 and 11C of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board may appoint one or more persons to undertake the inspection of the books of account, records and documents of the special purpose distinct entity or any of its schemes or its trustee (whether registered with the Board or not) or servicer or any other agent for any of the purposes specified in sub-regulation (2).
- (2) The purposes referred to in sub-regulation (1) may be as follows, namely:-
 - (a) to verify whether the books of account are being maintained and valuations are being done in a proper manner;
 - (b) to verify whether the provisions of the Act, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the rules and regulations made thereunder are being complied with;
 - (c) to inquire into the complaints received from investors, other market participants or any other persons on any matter having a bearing on the regulated activities of the special purpose distinct entity;
 - (d) to inquire into affairs of the special purpose distinct entity suo-moto in the interest of investor protection or the integrity of the market in so far as it relates to

its regulated activities;

- (e) to inquire whether securitisation or regulated activity is being carried on as per provisions of the Act and these regulations;
- (f) to inquire whether the Code of Conduct has been observed.

**Notice
inspection.**

before 41.

- (1) Before undertaking an inspection under regulation 40, the Board shall give a reasonable notice to the special purpose distinct entity or other person.
- (2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors no such notice should be given, it may by an order in writing direct that the inspection of the affairs of the special purpose distinct entity or other person be taken up without such notice.
- (3) During the course of inspection the special purpose distinct entity and other persons shall be bound to discharge its obligations as provided under regulation 42.

**Obligations
special purpose
distinct entities on
inspection.**

of 42.

- (1) It shall be the duty of every director, trustee, officer, employee, servicer or any other agent of the special purpose distinct entity who is being inspected to produce to the inspecting authority such books of accounts and other documents in his custody or control and furnish him with such statements and information relating to regulated activities of the special purpose distinct entity as he may require within the specified time.
- (2) The persons mentioned in sub-regulation (1) shall allow the inspecting authority to have a reasonable access to the premises occupied by such special purpose distinct entity or by any other person, on its behalf and also extend reasonable facility for examining any books, records, documents, computer systems and computer data in the possession of the special purpose distinct entity or any such other person and also provide copies of documents or other material which in the opinion of the inspecting authority are relevant for the purposes of the inspection.
- (3) The inspecting authority shall in the course of inspection, be entitled to examine or record statements of any principal officer, director, partner, proprietor and employee of the special purpose distinct entity or the other person whose records or other documents are being inspected.
- (4) It shall be the duty of every director, proprietor, partner, officer, employee, servicer or other agent of the special purpose distinct entity or the other person whose records or other documents are being inspected to give to the inspecting authority all assistance in connection with the inspection which the special purpose distinct entity may reasonably be expected to give.

**Appointment
auditor or valuer.**

of 43.

- (1) The Board may appoint a qualified auditor to inspect the books of account or inquire into the affairs of the special purpose distinct entity, servicer or other agent of the special purpose distinct entity in so far as it concerns its regulated activities:
Provided that the auditor so appointed shall have the

same powers of the inspecting authority as are mentioned in regulation 40 and the obligation of the special purpose distinct entity and its employees in regulation 42 shall be applicable to the investigation under this regulation.

Explanation: For the purposes of this sub-regulation, the expression "qualified auditor" shall have the meaning derived from section 226 of the Companies Act, 1956 (1 of 1956).

- (2) The Board may appoint a valuer or direct a valuer to be appointed, if so required in the interest of investors in a scheme for the purpose of proper valuation of asset pools acquired or held by a special purpose distinct entity.
- (3) The expenses of such audit under sub-regulation (1) or valuation under sub-regulation (2) shall be borne by the originator, trustee, or other person if so specified by the Board.

**Submission of 44.
report to the Board.**

- (1) The inspecting authority shall, as soon as may be possible, submit an inspection report to the Board.
- (2) On submission of the inspection report, the Board may take such action thereon as it may deem fit and appropriate.

CHAPTER IX PROCEDURE FOR ACTION IN CASE OF DEFAULT

**Cancellation
suspension
of
registration.**

**or 45.
of**

- (1) The registration granted under regulation 6 to a trustee who -
 - (a) fails to comply with any conditions subject to which certificate has been granted;
 - (b) contravenes any of the provisions of the Act, the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the regulations made thereunder -
 may be cancelled or suspended by the Board:

Provided that no such registration shall be cancelled or suspended unless the trustee has been given an opportunity of being heard in the manner as applicable in respect of cancellation or suspension of registration granted to any intermediary under the Securities and Exchange Board of India Act, 1992.

- (2) While passing an order of suspension or cancellation of registration of a trustee, the Board may also direct winding up of schemes of the special purpose distinct entity within such period and in such manner as may be directed.

Explanation: For the purpose of this sub-regulation, "winding up of schemes" shall mean liquidation of the asset pool and repayment of the proceeds thereof to the investors in the scheme.

- (3) Notwithstanding the cancellation of certificate, the trustee shall, subject to such directions as the Board may deem appropriate, ensure compliance of the Act, these regulations, any circular issued thereunder and the listing agreement, until another registered trustee is appointed in his place or the special purpose distinct entity winds up its schemes and repays to the investors, whichever is earlier.
- (4) Nothing contained in this regulation shall be deemed to

prejudice the operation of sections 12A, 21A, 23, 23A, 23C, 23E, 23H and 23M of the Act, sections 11, 11B, 11D and 24 and Chapter VIA of the Securities and Exchange Board of India Act, 1992 (15 of 1992) and rule 19 of the Securities Contracts (Regulation) Rules, 1957.

Directions

46. Without prejudice to actions under the Act, the Securities and Exchange Board of India Act, 1992 (15 of 1992) and regulation 45, the Board may in the interest of the securities market, in the interest of the investors or for the purpose of securing the proper management of any special purpose distinct entity or trustee (whether registered with the Board or not), pass, any or all of the following directions:

(a) directing the originator or any other persons associated with securitisation or regulated activity to refund any money collected under an issue to the investors with or without requisite interest, as the case may be;

(b) directing the persons associated with securitisation or regulated activity concerned not to access the capital market or not to deal in securities or securitised debt instruments for a particular period or not to engage in securitisation or regulated activities;

(c) directing the recognised stock exchange concerned not to permit trading in the securitised debt instruments;

(d) directing the recognised stock exchange concerned to suspend trading in securitised debt instruments;

(e) any other direction which the Board may deem fit and proper in the circumstances of the case.

Provided that before issuing any directions the Board may give a reasonable opportunity of being heard to the person concerned:

Provided further that if any interim direction is required to be passed, the Board may give post decisional hearing to such person.

Appeal

47. A person aggrieved by an order of the Board or Adjudicating Officer under the Act, the Securities and Exchange Board of India Act, 1992 (15 of 1992) or these regulations or refusal of listing by a recognised stock exchange may prefer an appeal to the Securities Appellate Tribunal in accordance with section 23L of the Act read with the Securities Contracts (Regulation) (Appeal to Securities Appellate Tribunal) Rules, 2000, or section 15T of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with the Securities Appellate Tribunal (Procedure) Rules, 2000.

CHAPTER X**MISCELLANEOUS****Power of the Board to issue clarifications.**

48. In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the form of circulars.

Delegation of powers

49. The powers exercisable by the Board under these regulations shall also be exercisable by any officer of the Board to whom such powers are delegated by the Board by means of an order made under section 19 of the Securities

and Exchange Board of India Act, 1992 (15 of 1992).

Applicability of other Laws

50. The provisions of these regulations are without prejudice to the duties of the trustees or special purpose distinct entity or other parties to the securitisation under the Indian Trusts Act, 1882 (2 of 1882) or any other law for the time being in force.

SCHEDULE I

Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008

[See regulations 4(3) and 6(2)]

FORMS

FORM A

APPLICATION FORM FOR SEEKING REGISTRATION

Name of applicant.....

Contact person.....

Name of the Compliance officer.....

Telephone No. : Fax No.

e-mail. Website:

Instruction for filling up form:—

1. Applicants must submit a completed application form together with appropriate supporting documents to the Board.
2. It is important that this application form should be filled in accordance with the regulations.
3. Information which needs to be supplied in more details may be given on separate sheets which should be attached to the application form.
4. The application must be signed by the competent person having authority to do so and all signatures must be in original.

DETAILS OF SPONSOR

1. Name of the sponsor-
2. Address of the registered office/correspondence address-
Telephone Nos. Telex Nos. Fax Nos. E-mail address
Website address
3. Name of the contact person-
4. Date and place of incorporation of the sponsor
(Enclose a copy of certificate of incorporation)
5. Objects of the sponsor.
(Enclose copy of the Memorandum and Articles of Association)
Main objects-
Ancillary objects-
6. Capital structure and shareholding pattern.
7. Present line of business activities-
Number of years in that line
8. Condensed financial information.
(Enclose balance sheets and profit and loss account for five years)
9. Accounting policies.
(Furnish description of significant accounting policies)
10. Systems and procedures
(Furnish description of systems and procedures in the company and essential internal controls in order to carry on the business of the company)
11. Names of the associate organisations/group companies/subsidiaries, etc.
12. Management of the sponsor Board of the company with names, experience, qualification, and profession of the Directors.
Names of key personnel-
Organisational structure-

Board of Directors of associate organisations, companies and subsidiaries.

13. Names and addresses of the bankers of the sponsor.
14. Names and addresses of the auditors of the sponsor.
15. Court cases/litigations in which the sponsor may have been involved in the last three years.

CONDENSED FINANCIAL INFORMATION

(A) Income statement

Years (Rs.)

1 2 3 4 5

Income:

Dividend

22

Trading

Management Fee

Other income

Total

Expenses:

Director's remuneration

Trusteeship fees

Custodian fees

Registrar's fees

Other expenses

Total

Gross Profit

Depreciation

Net profit before tax

Tax

Profit after tax

Dividends

Retained earnings

(B) Assets and liabilities

Years (Rs.)

1 2 3 4 5

Assets:

Fixed Assets

Gross

Depreciation

Net value

Current assets

Investments*

Others (please specify)

Cash and bank balances

Less:

Current liabilities and

Provisions

Net worth

Represented by:

Issued and paid up capital

Free reserves

(excluding revaluation reserves)

Total

*Provide full particulars of investments.

FORM B

Format of letter of registration

In exercise of the powers conferred by section 17A of the Securities Contracts (Regulation) Act, 1956 read with regulation 6 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made

thereunder, the Board hereby grants registration to _____ as a trustee entitled to act as a trustee to a special purpose distinct entity offering securitised debt instruments to the public and / or seeking listing for such instruments on a recognised stock exchange.

Date.....

By order

(Signature)

For and on behalf of the
Securities and Exchange Board of India

SS

SCHEDULE II

Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008

[See regulations 4(3), 6(1), 7(b) and 22(2)]

FEES

1. The fees payable under these regulations by an applicant or trustee or special purpose distinct entity shall be as follows:

A. Application fees	Rs. 25,000/- (twenty five thousand rupees)
B. Registration fees	Rs. 50,000/- (fifty thousand rupees)
C. Annual fees	Rs. 10,000 (ten thousand rupees)
D. Filing fees for offer documents	0.03 per cent of the amount raised in the public offer, subject to a minimum of ten thousand rupees and a maximum of twenty five thousand rupees.

2. The fees mentioned in paragraph 1 shall be paid by means of a demand draft drawn in favour of the 'Securities and Exchange Board of India' payable at Mumbai.

SCHEDULE - III

Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008

[See regulation 7(g)]

CODE OF CONDUCT

1. Schemes of a special purpose distinct entity shall not be organised, operated, managed in the interest of the originator or sponsor or a special class of investors. Interests of all classes of investors of the scheme shall be taken into account in such organisation, operation and management.

2. A special purpose distinct entity and its trustee shall ensure the dissemination to all investors of adequate, accurate, explicit and timely information fairly presented in a simple language about the asset pools, transactions & arrangements with originator, credit enhancer, underwriter, liquidity provider, securitised debt instruments, financial position, credit ratings and general affairs of the scheme or any other party to the securitisation or regulated activity.

3. A special purpose distinct entity and its trustee shall avoid conflicts of interest in managing the affairs of the schemes and other regulated activities and shall keep the interest of all investors paramount in all matters.
4. A special purpose distinct entity and its trustee shall ensure scheme-wise segregation of bank accounts, asset pools and securitised debt instruments holders' accounts or folios.
5. A special purpose distinct entity and its trustee shall carry out the business in accordance with objectives stated in the offer documents and take decision solely in the interest of investors.
6. A special purpose distinct entity and its trustee shall not use any unfair or unethical means, directly or indirectly, to sell or market the securitised debt instruments or induce any investor to buy such instruments.
7. A special purpose distinct entity and its trustee shall not employ any unfair or unethical means in valuation and conversion of asset pools or in the course of securitisation or any other regulated activity.
8. A special purpose distinct entity and its trustee shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.
9. A special purpose distinct entity and its trustee shall render at all times high standards of service, exercise due diligence and independent professional judgment and take reasonable care and skill in performing its functions.
10. A special purpose distinct entity and its trustee shall not make any exaggerated statement, whether oral or written, either about their qualifications or capability to render services or their achievements or in respect of asset pools.
11. A special purpose distinct entity and its trustee shall always ensure that the debt and receivables acquired by it are through a genuine transaction amounting to a true sale and legally realizable by it.

SCHEDULE IV

Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008

(See regulation 9)

Contents of

Instrument of Trust

- The Trust Deed or other constitutional document shall contain the following, namely:—
1. That the trustees shall take into their custody, or under their control the debts or receivables of the schemes of the special purpose distinct entity and hold it in trust for the benefit of investors.
 2. That the investors in the securitised debt instruments have such beneficial interest in the underlying debt or receivables as may have been conferred by the scheme.
 3. That the trustees themselves do not have any beneficial interest in the underlying debts or receivables.
 4. The duties and obligations of the trustees shall be clearly specified.
 5. The particulars of interest or association of the trustees which they may have with the originator or the sponsor. The trustees shall also furnish to the board of trustees or trustee company particulars of interest or association which they may have in originator or sponsor.
 6. The originator or any of its associates does not exercise control over the trustee.
 7. The trustees shall act in the interest of the investors and they shall provide or cause to provide information and disclosures to investors and Board as may be specified by the Board.
 8. The trustees shall take reasonable and due care to ensure that the funds raised under the schemes launched by the special purpose distinct entity are in accordance with the provisions of the Act and these regulations.
 9. The details of the Trust Property.
 10. The trustee shall issue certificate or instrument (by whatever name called) evidencing the beneficial interest of the investors in the debt or receivables assigned to the special purpose distinct entity.
 11. Declaration that the trustees of the special purpose distinct entity shall not make or guarantee loans or take up any activity which is not a regulated activity in terms of these regulations.
 12. Broad policies regarding allocation of payments

13. The trustee shall furnish annual report about the pool performance and the investor servicing to the investors.
14. Trusteeship fee, if any, payable to trustees
15. No amendment to the Trust Deed which prejudicially affects the interest of investors shall be carried out.
16. The removal of the trustee in all cases would require the prior approval of the Board.
17. The Trust Deed shall lay down the procedure for seeking approval of the investors under such circumstances as are specified in the Regulations.

SCHEDULE V

Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008

(See regulation 26)

DISCLOSURES TO BE MADE IN THE OFFER DOCUMENT

The offer letter shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investments in the issue.

1.0 Cover Page Requirement

1.1 The front and back inside and outside of the cover pages of the offer document shall be white and no patterns or pictures shall be printed on these pages.

1.2 The front outside cover page of the offer document shall contain the following details:

- a) The name of the issuer, the address of the issuer including its registered office, if any;
- b) Name of the trustee, address of registered office, along with its telephone number, fax number, contact person, website address and e-mail address;
- c) The name of the Originator, the address of its registered office along with its telephone number, fax number, contact person, website address and e mail address;
- d) The title of the securitised debt instruments, expected maturity, coupons, their ratings;
- e) The number, nature, price, amount and issue size of securitised debt instruments offered through the offer document;
- f) Asset type being securitised along with the nature of transaction;
- g) Issue Schedule:
 - (a) Date of opening of the issue
 - (b) Date of the closing of the issue
- h) Name/s of the stock exchanges where listing of the securitised debt instruments is proposed;
- i) The following disclaimer shall be made prominently in the first page of the offer document:

"The submission of draft offer document to the Board should not in any way be deemed or construed that the same has been approved by SEBI. SEBI does not take responsibility for the financial soundness of the scheme launched by the issuer.

Neither SEBI nor the stock exchanges are responsible for the correctness of any statements, opinions or other disclosures contained in this offer document. The registration granted by SEBI to the trustee should not be taken as an indication of the merits of the issuer, the originator or the securitised debt instruments."

2.0 Table of Contents, definitions and abbreviations.

2.1 Table of Contents shall appear immediately after the front inside cover page

2.2 The definitions and abbreviations, if any, shall appear after the Table of Contents.

3.0 Objects of the Offer.

A brief description about the objects of the offer and proposed end use of funds shall be given in the offer document.

4.0 Summary information

4.1 The following information may be provided in succinct form to enable the investor to get a quick idea of the transaction, followed by elaborate details in the offer document:

- (a) Description of the securitised debt instruments;

- (b) Brief description of the asset pool, including transaction type – cash, synthetic, balance sheet/ repackaging, etc.
- (c) Names of principal parties to the transaction – originator, issuer, trustee, credit enhancement provider, liquidity facility provider, any swap counterparty, servicer, depository, principal underwriter, collection and payment account bank, etc.
- (d) Nominal amount of each class/ tranche of the securitised debt instruments and the issue and redemption prices and nominal interest rate, interest type – fixed or floating;
- (e) Any class tranche not being offered to the public through offer document
- (f) Ratings of each class/tranche
- (g) Credit enhancements for each class of securitised debt instruments
- (h) Expected interest and principal payment dates;
- (i) Expected maturity date of each class of securitised debt instruments
- (j) Legal final maturity of the scheme;
- (k) Optional redemptions, if any;
- (l) Description of underlying asset pool;
- (m) If there is a possibility of extension or shortening of such period, then it shall be disclosed;
- (n) Declaration about the possibility of premature winding up of the scheme in case of prepayments;
- (o) Liquidity support, if any
- (p) Terms of payment and cash flow, distinguishing, where appropriate, allocation of revenue receipts and principal receipts;

4.2 One standard financial unit shall be used in the offer document.

5.0 Risks involved

- a) Description of the Assets and Debtors.
- b) Default Risk / Credit Risk related to the assets.
- c) Delinquency Risk.
- d) Dilution Risk, that is to say, any possible changes in the credit quality of the pool, excess spread or other factors over time.
- e) Correlation Risk.
- f) Servicing risk, including risks and costs involved in any transition of the servicer
- g) Prepayment Risk.
- h) Liquidity Risk.
- i) Currency, Interest and Other Risks.
- j) Potential loss on securities due to limited assets of special purpose distinct entity.
- k) Risks arising out of geographic concentration of receivables, if any.
- l) Any other risk specific to the transaction and asset class.

5.1. The issuer's perception about such risk factors shall be disclosed together with detailed descriptions of the measures if any that have been taken or that are proposed to be taken by the issuer to mitigate such risks.

5.2. In addition to the risk factors specific to investment in securitised debt instruments as above, disclosure shall also be made of the normal risks associated with investing in securities as mentioned in the Guidelines or Regulations of the Board relating to issue of capital, to the extent applicable.

6.0 Disclaimers

The following disclaimers shall also be made in bold font in the offer document:

- (a) that the securitised debt instruments do not represent deposits, liabilities of the originator, servicer or special purpose distinct entity and that they are not insured;
- (b) that the special purpose distinct entity, originator or servicer does not guarantee the capital value of the securitised debt instruments or the collectibility of the asset pool.

7.0 Details about public offer

7.1 The following details about the public offer shall be disclosed in the offer document-

- a) Minimum application.
- b) Minimum subscription – disclosure of method of calculation and disclosure of the sources of funds if the whole or any part of the expenditure mentioned in regulation 31 are to be met otherwise than out of issue proceeds.

- c) Interest rate on application money.
- d) Period of offer, opening and closing dates.
- e) Manner of making application for certificates and instruments and the addresses of the places where the applications would be accepted.
- f) Manner of declaration of results of the public offer.
- g) Methods and time limits for delivery of securitised debt instruments to successful applicants and of refunds of application moneys to unsuccessful applicants.
- h) Option of the applicants to choose between allotment in the physical and dematerialised form.
- i) Brief description of the basis of allotment and procedure which will be followed in case of over-subscription.
- j) Amount of minimum subscription and the steps that would be taken if minimum subscription is not received.
- k) Listing details and transferability.

8.0 The disclosures regarding Securitised debt instruments

8.1 The following disclosures shall be made regarding the securitised debt instruments offered:

- (a) An indication as to, where potential material liquidity shortfalls may occur, the availability and details of any liquidity support and plans to cover potential shortfalls.
- (b) Information regarding possible accumulation of surpluses in the issuer and an indication of the investment criteria for the investment of any liquidity surpluses.
- (c) Details of any other arrangements upon which payments of interest and principal to investors are dependent.

8.2 The tax treatment of the various transactions at the hands of the investor, special purpose distinct entity and originator shall be disclosed.

9.0 Disclosures about the Issuer

- a) A brief description of the issuer along with its history.
- b) A statement whether the issuer has been established as a special purpose vehicle or entity.
- c) Details of the settlor, initial corpus, place of registration, if any, along with any identification number.
- d) To the extent known to the issuer, state the name of the person(s) who directly or indirectly controls the issuer, along with the nature of such control and the measures in place to ensure that such control is not abused.
- e) The person(s) holding residual beneficial interest in the trust.
- f) Financial Information concerning the issuer's assets and liabilities, financial position, and profits and losses, if any.
- g) Names, address, nationality, professional experience, other directorships and academic qualifications of the trustees.
- h) Management of the issuer.

10.0 Disclosures about the Trustees

- 1. Name of the trustee, organizational form, management.
- 2. Experience.
- 3. Duties & responsibilities of the trustee under the trust deed.
- 4. Principal powers of the trustees.
- 5. Procedure for appointment, removal and replacement of trustees.
- 6. Other material terms of the trust deed.

11.0 Disclosures about the Originator

- 1. Name, description, principal business activities and brief history of operation of the originator.
- 2. Principal business segments in which the originator operates.
- 3. Description of the originator's business, market presence, market share, if any, experience etc. in relation to the asset class proposed to be securitized.
- 4. Financial Information concerning the originator's assets and liabilities, financial position, and profits and losses, for the purpose of which the originator shall provide a complete audited financial statements for past 3 years and, if necessary, unaudited financial statements prepared within 120 days from the date of the application for registration of the asset-backed securities is made effective.

5. Overview of the process of origination of the asset being securitised.
6. Major underwriting practices concerning the asset being securitised.
- 12.0 Disclosures about the Servicer**
 1. Name of the Servicer, organizational form and its principal activities.
 2. Experience.
 3. Financial Information: The servicer should possess the financial resources necessary to perform under the servicing agreement and/or trust agreement.
 4. Disclosure about defaults if any.
 5. Material terms of the servicing agreement and the servicer's duties, with the servicing agreement filed as an exhibit.
 6. Servicing fees.
 7. Events of default of the servicer and consequences thereof.
 8. Replacement of the servicer, particulars about whether any backup servicer exists.
- 13.0 Disclosures about the Transaction Structure & Cash Flow**
 1. Description of the structure of the transaction, including, if necessary, a structure diagram.
 2. Description of the entities participating in the issue and description of the functions, risks associated to be performed by them.
 3. Excess spread and the treatment thereof.
 4. Credit enhancement and liquidity support.
 5. Credit collateral, over-collateralisation, guarantees or any other support from the originator or any third party, particulars of such credit enhancer, fees, if any, payable to such enhancer and particulars of any provision requiring the replacement of such enhancer in any contingency.
 6. Important structural triggers in the transaction such early amortisation, redirection of the cash flows to a particular class(es) of the securities, trapping of the excess spread, etc.
 7. Cash reserve, if any, including the reinvestment of the same and eligible securities/modes of investment where the same may be invested.
 8. Reinvestment of cash flows, if any, and the modes where the same may be reinvested.
 9. Any material contracts with the originator or third parties such as swaps, put or call options, including any such options in respect of the securitised debt instruments.
 10. Clean up call option, if any.
 11. Priority of distributions and allocation of funds. An illustrative schedule of priority is given below:
 - Servicing Fee, Trustee Fee etc.
 - Class A Securities Interest
 - First allocation of principal
 - Class B Interest
 - Second allocation of principal
 - Reinstatement of reserve account, if any
 - Early amortisation events, trigger clauses etc.
 - Events of default and events entailing change in priority of distributions
 12. Description of the method and date of the sale, transfer or assignment of the assets or of any rights and/or obligations in the assets to the issuer, or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the issuer.
 13. Material features of the asset pool such as default rate, loss rate, recovery rate, delinquency rate (by buckets such as 30 dpd; 60 dpd; 90 dpd, etc); prepayment rate, etc.
 14. Sensitivity of the cash flows and yields on different classes to the changes in the above assumptions, including expected maturity.
 15. Major representations and warranties contained in the document whereby the debt or receivables have been assigned.
 16. Any other particulars as are necessary to understand the transaction structure.
- 14.0 The Underlying Assets**

In any such information as below, where an average information is being given, the minimum, maximum and the standard deviation must also be disclosed:

 - (a) the legal jurisdiction(s) where the assets are located;

- (b) the nature of and title of the assets;
- (c) the expiry or maturity date(s) of the assets;
- (d) the rate of return from the assets;
- (e) the criteria for the selection of the assets;
- (f) the number and value of the assets in the pool;
- (g) the method of origination or creation of the assets;
- (h) rights of recourse against the originator to the extent allowed in law, including a list of material representations and warranties given to the issuer relating to the assets;
- (i) rights to substitute the assets and the qualifying criteria;
- (j) any prepayment right including prepayment penalties available to the obligors;
- (k) level of concentration of the obligors in the asset pool, identifying obligors that account for ten per cent or more of the asset value;
- (l) where there is no concentration of obligors above ten per cent, the general characteristics and descriptions of the obligors;
- (m) the outstanding principal balance/anticipated collections over a definite period from the eligible assets;
- (n) the outstanding principal balance/anticipated collections over a definite period from the eligible assets as a percentage of the total amount of asset-backed securities being offered;
- (o) the cash generated by the eligible assets in the last financial year as a percentage of the total amount of securitised debt instruments being offered;
- (p) the amount of eligible assets in default;
- (q) the amount of eligible assets in default as a percentage of the total amount of securitised debt instruments being offered and the amount of eligible assets in default as a percentage of the credit enhancement;
- (r) explanatory notes where there is expected material difference between actual and projected cash flows and any actions being taken to correct the situation;
- (s) a description of what constitutes a default;
- (t) a chartered accountant's report on the cash flow projections arising from the eligible assets which are the basis of the securitisation together with the basis of the projection.

15.0 Static Pool Information

The following information shall be provided for static pools of similar assets of all past securitisation transactions done with reference to the same originator:

1. Information regarding delinquencies, cumulative losses and prepayments information for the past 5 years of the originator's portfolio, including the build up of such delinquencies, losses and prepayments over time.
2. It should include the factors relevant to the transaction such as asset term, asset type, yield, payment rates, the erosion of credit enhancements, any allocation of losses to any class of investors, etc.

16.0 Outstanding litigations and material developments.

17.0 Other regulatory and Statutory Disclosures.

18.0 Fees & expenses

Any fees paid to trustee, servicer etc. and the tax paid should be disclosed.

19.0 Declarations:

(1) The offer document shall contain the following declaration by trustees of the special purpose distinct entity at the end:

"We being the trustees of the issuer, namely: accept responsibility for the information contained in this offer document. To the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true, fair and adequate and does not omit anything likely to affect the import of such information. In our opinion, the issuer does not have any debts, liabilities or other claims which may increase the likelihood of the issuer being subjected to dissolution, voluntary or compulsory winding up or insolvency proceedings. In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments."

(2) The offer document shall also contain a declaration made by the directors of the originator in the following terms:-

"We being the directors of the originator namely: accept responsibility for the information contained in this offer document. To the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true, fair and adequate and does not omit anything likely to affect the import of such information. In our opinion, the originator is a going concern. In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments."

20.0 Undertakings.

(1) The following undertakings shall be made by all trustees of the special purpose distinct entity, -

- (a) that in the event minimum subscription is not received, the special purpose distinct entity shall forthwith refund the application moneys collected under the offer and in the event of delay beyond eight days from closure of the offer in making such refund, the special purpose distinct entity and its directors or trustees shall be liable jointly and severally to repay the application moneys together with interest at fifteen per cent per annum;
- (b) that in the event of over-subscription, the excess application moneys shall be refunded forthwith to unsuccessful and partially successful applicants and in the event of delay beyond eight days from finalisation of the basis of allotment in making such refund, the special purpose distinct entity and its directors or trustees shall be liable jointly and severally to repay the application moneys together with interest at fifteen per cent per annum;
- (c) that in the event any stock exchange to which an application for listing is made under sub-section (2) of section 17A of the Act rejects listing permission, the issuer and, if necessary, its directors or trustees, shall refund application moneys forthwith in terms of sub-section (3) thereof.

21.0 Material documents.

(1) The following documents and any other document referred to in the offer document as a 'material document' shall be made available for inspection to prospective investors during the offer period at the registered office of the issuer or at office of the merchant banker:-

- (a) the constitutional documents of the issuer;
 - (b) copies of agreement between the issuer and the servicer, credit enhancer, and liquidity provider where relevant;
 - (c) copies of agreement with credit enhancer;
 - (d) documents of assignment of the assets under the securitisation transaction;
 - (e) copies of agreements with underwriters;
 - (f) the originator's board resolutions, shareholders resolution, if applicable, and approval by existing debt holders, where applicable;
 - (g) all reports, letters and other documents, valuations and statements by any expert any part of which is included or referred to in the offer document;
 - (h) the audited accounts of the originator or, where it has subsidiaries, the consolidated audited accounts of the originator and its subsidiaries for each of the five financial years preceding the publication of the offer document, including, all notes, reports or information required by the Companies Act, 1956 (1 of 1956) to be annexed or attached thereto.
- (2) Detailed disclosures shall be given as to the manner in which the above documents may be inspected.
- (3) Where any of the above documents are not in English, translations into English must also be available for inspection.

C. B. BHAVE, Chairman

[ADVT III/4/69-ZB/2008/Ext.]

(2) The offer document shall also contain a declaration made by the directors of the corporation in the following terms:

"We, the undersigned, being the directors of the corporation, hereby declare that the information contained in this offer document is true and correct to the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true and correct and does not contain anything likely to affect the import of such information. In our opinion the signature is a bona fide signature. In our opinion the cash flow from the assets is sufficient to meet the obligations on the secured debt instruments."

20.1 Undertakings.

(1) The following undertakings shall be made by all trustees of the special purpose vehicle:

- (a) That in the event a minimum subscription is not received, the special purpose vehicle shall, and forthwith refund the application monies collected under the offer and in the event of delay beyond eight days from closure of the offer in making such refund, the special purpose vehicle shall be liable jointly and severally to repay the application monies together with interest at fifteen per cent per annum.
- (b) That in the event of over-subscription the excess application monies shall be refunded to the subscribers and partially to the subscribers and in the event of delay beyond eight days from the date of the offer of subscription to the special purpose vehicle, the special purpose vehicle shall be liable jointly and severally to repay the application monies together with interest at fifteen per cent per annum.

(c) That in the event of a stock exchange to which an application for listing is made under subsection (2) of section 17 of the Act, it shall be the duty of the trustees of the special purpose vehicle to ensure that the application is made in accordance with the provisions of subsection (3) thereof.

21. Material documents.

(1) The following documents and any other document related to in the offer document as a "material document" shall be made available for inspection to prospective investors during the offer period at the registered office of the issuer or at the office of the managing bank:

- (a) The constitutional documents of the issuer;
- (b) Copies of agreements between the issuer and the service providers entered into and hereby provided to the issuer;
- (c) Copies of agreements with credit enhancers;
- (d) Documents of assignment of the assets under the securitization transaction;
- (e) Copies of agreements with underwriters;
- (f) The company's bond resolution, shareholders resolution if applicable and approved by external debt holders when applicable;
- (g) All reports, letters and other documents, statements and other reports or any report and part of a report which is referred to in the offer document;
- (h) The annual accounts of the corporation or, where it is a subsidiary, the consolidated audited accounts of the corporation and its subsidiaries for each of the five financial years preceding the publication of the offer document, together with reports of independent auditors on the accounts;
- (i) Company Act 1960 of 1960 to be annexed to the offer document;
- (j) Particular disclosures of the issuer as to the nature of which the "proceeds" may be used;
- (k) Where any of the above documents are not in English, a translation into English must also be submitted to the issuer.

~~Bill No. 98-F of 2006~~

THE SECURITIES CONTRACTS (REGULATION) AMENDMENT

BILL, 2007

(AS PASSED BY THE HOUSES OF PARLIAMENT)

BILL

further to amend the Securities Contracts (Regulation) Act, 1956.

BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

1. This Act may be called the Securities Contracts (Regulation) Amendment Act, 2007.

Short title.

42 of 1956.

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act), in clause (h), after sub-clause (id), the following sub-clause shall be inserted, namely:—

Amendment of section 2.

"(ie) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable including mortgage debt, as the case may be;"

3. After section 17 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 17A.

"17A. (1) Without prejudice to the provisions contained in this Act or any other law for the time being in force, no securities of the nature referred to in sub-clause (ie) of clause (h) of section 2 shall be offered to the public or listed on any recognised stock exchange unless the issuer fulfils such eligibility criteria and complies with such other requirements as may be specified by regulations made by the Securities and Exchange Board of India.

Public issue and listing of securities referred to in sub-clause (ie) of clause (h) of section 2.

(2) Every issuer referred to in sub-clause (ie) of clause (h) of section 2 intending to offer the certificates or instruments referred therein to the public shall make an application, before issuing the offer document to the public, to one or more recognised stock exchanges for permission for such certificates or instruments to be listed on the stock exchange or each such stock exchange.

(3) Where the permission applied for under sub-section (2) for listing has not been granted or refused by the recognised stock exchanges or any of them, the issuer shall forthwith repay all moneys, if any, received from applicants in pursuance of the offer document, and if any such money is not repaid within eight days after the issuer becomes liable to repay it, the issuer and every director or trustee thereof, as the case may be, who is in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

Explanation.—In reckoning the eighth day after another day, any intervening day which is a public holiday under the Negotiable Instruments Act, 1881, shall be disregarded, and if the eighth day (as so reckoned) is itself such a public holiday, there shall for the said purposes be substituted the first day thereafter which is not a holiday.

26 of 1881.

(4) All the provisions of this Act relating to listing of securities of a public company on a recognised stock exchange shall, *mutatis mutandis*, apply to the listing of the securities of the nature referred to in sub-clause (ie) of clause (h) of section 2 by the issuer, being a special purpose distinct entity.

Amendment
of section 23.

4. In section 23 of the principal Act, in sub-section (1), in clause (c), for the word and figures "section 17", the words, figures and letter "section 17 or section 17A" shall be substituted.

Amendment
of section 31.

5. In section 31 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the manner, in which at least fifty-one per cent. of equity share capital of a recognised stock exchange is held within twelve months from the date of publication of the order under sub-section (7) of section 4B by the public other than the shareholders having trading rights under sub-section (8) of that section;

(b) the eligibility criteria and other requirements under section 17A."



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)
PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 321]
No. 321

नई दिल्ली, सोमवार, सितम्बर 20, 1993/भाद्र 29, 1915
NEW DELHI, MONDAY, SEPTEMBER 20, 1993/BHADRA 29, 1915

वित्त मंत्रालय
(आर्थिक कार्य विभाग)
निवेश प्रभाग
अधिसूचना

नई दिल्ली 20 सितम्बर, 1993

सा. का. नि. 617(अ):— जबकि प्रतिभूति संविदा (विनियमन) अधिनियम 1956 (1956 का 42) की धारा 30 की उप-धारा (1) में यथा अपेक्षित प्रतिभूति संविदा (विनियमन) नियम, 1957 में आगे संशोधन करने के लिए कतिपय मसौदा नियमों को 17 जून के भारत के राजपत्र असाधारण भाग-II, खण्ड 3 के उप-खण्ड (i) में वित्त मंत्रालय (आर्थिक कार्य विभाग) के 17 जून, 1993 के सा. का. नि. 458(अ) में भारत सरकार की अधिसूचना के तहत प्रकाशित किया गया था, जिसमें उन सभी व्यक्तियों से आपत्तियाँ और सुझाव आमंत्रित किए गए थे जो भारत के राजपत्र की प्रतियाँ, जिसमें उक्त अधिसूचना

प्रकाशित की गई थी जनता को उपलब्ध कराने की तारीख से 45 दिवस के भीतर इससे संभवतया प्रभावित होने थे.

और जबकि उक्त राजपत्र की प्रतियां जनता को 28 जून, 1993 को उपलब्ध कराई गई थी;

और जबकि उक्त मसौदे के संबंध में जनता में प्राप्त आपत्तियों और मुद्दाओं पर केन्द्रीय सरकार ने विचार कर लिया है;

इसलिए अब उपर्युक्त अधिनियम की धारा 30 की उप-धारा (1) में प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्रीय सरकार प्रतिभूति संविदा (विनियमन) नियम, 1957 में आगे संशोधन के लिए एतद्वारा निम्नलिखित नियम बनाती है; अर्थात् :—

1. (1) इन नियमों को प्रतिभूति संविदा (विनियमन) संशोधन नियम, 1993 कहा जाए।

(2) ये राजपत्र में उनके प्रकाशन की तारीख से प्रवृत्त होंगे।

2. नियम 19, उप-नियम (2), खण्ड (ख) में,

(क) आरम्भिक भाग में, शब्द “साठ प्रतिशत” के स्थान पर शब्द “पच्चीस प्रतिशत” प्रतिस्थापित किए जाएं;

(ख) मौजूदा परन्तुक के स्थान पर, निम्नलिखित परन्तुक रखा जाए अर्थात् :—

“बशर्ते कि कोई मान्यताप्राप्त स्टॉक एक्सचेंज, कंपनी अधिनियम, 1956 (1956 का 1) की धारा 617 के अभिप्राय के अन्तर्गत सरकारी कंपनी के संबंध में केन्द्रीय सरकार के पूर्व-अनुमोदन से तथा इस संबंध में ऐसे निर्देशों के जो सरकार द्वारा समय-समय पर जारी किए जाएं, अधीन रहते हुए इस अपेक्षा में छूट दे सकता है।”

(ग) स्पष्टीकरण में शब्द “ग्यारह प्रतिशत तक, जनता को दी जाने वाली प्रतिभूतियों के साठ प्रतिशत के भाग के रूप में अभिप्रेत है” के स्थान पर शब्द “जनता को दी जाने वाली प्रतिभूतियों के पच्चीस प्रतिशत का भाग नहीं होगा” प्रतिस्थापित किए जाएं।

[एफ सं. 1/33/एस. ई./92]

पी. जे. नायक, संयुक्त सचिव

पाद टिप्पणी :— प्रमुख अधिसूचना भारत के राजपत्र, भाग—II, खण्ड 3, पृष्ठ 619 दिनांक 21-2-1957 में प्रकाशित का. आ. सं. 576 दिनांक 21-2-1957 के तहत जारी की गई थी। और बाद में संशोधन अधिसूचना सं. सा. का. नि. 685 दिनांक 3-6-1972 भारत के राजपत्र भाग II, खण्ड 3(i) दिनांक 10-6-1972, पृष्ठ 1556 में प्रकाशित की गई थी।

MINISTRY OF FINANCE

(Department of Economic Affairs)

INVESTMENT DIVISION

NOTIFICATION

New Delhi, the 20th September, 1993

G.S.R. 617(E).—Whereas certain draft rules further to amend the Securities Contracts (Regulation) Rules, 1957 were published as required by sub-section (1) of section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), in the Gazette of India, Extra-ordinary, Part II, Section 3, Sub-section (i), dated 17th June, 1993, under the Notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. G.S.R. 458(E), dated the 17th June, 1993, inviting objections and suggestions from all persons likely to be affected thereby before the expiry of 45 days from the date on which the copies of the Gazette of India in which the said Notification was published were made available to the public ;

And whereas the copies of the said Gazette were made available to the public on 28th June, 1993 ;

And whereas the objections and suggestions received from the public on the said draft have been considered by the Central Government ;

Now, therefore, in exercise of the powers conferred by sub-section(1) of section 30 of the said Act, the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely :—

1. (1) These rules may be called the Securities Contracts (Regulation) Amendment Rules, 1993.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In rule 19, in sub-rule (2), in clause (b),

(a) in the opening portion, for the words “sixty per cent”, the words “twenty-five per cent” shall be substituted ;

(b) for the existing proviso, the following proviso shall be substituted, namely :—

“Provided that a recognised stock exchange may relax this requirement, with the previous approval of the Central Government, in respect of a Government Company within the meaning of section 617 of

the Companies Act, 1956 (1 of 1956) and subject to such instructions as that Government may issue in this behalf from time to time”;

- (c) in the Explanation, for the words “up to eleven per cent shall be construed as a part of the sixty per cent of the securities to be offered to the public”, the words “shall not form part of the twenty-five per cent, of the securities to be offered to the public” shall be substituted.

[F. No. 1/33/SE/91]

P. J. NAYAK, Jt. Secy.

Note : The principal Notification was issued under No. SRO 576 dated 21-2-1957 published in the Gazette of India Part II, Section 3, page 619 dated 21-2-1957, and subsequent amendment Notification No. GSR 685 dated 3-6-1972 was published in the Gazette of India part II, Section 3 (i) dated 10-6-1972, page 1556.



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग III—खण्ड 4

PART III—Section 4

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 144]

नई दिल्ली, मंगलवार, जून 5, 2012/ज्येष्ठ 15, 1934

No. 144]

NEW DELHI, TUESDAY, JUNE 5, 2012/JYAISTHA 15, 1934

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 5 जून, 2012

सं. एल.ए.डी.-एन.आर.ओ./जी.एन./2012-13/06/12284.—भारतीय प्रतिभूति और विनियम बोर्ड, भुवनेश्वर स्टॉक एक्सचेंज लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय पी-2, जयदेव विहार, पी.ओ. चंद्रशेखरपुर, भुवनेश्वर-751023 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किये गये मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 5 जून, 2012 को प्रारंभ होने वाली और 4 जून, 2013 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है :

- एक्सचेंज भारतीय प्रतिभूति और विनियम बोर्ड द्वारा अधिरोपित समस्त विनियामक अपेक्षाओं का अनुपालन करने के पश्चात् ही व्यापार प्रारंभ करेगा।
- एक्सचेंज ऐसी अन्य शर्तों का अनुपालन करेगा जो भारतीय प्रतिभूति और विनियम बोर्ड द्वारा समय-समय पर नियत की जायें।

राजीव कुमार अग्रवाल, पूर्णकालिक सदस्य

[विज्ञापन III/4/69-जैड बी/12/असा.]

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 5th June, 2012

No. LAD-NRO/GN/2012-13/06/12284.—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Bhubaneswar Stock Exchange Limited having its registered office at P-2, Jayadev Vihar, P.O. Chandrasekharpur, Bhubaneswar-751023 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 5th day of June, 2012 and ending on the 4th day of June, 2013 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :

- The Exchange shall commence trading only after complying with all the regulatory requirements imposed by Securities and Exchange Board of India.
- The Exchange shall comply with such other conditions as may be stipulated by SEBI from time to time.

RAJEEV KUMAR AGARWAL, Whole Time Member

[ADVT III/4/69-ZB/12/Exty.]

GOVERNMENT OF KERALA
Law (Legislation-Publication) Department
NOTIFICATION

No. 16477/Leg. Pbn. 2/85/Law.

Dated, Trivandrum, 5th October 1985.

The following Act of Parliament, published in a Gazette of India Extraordinary, Part II—Section 1, dated the 1st June, 1985, is hereby republished for general information. The Bill as passed by the Houses of Parliament received the assent of the President on the 1st June, 1985.

By order of the Governor,

P. P. MATHAI,

Secretary, Legislation.

THE SECURITIES CONTRACTS (REGULATION)
AMENDMENT ACT, 1985;
(Central Act 40 of 1985)

AN
ACT

further to amend the Securities Contracts (Regulation) Act, 1956

BE it enacted by Parliament in the Thirty-sixth Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Securities Contracts (Regulation) Amendment Act, 1985.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. *Insertion of new Section 22A.*—In the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (hereinafter referred to as the principal Act), after section 22, the following section shall be inserted, namely:—

“22A. *Free transferability and registration of transfers of listed securities of companies.*—(1) In this section, unless the context otherwise requires,—

(a) “company” means a company whose securities are listed on a recognised stock exchange;]

(b) "security" means security of a company, being a security listed on a recognised stock exchange but not being a security which is not fully paid up or on which the company has a lien;

(c) all other words and expressions used in this section and not defined in this Act but defined in the Companies Act, 1956 (1 of 1956) shall have the same meanings as are assigned of them in that Act.

(2) Subject to the provisions of this section, securities of companies shall be freely transferable.

(3) Notwithstanding anything contained in its articles or in section 82 or section 111 of the Companies Act, 1956 (1 of 1956), but subject to the other provisions of this section, a company may refuse to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds and on no other ground, namely:—

(a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the company or that any other requirement under the law relating to registration of such transfer has not been complied with;

(b) that the transfer of the security is in contravention of any law;

(c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the company or to the public interest;

(d) that the transfer of the security is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.

(4) A company shall, before the expiry of two months from the date on which the instrument of transfer of any of its securities is lodged with it for the purposes of registration of such transfer, not only form, in good faith, its opinion as to whether such registration ought not or ought to be refused on any of the grounds mentioned in subsection (3) but also:—

(a) if it has formed the opinion that such registration ought not to be so refused, effect such registration;

(b) if it has formed the opinion that such registration ought to be refused on the ground mentioned in clause (a) of subsection (3), intimate the transferer and the transferee by notice in the prescribed form about the requirements under the law which has or which have to be complied with for securing such registration; and

(c) in any other case, make a reference to the Company Law Board and forward copies of such reference to the transferor and the transferee.

(5) Every reference under clause (c) of subsection (4), shall be in the prescribed form and contain the prescribed particulars and shall be accompanied by the instrument of transfer of the securities to which it relates, the documentary evidence, if any, furnished to the company along with the instrument of transfer, and evidence of such other nature and such fees as may be prescribed.

(6) On receipt of a reference under subsection (4), the Company Law Board shall, after causing reasonable notice to be given to the company and also to the transferor and the transferee concerned and giving them a reasonable opportunity to make their representations, if any, in writing by order direct either that the transfer shall be registered by the company or that it need not be registered by it.

(7) Where on a reference under subsection (4) the Company Law Board directs that the transfer of the securities to which it relates—

(a) shall be registered by the company, the company shall give effect to the direction within ten days of the receipt of the order as if it were an order made on appeal by the Company Law Board in exercise of the powers under section 111 of the Companies Act, 1956 (1 of 1956);

(b) need not be registered by the company, the company shall, within ten days from the date of such direction, intimate the transferor and the transferee accordingly.

(8) If default is made in complying with the provisions of this section, the company and every officer of the company who is in default shall be punishable with fine which may extend to five thousand rupees.

(9) If in any reference made under clause (c) of subsection (4), of this section, any person makes any statement—

(a) which is false in any material particular, knowing it to be false; or

(b) which omits any material fact knowing it to be material, he shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

(10) For the removal of doubts, it is hereby provided that nothing in this section shall apply in relation to any securities the instrument of transfer in respect whereof has been lodged with the company before the commencement of the Securities Contracts (Regulation) Amendment Act, '985'.

3. *Amendment of section 24.*— In section 24 of the principal Act, after subsection (2), the following subsection shall be inserted, namely:—

“(3) The provisions of this section shall be in addition to, and not in derogation of, the provisions of section 22A.”.

4. *Amendment of section 30.*— In section 30 of the principal Act, in subsection (2),—

(a) in clause (h), the word “and” occurring at the end shall be omitted;

(b) after clause (h), the following clause shall be inserted, namely:—

“(ha) the form in which a notice referred to in sub-clause (b) of subsection (4) of section 22A shall be, the particulars which such notice shall contain, the form in which a reference under clause (c) of the said subsection (4) shall be, the particulars which such reference shall contain, and the evidence and the fees which shall accompany such reference; and”.



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग III—खण्ड 4

PART III—Section 4

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 156]

नई दिल्ली, बृहस्पतिवार, सितम्बर 9, 2004/भाद्र 18, 1926

No. 156]

NEW DELHI, THURSDAY, SEPTEMBER 9, 2004/BHADRA 18, 1926

ओटीसी एक्सचेंज ऑफ इंडिया

अधिसूचना

मुम्बई, 31 अगस्त, 2004

ओटीसी एक्सचेंज ऑफ इंडिया की उप-विधियों में संशोधन

अनुबंध-III

सं. 2384/04/एल एंड एस/137.—[(1) सेबी द्वारा दिनांक 02 जून 2003 के परिपत्र सं. सेबी/एसएमडी/एसई/सर-20/2003/02/06 तथा 30 जून 2004 के परिपत्र सं. एमआरडी/डीएसए/ओटीसीईआई/13978/2004 और ओटीसीईआई के शासी बोर्ड द्वारा 13 अप्रैल 2004 को पारित परिपत्र संकल्प द्वारा यथा निर्देशित (2) 21 अप्रैल 2004 के सेबी परिपत्र सं. सेबी/एमआरडी/पॉलिसी/एटी/सर-19/2004 तथा 09 जुलाई 2004 के पत्र सं. एमआरडी/डीएसए/ओटीसीईआई/14872/2004 तथा ओटीसीईआई के शासी बोर्ड द्वारा 19 जुलाई 2004 को यथा अनुमोदित (3) शासी बोर्ड द्वारा 24 फरवरी 2004 को आयोजित अपनी बैठक में अनुमोदित तथा सेबी द्वारा 13 अगस्त 2004 के पत्र सं. एमआरडी/डीएसए/ओटीसीईआई/17879/2004 द्वारा अनुमोदित (4) सेबी का 3 फरवरी 2004 का परिपत्र सं. डीएनपीडी/सर-9/04, 13 अगस्त 2004 के पत्र सं. एमआरडी/डीएसए/ओटीसीईआई/17880/2004 के जरिए सेबी अनुमोदन और शासी बोर्ड द्वारा 19 अगस्त 2004 को आयोजित बैठक में अनुमोदित (5) दिनांक 18 जुलाई 2001 का सेबी परिपत्र सं. एसएमडीआरपीडी/पॉलिसी/सर-39/2001 तथा 13 अगस्त 2004 के पत्र सं. एमआरडी/डीएसए/ओटीसीईआई/17880/2004 के जरिए सेबी का अनुमोदन और शासी बोर्ड द्वारा 19 अगस्त 2004 को आयोजित अपनी बैठक में अनुमोदित (6) दिनांक 16 जुलाई 2000 का सेबी परिपत्र सं. एसएमडीआरपी/सीओएमपीवीएम/1928, 13 अगस्त 2004 के पत्र सं. एमआरडी/डीएसए/ओटीसीईआई/17880/2004 के जरिए सेबी का अनुमोदन तथा शासी बोर्ड द्वारा 19 अगस्त 2004 को आयोजित अपनी बैठक में अनुमोदित]।

एक्सचेंज सेबी के निर्देशों के अनुसार एक्सचेंज की उप-विधियों में निम्नलिखित धाराएं सम्मिलित करते हुए अपनी उप-विधियों में संशोधन करना चाहता है। इस संबंध में आपत्तियां/टिप्पणियां इन संशोधनों के प्रकाशन की तारीख से 15 दिन के भीतर एक्सचेंज को सूचित की जा सकती है।

(1) उप-विधियों के अध्याय XVII नई धारा 3

03. सिर्फ एक्सचेंज में सौदा करने के पात्र सदस्य उप दलाल के रूप में सहायक कंपनी के माध्यम से सौदा करने/सौदा करना जारी रखने के लिए पात्र है और कोई अन्य ग्राहक/उप दलाल सहायक कंपनी की ओर से सौदा करने के लिए पात्र नहीं है।

(2) उप-विधियों के अध्याय X की धारा 7 में संशोधन

07. लेन-देन, नियत तारीखें तथा निपटान

ग्राहक ऐसी सभी राशियों को सीधे ट्रेडिंग सदस्य को अदा करेगा जो ट्रेडिंग सदस्य ग्राहक की ओर से एक्सचेंज/क्लयरिंग एजेन्सी को अदा करने के लिए दायी है। ऐसा भुगतान उस तारीख से कम से कम एक बैंकिंग कार्य दिवस पूर्व करना होगा जिस तारीख को ट्रेडिंग सदस्य को ऐसे भुगतान से संबंधित इन उप-विधियों तथा नियमों में दिये गये प्रावधानों के अनुपालन में पे-इन के प्रति एक्सचेंज या क्लयरिंग एजेन्सी को भुगतान करना है।

सदस्य संविदा के निष्पादन के 24 घंटे के भीतर सभी लेन-देन के लिए ग्राहक को एक संविदा नोट जारी करेगा।

एक्सचेंज सौदों को क्रमानुसार निपटायेगा अर्थात् पहले निपटान का पे-इन और पे-आउट अनुवर्ती निपटान के पे-इन तथा पे-आउट के प्रारंभ होने से पहले पूरा किया जायेगा।

एक्सचेंज समय-अनुसूची का पूर्ण पालन करेगा जिससे यह सुनिश्चित किया जा सके कि निपटान उसी दिन पूरे होते हैं।

एक्सचेंज का क्लयरिंग हाउस सभी निपटानों के लिए ऑटो डीओ सुविधा निष्पादित करेगा ताकि सभी निपटानों के लिए उसी दिन सदस्य के पास निधियां तथा प्रतिभूतियां उपलब्ध हो सकें जिसके द्वारा उसी दिन की समाप्ति तक ग्राहक स्तर पर निधियों/प्रतिभूतियों की उपलब्धता सुनिश्चित हो सकें।

सदस्यों को पे-आउट दिवस के बाद एक कार्यदिवस के भीतर अपने संबंधित पूल खाते से प्रतिभूतियों को अपने ग्राहकों के संबंधित लाभार्थी खाते में अंतरित करना होगा। निर्धारित एक कार्य दिवस के परे पूल खाते पड़ी प्रतिभूतियों पर उनके मूल्य पर 6 आधार बिंदु प्रति सप्ताह की दर से दंड लगाया जायेगा।

(3) एक्सचेंज की उप-विधियों के अध्याय XV की धारा 22 के बाद एक नई धारा 23

23. निष्कासन पश्चात् :

निष्कासन पश्चात् प्रक्रिया शासी निकाय द्वारा समय-समय पर विनिश्चित की जाएगी (विस्तृत प्रक्रिया अनुबंध 'क' में दी गई है)।

अनुबंध 'क'

निष्कासन पश्चात् प्रक्रिया

1. सेबी, वित्त मंत्रालय तथा अन्य स्टॉक एक्सचेंजों को ऐसे निष्कासन के बारे में सूचित करते हुए पत्र भेजे जाएं।
2. अन्य सदस्यों/डीलरों को ऐसे निष्कासन के बारे में सूचित करते हुए पत्र भेजे जाएं।
3. ऐसे निष्कासन की सूचना बाजार की जानकारी के लिए एक्सचेंज की वेबसाइट तथा एक्सचेंज के ट्रेडिंग स्क्रीन पर रखी जाएं।
4. यदि निष्कासित सदस्य/डीलर ने पिछले 12 महीने के दौरान किसी भी समय एक्सचेंज में लेन-देन किया है तो निष्कासन को अधिसूचित करते हुए और ग्राहकों/सदस्यों को ऐसे निष्कासित सदस्य/डीलर के साथ अपने संबंधों, यदि कुछ हैं, का ब्यौरा देते हुए दावा, यदि कुछ है, दाखिल करने के लिए आमंत्रित करते हुए एक राष्ट्रीय समाचारपत्र में तथा उस केन्द्र के एक समाचारपत्र में, जहां निष्कासित सदस्य/डीलर कामकाज कर रहा है, सार्वजनिक विज्ञापन जारी किया जाए।
5. निष्कासन पर संबंधित निष्कासित सदस्य/डीलर को पत्र भेजा जाए। पत्र में निष्कासित सदस्य/डीलर को पत्र के प्राप्त होने की तारीख से 14 दिन के भीतर लेखा बहियां प्रस्तुत करने के लिए भी निर्देश दिये जाएं।

- क) यदि निष्कासित सदस्य/डीलर ने अपनी लेखा बहियां प्रस्तुत करने के लिए और अधिक समय मांगते हुए एक्सचेंज को लिखा है तो 14 दिन की समय-सीमा दी जाए और उसे अनुशासनिक समिति को सूचित किया जाए.
 - ख) यदि निष्कासित सदस्य/डीलर नियत अवधि के भीतर बहियां प्रस्तुत करने में चूक करता है तो निदेशकों/प्रोप्राइटरों को 14 दिन का और समय देते हुए उनके आवास पर पत्र भेजे जाएं.
 - ग) यदि निष्कासित सदस्य/डीलर लेखा बहियां प्रस्तुत नहीं करता है तो अनुशासनिक समिति को आगे की कार्रवाई के लिए इसकी सूचना दी जाए.
- 6 यदि बहियां/दस्तावेज प्रस्तुत किये जाते हैं, ऐसे रिकॉर्डों की एक सूची बनायी जाए और निष्कासित सदस्य/डीलर के कार्यों की स्थिति को सुनिश्चित करने के लिए रिकार्डों की जांच की जाए.
 - 7 देय राशियों की वसूली के लिए एक्सचेंज कानूनी कार्रवाई - जैसे कानूनी नोटिस, समापन नोटिस आदि जारी करना, शुरू करेगा.
 - 8 अंत में, उपर्युक्त सभी प्रयासों के बावजूद यदि निष्कासित सदस्य/डीलर अपनी देय राशियों की अदायगी करने में चूक करता है तो उसे मामला-दर-मामला आधार पर उपयुक्त कार्रवाई करने के लिए बोर्ड के समक्ष प्रस्तुत किया जाएगा.

4. उप-विधियों के अध्याय VII की धारा 15 में 2 नये पैराग्राफ

सदस्य द्वारा इलेक्ट्रॉनिक रूप में ऐसे फॉर्मेट में संविदा नोट भी जारी किया जाए जो समय-समय पर एक्सचेंज द्वारा निर्धारित किया जाए. इसे सूचना प्रौद्योगिकी अधिनियम, 2000 तथा इसके अधीन बनाये गये नियमों में यथाविनिर्दिष्ट रूप में डिजिटल हस्ताक्षर के साथ विधिवत् प्रमाणित किया जाए.

सदस्य सूचना प्रौद्योगिकी अधिनियम, 2000 के प्रावधानों के अनुपालन में एक सॉफ्ट गैर-रद्दोद्बलनीय रूप में इलेक्ट्रॉनिक संविदा नोटों का रिकॉर्ड रखेंगे.

(5) उप-विधियों के अध्याय X में एक नई धारा 10

10. सूचना का एकत्रीकरण तथा प्रसार

स्टॉक एक्सचेंज सदस्यों के ग्राहकों के ब्यौरे विश्वास में रखेंगा और कि वह किसी विधि के अंतर्गत या किसी प्राधिकारी द्वारा अपेक्षित मामलों में छोड़कर ग्राहक पंजीकरण फॉर्म में दिये गये ग्राहक के ब्यौरे अथवा ग्राहक से संबंधित कोई अन्य जानकारी किसी अन्य व्यक्ति/संस्था को प्रकट नहीं करेगा.

(6) उप-विधियों के अध्याय XI में एक नई धारा 24

24. नीलामी आय

नीलामी आय के उपयोग में, सेबी के दावों को एक्सचेंज तथा क्लियरिंग हाउस के दावों के समतुल्य माना जायेगा.

के. कुमार, प्रबन्ध निदेशक

[विज्ञापन III/IV/69 जैड-सी/2004-असा.]

OTC EXCHANGE OF INDIA**NOTIFICATION**

Mumbai, the 31st August, 2004

AMENDMENTS TO THE BYE-LAWS OF OTC EXCHANGE OF INDIA**ANNEXURE-III**

No. 2384/04/L&S/137.—[(1) As directed by SEBI *vide* Circular No. SEBI/SMD/SE/Cir-20/2003/02/06 dated June 02, 2003 and MRD/DSA/OTCEI/13978/2004 dated June 30, 2004 and the Circular Resolution Passed by the Governing Board of OTCEI on 13-04-2004 (2) SEBI Circular No. SEBI/MRD/Policy/AT/Cir-19/2004 dated April 21, 2004 and Letter No. MRD/DSA/OTCEI/14872/2004 dated July 9, 2004 and as approved by the Governing Board of OTCEI on July 19, 2004 (3) Approved by the Governing Board at its meeting held on February 24, 2004 and approved by SEBI *vide* letter No. MRD/DSA/OTCEI/17879/2004 dated August 13, 2004 (4) SEBI's Circular No. DNPD/Cir-9/04 dated February 03, 2004, SEBI's approval *vide* letter No. MRD/DSA/OTCEI/17880/2004 dated August 13, 2004 and approved by the Governing Board at the meeting held on August 19, 2004 (5) SEBI Circular No. SMDRPD/Policy/Cir-39/2001 dated July 18, 2001 and SEBI's approval *vide* letter No. MRD/DSA/OTCEI/17880/2004 dated August 13, 2004 and approved by the Governing Board at the meeting held on August 19, 2004 (6) SEBI Circular No. SMDRP/COMPVM/1928 dated July 16, 2000, SEBI's approval *vide* letter No. MRD/DSA/OTCEI/17880/2004 dated August 13, 2004 and approved by the Governing Board at the meeting held on August 19, 2004].

The Exchange proposes to amend its Bye-laws by incorporating the following clauses in the Bye-laws of the Exchange as per the directive of SEBI. Objections/Comments in this regard may be communicated to the Exchange within 15 days of publication of these amendments.

(1) A new Clause 3 in Chapter XVII of the Bye-laws:

03. Only members eligible to trade on the Exchange are eligible to trade/continue to trade through the subsidiary company as its sub-broker and no other client/sub-broker is eligible to trade on the subsidiary company.

(2) Amendment to Clause 7 in Chapter X of the Bye-laws:

07. Transactions, Due Dates and Settlements

A client shall pay to the trading member direct all sums, which the trading member is liable to pay, on behalf of the client to the Exchange/Clearing Agency. Such payment must be made at least one banking day prior to the date of which the trading member is required to make payment to the Exchange or Clearing Agency towards pay-in, in compliance with the provisions in these Byelaws and Rules relating to such payment.

Member shall issue to the client a contract note for all transactions within 24 hours of the execution of the contract.

The Exchange shall clear and settle the trades on a sequential basis i.e. the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement/s.

The Exchange shall follow a strict time schedule to ensure that the settlements are completed on the same day.

The Clearing House of the Exchange shall execute Auto DO facility for all the settlements together, so as to make the funds and the securities available with the member on the same day for all the settlements, thereby enabling the availability of the funds/securities at the client level by the end of the same day.

The members shall be required to transfer the securities from their respective pool account to the respective beneficiary account of their clients within 1 working day after the pay-out day. The securities lying in the pool account beyond the stipulated 1 working day shall attract a penalty at the rate of 6 basis point per week on the value of securities.

(3) A new clause 23 after clause 22 of Chapter XV of the Bye-laws of the Exchange

23. Post expulsion:

The post expulsion procedure shall be as decided by the Governing Board from time to time (Detailed procedure given in **Annexure - 'A'**)

Annexure - 'A'

Post Expulsion Procedure

1. Letters to be sent to SEBI, MOF and other Stock Exchanges informing them of such expulsion.
2. Letters to be sent to other members/dealers informing them of such expulsion.
3. A notice informing of such expulsion to be put on the website of the Exchange and the trading screen of the Exchange, for the information of the market.
4. Public Advertisement to be given, in one national newspaper and one in the centre where the expelled member/dealer is operational, notifying the expulsion and inviting clients/members to file claims, if any, along with the details of their relationship, if any, with such expelled member/dealer, if the expelled member/dealer had traded on the Exchange at any time during the previous 12 months.
5. Letter to be sent to the concerned expelled member/dealer on expulsion. The letter should also direct the expelled member/dealer to submit books of accounts within 14 days from the date of receipt of the letter:
 - a. If an expelled member/dealer has written to Exchange seeking more time to submit his books of accounts; a time frame of 14 days to be given and the same is informed to the Disciplinary Committee.
 - b. If the expelled member/dealer fails to deliver books within stipulated time, letters are to be sent to residences of Directors/Proprietors giving them 14 days further time.
 - c. In case the expelled member/dealer does not submit the books of accounts the same to be informed to the Disciplinary Committee for further action as directed by the Committee.
6. In case books /documents are submitted, a list of all such records to be maintained & the records be inspected for ascertaining the state of affairs of the expelled member/dealer.
7. For recovery of the dues, the Exchange will initiate legal proceedings such as issuing legal notices, winding up notices etc.
8. Finally in spite of all the above efforts, if the expelled member/dealer fails to clear his dues the same will be placed before the Board for taking appropriate action on case to case basis.

4. Two new paragraphs in clause 15 of Chapter VII of the Be-laws:

A contract note may also be issued by a member in electronic form in such format as may be prescribed by the Exchange from time to time, duly authenticated by means of digital signature as specified in the Information Technology Act, 2000 and Rules made thereunder.

Members shall keep a record of electronic contract notes in a soft non-tamperable form in compliance with the provisions of the Information Technology Act, 2000.

(5) A new clause 10 in Chapter X of the Bye-laws:

10. Collection and Dissemination of Information

The Stock Exchange shall maintain the details of the clients of the members in confidence and that it shall not disclose to any person/entity such details of the client as mentioned in the client registration form or any other information pertaining to the client except as required under the law or by any authority.

(6) A new clause 24 in Chapter XI of the bye-laws:

24. Auction Proceeds

In the use of the auction proceeds, claims of SEBI will be treated on par with the claims of the Exchange and the clearing house.

K. KUMAR, Managing Director

[ADVT. III/IV/69Z-C/2004 Exty.]

में संविदाओं की बाबत इसमें इसके नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्यक्षीन प्रदान करता है :-

1. **एक्सचेंज केवल -**

- (क) निपटान गारंटी निधि / व्यापार गारंटी निधि की स्थापना हेतु भारतीय प्रतिभूति और विनियम बोर्ड (इसमें इसके पश्चात् भाप्रविबो के रूप में निर्दिष्ट) से अंतिम अनुमोदन अभिप्राप्त करने ;
- (ख) भाप्रविबो को भाप्रविबो द्वारा समय-समय पर जारी परिपत्रों की अनुपालना की पुष्टि करने और भाप्रविबो से पूर्विक अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार प्रारंभ करेगा ।

- 2. **एक्सचेंज सुनिश्चित करेगा कि एक्सचेंज का प्रत्येक सदस्य पर्याप्त आधार न्यूनतम पूँजी (बेस मिनिमम कैपिटल) को बनाये रखता है जो किन्हीं विल्लंगमों से रहित है, इसके पहले कि वे एक्सचेंज में व्यापार करने के लिए अनुज्ञात हों ।**

[फा. सं. भाप्रविबो/13533/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

NOTIFICATION

Mumbai, the 29th June, 2004

S.O. 765(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by the Saurashtra Kutch Stock Exchange Limited, having its registered office at Popatbhai Sorathia Bhavan, Sadar Bazar, Rajkot - 360 001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said exchange under section 4 of the said Act for one year commencing on the 10th day of July 2004 and ending on the 9th day of July 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter:-

1. The exchange shall commence trading only after -

- (a) obtaining final approval from the Securities and Exchange Board of India (hereinafter referred to as SEBI) for establishment of the Settlement Guarantee Fund / Trade Guarantee Fund;
- (b) confirming to SEBI the compliance with the circulars issued by SEBI from time to time and obtaining prior approval from SEBI.

2. The exchange shall ensure that every member of the exchange maintains adequate Base Minimum Capital which is free from any encumbrances, before they are permitted to trade in the exchange.

[F. No. SEBI/13533/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 400]
No. 400]

नई दिल्ली, शुक्रवार, अप्रैल 23, 2004/वैशाख 3, 1926
NEW DELHI, FRIDAY, APRIL 23, 2004/VAISAKHA 3, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 523(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, गुवाहाटी स्टॉक एक्सचेंज लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय सराफ बिल्डिंग एनेक्स, ए.टी. मार्ग, गुवाहाटी-781001 में स्थित है द्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 1 मई, 2004 को प्रारम्भ होने वाली और 30 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधीन प्रदान करता है :—

- (क) उक्त एक्सचेंज निपटान गारंटी निधि की स्थापना के लिए भारतीय प्रतिभूति और विनियम बोर्ड से अन्तिम अनुमोदन अभिप्राय करने के पश्चात् ही व्यापार आरम्भ करेगा।
- (ख) उक्त एक्सचेंज कालावधि 23-24 मार्च, 2004 के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए उक्त एक्सचेंज के निरीक्षण की रिपोर्ट में दिए गए और पत्र सं. सेबी/ईआरओ/बीएनएस/2004/7382 तारीख 8 अप्रैल, 2004 के पत्र द्वारा उक्त एक्सचेंज को संसूचित संप्रेषणों का अनुपालन करेगा।

[फा. सं. भाप्रविबो/विधि/7877/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 523(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Gauhati Stock Exchange

Limited having its registered office at Saraf Building Annexe, A. T. Road, Guwahati-781001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 1st day of May, 2004 and ending on the 30th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter—

- (a) The said Exchange shall commence trading only after obtaining final approval from SEBI for establishment of the Settlement Guarantee Fund.
- (b) The said Exchange shall comply with the observations made in Report on the inspection of the said Exchange conducted by the Securities and Exchange Board of India during the period March, 23-24, 2004 and communicated to the said Exchange *vide* letter No. SEBI/ERO/BNS/2004/7382 dated April 8, 2004.

[F. No. SEBI/LE/7877/04]

G. N. BAJPAI, Chairman

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 524(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, लुधियाना स्टॉक एक्सचेंज एसोसिएशन लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय फिरोज गांधी बाजार, लुधियाना-141001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 28 अप्रैल, 2004 को प्रारम्भ होने वाली और 27 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधीन प्रदान करता है :—

“उक्त एक्सचेंज पत्र सं. एमआरडी/डीएसए/एलएसई/7831/04 तारीख 20 अप्रैल, 2004 द्वारा संसूचित भारतीय प्रतिभूति और विनियम बोर्ड की सलाह का अनुपालन करेगा, इस अधिसूचना की तारीख से तीन मास की कालावधि के भीतर”।

[फा. सं. भाप्रविबो/विधि/7876/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 524(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Ludhiana Stock Exchange Association Limited having its registered office at Feroze Gandhi Market, Ludhiana-141001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 28th day of April, 2004 and ending on the 27th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

“The said Exchange shall comply with the advice of SEBI communicated *vide* letter No. MRD/DSA/LSE/7831/04 dated April 20, 2004, within a period of three months from the date of this notification”.

[F. No. SEBI/LE/7876/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 400]
No. 400]

नई दिल्ली, शुक्रवार, अप्रैल 23, 2004/वैशाख 3, 1926
NEW DELHI, FRIDAY, APRIL 23, 2004/VAISAKHA 3, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 523(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, गुवाहाटी स्टॉक एक्सचेंज लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय सराफ बिल्डिंग एनेक्स, ए.टी. मार्ग, गुवाहाटी-781001 में स्थित है द्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 1 मई, 2004 को प्रारम्भ होने वाली और 30 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधीन प्रदान करता है :—

- (क) उक्त एक्सचेंज निपटान गारंटी निधि की स्थापना के लिए भारतीय प्रतिभूति और विनियम बोर्ड से अन्तिम अनुमोदन अभिप्राय करने के पश्चात् ही व्यापार आरम्भ करेगा।
- (ख) उक्त एक्सचेंज कालावधि 23-24 मार्च, 2004 के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए उक्त एक्सचेंज के निरीक्षण की रिपोर्ट में दिए गए और पत्र सं. सेबी/ईआरओ/बीएनएस/2004/7382 तारीख 8 अप्रैल, 2004 के पत्र द्वारा उक्त एक्सचेंज को संसूचित संप्रेषणों का अनुपालन करेगा।

[फा. सं. भाप्रविबो/विधि/7877/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 523(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Gauhati Stock Exchange

Limited having its registered office at Saraf Building Annexe, A. T. Road, Guwahati-781001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 1st day of May, 2004 and ending on the 30th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter—

- (a) The said Exchange shall commence trading only after obtaining final approval from SEBI for establishment of the Settlement Guarantee Fund.
- (b) The said Exchange shall comply with the observations made in Report on the inspection of the said Exchange conducted by the Securities and Exchange Board of India during the period March, 23-24, 2004 and communicated to the said Exchange *vide* letter No. SEBI/ERO/BNS/2004/7382 dated April 8, 2004.

[F. No. SEBI/LE/7877/04]

G. N. BAJPAI, Chairman

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 524(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, लुधियाना स्टॉक एक्सचेंज एसोसिएशन लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय फिरोज गांधी बाजार, लुधियाना-141001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 28 अप्रैल, 2004 को प्रारम्भ होने वाली और 27 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधीन प्रदान करता है :—

“उक्त एक्सचेंज पत्र सं. एमआरडी/डीएसए/एलएसई/7831/04 तारीख 20 अप्रैल, 2004 द्वारा संसूचित भारतीय प्रतिभूति और विनियम बोर्ड की सलाह का अनुपालन करेगा, इस अधिसूचना की तारीख से तीन मास की कालावधि के भीतर”।

[फा. सं. भाप्रविबो/विधि/7876/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 524(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Ludhiana Stock Exchange Association Limited having its registered office at Feroze Gandhi Market, Ludhiana-141001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 28th day of April, 2004 and ending on the 27th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

“The said Exchange shall comply with the advice of SEBI communicated *vide* letter No. MRD/DSA/LSE/7831/04 dated April 20, 2004, within a period of three months from the date of this notification”.

[F. No. SEBI/LE/7876/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 476]

नई दिल्ली, बुधवार, मई 26, 2004/ज्येष्ठ 5, 1926

No. 476]

NEW DELHI, WEDNESDAY, MAY 26, 2004/JYAISTHA 5, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 26 मई, 2004

का.आ. 625(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, भुवनेश्वर स्टॉक एक्सचेंज, जिसका अपना रजिस्ट्रीकृत कार्यालय छठी मंजिल, आईडीसीओ टॉवर्स, जनपथ, भुवनेश्वर-751 022 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 5 जून, 2004 को प्रारम्भ होने वाली और 4 जून, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है :—

“उक्त एक्सचेंज निपटान गारंटी निधि या व्यापार गारंटी निधि की स्थापना के लिए भाप्रविबो से अंतिम अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार प्रारम्भ करेगा।”

[फा. सं. भाप्रविबो/विधि/10402/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 26th May, 2004

S.O. 625(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Bhubaneswar Stock Exchange having its registered office at 6th Floor, IDCO Towers, Janpath, Bhubaneswar-751 022 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 5th day of June 2004 and ending on the 4th day of June 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

“The said Exchange shall commence trading only after obtaining final approval from SEBI for establishment of the Settlement Guarantee Fund or Trade Guarantee Fund.”

[F. No. SEBI/LE/10402/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 502]

नई दिल्ली, बुधवार, जून 2, 2004/ज्येष्ठ 12, 1926

No. 502]

NEW DELHI, WEDNESDAY, JUNE 2, 2004/JYAJSTHA 12, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 27 मई, 2004

का.आ. 653(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, उत्तर प्रदेश स्टॉक एक्सचेंज असोसिएशन लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय 'पदम टॉवर्स' 14/113, सिविल लाइन्स, कानपुर-208001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 3 जून, 2004 को प्रारम्भ होने वाली और 2 जून, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत शर्तों जो इसके पश्चात् विहित या अधिरोपित की जाएं के अध्वधीन प्रदान करता है।

[फा. सं. भाप्रविबो/विधि/10719/04]

ज्ञानेन्द्रनाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

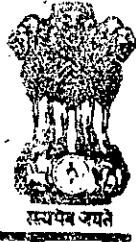
Mumbai, the 27th May, 2004

S.O. 653(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by The Uttar Pradesh Stock Exchange Association Limited having its registered office at 'Padam Towers' 14/113, Civil Lines, Kanpur-208001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956 renewal of recognition to the said exchange under Section 4 of the said Act for a period of one year commencing on the 3rd day of June, 2004 and ending on 2nd day of June, 2005 in respect of contracts in securities subject to the conditions as may be prescribed or imposed hereafter.

[F.No. SEBI/LE/10719/04]

G. N. BAJPAI, Chairman

3-24



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)
PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 415]

नई दिल्ली, बृहस्पतिवार, अगस्त 28, 2003/भाद्र 6, 1925

No. 415]

NEW DELHI, THURSDAY, AUGUST 28, 2003/BHADRA 6, 1925

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

(पूंजी बाजार, विदेशी वाणिज्यिक उधार तथा पेंशन सुधार प्रभाग)

अधिसूचना

नई दिल्ली, 28 अगस्त, 2003

सा.का.नि. 696(अ).—प्रतिभूति संविदा(विनियमन) अधिनियम, 1956(1956 का 42) की धारा 30 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्र सरकार प्रतिभूति संविदा(विनियमन) नियमावली, 1957 में और संशोधन करने के लिए एतद्वारा निम्नलिखित नियम बनाती है ; नामतः—

1. (1) इन नियमों का नाम प्रतिभूति संविदा(विनियमन) संशोधन नियमावली, 2003 है।
(2) ये सरकारी राजपत्र में प्रकाशन की तारीख से प्रवृत्त होंगे।
2. प्रतिभूति संविदा (विनियमन) नियमावली, 1957 में, नियम 8 में,
(क) खंड (च) में उप-नियम (1) में :-
(i) शब्द “प्रतिभूतियां” के पश्चात शब्द “अथवा वस्तु व्युत्पन्न” सन्निविष्ट किए जाएंगे ;
(ii) परन्तुक के लिए, निम्नलिखित परन्तुक सन्निविष्ट किया जाएगा, नामतः—

“बशर्ते कि कोई भी सदस्य वस्तु व्युत्पन्नों में व्यवसाय नहीं करेगा, सिवाए एक पृथक कंपनी की स्थापना करके जो समय-समय पर वायदा बाजार आयोग द्वारा यथा विनिर्दिष्ट विनियामक अपेक्षाओं जैसे निवल मूल्य, पूंजी पर्याप्तता, मार्जिनों और उद्भासन मानदंडों का अनुपालन करेगी :

आगे यह शर्त भी है कि यहां निहित कुछ भी उपनियम (4) के परंतुक के खंड (क) से (ट) में उल्लिखित किन्हीं निगमों, निगम निकाय, कंपनियों या संस्थाओं पर लागू नहीं होगा।”

(ख) खंड (च) में उप-नियम (3) में :-

- (i) शब्द “प्रतिभूतियां” के पश्चात निम्नलिखित शब्द “अथवा वस्तु व्युत्पन्न” सन्निविष्ट किए जाएंगे ;
- (ii) मद (iii) के लिए, निम्नलिखित मद को प्रतिस्थापित किया जाएगा, नामतः

“यहां निहित कुछ भी किसी मान्यताप्राप्त स्टाक एक्सचेंज के सदस्यों को प्रभावित नहीं करेगा जो उप-नियम (4) के परंतुक की मदों (क) से (ट) में उल्लिखित निगम, निगम निकाय, कंपनियां या संस्थाएं हैं”;

(ग) उप-नियम (4) में :-

- (i) परंतुक में शब्दों “निम्नलिखित निगमों” के स्थान पर “निम्नलिखित निगम, निगम निकाय” शब्द सन्निविष्ट किए जाएंगे।

(ii) मद (छ) के पश्चात, निम्नलिखित मदें सन्निविष्ट की जाएंगी, नामतः:-

(ज) भारतीय रिजर्व बैंक अधिनियम, 1934 (1934 का 2) की द्वितीय अनुसूची में शामिल कोई भी बैंक।

(झ) भारतीय निर्यात आयात बैंक अधिनियम, 1981 (1981 का 28) के अन्तर्गत स्थापित भारतीय निर्यात आयात बैंक।

(ञ) राष्ट्रीय कृषि और ग्रामीण विकास अधिनियम, 1981 (1981 का 61) के अन्तर्गत स्थापित राष्ट्रीय कृषि और ग्रामीण विकास बैंक तथा

(ट) राष्ट्रीय आवास बैंक अधिनियम, 1987 (1987 का 53) के अन्तर्गत स्थापित राष्ट्रीय आवास बैंक।

[फा. सं. 1/55/एसई/2001]

यू.के. सिन्हा, संयुक्त सचिव

टिप्पणी :- मूल नियमावली भारत के राजपत्र, असाधारण, भाग-II, खंड 3, पृष्ठ 619 दिनांक 21.2.1957, में प्रकाशित एसआरओ सं० 576, दिनांक 21.2.1957 के तहत जारी की गई थी तथा इसे तदुपरांत भारत के राजपत्र-II, भाग-II, खंड 3, उप-खंड (i) में दिनांक 22.7.1967 से प्रकाशित दिनांक 14.7.1967 की संशोधन अधिसूचना सा.का.नि.1096, भारत के राजपत्र, भाग-II, खंड 3, उप-खंड (i) में पृष्ठ 1556 पर प्रकाशित सा.का.नि.685 दिनांक 3.6.1972, सा.का.नि. 959, दिनांक 8.8.1972, सा.का.नि.2641, दिनांक 1.11.1975, सा.का.नि.1083, दिनांक 1.11.1985, सा.का.नि.1070 (अ), दिनांक 15.11.1988, सा.का.नि.666(अ) दिनांक 20.7.1987, सा.का. नि.870 (अ) दिनांक 13.11.1992, भारत के राजपत्र, असाधारण, भाग-II खंड 3, उप-खंड (i) में दिनांक 20.9.1993 से

प्रकाशित सा.का.नि.617(अ) दिनांक 20.9.1993, भारत के राजपत्र, असाधारण, भाग-II खंड 3, उप-खंड (i) में प्रकाशित सा.का.नि.749(अ) दिनांक 12.10.1994, सा.का.नि.790(अ) दिनांक 7.11.1994, भारत के राजपत्र, असाधारण, भाग-II खंड 3, उप-खंड (i) में दिनांक 9.3.1995 से प्रकाशित, सा.का.नि.121 (अ) दिनांक 9.3.1995, भारत के राजपत्र असाधारण, भाग-II, खंड 3, उप-खंड (i) में प्रकाशित, सा.का.नि.291(अ) भारत के राजपत्र असाधारण, भाग-II, खंड 3, उप-खंड (i) में प्रकाशित, सा.का.नि.581 (अ) दिनांक 23.12.1996, भारत के राजपत्र असाधारण, भाग-II, खंड 3, उप-खंड (i) में प्रकाशित सा.का.नि. 654 (अ) दिनांक 8.8.2000 तथा भारत के राजपत्र असाधारण, भाग-II, खंड 3, उप-खंड (i) में प्रकाशित सा.का.नि. 415 (अ) दिनांक 7.6.2001 में प्रकाशित किए गए थे।

MINISTRY OF FINANCE

(Department of Economic Affairs)

(Capital Markets, External Commercial Borrowings and Pension Reforms Division)

NOTIFICATION

New Delhi, the 28th August, 2003

G.S.R. 696(E).—In exercise of the powers conferred by section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:-

1. (1) These rules may be called the Securities Contracts (Regulation) Amendment Rules, 2003.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957, in rule 8,-
(a) in sub-rule (1), in clause (f) -
(i) after the words "securities", the words "or commodity derivatives" shall be inserted;
(ii) for the proviso, the following proviso shall be substituted, namely:-
"Provided that no member may conduct business in commodity derivatives, except by setting up a separate company which shall comply with the regulatory requirements, such as, networth, capital adequacy, margins and exposure norms as may be specified by the Forward Market Commission, from time to time:
Provided further that nothing herein shall be applicable to any corporations, bodies corporate, companies or institutions referred to in items (a) to (k) of the proviso to sub-rule (4).";

(b) in sub-rule (3), in clause (f),-

(i) after the words "securities", the words "or commodity derivatives" shall be inserted;

(ii) for the item (iii), the following item shall be substituted, namely:-

"nothing herein shall affect members of a recognised stock exchange which are corporations, bodies corporate, companies or institutions referred to in items (a) to (k) of the proviso to sub-rule (4).";

(c) in sub-rule (4),-

(i) in the proviso, for the words "following corporations," the words "following corporations, bodies corporate" shall be substituted;

(ii) after item (g), the following items shall be inserted, namely:-

"(h) any bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

(i) the Export Import Bank of India, established under the Export Import Bank of India Act, 1981 (28 of 1981);

(j) the National Bank for Agriculture and Rural Development, established under the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981) and

(k) the National Housing Bank, established under the National Housing Bank Act, 1987 (53 of 1987)."

[F.No. 1/55/SE/2001]

U. K. SINHA, Jt. Secy.

Note : The principal rules were issued under SRO No. 576 dated 21.2.1957 published in the Gazette of India, Extraordinary, part II, Section 3, page 619 dated 21.2.1957 and were subsequently amended by the amendment Notification GSR 1096 dated 14.7.1967 published in the Gazette of India II, Part II section 3, sub-section (i) w.e.f. 22.7.1967, GSR 685 dated 3.6.1972 published in the Gazette of India, Part II, section 3, sub section (i) page 1556, GSR 959 dated 8.8.1972, GSR 2641 dated 1.11.1975, GSR 1083 dated 11.11.1985, GSR 1070 (E) dated 15.11.1988, GSR 666 (E) dated 20.7.1987, GSR 870 (E) dated 13.11.1992, GSR 617(E) dated 20.9.1993 published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i) w.e.f. 20.9.1993, GSR 749(E) dated 12.10.1994, published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i), GSR 790 (E) dated 7.11.1994, GSR 121 (E) dated 9.3.1995, published in the Gazette of India Extraordinary, Part II, section 3, sub section (i) w.e.f. 9.3.1995, GSR 291 (E) dated 27.3.1995, published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i), GSR 581(E) dated 23.12.1996, published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i), GSR No 654(E) dated 8.8.2000, published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i) and GSR 415(E) dated 7.6.2001 published in the Gazette of India, Extraordinary, Part II, section 3, sub section (i).



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 594]

नई दिल्ली, शुक्रवार, जुलाई 2, 2004/आषाढ़ 11, 1926

No. 594]

NEW DELHI, FRIDAY, JULY 2, 2004/ASADHA 11, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 29 जून, 2004

प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 के अधीन भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण की कालावधि को बढ़ाते हुए आदेश

का.आ. 764(अ).— फा.सं. भाप्रविबो / विधि / 24611 / 03 तारीख 01 जनवरी 2004 की अधिसूचना (उक्त अधिसूचना) द्वारा भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा छह मास की अतिरिक्त कालावधि के लिए बढ़ाया गया था और श्री जय प्रकाश वर्मा आईपीएस (सेवानिवृत्त) प्रबंध-परिषद् की समस्त शक्तियों और कर्तव्यों का प्रयोग करने और पालन करने के लिए प्रशासक के तौर पर बने रहे। कथित अधिसूचना के अनुसार अधिक्रमण की अवधि 02 जुलाई, 2004 को समाप्त हो रही है।

एक्सचेंज की समस्याओं को सुधारने के लिए प्रशासक द्वारा किये गये विभिन्न उपायों को ध्यान में रखते हुए, जिनमें से कुछ पर उन्हें दूर करने के लिए अविरत अनुवर्ती कार्यवाई अपेक्षित होगी, आगे एक्सचेंज की कार्यप्रणाली को सुचारु बनाने के लिए और नये प्रबंध-परिषद् के निर्वाचन और गठन की प्रक्रिया को तथा अपरस्पर्ीकरण (डीम्युचुअलाइजेशन) की प्रक्रिया को भी पूरा करने के लिए अपेक्षित अतिरिक्त समय को ध्यान में रखते हुए, मेरा विचार है कि तारीख 3 जनवरी, 2003 की अधिसूचना में आदेश दी गई प्रबंध-परिषद् के अधिक्रमण की कालावधि, उक्त अधिसूचना द्वारा बढ़ायी गयी, को छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाना आवश्यक है। इसके अतिरिक्त मेरा विचार है कि कार्यभार संभालने में प्रबंध-परिषद् के लिए स्थिति अभी सहायक नहीं है।

पूर्वोक्त कारणों को ध्यान में रखते हुए, केंद्रीय सरकार द्वारा जारी तारीख 30 जुलाई 1992 की अधिसूचना सं. एस.ओ. 573 के साथ पठित प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 और भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 4(3) के भी अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिसूचना में आदेश दिये गये भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण को एतद्वारा 03 जुलाई 2004 से छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाता है। श्री जय प्रकाश वर्मा आई.पी.एस. (सेवानिवृत्त) प्रशासक के तौर पर बने रहेंगे और प्रबंध-परिषद् की समस्त शक्तियों और कर्तव्यों का प्रयोग और पालन करेंगे, इस प्रकार बढ़ायी गयी कालावधि के दौरान। श्री जय प्रकाश वर्मा ऐसे व्यक्तियों की सहायता ले सकेंगे जैसा वे प्रशासक के तौर पर अपने कर्तव्यों के निर्वहन में आवश्यक समझें।

[फा. सं. भाप्रविबो/विधि/13606/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 29th June, 2004

Order under Section 11 of the Securities Contracts (Regulation) Act, 1956 extending the period of supersession of the Council of Management of Bhubaneswar Stock Exchange

S.O. 764(E).—vide notification F. No. SEBI/LE/24611/03 dated January 01, 2004 (the said notification) the supersession of Council of Management of the Bhubaneswar Stock Exchange was extended by the Securities and Exchange Board of India for a further period of six months and Shri Jai Prakash Verma IPS (Retd.) continued as an Administrator to exercise and perform all the powers and duties of the Council of Management. The term of supersession vide notification cited is ending on July 02, 2004.

In view of the various measures taken by the Administrator to rectify the problems of the Exchange, some of which would require sustained follow up action to resolve them, to further streamline the functioning of the Exchange and in view of the additional time required to complete the process of election and constitution of the new Council of Management as also the process of demutualisation, I am of the considered view that the period of supersession of the Council of Management ordered in the notification dated January 3, 2003, extended by said notification, is necessary to be extended for a further period of six months. Moreover I am of the considered view that the situation is not yet conducive for the Council of Management to take over.

In view of the aforesaid reasons, in exercise of the powers conferred under section 11 of the Securities Contracts (Regulation) Act, 1956 read with the Notification no. S.O.573 dated July 30, 1992 issued by Central Government and also Section 4(3) of Securities and Exchange Board of India Act 1992, the supersession of the Council of Management of the Bhubaneswar Stock Exchange as ordered in the said notification is hereby extended for a further period of six months with effect from July 03, 2004. Shri Jai Prakash Verma, IPS (Retd.) shall continue as the Administrator and exercise and perform all the powers and duties of the Council of Management, during the period so extended. Shri Jai Prakash Verma may take the assistance of such persons as he deems necessary in discharge of his duties as Administrator.

[F. No. SEBI/LE/13606/04]

G. N. BAJPAL, Chairman

अधिसूचना

मुम्बई, 29 जून, 2004

का.आ. 765(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, सौराष्ट्र-कच्छ स्टॉक एक्सचेंज लिमिटेड, जिसका अपना रजिस्ट्रीकृत कार्यालय पोपटभाई सोरठिया भवन, सदर बाजार, राजकोट - 360 001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 10 जुलाई, 2004 को प्रारम्भ होने वाले और 9 जुलाई, 2005 को समाप्त होने वाले एक वर्ष के लिए प्रतिभूतियों



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 605]

नई दिल्ली, बुधवार, नवम्बर 19, 2014/कार्तिक 28, 1936

No. 605]

NEW DELHI, WEDNESDAY, NOVEMBER 19, 2014/KARTIKA 28, 1936

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 18 नवम्बर, 2014

सा.का.नि. 819(अ).—केंद्रीय सरकार, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (1956 का 42) की धारा 30 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए प्रतिभूति संविदा (विनियमन) नियम, 1957 का और संशोधन करने के लिए निम्नलिखित नियम बनाती है, अर्थात् :—

1. (1) इन नियमों का संक्षिप्त नाम प्रतिभूति संविदा (विनियमन) (तीसरा संशोधन) नियम, 2014 है।

(2) ये उनके राजपत्र में प्रकाशन की तारीख को प्रवृत्त होंगे।

2. प्रतिभूति संविदा (विनियमन) नियम, 1957 में,—

(i) नियम 19 के उप-नियम (2) में,—

(क) खंड (ख) के स्थान पर निम्नलिखित खंड रखा जाएगा, अर्थात्,—

"(ख) (i) कंपनी द्वारा जारी साम्या शेयरों का प्रत्येक वर्ग या किस्म या साम्या शेयरों में संपरिवर्तनीय डिबेंचर का कम से कम 25 प्रतिशत, यदि कंपनी की प्रस्थापना कीमत पर संगणित निर्गम पश्च पूंजी एक हजार छह सौ करोड़ रुपए से कम या उसके बराबर है;

(ii) कंपनी द्वारा जारी साम्या शेयरों का प्रत्येक वर्ग या किस्म या साम्या शेयरों में संपरिवर्तनीय डिबेंचर का कम से कम ऐसा प्रतिशत जो चार सौ करोड़ रुपए के मूल्य के बराबर है, यदि कंपनी की प्रस्थापना कीमत पर संगणित निर्गम पश्च पूंजी एक हजार छह सौ करोड़ रुपए से अधिक किंतु चार हजार करोड़ रुपए से कम या उसके बराबर है;

(iii) कंपनी द्वारा जारी साम्या शेयरों का प्रत्येक वर्ग या किस्म या साम्या शेयरों में संपरिवर्तनीय डिबेंचर का कम से कम 10 प्रतिशत, यदि कंपनी की प्रस्थापना कीमत पर संगणित निर्गम पञ्च पूंजी चार हजार करोड़ रुपए से अधिक है:

परंतु उप-खंड (ii) या उप-खंड (iii) में निर्दिष्ट कंपनी अपनी लोक शेयर धृति को प्रतिभूतियों के सूचीबद्ध करने की तारीख से तीन वर्ष की अवधि के भीतर भारतीय प्रतिभूति और विनियम बोर्ड द्वारा विनिर्दिष्ट रीति में कम से कम 25 प्रतिशत तक बढ़ाएगी:

परंतु यह और कि यह खंड किसी कंपनी को लागू नहीं होगा जिसका प्रारूप प्रस्थापना दस्तावेज प्रतिभूति संविदा (विनियमन) (तीसरा संशोधन) नियम, 2014 के प्रारंभ की तारीख को या उससे पूर्व भारतीय प्रतिभूति और विनियम बोर्ड के पास लंबित है, यदि वह प्रतिभूति संविदा (विनियमन) नियम, 1956 के नियम 19 के उप-नियम (2) के खंड (ख) में विहित शर्तों को पूरा करती है, जैसा कि ऐसे प्रारंभ होने की तारीख से पूर्व विद्यमान है।";

(ख) खंड (ग) का लोप किया जाएगा।

(iii) नियम 19क में, उप-नियम (1) के स्पष्टीकरण में, "का उप-खंड (iii)" अक्षर, शब्द, कोष्ठक और अंकों का लोप किया जाएगा।

[फा. सं. 5/35/2006-सीएम]

मनोज जोशी, संयुक्त सचिव (वित्तीय बाजार)

टिप्पण: मूल नियम का.नि.आ. 576 तारीख 21 फरवरी, 1957 को प्रकाशित किए गए थे और उनका पश्चात्पूर्व संशोधन सं. सा.का.नि. 1096, तारीख 14 जुलाई, 1967, सं. सा.का.नि. 685, तारीख 3 जून, 1972, सं. सा.का.नि. 959, तारीख 8 अगस्त, 1975, सं. सा.का.नि. 2641, तारीख 1 नवंबर, 1975, सं. सा.का.नि. 1083, तारीख 11 नवंबर, 1985, सं. सा.का.नि. 1070(अ), तारीख 15 नवंबर, 1988, सं. सा.का.नि. 666(अ) तारीख 20 जुलाई, 1987, सं. सा.का.नि. 870(अ), तारीख 13 नवंबर, 1992, सं. सा.का.नि. 617(अ), तारीख 20 सितंबर, 1993, सं. सा.का.नि. 749(अ), तारीख 12 अक्टूबर, 1994, सं. सा.का.नि. 790(अ), तारीख 7 नवंबर, 1994, सं. सा.का.नि. 790(अ), तारीख 7 नवंबर, 1994, सं. सा.का.नि. 121(अ), तारीख 9 मार्च, 1995, सं. सा.का.नि. 291(अ), तारीख 27 मार्च, 1995, सं. सा.का.नि. 581(अ), तारीख 23 दिसंबर, 1996, सं. सा.का.नि. 654(अ), तारीख 8 अगस्त, 2000, सं. सा.का.नि. 655(अ), तारीख 8 अगस्त, 2000, सं. सा.का.नि. 415(अ), तारीख 7 जून, 2001, सं. सा.का.नि. 696(अ), तारीख 28 अगस्त, 2003, सं. सा.का.नि. 395(अ), तारीख 10 जून, 2009, सं. सा.का.नि. 469(अ), तारीख 4 जून, 2010, सं. सा.का.नि. 662(अ), तारीख 9 अगस्त, 2010 और सं. सा.का.नि. 611(अ), तारीख 22 अगस्त, 2014 द्वारा किया गया।

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 18th November, 2014

G.S.R. 819(E).—In exercise of the power conferred by section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:—

1. (1) These rules may be called the Securities Contracts (Regulation) Third Amendment Rules, 2014.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Securities Contracts (Regulation) Rules, 1957,—

(i) in rule 19, in sub-rule (2),—

(a) for clause (b), the following clause shall be substituted, namely:—

“(b) (i) at least twenty five per cent. of each class or kind of equity shares or debenture convertible into equity shares issued by the company, if the post issue capital of the company calculated at offer price is less than or equal to one thousand six hundred crore rupees;

(ii) at least such percentage of each class or kind of equity shares or debentures convertible into equity shares issued by the company equivalent to the value of four hundred crore rupees, if the post issue capital of the company calculated at offer price is more than one thousand six hundred crore rupees but less than or equal to four thousand crore rupees;

(iii) at least ten per cent. of each class or kind of equity shares or debentures convertible into equity shares issued by the company, if the post issue capital of the company calculated at offer price is above four thousand crore rupees:

Provided that the company referred to in sub-clause (ii) or sub-clause (iii), shall increase its public shareholding to at least twenty five per cent. within a period of three years from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India:

Provided further that this clause shall not apply to a company whose draft offer document is pending with the Securities and Exchange Board of India on or before the commencement of the Securities Contracts (Regulation) Third Amendment Rules, 2014, if it satisfies the conditions prescribed in clause (b) of sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1956 as existed prior to the date of such commencement.”;

(b) clause (c) shall be omitted;

(ii) in rule 19A, in the Explanation to sub-rule (1), the words, brackets and figures “sub-clause (ii) of” shall be omitted.

[F. No. 5/35/2006-CM]

MANOJ JOSHI, Jt. Secy. (Financial Markets)

Note : The principal rules were published *vide* number S.R.O. 576, dated the 21st February, 1957 and subsequently amended *vide* numbers G.S.R. 1096, dated the 14th July, 1967, G.S.R. 685, dated the 3rd June, 1972, G.S.R. to S. R. 959, dated the 8th August, 1972, G.S.R. 2641, dated the 1st November, 1975, G.S.R. 1083, dated the 11th November, 1985, G.S.R. 1070(E), dated the 15th November, 1988, G.S.R. 666(E), dated the 20th July, 1987, G.S.R. 870(E), dated the 13th November, 1992, G.S.R. 617(E), dated the 20th September, 1993, G.S.R. 749(E), dated the 12th October, 1994, G.S.R. 790(E), dated the 7th November, 1994, G.S.R. 121(E), dated the 9th March, 1995, G.S.R. 291(E), dated the 27th March, 1995, G.S.R. 581(E), dated the 23rd December, 1996, G.S.R. 654(E), dated the 8th August, 2000, G.S.R. 655(E), dated the 8th August, 2000, G.S.R. 415(E), dated the 7th June, 2001, G.S.R. 696(E), dated the 28th August, 2003, G.S.R. 395(E), dated the 10th June, 2009, G.S.R. 469(E), dated the 4th June, 2010, G.S.R. 662(E) dated the 9th August, 2010 and G.S.R. 611(E), dated the 22nd August, 2014.



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 748]

नई दिल्ली, सोमवार, अगस्त 30, 2004/भाद्र 8, 1926

No. 748]

NEW DELHI, MONDAY, AUGUST 30, 2004/BHADRA 8, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 30 अगस्त, 2004

का.आ. 961(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, कोयम्बतूर स्टॉक एक्सचेंज लि. जिसका अपना रजिस्ट्रीकृत कार्यालय स्टॉक एक्सचेंज बिल्डिंग, त्रिची रोड, कोयम्बतूर-641005 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 18 सितम्बर, 2004 को प्रारम्भ होने वाले और 17 सितम्बर, 2005 को समाप्त होने वाले एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अध्वधीन प्रदान करता है :—

1. एक्सचेंज केवल निपटान गारंटी निधि/व्यापार गारंटी निधि की स्थापना हेतु भारतीय प्रतिभूति और विनियम बोर्ड से अंतिम अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार प्रारम्भ करेगा।
2. एक्सचेंज सुनिश्चित करेगा कि एक्सचेंज का प्रत्येक सदस्य पर्याप्त आधार न्यूनतम पूंजी (बीएमसी) बनाए रखता है, जो किसी विल्लंगम से रहित हो इसके पूर्व कि वे एक्सचेंज में व्यापार के लिए अनुज्ञात हों।
3. एक्सचेंज 19-21 जुलाई, 2004 की कालावधि के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए एक्सचेंज के निरीक्षण की रिपोर्ट में कथित और तारीख 11 अगस्त, 2004 के पत्र सं. एसआरओ/एसएमडी/सीएसएक्स/ईआईएफ/2004/1/3864 द्वारा एक्सचेंज को संसूचित सुझावों का अनुपालन करेगा।

[फा. सं. भाप्रविबो/विधि/18632/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 30th August, 2004

S.O. 961(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Coimbatore Stock Exchange Ltd. having its registered office at Stock Exchange Building, Trichy Road, Coimbatore – 641005 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 18th September, 2004 and ending on the 17th September, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

1. The Exchange shall commence trading only after obtaining final approval from Securities and Exchange Board of India for establishment of the Settlement Guarantee Fund/Trade Guarantee Fund.
2. The Exchange shall ensure that every member of the Exchange maintains adequate Base Minimum Capital (BMC), which is free from any encumbrance before they are permitted for trade in the Exchange.
3. The Exchange shall comply with the suggestions stated in the Report of the Inspection of the Exchange conducted by the Securities and Exchange Board of India during the period July 19-21, 2004 and communicated to the Exchange *vide* letter No. SRO/SMD/CSX/EIF/2004/1/3864 dated August 11, 2004.

[F. No. SEBI/LE/18632/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र

The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 804]

नई दिल्ली, बुधवार, सितम्बर 22, 2004/भाद्र 31, 1926

No. 804]

NEW DELHI, WEDNESDAY, SEPTEMBER 22, 2004/BHADRA 31, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 21 सितम्बर, 2004

प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11(3) के अधीन अहमदाबाद स्टॉक एक्सचेंज के शासी बोर्ड
के अधिक्रमण की कालावधि को बढ़ाने के लिए अधिसूचना

का.आ. 1025(अ).—तारीख 24 मार्च, 2004 की अधिसूचना सं. 399(अ) (इसमें इसके पश्चात् उक्त अधिसूचना के रूप में निर्दिष्ट) द्वारा, अहमदाबाद स्टॉक एक्सचेंज के शासी बोर्ड के अधिक्रमण को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा 25 मार्च, 2004 से प्रभावी 6 मास की अतिरिक्त कालावधि के लिए बढ़ाया गया था और श्री पी.के. घोष, आई.ए.एस. (सेवानिवृत्त) को शासी बोर्ड की समस्त शक्तियों और कर्तव्यों का प्रयोग करने और पालन करने के लिए प्रशासक के तौर पर नियुक्त किया गया था। उक्त अधिसूचना के अनुसार अधिक्रमण की अवधि 24 सितम्बर, 2004 को समाप्त हो रही है।

प्रशासक द्वारा किये गये विभिन्न सुधारात्मक उपायों को ध्यान में रखते हुए, जिनमें से कुछ पर अविरत अनुवर्ती कार्रवाई अपेक्षित होगी, आगे विनिधानकर्ताओं के हित में एक्सचेंज की कार्यप्रणाली को सुचारु बनाने के लिए और नये शासी बोर्ड के निर्वाचन तथा गठन की प्रक्रिया को पूरा करने के लिए अपेक्षित समय और आगे अपरस्पीकरण (डीम्युचुरलाइजेशन) और निगमीकरण (कॉर्पोराइजेशन) की प्रक्रिया को पूरा करने के लिए, शासी बोर्ड के अधिक्रमण की कालावधि को एतद्वारा 25 सितम्बर, 2004 से प्रभावी तीन मास की अतिरिक्त कालावधि के लिए बढ़ाया जाता है।

पूर्वोक्त कारणों को ध्यान में रखते हुए, और केन्द्रीय सरकार द्वारा जारी तारीख 30 जुलाई, 1992 की अधिसूचना सं. का. आ. 573 के साथ पठित प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 के अधीन और भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 4(3) के अधीन भी मुझे प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिसूचना में यथा आदिष्ट अहमदाबाद स्टॉक एक्सचेंज के शासी बोर्ड के अधिक्रमण को एतद्वारा 25 सितम्बर, 2004 से प्रभावी तीन मास की अतिरिक्त कालावधि के लिए बढ़ाया जाता है। श्री पी. के. घोष, आई.ए.एस. (सेवानिवृत्त) प्रशासक के तौर पर बने रहेंगे और शासी बोर्ड की समस्त शक्तियों और कर्तव्यों का प्रयोग और पालन करेंगे, बढ़ायी गयी कालावधि के दौरान।

[फा. सं. भाप्रविबो/विधि/21059/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 21st September, 2004

Notification under Section 11(3) of the Securities Contracts (Regulation) Act, 1956 for extending the period of supersession of the Governing Board of Ahmedabad Stock Exchange

S.O. 1025(E).—*Vide* notification No. 399(E) dated March 24, 2004 (referred hereinafter to as the said notification), the supersession of the Governing Board of the Ahmedabad Stock Exchange was extended by the Securities and Exchange Board of India for a further period of 6 months with effect from March 25, 2004 and Shri P. K. Ghosh, IAS (Retd.) was appointed as the Administrator to exercise and perform all the powers and duties of the Governing Board. The term of supersession *vide* notification cited is ending on September 24, 2004.

In view of the various corrective measures taken by the Administrator, some of which would require sustained follow up action, to further streamline the functioning of the Exchange in the interest of investors and time required to complete the process of election and constitution of the new Governing Board and further to complete the process of demutualization and corporatisation, the period of supersession of the Governing Board is hereby extended for a further period of three months with effect from September 25, 2004.

In view of the aforesaid reasons, and in exercise of the powers conferred upon me under Section 11 of the Securities Contracts (Regulation) Act, 1956 read with the Notification No. S.O. 573 dated July 30, 1992 issued by Central Government and also Section 4(3) of Securities and Exchange Board of India Act, 1992, the supersession of the Governing Board of the Ahmedabad Stock Exchange as ordered in the said notification is hereby extended for a further period of three months with effect from September 25, 2004. Shri P.K. Ghosh, IAS (Retd.) shall continue as the Administrator and exercise and perform all the powers and duties of the Governing Board, during the extended period.

[F. No. SEBI/LE/21059/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 970]

नई दिल्ली, सोमवार, नवम्बर 8, 2004/कार्तिक 17, 1926

No. 970]

NEW DELHI, MONDAY, NOVEMBER 8, 2004/KARTIKA 17, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 8 नवम्बर, 2004

का.आ. 1253(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, कोचीन स्टॉक एक्सचेंज लिमिटेड, जिसका अपना रजिस्ट्रीकृत कार्यालय एम.ई.एस., डॉ. पी.के. अब्दुल गफ्फूर मेमोरियल कल्चरल कॉम्प्लेक्स, 36/1565, चौथी मंजिल, जेजेस एवेन्यू, कलूर, कोचीन-682017 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 8 नवम्बर, 2004 को प्रारम्भ होने वाली और 7 नवम्बर, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए, प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्त अथवा जो इसके पश्चात् विहित या अधिरोपित की जाये के अध्वधीन प्रदान करता है :

“एक्सचेंज केवल भाप्रविबो (सेबी) द्वारा सम्यक् रूप से अनुमोदित निपटान गारंटी निधि/व्यापार गारंटी निधि के प्रचालनगत होने के पश्चात् ही व्यापार प्रारंभ करेगा।”

[फा. सं. भाप्रविबो/विधि/25354/2004]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 8th November, 2004

S.O. 1253(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Cochin Stock Exchange Ltd., having its registered office at MES Dr. P.K. Abdul Gafoor Memorial Cultural Complex, 36/1565, 4th Floor, Judges Avenue, Kaloor, Cochin-682017 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred under Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said exchange under Section 4 of the said Act for a period of one year commencing on the 8th day of November, 2004 and ending on the 7th day of November, 2005, in respect of contracts in securities subject to the condition stated herein below or as may be prescribed or imposed hereafter :

“The Exchange shall commence trading only after operationalisation of Settlement Guarantee Fund/ Trade Guarantee Fund duly approved by SEBI.”

[F. No. SEBI/LE/25354/2004]

G.N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 1375]

नई दिल्ली, बुधवार, नवम्बर 15, 2006/कार्तिक 24, 1928

No. 1375]

NEW DELHI, WEDNESDAY, NOVEMBER 15, 2006/KARTIKA 24, 1928

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुंबई, 15 नवम्बर, 2006

का.आ. 1972(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, इण्टर-कनेक्टेड स्टॉक एक्सचेंज ऑफ इण्डिया लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय इंटरनेशनल इनफोटेक पार्क, टॉवर 7, 5वीं मंजिल, वाशी, नवी मुम्बई-400703 में स्थित है द्वारा प्रतिभूति सविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति सविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 18 नवम्बर, 2006 को प्रारम्भ होने वाली और 17 नवम्बर, 2007 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में सविदाओं की बाबत शर्तों जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है।

[फा. सं. भाप्रविबो/विधि/79776/2006]

जी. अनंतरामन्, पूर्णकालिक सदस्य

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 15th November, 2006

S.O. 1972(E).— The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Inter-connected Stock Exchange of India Limited having its registered office at International Infotech Park, Tower 7, 5th Floor, Vashi, Navi Mumbai-400703 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said exchange under Section 4 of the said Act for a period of one year commencing on the 18th day of November, 2006 and ending on the 17th day of November, 2007 in respect of contracts in securities subject to the conditions as may be prescribed or imposed hereafter.

[F.No. SEBI/LE/79776/2006]

G. ANANTHARAMAN, Whole-Time Member

13. **व्यतिक्रम की दशा में कार्रवाई.**—अधिनियम या भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के उपबंधों के अधीन आर्थिक शास्त्रि अधिरोपित करने, अभियोजन आरंभ करने या निदेश जारी करने की शक्ति पर प्रतिकूल प्रभाव डाले बिना, बोर्ड, ऐसे निदेश जारी कर सकेगा जैसा यह इसके समझे, जिनमें सम्मिलित हैं—

(क) व्यापारिक अधिकार रखने वाले शेयरधारकों द्वारा धारित शेयरों, अधिनियम की धारा 4ख की उप-धारा (8) के भाग में, के विनिवेश का निदेश देना, ऐसी रीति में जो निदेश में विनिर्दिष्ट की जाए;

(ख) मान्यताप्राप्त स्टॉक एक्सचेंज में इक्विटी शेयर धारण करने वाले, विनियम 8 या 9 के उल्लंघन में, व्यक्ति को उसकी धारिता निर्निहित करने का निदेश देना, ऐसी रीति में जो निदेश में विनिर्दिष्ट की जाए;

(ग) मान्यताप्राप्त स्टॉक एक्सचेंज की विनिधानकर्ता (निवेशक) संरक्षण निधि के प्रति किन्हीं आगमों या प्रतिभूतियों के अंतरण का निदेश देना;

(घ) किसी मान्यताप्राप्त स्टॉक एक्सचेंज, उसमें व्यापारिक अधिकार रखने वाले किसी शेयरधारक, ऐसे शेयरधारक के किसी सहयुक्त या ऐसे शेयरधारक से शेयरों के किसी अंतरिती को पूँजी बाजार में पहुंच रखने या प्रतिभूतियों में व्यौहार करने के विवर्जित करना ऐसी कालावधि के लिए जो बोर्ड द्वारा अवधारित की जाए।

[फा. सं. भाप्रविबो/विकावि/नीप्र/29/79623/2006]

एम. दामोदरन, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 13th November, 2006

Securities Contracts (Regulation) (Manner of increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006

S.O. 1950(E).— In exercise of the powers conferred by Section 31 read with sub-section (8) of Section 4B of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Board hereby makes the following regulations, namely:—

CHAPTER I PRELIMINARY

1. **Short title and commencement.**— (1) These regulations may be called the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.

(2) They shall come into force on the date of their publication in the Official-Gazette.

2. **Definitions.**— (1) In these Regulations, unless the context otherwise requires :—

- (a) "Act" means the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- (b) "associate" in relation to a shareholder having trading rights in a recognised stock exchange means a person—
 - (i) who directly or indirectly, by himself or in combination with other persons, exercises control over such shareholder or holds substantial shares entitling not less than fifteen per cent of the voting rights in such shareholder being a body corporate; or
 - (ii) over whom such shareholder, directly or indirectly, by itself or in combination with other persons, exercises control; or
 - (iii) whose director or partner, is also a director or a partner of such shareholder, being a body corporate or a partnership firm, as the case may be; or
 - (iv) who is a holding company or subsidiary company of such shareholder or a company under the same management as such shareholder; or
 - (v) who is a relative of the shareholder being a natural person under Schedule I A of the Companies Act, 1956 (1 of 1956); or
 - (vi) who is a sub-broker of the shareholder in that stock exchange; or
 - (vii) who acts in accordance with instructions of such shareholder in the exercise of voting rights and other rights in the recognised stock exchange, directly or indirectly.

3592 GI/06-2

- (c) "Board" means the Securities and Exchange Board of India established under provisions of Section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (d) "company" means a company as defined in Section 3 of the Companies Act, 1956 (1 of 1956);
- (e) "control" has the meaning assigned to it in clause (c) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- (f) "offer for sale" means offer for sale of equity shares, by shareholders of a recognised stock exchange having trading rights therein to the public;
- (g) "private placement" means an issue of equity shares made by a recognised stock exchange on preferential basis and/or through private placement to any person or group of persons not being a shareholder having trading rights or an associate of any such shareholder, pursuant to a special resolution passed under sub-section (1A) of Section 81 of the Companies Act, 1956;
- (h) "public" includes any member or section of the public but does not include any shareholder of the recognised stock exchange having trading rights therein or any associate of such shareholder;
- (i) "scheme" means the scheme for corporatisation or demutualisation of a recognised stock exchange approved by the Board under section 4B of the Act.

(2) All other words and expressions used but not defined in these regulations, but defined in the Act or in the Companies Act, 1956 (1 of 1956) or in Securities and Exchange Board of India Act, 1992 (15 of 1992) or the rules and the regulations made thereunder or in the scheme, shall have the same meanings respectively assigned to them in such Acts or the Rules or the Regulations made thereunder or the scheme or any statutory modification or re-enactment thereto, as the case may be.

3. Applicability.—These Regulations shall be applicable to all recognised stock exchanges in respect of which the scheme for corporatisation or demutualisation has been approved by the Board under Section 4B of the Act.

CHAPTER II

MANNER OF INCREASING PUBLIC SHAREHOLDING

4. Manner of increasing the public shareholding.—Subject to the provisions of sub-section (8) of Section 4B of the Act and the scheme, the recognised stock exchange shall ensure that at least fifty-one percent of its equity share capital is held by the public, either by fresh issue of equity shares to the public through issue of prospectus or in the following manner:—

- (a) offer for sale, by issue of prospectus, of shares held by shareholders having trading rights therein;
- (b) placement of shares held by shareholders having trading rights to such persons or institutions as may be shortlisted by the recognised stock exchange with the approval of the Board;
- (c) issue of equity shares on private placement basis by the recognised stock exchange to any person or group of persons not being shareholders having trading rights or their associates subject to the approval of the Board; or
- (d) any combination of the above.

5. Procedure for fresh issue of equity shares or offer for sale to the public.—(1) Any fresh issue of equity shares or offer for sale to the public through a prospectus shall be in compliance with the provisions of the Companies Act, 1956 (1 of 1956) and Guidelines or Regulations of the Board relating to issue of capital.

(2) Where any fresh issue of equity shares or offer for sale to the public is made under clause (a) of regulation 4, an application for listing thereof shall be made to the same recognised stock exchange or any other recognised stock exchange and Section 73 of the Companies Act, 1956 (1 of 1956) shall apply to such application and the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (or any statutory modification or replacement thereof) relating to public issue shall as far as may be apply to such offer for sale.

(3) Listing of equity shares or other securities of a recognised stock exchange on the same recognised stock exchange shall be in compliance with such conditions as may be specified by the Board.

6. Private placement.—(1) Where a recognised stock exchange whose shares are not listed on any recognised stock exchange makes a private placement for the purposes of clause (c) of regulation 4, such private placement shall be in compliance with applicable legal provisions, including those of the Companies Act, 1956 (1 of 1956) and the Unlisted Public Companies (Preferential Allotment) Rules, 2003.

(2) Where a recognised stock exchange whose equity shares are listed on any recognised stock exchange, makes

a private placement of equity shares, such placement shall be in accordance with the provisions of the Companies Act, 1956 and Guidelines or Regulations of the Board relating to preferential issue of capital :

Provided that where a placement is made under sub-regulation (1) or sub regulation (2) to fifty or more persons, it shall be in compliance with provisions of the Companies Act, 1956 (1 of 1956) and Guidelines or Regulations of the Board relating to public issue of capital.

7. Confirmation of compliance with Sub-section (8) of Section 4B.—When the Board is satisfied that any recognised stock exchange has complied with the provisions sub-section (8) of Section 4B read with this Chapter, it shall issue a confirmation to the recognised stock exchange to that effect.

CHAPTER III

SHARE HOLDING RESTRICTIONS

8. Shareholding and transferability restrictions.—(1) No person shall, directly or indirectly, acquire or hold more than five per cent in the paid up equity capital of a recognised stock exchange at any time after commencement of these regulations:

Provided that any person holding equity shares in a recognised stock exchange in excess of the limits specified in this regulation at the commencement of these regulations shall reduce his holding to ensure compliance with this regulation within the time specified in sub-section (8) of Section 4B of the Act or the time extended under the proviso thereto.

(2) No shareholder having trading rights in a recognised stock exchange shall, prior to issuance of the confirmation under regulation 7, transfer his shares in such recognised stock exchange to any person otherwise than in accordance with Chapter II.

9. Eligibility criteria for persons acquiring or holding more than one per cent equity shares in a recognised stock exchange.—(1) No person shall, either individually or together with persons acting in concert with him, acquire and/or hold more than one per cent of the paid up equity capital of a recognised stock exchange after commencement of these regulations, unless he is a fit and proper person and has taken prior approval of the Board for doing so.

(2) For the purpose of sub-regulation (1), a person shall be deemed to be a fit and proper person if—

(i) such person has a general reputation and record of fairness and integrity, including but not limited to—

- (a) financial integrity;
- (b) good reputation and character; and
- (c) honesty.

(ii) such person has not incurred any of the following disqualifications—

- (a) the person or any of its whole time directors or managing partners has been convicted by a Court for any offence involving moral turpitude or any economic offence, or any offence against the securities laws;
- (b) an order for winding up has been passed against the person;
- (c) the person or any of its whole time directors or managing partners has been declared insolvent and has not been discharged;
- (d) an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners from dealing in securities in the capital market or from accessing the capital market has been passed by the Board or any other regulatory authority and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- (e) any other order against the person or any of its whole time directors or managing partners which has a bearing on the capital market, has been passed by the Board or any other regulatory authority and a period of three years from the date of the order has not elapsed;
- (f) the person has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; and
- (g) the person is financially not sound.

(3) If any question arises as to whether a person is a fit and proper person, the Board's decision on such question shall be final.

10. Dematerialization.—A recognised stock exchange which has issued equity shares or whose equity shares are offered for sale in the manner provided in these regulations shall—

- (a) enter into an agreement with the depositories for dematerialization of the equity shares proposed to be issued or proposed to be sold; and
- (b) it shall give an option to the subscribers or transferees to receive the share certificate or hold the shares in dematerialized form with a depository.

11. Obligations of the recognised stock exchange.—(1) A recognised stock exchange shall monitor and ensure:—

- (a) that no transfer or issue of equity shares therein is made otherwise than in accordance with these regulations;
- (b) that at least fifty-one per cent of its equity share capital is continuously held by the public; and
- (c) that the restrictions contained in regulations 8 and 9 are complied with in respect of the shareholding therein.

(2) Without prejudice to the provisions of the Act and the rules made thereunder, the recognised stock exchanges shall submit a report to the Board disclosing the following on a quarterly basis within fifteen days from the end of each quarter:—

- (a) the names of ten largest shareholders along with the number of shares held by them and their percentage shareholding;
- (b) the names of the shareholders falling under regulation 8 who had acquired shares in that quarter;
- (c) the shareholding pattern in the recognised stock exchange in such format as may be specified by the Board.

(3) The recognised stock exchange shall submit an undertaking confirming the compliance of the provisions of sub-regulation (1) to the Board on a quarterly basis within fifteen days from the end of each quarter.

(4) Notwithstanding anything contained in this regulation, the Board may from time to time call for any information from the recognised stock exchange, any shareholder having trading rights or any transferee of shares held by such shareholder, under the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules and regulations made thereunder.

(5) Without prejudice to the provisions of the Companies Act, 1956, the recognised stock exchange shall maintain and preserve all the books, registers, other documents and records relating to, the issue or sale of equity shares under these regulations for a period of ten years.

CHAPTER IV

POWERS OF THE BOARD

12. Power of Inspection.—(1) The Board may at any time undertake inspection, conduct inquiries and audit of any recognised stock exchange or any shareholder having trading rights therein or any associate of such shareholder, in accordance with the provisions of the Securities and Exchange Board of India Act, 1992, the Act and the rules made thereunder.

(2) Where an inspection of any recognised stock exchange or any shareholder having trading rights therein or any associate of such shareholder is undertaken by the Board, every manager, managing director, officer and other employee of such recognised stock exchange or shareholder or associate shall co-operate with the Board.

13. Action in case of default. Without prejudice to power to impose monetary penalty, initiate prosecution or issue directions under the provisions of the Act or the Securities and Exchange Board of India Act, 1992, the Board may, issue such directions as it deems fit, including—

- (a) directing disinvestment of shares held by shareholders having trading rights in breach of sub-section (8) of section 4 B of the Act, in such manner as may be specified in the direction;
- (b) directing a person holding equity shares in a recognised stock exchange in contravention of regulations 8 or 9 to divest his holding, in such manner as may be specified in the direction;
- (c) directing transfer of any proceeds or securities to the investors protection fund of a recognised stock exchange;
- (d) debarring any recognised stock exchange, any shareholder having trading rights therein, any associate of such shareholder or any transferee of shares from such shareholder from accessing the capital market or dealing in securities for such period as may be determined by the Board.

[F. No. SEBI/LAD/DOP/29/79623/2006]

M. DAMODARAN, Chairman



भारत का राजपत्र

The Gazette of India

असाधारण

EXTRAORDINARY

भाग III—खण्ड 4

PART III—Section 4

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 32]

नई दिल्ली, बृहस्पतिवार, फरवरी 19, 2004/माघ 30, 1925

No. 32]

NEW DELHI, THURSDAY, FEBRUARY 19, 2004/MAGHA 30, 1925

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 19 फरवरी, 2004

फा. सं. भाप्रविबो/एलई/3379/04.— भारतीय प्रतिभूति और विनियम बोर्ड, मगध स्टॉक एक्सचेंज एसोसिएशन, (इसमें इसके पश्चात् "एक्सचेंज" के रूप में निर्दिष्ट) जिसका अपना रजिस्ट्रीकृत कार्यालय "9वीं मंजिल, आशियाना प्लाजा, बुध मार्ग, पटना-800001" में स्थित है द्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 11 दिसम्बर, 2003 को प्रारम्भ होने वाली और 10 दिसम्बर, 2004 को समाप्त होने वाली एक वर्ष की अतिरिक्त कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत, इसके नीचे विनिर्दिष्ट शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अध्वधीन प्रदान करता है :—

- (i) भारतीय प्रतिभूति और विनियम बोर्ड द्वारा अंतिम अनुमोदन के पश्चात् एक्सचेंज द्वारा व्यापार गारंटी निधि/निपटान गारंटी निधि की स्थापना।
- (ii) भारतीय प्रतिभूति और विनियम बोर्ड द्वारा सम्यक् रूप से अनुमोदित, व्यापार गारंटी निधि या निपटान गारंटी निधि की स्थापना के पश्चात् ही व्यापार प्रारम्भ किया जायेगा।
- (iii) एक्सचेंज को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा दिये गये प्रतिदेय वित्तीय समर्थन के प्रतिसंदाय के प्रति रु. 11,31,768 की अतिशेष रकम का 1 दिसम्बर, 2004 तक संदाय।

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

[विज्ञापन III/IV/69 जैड बी/2003/असा.]

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 19th February, 2004

F. No. SEBI/LE/3379/04.—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by **Magadh Stock Exchange Association**, (hereinafter referred to as "the Exchange") having its registered office at "9th Floor, Ashiana Plaza, Budh Marg, Patna-800001" and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956 renewal of recognition to the said Exchange under Section 4 of the said Act for a further period of one year commencing on the 11th day of December, 2003 and ending on the 10th day of December, 2004 in respect of contracts in securities, subject to the conditions stated herein below or as may be prescribed or imposed hereafter :

- (i) Setting of TGF/SGF by the Exchange after final approval by SEBI.
- (ii) Trading shall commence only after setting up of Settlement Guarantee Fund or Trade Guarantee Fund, duly approved by SEBI.
- (iii) Payment of balance amount of Rs. 11,31,768 on or before December 1, 2004 towards refundable financial support extended by SEBI to the Exchange.

G. N. BAJPAI, Chairman

[ADVT III/TV/69 ZB/2003/Exty.]



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 117]

नई दिल्ली, बुधस्पतिवार, फरवरी 26, 2015/फाल्गुन 7, 1936

No. 117]

NEW DELHI, THURSDAY, FEBRUARY 26, 2015/PHALGUNA 7, 1936

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 25 फरवरी, 2015

सा.का.नि. 125(अ).—प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (1956 का 42) की धारा 30 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, केंद्रीय सरकार एतद्वारा प्रतिभूति संविदा (विनियमन) नियमावली, 1957 में आगे और संशोधन करने के लिए निम्नलिखित नियम बनाती है, अर्थात् :-

1. (1) इन नियमों का नाम प्रतिभूति संविदा (विनियमन) (संशोधन) नियमावली, 2015 होगा।

(2) ये सरकारी राजपत्र में अपने प्रकाशन की तिथि से प्रवृत्त होंगे।

2. प्रतिभूति संविदा (विनियमन) नियमावली, 1957 में,

(i) नियम 2 में, खंड (ड.) के स्थान पर निम्नलिखित खंड को प्रतिस्थापित किया जाएगा, अर्थात् :

"(ड.) "सार्वजनिक शेयरधारिता" का अभिप्राय निक्षेपागार प्राप्तियों के आधारभूत शेयर सहित जनता के स्वामित्वाधीन कंपनी के इक्विटी शेयर हैं, यदि ऐसी निक्षेपागार प्राप्तियों का धारक मतदान संबंधी निर्देश जारी करने का अधिकार रखता हो और ऐसी निक्षेपागार प्राप्तियों को निक्षेपागार प्राप्ति स्कीम, 2014 के अनुसार अंतरराष्ट्रीय एक्सचेंज में सूचीबद्ध किया गया हो।"

बशर्ते कि भारतीय प्रतिभूति और विनियम बोर्ड द्वारा तैयार विनियमनों के अधीन कर्मचारी हितार्थ योजनाओं को लागू करने के लिए गठित न्यास के स्वामित्वाधीन कंपनी के इक्विटी शेयर सार्वजनिक शेयरधारिता से बाहर रखे जाएंगे।

(ii) नियम 19 में, उप-नियम (2) में, खंड (ख) में, उप-खंड (i) से पूर्व, निम्नलिखित को अंतर्विष्ट किया जाएगा, नामतः:

"पेशकश संबंधी दस्तावेज के अनुसार जनता के लिए न्यूनतम पेशकश और आबंटन इस प्रकार होगा -"

(iii) नियम 19क में, उप-नियम (3) के बाद, निम्नलिखित नया उप-नियम अंतर्विष्ट किया जाएगा, नामतः:

"(4) जहां किसी सूचीबद्ध कंपनी की सार्वजनिक शेयरधारिता, प्रतिभूति संविदा (विनियमन) (संशोधन) नियमावली, 2015 के परिणामस्वरूप पच्चीस प्रतिशत से कम पड़ती हो, वहां ऐसी कंपनी अपनी सार्वजनिक शेयरधारिता को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा विनिर्दिष्ट ढंग से निम्नलिखित की अधिसूचना की तारीख से तीन वर्षों की अवधि में यथास्थिति बढ़ाकर कम से कम पच्चीस प्रतिशत करेगी :

(क) निक्षेपागार प्राप्ति योजना, 2014 ऐसे मामलों में जहां इस योजना के कारण सार्वजनिक शेयरधारिता पच्चीस प्रतिशत से कम पड़ जाती हो;

(ख) भारतीय प्रतिभूति और विनियम बोर्ड (शेयर आधारित कर्मचारी लाभ) विनियमन, 2014 ऐसे मामलों में जहां ऐसे विनियमनों के कारण सार्वजनिक शेयरधारिता पच्चीस प्रतिशत से कम पड़ जाती हो।"

[फा. सं. 9/1/2013-ईसीबी]

मनोज जोशी, संयुक्त सचिव (वित्तीय बाजार)

टिप्पणी : मूल नियम, भारत के राजपत्र में अधिसूचना संख्या की एस.आर.ओ. सं. 576 दिनांक 21 फरवरी, 1957 के तहत प्रकाशित किए गए थे और तत्पश्चात निम्नलिखित संख्याओं के तहत संशोधित किए गए :-

- | | |
|--|--|
| 1. सा.का.नि. 1096, दिनांक 14 जुलाई, 1967; | 6. सा.का.नि. 666 (अ.), दिनांक 20 जुलाई, 1987; |
| 2. सा.का.नि. 685, दिनांक 3 जून, 1972; | 7. सा.का.नि. 1070 (अ.), दिनांक 15 नवम्बर, 1988; |
| 3. सा.का.नि. 959, दिनांक 8 अगस्त, 1972; | 8. सा.का.नि. 870 (अ.), दिनांक 13 नवम्बर, 1992; |
| 4. सा.का.नि. 1 नवम्बर, 1975; | 9. सा.का.नि. 617 (अ.), दिनांक 20 सितम्बर, 1993; |
| 5. सा.का.नि. 1083, दिनांक 11 नवम्बर, 1985; | 10. सा.का.नि. 749 (अ.), दिनांक 12 अक्टूबर, 1994; |

- | | |
|--|---|
| 11. सा.का.नि. 790 (अ.), दिनांक 7 नवम्बर, 1994; | 19. सा.का.नि. 395 (अ.), दिनांक 10 जून, 2009; |
| 12. सा.का.नि. 121 (अ.), दिनांक 9 मार्च, 1995; | 20. सा.का.नि. 469 (अ.), दिनांक 4 जून, 2010; |
| 13. सा.का.नि. 291 (अ.), दिनांक 27 मार्च, 1995; | 21. सा.का.नि. 662 (अ.), दिनांक 9 अगस्त, 2010; |
| 14. सा.का.नि. 581 (अ.), दिनांक 23 दिसम्बर, 1996; | 22. सा.का.नि. 705 (अ.), दिनांक 24 अक्तूबर, 2013 |
| 15. सा.का.नि. 654 (अ.), दिनांक 8 अगस्त, 2000; | 23. सा.का.नि. 21 (अ.), दिनांक 16 जनवरी, 2014 |
| 16. सा.का.नि. 655 (अ.), दिनांक 8 अगस्त, 2000; | 24. सा.का.नि. 611 (अ.), दिनांक 22 अगस्त, 2014 |
| 17. सा.का.नि. 415 (अ.), दिनांक 7 जून, 2001; | 25. सा.का.नि. 682 (अ.), दिनांक 19 सितम्बर, 2014; और |
| 18. सा.का.नि. 696 (अ.), दिनांक 28 अगस्त, 2003; | 26. सा.का.नि. 819 (अ.), दिनांक 18 नवम्बर, 2014 |

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 25th February, 2015

G.S.R. 125(E).—In exercise of the powers conferred by section 30 of the Securities Contracts (Regulation) Act of 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:—

1. (1) These rules may be called as Securities Contracts (Regulation) (Amendment) Rules, 2015.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957:—
(i) in rule 2, for clause (e), the following clause shall be substituted, namely:—

"(e) "public shareholding" means equity shares of the company held by public including shares underlying the depository receipts if the holder of such depository receipts has the right to issue voting instruction and such depository receipts are listed on an international exchange in accordance with the Depository Receipts Scheme, 2014:

Provided that the equity shares of the company held by the trust set up for implementing employee benefit schemes under the regulations framed by the Securities and Exchange Board of India shall be excluded from public shareholding.”;

(ii) in rule 19, in sub-rule (2), in clause (b), before sub-clause (i), the following shall be inserted, namely:—

“The minimum offer and allotment to public in terms of an offer document shall be-”;

(iii) in rule 19A, after sub-rule (3), the following new sub-rule shall be inserted, namely:—

“(4) Where the public shareholding in a listed company falls below twenty-five per cent. in consequence to the Securities Contracts (Regulation) (Amendment) Rules, 2015, such company shall increase its public shareholding to at least twenty-five per cent. in the manner specified by the Securities and Exchange Board of India within a period of three years, as the case may be, from the date of notification of:

(a) the Depository Receipts Scheme, 2014 in cases where the public shareholding falls below twenty five per cent. as a result of such scheme;

(b) the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 in cases where the public shareholding falls below twenty-five per cent., as a result of such regulations.”

[F.No. 9/1/2013-ECB]

MANOJ JOSHI, Jt. Secy. (FM)

Note: The principal rules were published *vide* Gazette Notification number S.R.O. 576, dated the 21st February, 1957 and subsequently amended *vide* notification numbers as under:

- | | |
|--|---|
| (1) G.S.R. 1096, dated the 14th July, 1967; | (15) G.S.R. 654(E), dated the 8th August, 2000; |
| (2) G.S.R. 685, dated the 3rd June, 1972; | (16) G.S.R. 655(E), dated the 8th August, 2000; |
| (3) G.S.R. 959, dated the 8th August, 1972; | (17) G.S.R. 415(E), dated the 7th June, 2001; |
| (4) G.S.R. 2641, dated the 1st November, 1975; | (18) G.S.R. 696(E), dated the 28th August, 2003; |
| (5) G.S.R. 1083, dated the 11th November, 1985; | (19) G.S.R. 395(E), dated the 10th June, 2009; |
| (6) G.S.R. 666(E), dated the 20th July, 1987; | (20) G.S.R. 469(E), dated the 4th June, 2010; |
| (7) G.S.R. 1070(E), dated the 15th November, 1988; | (21) G.S.R. 662(E), dated the 9th August, 2010; |
| (8) G.S.R. 870(E), dated the 13th November, 1992; | (22) G.S.R. 705(E), dated the 24th October, 2013; |
| (9) G.S.R. 617(E), dated the 20th September, 1993; | (23) G.S.R. 21(E), dated the 16th January, 2014; |
| (10) G.S.R. 749(E), dated the 12th October, 1994; | (24) G.S.R. 611(E), dated the 22nd August, 2014; |
| (11) G.S.R. 790(E), dated the 7th November, 1994; | (25) G.S.R. 682(E), dated the 19th September, 2014; and |
| (12) G.S.R. 121(E), dated the 9th March, 1995; | (26) GSR. 819(E), dated the 18th November, 2014. |
| (13) G.S.R. 291(E), dated the 27th March, 1995; | |
| (14) G.S.R. 581(E), dated the 23rd December, 1996; | |



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY
भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 395]
No. 395]

नई दिल्ली, मंगलवार, अप्रैल 29, 2003/वैशाख 9, 1925
NEW DELHI, TUESDAY, APRIL 29, 2003/VAISAKHA 9, 1925

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 29 अप्रैल, 2003

का.आ. 481(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, गुवाहाटी स्टॉक एक्सचेंज लिमिटेड (इसमें इसके पश्चात् "एक्सचेंज" के रूप में निर्दिष्ट) इसका रजिस्ट्रीकृत कार्यालय सराफ बिल्डिंग एनेक्स, ए.टी. रोड गुवाहाटी-781001 पर है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (इसमें इसके पश्चात् "अधिनियम" के रूप में निर्दिष्ट) की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्द्वारा, अधिनियम की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, एक्सचेंज को मान्यता का नवीकरण अधिनियम की धारा 4 के अधीन 1 मई, 2003 को प्रारम्भ होने वाली और 30 अप्रैल, 2004 को समाप्त होने वाली एक वर्ष की अतिरिक्त कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे विनिर्दिष्ट शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अध्वधीन प्रदान करता है :—

- (क) एक्सचेंज अपनी स्क्रीन आधारित व्यापार प्रणाली की त्रुटियों को परिशोधित करने के लिए तुरन्त कदम उठायेगा और इसे कार्यात्मक बनाएगा।
- (ख) एक्सचेंज निपटान गारंटी निधि को शीघ्रतम स्थापित करेगा।
- (ग) एक्सचेंज उपर्युक्त शर्तों की अनुपालना और भारतीय प्रतिभूति और विनियम बोर्ड के उत्तरभावी अनुमोदन के अध्वधीन व्यापार प्रारंभ करेगा।

[फा. सं. भाप्रविबो/विधि/8140/03]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 29th April, 2003

S.O. 481(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, (hereinafter referred to as "the Act") by Guwahati Stock Exchange Limited, (hereinafter referred to as "the Exchange") having its registered office at Saraf Building

1215 GI/2003

(1)

Annexe, A.T. Road, Guwahati-781001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by the Act, renewal of recognition to the Exchange under Section 4 of the Act for a further period of one year commencing on the 1st day of May 2003 and ending on the 30th day of April 2004 in respect of contracts in securities, subject to the conditions specified herein or as may be prescribed or imposed hereafter :—

(a) The Exchange shall take immediate steps to rectify the defects in its screen based trading system and make it functional.

(b) The Exchange shall set-up the Settlement Guarantee Fund at the earliest.

(c) The Exchange shall commence trading subject to compliance with the above conditions and further approval from SEBI.

[F.No. SEBI/LE/8140/03]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 400]
No. 400]

नई दिल्ली, शुक्रवार, अप्रैल 23, 2004/वैशाख 3, 1926
NEW DELHI, FRIDAY, APRIL 23, 2004/VAISAKHA 3, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 523(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, गुवाहाटी स्टॉक एक्सचेंज लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय सराफ बिल्डिंग एनेक्स, ए.टी. मार्ग, गुवाहाटी-781001 में स्थित है द्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्द्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 1 मई, 2004 को प्रारम्भ होने वाली और 30 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अध्वधीन प्रदान करता है :—

- (क) उक्त एक्सचेंज निपटान गारंटी निधि की स्थापना के लिए भारतीय प्रतिभूति और विनियम बोर्ड से अन्तिम अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार आरम्भ करेगा।
- (ख) उक्त एक्सचेंज कालावधि 23-24 मार्च, 2004 के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए उक्त एक्सचेंज के निरीक्षण की रिपोर्ट में दिए गए और पत्र सं. सेबी/ईआरओ/बीएनएस/2004/7382 तारीख 8 अप्रैल, 2004 के पत्र द्वारा उक्त एक्सचेंज को संसूचित संप्रेक्षकों का अनुपालन करेगा।

[फा. सं. भाप्रविबो/विधि/7877/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 523(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Gauhati Stock Exchange

Limited having its registered office at Saraf Building Annexe, A.T. Road, Guwahati-781001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 1st day of May, 2004 and ending on the 30th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter:—

- (a) The said Exchange shall commence trading only after obtaining final approval from SEBI for establishment of the Settlement Guarantee Fund.
- (b) The said Exchange shall comply with the observations made in Report on the inspection of the said Exchange conducted by the Securities and Exchange Board of India during the period March, 23-24, 2004 and communicated to the said Exchange *vide* letter No. SEBI/ERO/BNS/2004/7382 dated April 8, 2004.

[F. No. SEBI/LE/7877/04]

G. N. BAJPAI, Chairman

अधिसूचना

मुम्बई, 20 अप्रैल, 2004

का.आ. 524(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, लुधियाना स्टॉक एक्सचेंज एसोसिएशन लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय फिरोज़ गांधी बाजार, लुधियाना-141001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 28 अप्रैल, 2004 को प्रारम्भ होने वाली और 27 अप्रैल, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधीन प्रदान करता है :—

“उक्त एक्सचेंज पत्र सं. एमआरडी/डीएसए/एलएसई/7831/04 तारीख 20 अप्रैल, 2004 द्वारा संसूचित भारतीय प्रतिभूति और विनियम बोर्ड की सलाह का अनुपालन करेगा, इस अधिसूचना की तारीख से तीन मास की कालावधि के भीतर”।

[फा. सं. भाप्रविबो/विधि/7876/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

NOTIFICATION

Mumbai, the 20th April, 2004

S.O. 524(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, by The Ludhiana Stock Exchange Association Limited having its registered office at Feroze Gandhi Market, Ludhiana-141001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 28th day of April, 2004 and ending on the 27th day of April, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter:—

“The said Exchange shall comply with the advice of SEBI communicated *vide* letter No. MRD/DSA/LSE/7831/04 dated April 20, 2004, within a period of three months from the date of this notification”.

[F. No. SEBI/LE/7876/04]

G. N. BAJPAI, Chairman



सत्यमेव जयते

भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 476]

नई दिल्ली, बुधवार, मई 26, 2004/ज्येष्ठ 5, 1926

No. 476]

NEW DELHI, WEDNESDAY, MAY 26, 2004/JYAISTHA 5, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 26 मई, 2004

का.आ. 625(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, भुवनेश्वर स्टॉक एक्सचेंज, जिसका अपना रजिस्ट्रीकृत कार्यालय छठी मंजिल, आईडीसीओ टॉवर्स, जनपथ, भुवनेश्वर-751 022 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 5 जून, 2004 को प्रारम्भ होने वाली और 4 जून, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अधधीन प्रदान करता है :—

“उक्त एक्सचेंज निपटान गारंटी निधि या व्यापार गारंटी निधि की स्थापना के लिए भाप्रविबो से अंतिम अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार प्रारम्भ करेगा।”

[फा. सं. भाप्रविबो/विधि/10402/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 26th May, 2004

S.O. 625(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Bhubaneshwar Stock Exchange having its registered office at 6th Floor, IDCO Towers, Janpath, Bhubaneshwar-751 022 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 5th day of June 2004 and ending on the 4th day of June 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

“The said Exchange shall commence trading only after obtaining final approval from SEBI for establishment of the Settlement Guarantee Fund or Trade Guarantee Fund.”

[F. No. SEBI/LE/10402/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 502]

नई दिल्ली, बुधवार, जून 2, 2004/ज्येष्ठ 12, 1926

No. 502]

NEW DELHI, WEDNESDAY, JUNE 2, 2004/JVAISTHA 12, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 27 मई, 2004

का.आ. 653(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, उत्तर प्रदेश स्टॉक एक्सचेंज असोसिएशन लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय 'पदम टॉवर्स' 14/113, सिविल लाइन्स, कानपुर-208001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए उक्त एक्सचेंज को उक्त अधिनियम की धारा 4 के अधीन मान्यता का नवीकरण 3 जून, 2004 को प्रारम्भ होने वाली और 2 जून, 2005 को समाप्त होने वाली एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत शर्तों जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधधीन प्रदान करता है।

[फा. सं. भाप्रविबो/विधि/10719/04]

ज्ञानेन्द्रनाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 27th May, 2004

S.O. 653(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by The Uttar Pradesh Stock Exchange Association Limited having its registered office at 'Padam Towers' 14/113, Civil Lines, Kanpur-208001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956 renewal of recognition to the said exchange under Section 4 of the said Act for a period of one year commencing on the 3rd day of June, 2004 and ending on 2nd day of June, 2005 in respect of contracts in securities subject to the conditions as may be prescribed or imposed hereafter.

[F.No. SEBI/LE/10719/04]

G. N. BAJPAI, Chairman

CS 24

रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 494]

नई दिल्ली, सोमवार, सितम्बर 22, 2014/भाद्र 31, 1936

No. 494]

NEW DELHI, MONDAY, SEPTEMBER 22, 2014/BHADRA 31, 1936

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 19 सितम्बर, 2014

सा.का.नि. 682(अ).—प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (1956 का 42) की धारा 30 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, केंद्रीय सरकार एतद्वारा प्रतिभूति संविदा (विनियमन) नियमावली, 1957 में आगे और संशोधन करने के लिए निम्नलिखित नियम बनाती है, अर्थात् :—

- (1) इन नियमों का नाम प्रतिभूति संविदा (विनियमन) (द्वितीय संशोधन) नियमावली, 2014 होगा।
- (2) ये सरकारी राजपत्र में अपने प्रकाशन की तिथि से प्रवृत्त होंगे।
2. प्रतिभूति संविदा (विनियमन) नियमावली, 1957 में, नियम 8 में, उप-नियम (6) के बाद निम्नलिखित उप-नियम अंतर्विष्ट किया जाएगा, अर्थात् :
"(7) कर्मचारी भविष्य निधि और प्रकीर्ण उपबंध अधिनियम, 1952 (1952 का 19) के अधीन छूट प्राप्त प्रतिष्ठान की कोई भी भविष्य निधि, जिसका प्रतिनिधित्व इसके न्यासीगण करते हों, स्टॉक एक्सचेंज के सदस्य के रूप में निर्वाचित किए जाने की भी पात्र होगी।"

[फा. सं. 1/17/एसएम/2012-पार्ट]

मनोज जोशी, संयुक्त सचिव (वित्तीय बाजार)

टिप्पणी : मूल नियम, भारत के राजपत्र, असाधारण, भाग-II, खंड 3 में दिनांक 21 फरवरी, 1957 की सं. का.नि.आ. 576 के तहत प्रकाशित किए गए थे और तत्पश्चात निम्नलिखित संख्याओं के तहत संशोधित की गई :—

- (i) सा.का.नि. 1096, दिनांक 14 जुलाई, 1967;
- (ii) सा.का.नि. 685, दिनांक 3 जून, 1972;
- (iii) सा.का.नि. 959, दिनांक 8 अगस्त, 1972;
- (iv) सा.का.नि. 2641, दिनांक 1 नवम्बर, 1975;
- (v) सा.का.नि. 1083, दिनांक 11 नवम्बर, 1985;
- (vi) सा.का.नि. 1070(अ.), दिनांक 15 नवम्बर, 1988;
- (vii) सा.का.नि. 666(अ.), दिनांक 20 जुलाई, 1987;
- (viii) सा.का.नि. 870(अ.), दिनांक 13 नवम्बर, 1992;
- (ix) सा.का.नि. 617(अ.), दिनांक 20 सितम्बर, 1993;
- (x) सा.का.नि. 749(अ.), दिनांक 12 अक्टूबर, 1994;
- (xi) सा.का.नि. 790(अ.), दिनांक 7 नवम्बर, 1994;
- (xii) सा.का.नि. 121(अ.), दिनांक 9 मार्च, 1995;
- (xiii) सा.का.नि. 291(अ.), दिनांक 27 मार्च, 1995;
- (xiv) सा.का.नि. 581(अ.), दिनांक 23 दिसम्बर, 1996;
- (xv) सा.का.नि. 654(अ.), दिनांक 8 अगस्त, 2000;
- (xvi) सा.का.नि. 415(अ.), दिनांक 7 जून, 2001;
- (xvii) सा.का.नि. 696(अ.), दिनांक 28 अगस्त, 2003;
- (xviii) सा.का.नि. 395(अ.), दिनांक 10 जून, 2009;
- (xix) सा.का.नि. 469(अ.), दिनांक 4 जून, 2010;
- (xx) सा.का.नि. 662(अ.), दिनांक 9 अगस्त, 2010; और
- (xxi) सा.का.नि. 705(अ.), दिनांक 24 अक्टूबर, 2013
- (xxii) सा.का.नि. 21(अ.), दिनांक 16 जनवरी, 2014

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 19th September, 2014

G.S.R. 682(E).—In exercise of the powers conferred by Section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely :—

1. (1) These rules may be called the Securities Contracts (Regulation) (Second Amendment) Rules, 2014.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957, in rule 8, after the sub-rule (6), the following sub-rule shall be inserted, namely :—

“(7) Any provident fund represented by its trustees, of an exempted establishment under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), shall also be eligible to be elected as a member of a stock exchange”.

[F. No. 1/17/SM/2012-Part]

MANOJ JOSHI, Jt. Secy. (Financial Markets)

Note : The principal rules were published in the Gazette of India, Extraordinary, part II, section 3, *vide* number S.R.O. 576, dated the 21st February, 1957 and subsequently amended *vide* the following numbers :—

- (i) G.S.R. 1096, dated the 14th July, 1967;
- (ii) G.S.R. 685, dated the 3rd June, 1972;
- (iii) G.S.R. 959, dated the 8th August, 1972;
- (iv) G.S.R. 2641, dated the 1st November, 1975;
- (v) G.S.R. 1083, dated the 11th November, 1985;
- (vi) G.S.R. 1070 (E), dated the 15th November, 1988;
- (vii) G.S.R. 666 (E), dated the 20th July, 1987;
- (viii) G.S.R. 870 (E), dated the 13th November, 1992;
- (ix) G.S.R. 617 (E), dated the 20th September, 1993;
- (x) G.S.R. 749 (E), dated the 12th October, 1994;
- (xi) G.S.R. 790 (E), dated the 7th November, 1994;
- (xii) G.S.R. 121 (E), dated the 9th March, 1995;
- (xiii) G.S.R. 291 (E), dated the 27th March, 1995;
- (xiv) G.S.R. 581 (E), dated the 23rd December, 1996;
- (xv) G.S.R. No 654 (E), dated the 8th August, 2000;
- (xvi) G.S.R. 415 (E), dated the 7th June, 2001;
- (xvii) G.S.R. 696 (E), dated the 28th August, 2003;
- (xviii) G.S.R. 395 (E), dated the 10th June, 2009;
- (xix) G.S.R. 469 (E), dated the 4th June, 2010;
- (xx) G.S.R. 662 (E), dated the 9th August, 2010; and
- (xxi) G.S.R. 705 (E), dated the 24th October, 2013;
- (xxii) G.S.R. 21 (E), dated the 16th January 2014



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 594]

नई दिल्ली, शुक्रवार, जुलाई 2, 2004/आषाढ़ 11, 1926

No. 594]

NEW DELHI, FRIDAY, JULY 2, 2004/ASADHA 11, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 29 जून, 2004

प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 के अधीन भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण की कालावधि को बढ़ाते हुए आदेश

का.आ. 764(अ).— फा.सं. भाप्रविबो / विधि / 24611 / 03 तारीख 01 जनवरी 2004 की अधिसूचना (उक्त अधिसूचना) द्वारा भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा छह मास की अतिरिक्त कालावधि के लिए बढ़ाया गया था और श्री जय प्रकाश वर्मा आईपीएस (सेवानिवृत्त) प्रबंध-परिषद् की समस्त शक्तियों और कर्तव्यों का प्रयोग करने और पालन करने के लिए प्रशासक के तौर पर बने रहे। कथित अधिसूचना के अनुसार अधिक्रमण की अवधि 02 जुलाई, 2004 को समाप्त हो रही है।

एक्सचेंज की समस्याओं को सुधारने के लिए प्रशासक द्वारा किये गये विभिन्न उपायों को ध्यान में रखते हुए, जिनमें से कुछ पर उन्हें दूर करने के लिए अविरत अनुवर्ती कार्यवाई अपेक्षित होगी, आगे एक्सचेंज की कार्यप्रणाली को सुचारु बनाने के लिए और नये प्रबंध-परिषद् के निर्वाचन और गठन की प्रक्रिया को तथा अपरस्पीकरण (डीम्युचुअलाइजेशन) की प्रक्रिया को भी पूरा करने के लिए अपेक्षित अतिरिक्त समय को ध्यान में रखते हुए, मेरा विचार है कि तारीख 3 जनवरी, 2003 की अधिसूचना में आदेश दी गई प्रबंध-परिषद् के अधिक्रमण की कालावधि, उक्त अधिसूचना द्वारा बढ़ायी गयी, को छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाना आवश्यक है। इसके अतिरिक्त मेरा विचार है कि कार्यभार संभालने में प्रबंध-परिषद् के लिए स्थिति अभी सहायक नहीं है।

पूर्वोक्त कारणों को ध्यान में रखते हुए, केंद्रीय सरकार द्वारा जारी तारीख 30 जुलाई 1992 की अधिसूचना सं. एस.ओ.573 के साथ पठित प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 और भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 4(3) के भी अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिसूचना में आदेश दिये गये भुवनेश्वर स्टॉक एक्सचेंज के प्रबंध-परिषद् के अधिक्रमण को एतद्वारा 03 जुलाई 2004 से छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाता है। श्री जय प्रकाश वर्मा आई.पी.एस. (सेवानिवृत्त) प्रशासक के तौर पर बने रहेंगे और प्रबंध-परिषद् की समस्त शक्तियों और कर्तव्यों का प्रयोग और पालन करेंगे, इस प्रकार बढ़ायी गयी कालावधि के दौरान। श्री जय प्रकाश वर्मा ऐसे व्यक्तियों की सहायता ले सकेंगे जैसा वे प्रशासक के तौर पर अपने कर्तव्यों के निर्वहन में आवश्यक समझें।

[फा. सं. भाप्रविबो/विधि/13606/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 29th June, 2004

Order under Section 11 of the Securities Contracts (Regulation) Act, 1956 extending the period of supersession of the Council of Management of Bhubaneswar Stock Exchange

S.O. 764(E).—vide notification F. No. SEBI/LE/24611/03 dated January 01, 2004 (the said notification) the supersession of Council of Management of the Bhubaneswar Stock Exchange was extended by the Securities and Exchange Board of India for a further period of six months and Shri Jai Prakash Verma IPS (Retd.) continued as an Administrator to exercise and perform all the powers and duties of the Council of Management. The term of supersession vide notification cited is ending on July 02, 2004.

In view of the various measures taken by the Administrator to rectify the problems of the Exchange, some of which would require sustained follow up action to resolve them, to further streamline the functioning of the Exchange and in view of the additional time required to complete the process of election and constitution of the new Council of Management as also the process of demutualisation, I am of the considered view that the period of supersession of the Council of Management ordered in the notification dated January 3, 2003, extended by said notification, is necessary to be extended for a further period of six months. Moreover I am of the considered view that the situation is not yet conducive for the Council of Management to take over.

In view of the aforesaid reasons, in exercise of the powers conferred under section 11 of the Securities Contracts (Regulation) Act, 1956 read with the Notification no. S.O.573 dated July 30, 1992 issued by Central Government and also Section 4(3) of Securities and Exchange Board of India Act 1992, the supersession of the Council of Management of the Bhubaneswar Stock Exchange as ordered in the said notification is hereby extended for a further period of six months with effect from July 03, 2004. Shri Jai Prakash Verma, IPS (Retd.) shall continue as the Administrator and exercise and perform all the powers and duties of the Council of Management, during the period so extended. Shri Jai Prakash Verma may take the assistance of such persons as he deems necessary in discharge of his duties as Administrator.

[F. No. SEBI/LE/13606/04]

G. N. BAJPAI, Chairman

अधिसूचना

मुम्बई, 29 जून, 2004

का.आ. 765(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, सौराष्ट्र-कच्छ स्टॉक एक्सचेंज लिमिटेड, जिसका अपना रजिस्ट्रीकृत कार्यालय पोपटभाई सोरठिया भवन, सदर बाजार, राजकोट - 360 001 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 10 जुलाई, 2004 को प्रारम्भ होने वाले और 9 जुलाई, 2005 को समाप्त होने वाले एक वर्ष के लिए प्रतिभूतियों

में संविदाओं की बाबत इसमें इसके नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्यक्षीन प्रदान करता है :-

1. **एक्सचेंज केवल -**

- (क) निपटान गारंटी निधि / व्यापार गारंटी निधि की स्थापना हेतु भारतीय प्रतिभूति और विनियम बोर्ड (इसमें इसके पश्चात् भाप्रविबो के रूप में निर्दिष्ट) से अंतिम अनुमोदन अभिप्राप्त करने ;
 (ख) भाप्रविबो को भाप्रविबो द्वारा समय-समय पर जारी परिपत्रों की अनुपालना की पुष्टि करने और भाप्रविबो से पूर्विक अनुमोदन अभिप्राप्त करने
 के पश्चात् ही व्यापार प्रारंभ करेगा ।

2. एक्सचेंज सुनिश्चित करेगा कि एक्सचेंज का प्रत्येक सदस्य पर्याप्त आधार न्यूनतम पूँजी (बेस मिनिमम कैपिटल) को बनाये रखता है जो किन्हीं विल्लंगों से रहित है, इसके पहले कि वे एक्सचेंज में व्यापार करने के लिए अनुज्ञात हों ।

[फा. सं. भाप्रविबो/13533/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

NOTIFICATION

Mumbai, the 29th June, 2004

S.O. 765(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by the Saurashtra Kutch Stock Exchange Limited, having its registered office at Popatbhai Sorathia Bhavan, Sadar Bazar, Rajkot - 360 001 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said exchange under section 4 of the said Act for one year commencing on the 10th day of July 2004 and ending on the 9th day of July 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter:-

1. The exchange shall commence trading only after -

- (a) obtaining final approval from the Securities and Exchange Board of India (hereinafter referred to as SEBI) for establishment of the Settlement Guarantee Fund / Trade Guarantee Fund;
 (b) confirming to SEBI the compliance with the circulars issued by SEBI from time to time and obtaining prior approval from SEBI.

- 2. The exchange shall ensure that every member of the exchange maintains adequate Base Minimum Capital which is free from any encumbrances, before they are permitted to trade in the exchange.**

[F. No. SEBI/13533/04]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 628]

नई दिल्ली, बृहस्पतिवार, जुलाई 15, 2004/आषाढ़ 24, 1926

No. 628]

NEW DELHI, THURSDAY, JULY 15, 2004/ASADHA 24, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 5 जुलाई, 2004

प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 के अधीन उत्तर प्रदेश स्टॉक एक्सचेंज एसोसिएशन लिमिटेड के शासी बोर्ड के अधिक्रमण की कालावधि को बढ़ाते हुए आदेश

क्र.अ. 817(अ).— फा.सं. भाप्रविबो / विधि / 272 / 04 तारीख 08 जनवरी, 2004 की अधिसूचना (उक्त अधिसूचना) द्वारा, उत्तर प्रदेश स्टॉक एक्सचेंज एसोसिएशन लिमिटेड के शासी बोर्ड के अधिक्रमण को भारतीय प्रतिभूति और विनियम बोर्ड द्वारा छह मास की अतिरिक्त कालावधि के लिए बढ़ाया गया था और श्री एम.एन.सभरवाल, आई.पी.एस. (सेवानिवृत्त) शासी बोर्ड की समस्त शक्तियों और कर्तव्यों का प्रयोग करने और पालन करने के लिए प्रशासक के तौर पर बने रहे। कथित अधिसूचना के अनुसार अधिक्रमण की अवधि 11 जुलाई 2004 को समाप्त हो रही है।

प्रशासक ने एक्सचेंज की कार्यप्रणाली में विभिन्न सुधारात्मक उपाय शुरू किये हैं। तथापि, उपायों में से कुछ पर अविरत अनुवर्ती कार्रवाई अपेक्षित होगी उन्हें दूर करने के लिए, आगे एक्सचेंज की कार्यप्रणाली में सुधार लाने के लिए और नये शासी बोर्ड के निर्वाचन तथा गठन की प्रक्रिया को पूरा करने के लिए अपेक्षित अतिरिक्त समय को ध्यान में रखते हुए और अपरस्पर्ीकरण (डीम्युचुअलाइजेशन) की प्रक्रिया को पूरा करने के लिए भी, मेरा विचार है कि उक्त अधिसूचना में आदेश दी गई शासी बोर्ड के अधिक्रमण की कालावधि को छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाना आवश्यक है। इसके अतिरिक्त, मेरा विचार है कि कार्यभार संभालने में शासी बोर्ड के लिए स्थिति अभी सहायक नहीं है।

पूर्वोक्त कारणों को ध्यान में रखते हुए, केंद्रीय सरकार द्वारा जारी तारीख 30 जुलाई 1992 की अधिसूचना सं. एस.ओ.573 के साथ पठित प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 11 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिसूचना में आदेश दिये गये उत्तर प्रदेश स्टॉक एक्सचेंज एसोसिएशन लिमिटेड के शासी बोर्ड के अधिक्रमण को एतद्वारा 12 जुलाई 2004 से छह मास की अतिरिक्त कालावधि के लिए बढ़ाया जाता है। श्री एम.एन.सभरवाल, आई.पी.एस. (सेवानिवृत्त) शासी बोर्ड की समस्त शक्तियों और कर्तव्यों का प्रयोग और पालन करने के लिए प्रशासक के तौर पर कार्य करते रहेंगे, इस प्रकार बढ़ायी गयी कालावधि के दौरान। श्री एम.एन.सभरवाल ऐसे व्यक्तियों की सहायता ले सकेंगे जैसा वे प्रशासक के तौर पर अपने कर्तव्यों के निर्वहन में आवश्यक समझें।

[फा. सं. भाप्रविबो/विधि/14296/2004]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 5th July, 2004

Order under Section 11 of the Securities Contracts (Regulation) Act, 1956 extending the period of supersession of the Governing Board of the Uttar Pradesh Stock Exchange Association Limited

S.O. 817(E).— vide notification F. No. SEBI/LE/ 272 /04 dated January 08, 2004 (the said notification), the supersession of the Governing Board of the Uttar Pradesh Stock Exchange Association Limited was extended by the Securities and Exchange Board of India for a further period of six months and Shri M. N. Sabharwal, IPS (Retd.) continued as an Administrator to exercise and perform all the powers and duties of the Governing Board. The term of supersession vide notification cited is ending on July 11, 2004.

The Administrator has initiated various corrective measures in the functioning of the Exchange. However, some of the measures would require sustained follow up action to resolve them, to further improve the functioning of the Exchange and in view of the additional time required to complete the process of election and constitution of the new Governing Board and also to complete the process of Demutualisation, I am of the considered view that the period of supersession of the Governing Board ordered in the said notification is necessary to be extended for a further period of six months. Moreover, I am of the considered view that the situation is not yet conducive for the Governing Board to take over.

In view of the aforesaid reasons, in exercise of the powers conferred under section 11 of the Securities Contracts (Regulation) Act, 1956 read with the Notification no. S.O.573 dated July 30, 1992 issued by Central Government, the supersession of the Governing Board of the Uttar Pradesh Stock Exchange Association Limited as ordered in the said notification is hereby extended for a further period of six months with effect from July 12, 2004. Shri M N Sabharwal, IPS (Retd.) shall continue to act as the Administrator to exercise and perform all the powers and duties of the Governing Board, during period so extended. Shri M. N. Sabharwal may take the assistance of such persons as he deems necessary in discharge of his duties as Administrator.

[F.No. SEBI/LE/14296/2004]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 629]

नई दिल्ली, बृहस्पतिवार, जुलाई 15, 2004/आषाढ़ 24, 1926

No. 629]

NEW DELHI, THURSDAY, JULY 15, 2004/ASADHA 24, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 15 जुलाई, 2004

भारतीय प्रतिभूति और विनियम बोर्ड

(ब्याज दायित्व नियमितीकरण) स्कीम, 2004

का.आ. 818(अ).— बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 (1992 का 15) की धारा 12 के साथ पठित धारा 11 की उप-धारा (1) और उप-धारा (2) के खंड (ट) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए एतद्वारा भारतीय प्रतिभूति और विनियम बोर्ड (स्टॉक दलाल और उप-दलाल) विनियम, 1992 के अधीन स्टॉक एक्सचेंजों के नकदी-खंड (कैश सेगमेंट) में स्टॉक दलालों द्वारा संदेय रजिस्ट्रीकरण फीस की बाबत ब्याज दायित्व के नियमितीकरण के लिए निम्नलिखित स्कीम बनाता है, अर्थात् :-

" भाप्रविबो (ब्याज दायित्व नियमितीकरण) स्कीम, 2004

भाग - I

1.0 भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 (अधिनियम) की धारा 11 के अधीन विनिधानकर्ताओं के हितों का संरक्षण करना और प्रतिभूति बाजार के विकास को संप्रवर्तित करना, तथा उसे ऐसे उपायों जो यह ठीक समझे द्वारा विनियमित करना भारतीय प्रतिभूति और विनियम बोर्ड (बोर्ड) का कर्तव्य है। उपायों में, अन्य बातों के साथ, स्टॉक दलालों, उप-दलालों आदि के कामकाज को रजिस्ट्रीकृत करने तथा विनियमित करने और फीस का उद्ग्रहण करने के लिए उपबंध हो सकेगा। इस प्रकार, अधिनियम बोर्ड को स्टॉक दलालों का रजिस्ट्रीकरण करने और विनियमन करने हेतु फीस एकत्र करने के लिए सशक्त करता है। इसके अतिरिक्त, अधिनियम की धारा 12 के निबंधनों के अनुसार, कोई स्टॉक दलाल अधिनियम

के अधीन बनाये गये विनियमों के अनुसार बोर्ड से अभिप्राप्त रजिस्ट्रीकरण प्रमाणपत्र की शर्तों के अधीन और उनके अनुसार ही प्रतिभूतियों में क्रय, विक्रय या व्यौहार करेगा अन्यथा नहीं। धारा 12(2) में उपबंध है कि रजिस्ट्रीकरण के लिए प्रत्येक आवेदन ऐसी रीति में और ऐसी फीस के भुगतान पर किया जायेगा जैसा विनियमों द्वारा अवधारित किया जाये। अधिनियम के अधीन बोर्ड द्वारा प्राप्त फीस भारतीय प्रतिभूति और विनियम बोर्ड की साधारण निधि में जमा की जायेगी। अधिनियम की धारा 30 के निबंधनों के अनुसार, बोर्ड, अधिसूचना द्वारा, अधिनियम के प्रयोजनों को कार्यान्वित करने के लिए विनियम बना सकेगा। ऐसे विनियमों में, अन्य बातों के साथ, स्टॉक दलाल को प्रदान किये गये रजिस्ट्रीकरण प्रमाणपत्र के लिए अदा की जाने वाली फीस की रकम के लिए उपबंध हो सकेगा।

1.1 भाप्रविबो (स्टॉक दलाल और उप-दलाल) विनियम, 1992 (विनियम/विनियमों) 23 अक्टूबर, 1992 को अधिसूचित हुए थे। विनियम की अनुसूची III के साथ पठित विनियम 10 स्टॉक दलालों द्वारा संदेय रजिस्ट्रीकरण फीस को विनिर्दिष्ट करती है। विनियम में उपबंध है कि ऐसी फीस पूर्ववर्ती वित्तीय वर्ष संबंधी वार्षिक व्यापारावर्त (टर्नओवर) के आधार पर प्रथम पाँच वर्षों के लिए संदेय होगी। रजिस्ट्रीकरण की तारीख से पाँच वित्तीय वर्षों की समाप्ति के पश्चात्, पाँच वर्षों के प्रत्येक ब्लॉक के लिए 5,000 रुपये संदेय हैं। दलाल, तथापि, बोर्ड को यह अभ्यावेदन कर रहे थे कि माँग अत्यधिक थी और व्यापारावर्त के आधार पर उसका एकत्रीकरण अयुक्तियुक्त और मनमाना था। इसलिये, बोर्ड ने दलालों द्वारा संदेय फीस के संदर्भ में "व्यापारावर्त" के निर्वचन पर विचार करने के लिए श्री आर.एस. भट्ट की अध्यक्षता में विशेषज्ञ समिति को नियुक्त किया। भट्ट समिति ने 18 दिसम्बर, 1992 को अपनी रिपोर्ट प्रस्तुत की थी। इसका संप्रेक्षण था कि रजिस्ट्रीकरण फीस के अवधारण के लिए व्यापारावर्त उचित आधार था और बोर्ड द्वारा विहित फीस का भार अयुक्तियुक्त नहीं था। इसने, तथापि, कतिपय प्रकारों के संव्यवहारों के लिए फीस की रियायती दरों की सिफारिश की थी। केंद्रीय सरकार और बोर्ड ने समिति की सिफारिशों को सैद्धांतिक रूप से स्वीकार कर लिया था। बोर्ड ने दलालों को 7 जनवरी, 1993 को भट्ट समिति द्वारा सिफारिश की गई रीति में फीस अदा करने की सूचना दी।

1.2 स्टॉक दलाल विभिन्न उच्च न्यायालयों के समक्ष फीस दायित्व का प्रतिवाद करते रहे थे। अंतिम रूप से, भारत के माननीय उच्चतम न्यायालय ने, बीएसई ब्रोकर्स फोरम बनाम भाप्रविबो (सेबी) के मामले में तारीख 01 फरवरी 2001 के अपने निर्णय द्वारा, (जैसा [2001] 30 एससीएल 31 में उल्लिखित है), अधिनियम के प्रयोजनों को कार्यान्वित करने हेतु फीस का उद्ग्रहण करने के लिए विनियमों को और भाप्रविबो की शक्ति को मान्य ठहराया। इसने यह भी अभिनिर्धारित किया कि व्यापारावर्त फीस के उद्ग्रहण के लिए उपाय हो सकता है। इसने, तथापि, भाप्रविबो को विनियमों में आर.एस. भट्ट समिति की सिफारिशों को सम्मिलित करने का निदेश दिया। माननीय उच्चतम न्यायालय के निदेशों की अनुपालना करते हुए, आर.एस. भट्ट समिति की सिफारिशों को सम्मिलित करते हुए 20 फरवरी 2002 को विनियम संशोधित हुए थे।

1.3 इस बीच, स्टॉक दलालों द्वारा फीस के भुगतान को प्रवृत्त करने के लिए, बोर्ड ने, 16 दिसम्बर 1998 को, भाप्रविबो (स्टॉक दलाल और उप-दलाल) विनियम, 1992 को संशोधित किया। इस संशोधन द्वारा इसने उपबंध किया था कि यदि स्टॉक दलाल विनियमों की अनुसूची III के पैरा 1 तथा 2 के अनुसार फीस विप्रेषित करने में असफल रहता है, तो वह विलम्ब के प्रत्येक मास या उसके भाग के लिए 15% प्रतिवर्ष की दर पर ब्याज अदा करने का दायी होगा।

2.0 यह संप्रेक्षण दिया गया है कि रजिस्ट्रीकरण फीस के भुगतान में व्यतिक्रम हुए हैं। व्यतिक्रमों की पृष्ठभूमि देकर, बोर्ड ने स्कीम पुरःस्थापित करने का विनिश्चय किया है, अर्थात्, भाप्रविबो (ब्याज दायित्व नियमितीकरण) स्कीम, 2004 (स्कीम) स्टॉक एक्सचेंजों के नकदी-खंडों में स्टॉक दलालों को एकबारगी अवसर उपलब्ध कराने में समर्थ बनाने के लिए उनके व्यतिक्रमों का नियमितीकरण करने के लिए। इसलिये, भाप्रविबो (स्टॉक दलाल और उप-दलाल) विनियम, 1992 के विनियम 10 तथा अनुसूची III के साथ पठित अधिनियम की धारा 11 के अधीन शक्तियों का प्रयोग करते हुए, बोर्ड एतद्वारा स्कीम अर्थात् भाप्रविबो (ब्याज दायित्व नियमितीकरण) स्कीम, 2004 को पुरःस्थापित करता है। स्कीम के अधीन, यदि व्यतिक्रमी दलाल फीस की पूर्ण बकाया मूल रकम अदा करता है, यदि कोई हो, और नियमितीकरण कालावधि के दौरान बकाया ब्याज का 20%, तो उससे बकाया ब्याज का बाकी 80% अदा करना अपेक्षित नहीं होगा।

2.1 यह स्पष्ट किया जाता है कि स्कीम की समाप्ति के पश्चात्, दलाल जिसके बोर्ड के प्रति बकाया रजिस्ट्रीकरण फीस दायित्व हों पूर्ण बकाया रकम अदा करने का दायी होगा, जिसमें ब्याज सम्मिलित है, विनियमों के अनुसार और अधिनियम तथा उसके अधीन विरचित विनियमों के अधीन यथा अनुज्ञेय समुचित प्रवर्तन कार्रवाई के लिए भी दायी होगा। आगे यह स्पष्ट किया जाता है कि विनियमों के विनियम 27 के निबंधनों के अनुसार, स्टॉक दलाल, जो विनियमों की अनुसूची III के अनुसार फीस अदा करने में असफल रहता है, भाप्रविबो (जांच अधिकारी द्वारा जांच करने और शास्ति अधिरोपित करने के लिए प्रक्रिया) विनियम, 2002 में यथा विनिर्दिष्ट कार्रवाई के लिए दायी है, जिसमें रजिस्ट्रीकरण प्रमाणपत्र का निलंबन या रद्दकरण सम्मिलित है। इसके अलावा, ऐसे व्यक्ति अधिनियम की धारा 24 के अधीन अभियोजन के लिए भी दायी हो सकेंगे।

3.0 स्कीम के ब्यौरे निम्नानुसार हैं :

3.1 **ब्याज दायित्व नियमितीकरण :** स्कीम के अधीन, स्टॉक दलाल जिनके 1 अक्टूबर 2004 को बकाया फीस दायित्व (मूल राशि और / या ब्याज) हैं, विनियमों के अनुसार, मूल राशि की पूर्ण बकाया रकम अदा कर सकेंगे, यदि कोई हो, उस तारीख तक को बकाया ब्याज के 20% के साथ। स्कीम के अधीन विनिर्दिष्ट "नियमितीकरण कालावधि" के दौरान पूर्वोक्त रकमों के भुगतान पर, स्टॉक दलाल उस तारीख को बकाया ब्याज के बाकी 80% का भुगतान करने के लिए दायी नहीं होंगे।

3.2 **नियमितीकरण कालावधि :** नियमितीकरण कालावधि 15 अक्टूबर 2004 को प्रारंभ होगी और 15 नवम्बर 2004 को समाप्त होगी (दोनों दिन सम्मिलित) ।

3.3 **भुगतान की रीति :** इस स्कीम के अधीन संदेय रकम मुंबई में संदेय "भारतीय प्रतिभूति और विनिमय बोर्ड" के पक्ष में जारी बैंकर चेक या मांगदेय ड्राफ्ट के रूप में अदा की जायेगी । बैंकर चेक या मांगदेय ड्राफ्ट 15 अक्टूबर 2004 और 15 नवम्बर 2004 के बीच नीचे दिये गये पते पर पहुँच जाना चाहिये :

" भारतीय प्रतिभूति और विनिमय बोर्ड

फीस कक्ष, बाजार मध्यवर्ती रजिस्ट्रीकरण एवं पर्यवेक्षण विभाग

29वीं मंजिल, वर्ल्ड ट्रेड सेंटर

कफ परेड, मुंबई - 400 005 "

भुगतान करते समय, स्टॉक दलाल :

(i) अपनी रजिस्ट्रीकरण संख्या या पहले के दलाल(दलालों) की रजिस्ट्रीकरण संख्या(संख्याएँ) जिसके(जिनके) लिए भुगतान किया जाता है उत्कथित करेगा ;

(ii) अपना नाम या पहले के दलाल(दलालों) का(के) नाम जिसके(जिनके) लिए भुगतान किया जाता है उत्कथित करेगा ; और

(iii) मूल राशि तथा ब्याज हेतु और अपने स्वयं के दायित्वों या पहले के दलाल(दलालों) के दायित्वों हेतु भुगतान के आँकड़े उपदर्शित करेगा ।

3.4 फीस दायित्व की संगणना विनियम में विनिर्दिष्ट रीति में की जायेगी, व्यापारावर्त आँकड़ों के आधार पर, जो एक्सचेंजों द्वारा बोर्ड को विहित फॉर्मेट (भारतीय प्रतिभूति और विनिमय बोर्ड के 30 सितंबर 2002 के परिपत्र के संलग्नक 'ग') में उपलब्ध कराये गये हैं। बकाया फीस दायित्व के अवधारण के लिए अपेक्षित स्टॉक दलालों की बाबत व्यापारावर्त आँकड़ों को अभिलिखित करने की रीति इस स्कीम के भाग II में उपबधित है।

3.5 स्कीम के ब्यौरे भारतीय प्रतिभूति और विनिमय बोर्ड के वेबसाइट www.sebi.gov.in पर उपलब्ध हैं और स्टॉक एक्सचेंजों के पास भी।

3.6 स्पष्टीकरण, यदि कोई हो, के लिए स्टॉक दलाल सुश्री अनिता केंकरे, उप महाप्रबंधक / श्री यू. वेणुगोपाल, सहायक महाप्रबंधक, फीस कक्ष, बाजार मध्यवर्ती रजिस्ट्रीकरण एवं पर्यवेक्षण विभाग, भारतीय प्रतिभूति और विनिमय बोर्ड, 29वीं मंजिल, वर्ल्ड ट्रेड सेंटर, कफ परेड, मुंबई - 400 005, दूरभाष : 22164428/29/38/39 से संपर्क कर सकते हैं।

भाग II

व्यापारावर्त आँकड़ों को अभिलिखित करने की रीति

1. फरवरी 2001 में माननीय उच्चतम न्यायालय के निर्णय का अनुसरण करते हुए, बोर्ड ने विनियम का संशोधन किया है और परिपत्रों को जारी करते हुए रजिस्ट्रीकरण फीस का अवधारण करने से संबंधित कई मुद्दों को समय समय पर स्पष्ट किया है। आँकड़ों की समग्रता सुनिश्चित करने के लिए बोर्ड ने विनिर्दिष्ट फॉर्मेट (भारतीय प्रतिभूति और विनियम बोर्ड के तारीख 30 सितंबर 2002 के परिपत्र के संलग्नक ग) में आँकड़ों का एक्सचेंज प्रमाणन भी विनिर्दिष्ट किया है।
2. सुसंगत वर्षों के लिए सभी दलालों, भूतपूर्व और वर्तमान, की बाबत व्यापारावर्त आँकड़ा अभिप्राप्त करने के लिए बोर्ड ने आगे तेजी से कार्रवाई की है ताकि स्टॉक दलालों के रजिस्ट्रीकरण फीस दायित्व का निर्धारण करने में यह समर्थ हो सके। बोर्ड द्वारा एक्सचेंजों को भी सूचित किया गया कि वे उनके स्वयं के अभिलेखों और / या स्टॉक दलालों द्वारा एक्सचेंज को प्रस्तुत किये गये लेखापरीक्षकों के प्रमाणपत्र के आधार पर समय-सीमा के भीतर प्रत्येक स्टॉक दलाल के व्यापारावर्त आँकड़े प्रस्तुत करें। एक्सचेंजों को सूचित किया गया कि वे अपने स्वयं के अभिलेखों के आधार पर सकल व्यापारावर्त आँकड़े प्रस्तुत करें, यदि स्टॉक दलाल व्यापारावर्त आँकड़े प्रस्तुत नहीं करते हैं, पर्याप्त सूचना दिये जाने और सबद्ध स्टॉक दलाल को यह सूचित किये जाने के पश्चात् कि वे फीस की रियायती दरों के लिए पात्र नहीं होंगे और यह कि बोर्ड को एक्सचेंजों द्वारा सूचित सकल व्यापारावर्त पर 0.01% की सपाट दर उद्गृहीत की जायेगी। इसलिए, वे स्टॉक दलाल, जिन्होंने एक्सचेंजों को व्यापारावर्त की रिपोर्ट आँकड़ों सहित नहीं दी और एक्सचेंज ने अपने स्वयं के अभिलेख के आधार पर व्यापारावर्त आँकड़े प्रस्तुत किये, फीस की किसी भी रियायती दर के हकदार नहीं होंगे।
3. उपर्युक्त नीति के अनुसार, बोर्ड एक्सचेंजों से व्यापारावर्त आँकड़े प्राप्त करता रहा है और उन्हें अभिलिखित करता रहा है। इसलिए, आँकड़ों में और संशोधन करने की अनुज्ञा नहीं है, भले ही स्टॉक दलाल इस अंतिम चरण में लेखापरीक्षा प्रमाणपत्र प्रस्तुत करने की इच्छा रखता हो, या फिर एक्सचेंज अपने स्वयं के आँकड़ों को संशोधित करना चाहता हो। यह उपाय यह सुनिश्चित करने के लिए पूर्णतया आवश्यक है कि आँकड़ा संशोधन प्रक्रिया हमेशा के लिए जारी नहीं रहती है। चूँकि एक्सचेंजों / स्टॉक दलालों को पहले से ही पर्याप्त सूचनाएँ / अनुस्मारक भेजे गये हैं और बोर्ड एक्सचेंज द्वारा सम्यक् प्रमाणित नवीनतम व्यापारावर्त आँकड़ों को अभिलिखित कर रहा है, बोर्ड किसी भी अभ्यावेदन / शिकायत पर विचार नहीं करेगा।

4. अब तक प्राप्त आँकड़ों को अभिलिखित करने के पश्चात्, बोर्ड लुप्त आँकड़ों का पता लगायेगा और एक्सचेंजों को इसकी सूचना देगा। बदले में एक्सचेंजों से अपेक्षित होगा कि वे विनिर्दिष्ट समय सीमा के भीतर, उनके अभिलेखों में यथा उपलब्ध, लुप्त आँकड़ों की रिपोर्ट दें, स्टॉक दलालों को इस चरण में आँकड़े प्रस्तुत करने का कोई हवाला दिये बिना। ऐसे आँकड़ों, यदि प्राप्त हों, को अभिलिखित किया जायेगा। तत्पश्चात् बोर्ड स्टॉक दलालों के यथार्थ फीस दायित्व का अवधारण करेगा और एक्सचेंजों को इसकी सूचना देगा। उपर्युक्त क्रियाकलापों के लिए समय अनुसूची निम्नानुसार होगी :

क्र. सं.	क्रियाकलाप	समय सीमा
1	बोर्ड द्वारा एक्सचेंजों को 2003-04 तक के सुसंगत व्यापारावर्त वर्षों के लिए आँकड़ों के अंतर अग्रेषित करना	19.07.2004
2	एक्सचेंजों द्वारा अपने स्वयं के अभिलेखों के अनुसार आँकड़ों के अंतरों की बाबत व्यापारावर्त आँकड़े प्रस्तुत करना	02.08.2004
3	बोर्ड द्वारा उपर्युक्त (2) के अनुसार एक्सचेंजों द्वारा अग्रेषित व्यापारावर्त आँकड़ों को अभिलिखित करना	18.08.2004
4	बोर्ड द्वारा एक्सचेंजों को स्टॉक दलालों की बाबत फीस दायित्व विवरणों को अग्रेषित करना	03.09.2004
5	एक्सचेंज द्वारा सूचित व्यापारावर्त या फीस दायित्व की संगणना में पाये गये फर्क, यदि कोई हो, की रिपोर्ट एक्सचेंजों द्वारा बोर्ड को देना	17.09.2004
6	बोर्ड द्वारा उपर्युक्त 5 के अनुसार एक्सचेंजों की रिपोर्टों के आधार पर सुधार, यदि कोई हो, करना	01.10.2004
7	बोर्ड द्वारा उपर्युक्त 6 के अनुसार सुधार करने के पश्चात्, बकाया फीस दायित्व के विवरण एक्सचेंजों को अग्रेषित करना	08.10.2004
8	नियमितीकरण कालावधि	15 अक्टूबर 2004 से 15 नवंबर 2004

5. विनिर्दिष्ट संव्यवहार

भारतीय प्रतिभूति और विनियम बोर्ड के तारीख 30 सितंबर 2002 के परिपत्र के अनुसार, विनिर्दिष्ट संव्यवहारों (अनिवार्य वायदा, उलटाव बदला, उलटाव 6ए/7ए संव्यवहार) को रजिस्ट्रीकरण फीस के उद्ग्रहण के प्रयोजन के लिए दलाल के व्यापारावर्त में शामिल नहीं किया जाना है यदि ऐसे संव्यवहार एक्सचेंजों द्वारा बनाये रखे गये प्रत्येक दलाल के कुल व्यापारावर्त आँकड़ों का भाग हैं। यह परिपत्र वहाँ तक संशोधित हो जायेगा कि ऐसे विनिर्दिष्ट संव्यवहारों को यथास्थिति, या तो एक्सचेंज के अभिलेखों अथवा दलाल द्वारा

उपलब्ध कराये गये लेखापरीक्षक के प्रमाणपत्र, या एक्सचेंज द्वारा पहले ही की गयी लेखापरीक्षा के आधार पर शामिल नहीं किया जा सकता है।

6. सहायक संस्थाओं द्वारा संदेय रजिस्ट्रीकरण फीस

6.1 विनियमों के अनुसार, प्रमुख स्टॉक एक्सचेंजों की सदस्यता प्राप्त करने के प्रयोजन के लिए बनी एक्सचेंजों की सहायक संस्थाओं से अपेक्षित है कि वे भारतीय प्रतिभूति और विनियम बोर्ड के रजिस्ट्रीकरण फीस अदा करें। तथापि, उनसे यह अपेक्षित नहीं कि वे ऐसे उप-दलालों द्वारा उपदर्शित व्यापारावर्त पर फीस अदा न करें, जिन्होंने मूल एक्सचेंज में स्टॉक दलालों के तौर पर प्रथम पाँच वर्षों और पाँच वर्षों के ब्लॉक के लिए फीस अदा की है। इस दृष्टिकोण के अंतर्गत फीस के लिए दायी व्यापारावर्त का अवधारण करना कठिन है। कठिनाइयों को दूर करने के लिए और सहायक संस्थाओं के फीस दायित्व का अवधारण करने की प्रक्रिया को आसान बनाने के लिए, एक आसान और साम्यापूर्ण दृष्टिकोण अपनाये जाने का प्रस्ताव किया जा रहा है। इस साम्यापूर्ण दृष्टिकोण के अंतर्गत सहायक दलाली कंपनी दूसरे वर्ष से लेकर पाँचवें वर्ष तक इसके सकल व्यापारावर्त के 20% पर सामान्य दर पर फीस अदा करने की दायी होगी। सहायक संस्थाओं के पास विकल्प होगा कि वे विनियम में विहित रीति में या साम्यापूर्ण दृष्टिकोण के अनुसार फीस अदा करें।

6.2 इस वैकल्पिक दृष्टिकोण का प्रस्ताव ऐसी सभी सहायक संस्थाओं को किया जा रहा है सिवाय इंटर कनेक्टेड स्टॉक एक्सचेंज (आइएसई) द्वारा स्थापित सहायक संस्था को छोड़कर, जो 18 नवंबर 1998 को रजिस्ट्रीकृत हुआ था और इसकी सहायक संस्था 24 फरवरी 2000 को रजिस्ट्रीकृत हुई थी। इसलिए, आइएसई के किसी भी व्यापारी / व्यौहारी ने उप-दलाल बनने के समय पाँच वर्षों की कालावधि पूरी नहीं की थी। आइएसई सिक्योरिटीज एण्ड सर्विसेज लि. (आइएसएसएल), आइएसई की सहायक संस्था, से यह अपेक्षित होगा कि वह उप दलालों द्वारा दावा की गयी आदत-रियायतों के अध्यधीन सहायक संस्था के पूरे व्यापारावर्त पर फीस अदा करे।”

SECURITIES AND EXCHANGE BOARD OF INDIA**NOTIFICATION**

Mumbai, the 15th July, 2004

Securities and Exchange Board of India (Interest Liability Regularisation) Scheme, 2004

S.O. 818(E).— In exercise of powers conferred by sub-section (1) and clause (k) of sub-section (2) of section 11 read with section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) the Board hereby makes the following scheme for regularisation of interest liability in respect of registration fees payable by stock brokers in the cash segments of Stock Exchanges under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, namely:-

“ SEBI (Interest Liability Regularisation) Scheme, 2004**Part - I**

1.0 Under section 11 of the Securities and Exchange Board of India Act, 1992 (the Act) it is the duty of the Securities and Exchange Board of India (the Board) to protect the interests of investors and to promote the development of, and to regulate the securities market by such measures as it thinks fit. The measures may provide, inter alia, for registering and regulating the working of stock brokers, sub-brokers etc. and levying fees. Thus, the Act empowers the Board to collect fees for registering and regulating the stock brokers. Further, in terms of section 12 of the Act, no stock broker shall buy, sell or deal in securities except under, and in accordance with the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under the Act. Section 12 (2) provides that every application for registration shall be in such manner and on payment of such fees as may be determined by regulations. The fees received by the Board under the Act are credited to the Securities and Exchange Board of India General Fund. In terms of section 30 of the Act, the Board may, by notification, make regulations to carry out the purposes of the Act. Such regulations may provide, inter alia, for the amount of fees to be paid for certificate of registration granted to a stock broker.

1.1 The SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (the Regulations) were notified on October 23, 1992. Regulation 10 read with Schedule III of the Regulations specifies the registration fees payable by the stock brokers. The Regulations provide that such fees shall be payable for first five years based on the annual turnover relating to the preceding financial year. After expiry of five financial years from the date of registration, Rs. 5,000 is payable for every block of five years. The brokers, however, had been representing to the Board that the demand was excessive and the collection of same based on turnover was unreasonable and arbitrary. Therefore, the Board appointed an Expert Committee under the Chairmanship of Shri R. S. Bhatt to look into the interpretation of 'turnover' in the context of fees payable by brokers. The Bhatt Committee submitted its report on December 18, 1992. It observed that the turnover was a fair basis for determination of registration fees and the incidence of fees prescribed by Board was not unreasonable. It, however, recommended concessional rates of fees for certain types of transactions. The Central Government and the

Board accepted the recommendations of the Committee in principle. The Board advised the brokers on January 7, 1993 to pay fees in the manner recommended by the Bhatt Committee.

1.2 The stock brokers had been contesting the fees liability before various High Courts. Finally the Hon'ble Supreme Court of India, vide its judgement dated February 01, 2001 in the matter of BSE Brokers Forum vs. SEBI, (as reported in [2001] 30 SCL 31), upheld the Regulations and the power of SEBI to levy fees for carrying out the purposes of the Act. It also held that turnover can be the measure for levy of fees. It, however, directed SEBI to incorporate the recommendations of the R. S. Bhatt Committee in the Regulations. In compliance with the directions of the Hon'ble Supreme Court, the Regulations were amended on February 20, 2002 by incorporating the recommendations of the R. S. Bhatt Committee.

1.3 In the mean time, in order to enforce payment of fees by the stock brokers, the Board, on December 16, 1998, amended the SEBI (Broker and Sub Broker) Regulations, 1992. By this amendment it was provided that if a stock broker fails to remit fees in accordance with paragraph 1 and 2 of Schedule III of the Regulations, he shall be liable to pay interest at the rate of 15% per annum for each month of delay or part thereof.

2.0 It has been observed that defaults have occurred in payment of registration fees. Given the background of defaults, the Board has decided to introduce a scheme, namely, SEBI (Interest Liability Regularisation) Scheme, 2004 (the Scheme) to provide a one time opportunity to enable the stock brokers in the Cash segments of stock exchanges to regularize their defaults. Therefore, in exercise of the powers under Section 11 of the Act read with Regulation 10 and Schedule III of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, the Board hereby introduces the Scheme viz. SEBI (Interest Liability Regularisation) Scheme, 2004. Under the Scheme, if the defaulting broker pays the entire outstanding principal amount of fee, if any, and 20% of the outstanding interest during the regularization period, he will not be required to pay the balance 80% of outstanding interest.

2.1 It is clarified that after the expiry of the scheme, a broker having outstanding registration fee liabilities towards the Board shall be liable to pay entire outstanding amount, including interest, as per the Regulations and shall also be liable for appropriate enforcement action as permissible under the Act and the Regulations framed thereunder. It is further clarified that in terms of regulation 27 of the Regulations, a stock broker, who fails to pay fees as per schedule III of the Regulations, is liable for action as specified in the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, including the suspension or cancellation of certificate of registration. Besides, such persons may also be liable for prosecution under section 24 of the Act.

3. 0. The details of the Scheme are as under:

3.1. **Interest Liability Regularisation:** Under the Scheme, the stock brokers who have outstanding fee liabilities (principal and / or interest) as on 1st October 2004, as per the Regulations, may pay the entire outstanding amount of principal, if any, together with 20% of the outstanding interest as on that date. On payment of the aforesaid amounts during the "Regularisation Period" specified under the Scheme, the stock brokers shall not be liable for payment of the balance 80% of the outstanding interest on that date.

3. 2 **Regularisation Period:** The regularization period shall commence on 15th October 2004 and end on 15th November 2004 (both days inclusive).

3. 3 **Mode of Payment:** The amount payable under this Scheme shall be paid by way of a Banker's Cheque or Demand Draft drawn in favour of "Securities and Exchange Board of

India" payable at Mumbai. The Banker's Cheque or Demand Draft must reach between 15th October 2004 and 15th November 2004 at the address given below:

"Securities and Exchange Board of India

Fee Cell, Market Intermediaries Registration and Supervision Department

29th Floor, World Trade Centre

Cuffe Parade, Mumbai- 400005."

While making payment, the stock broker shall:

- (i) quote his registration number or the registration number(s) of the erstwhile broker(s) for whom the payment is made;
- (ii) quote his name or the name(s) of erstwhile broker(s) for whom the payment is made; and
- (iii) indicate the break up of the payment towards principal and interest and towards its own liabilities or the liabilities of erstwhile broker(s).

3.4 The fee liability shall be computed in the manner specified in the Regulations, based on the turnover data, as provided by the Exchanges to the Board in the prescribed format (Annexure 'C' of the SEBI Circular 30th September 2002). The manner of taking on record the turnover data in respect of stock brokers required for determination of outstanding fee liability is provided in Part - II of this Scheme.

3.5 The details of the Scheme are available on the website of SEBI at www.sebi.gov.in and also with the stock Exchanges.

3.6 For clarifications, if any, the stock broker may contact Ms. Anita Kenkare, Deputy General Manager / Mr. U. Venugopal, Assistant General Manager, Fee Cell, Market Intermediaries Registration and Supervision Department, Securities and Exchange Board of India, 29th Floor, World Trade Centre, Cuffe Parade, Mumbai- 400005, Tel: 22164428/29/38/39.

Part - II

Manner of taking Turnover Data on Record

1. Following the Hon'ble Supreme Court judgement in February 2001, the Board has amended the Regulations and from time to time clarified several issues relating to determination of registration fees through issue of circulars. The Board has also specified the Exchange certification of the data in specified format (Annexure 'C' of the SEBI Circular dated September 30, 2002) in order to ensure integrity of the data.

2. The Board has followed up vigorously to obtain turnover data in respect of all brokers, past and present, for the relevant years in order to enable it to assess registration fee liability of the stock brokers. Exchanges were also advised by the Board to submit the stock broker wise turnover data within a time frame based on their own records and/ or the auditors' certificate submitted by the stock brokers to the Exchange. The Exchanges were advised to submit gross turnover data based on their own records, if the stock brokers do not submit turnover data, after giving sufficient notice and intimating the stock brokers concerned that they would not be eligible for concessional rates of fee and that fee at a flat rate of 0.01% would be levied on the gross turnover reported by the Exchanges to the Board. Therefore, those stock brokers, who did not report turnover with break up to Exchanges and the Exchange submitted the turnover data based on its own records, will not be entitled to any concessional rates of fees.

3. In accordance with the above policy, the Board has been receiving turnover data from the Exchanges and taking them on record. No further data revisions would, therefore, be permitted - even if a stock broker wishes to submit an auditor certificate at this late stage, or, if the Exchange desires to revise its own data. This measure is absolutely necessary to ensure that the process of data revision does not remain open ended for ever. As sufficient advance notices and reminders have been sent to the Exchanges / stock brokers and the Board is taking on record the latest turnover data duly certified by the Exchange, no representations/ complaints would be entertained by the Board.

4. After taking the data received so far on record, the Board would identify the missing data and advise the same to the Exchanges. The Exchanges, in turn, would be required to report the missing data as available in their records within a specified time frame, without making any reference to the stock brokers to submit the break-up at this stage. Such data, if received, would be taken on record. Thereafter, the Board would determine the exact fee liability of the stock brokers and advise the same to the Exchanges. The time schedule for the above activities shall be as follows:

Sl. No.	Activity	Time Frame
1	The Board to forward the data gaps for the relevant turnover years up to 2003-04 to the Exchanges	19.07.2004
2	Exchanges to submit the turnover data in respect of data gaps as per their own records	02.08.2004
3	The Board to take on record the turnover data forwarded by the Exchanges as at (2) above	18.08.2004
4	The Board to forward the fee liability statements in respect of stock brokers to the Exchanges	03.09.2004
5	Exchanges to report back discrepancies noted, if any, from the turnover reported by the Exchange or in the fees liability computation, to the Board	17.09.2004
6	The Board to make corrections, if any, based on reports of the Exchanges as at 5 above	01.10.2004
7	The Board to forward outstanding fee liability statements to Exchanges, after correction as at 6 above	08.10.2004
8	Regularisation Period	15 th October 2004 to 15 th November 2004

5. Specified Transactions

As per SEBI circular dated September 30, 2002, the specified transactions (compulsory carry forward, reversal badla, reverse 6A/7A transactions) are not to be included in the turnover of the broker for the purpose of levy of registration fees if such transactions form a part of the broker-wise total turnover figures maintained by the Exchanges. This circular stands modified to the extent that such specified transaction can be excluded based on either Exchange's records or auditors' certificate provided by the broker, or the audit already done by the Exchange, as the case may be.

6. Registration Fees Payable by Subsidiaries

6.1 As per the regulations, the subsidiaries of the Exchanges floated for the purpose of seeking membership of major stock Exchanges are required to pay registration fees to SEBI. However, they are not required to pay fees on the turnover effected by the sub-brokers who have paid fees for first five years and a block of five years as stock brokers on the parent Exchange. Under this approach, it is difficult to determine the turnover liable to fees. In order to resolve the difficulties and to simplify the process of determination of fee liability of subsidiaries, a simple and equitable approach is being offered. Under this equitable approach, the subsidiary broking company would be liable to pay fees at normal rate on 20% of its gross turnover from 2nd year to 5th year. The subsidiaries would have an option to pay fees in the manner prescribed in the regulations or as per the equitable approach.

6.2 This alternative approach is being offered to all such subsidiaries except the subsidiary floated by Inter Connected Stock Exchange (ISE), which was registered on November 18, 1998 and its subsidiary was registered on February 24, 2000. Hence, none of the traders/dealers of ISE had completed the five year period at the time of becoming sub-brokers. ISE Securities & Services Ltd. (ISSL), the subsidiary of ISE, would be required to pay fees on full turnover of the subsidiary subject to jobbing concessions claimed by the sub-brokers."

[F. No. SEBI/MIRSD/DOR-I/15292/2004]

G.N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 729]

नई दिल्ली, शुक्रवार, अगस्त 20, 2004/श्रावण 29, 1926

No. 729]

NEW DELHI, FRIDAY, AUGUST 20, 2004/SRAVANA 29, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

SECURITIES AND EXCHANGE BOARD OF INDIA

अधिसूचना

NOTIFICATION

मुम्बई, 17 अगस्त, 2004

Mumbai, the 17th August, 2004

का.आ. 939(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, पुणे स्टॉक एक्सचेंज लिमिटेड जिसका अपना रजिस्ट्रीकृत कार्यालय "शिवलीला चेम्बर्स", 752, सदाशिव पेठ, कुमठेकर मार्ग, पुणे-411030 में स्थित है, द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 2 सितम्बर, 2004 को प्रारम्भ होने वाले और 1 सितम्बर, 2005 को समाप्त होने वाले एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है :—

- उक्त एक्सचेंज भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किये गये एक्सचेंज के निरीक्षण संबंधी रिपोर्ट में इंगित कार्यान्वित न किये गये समस्त संप्रेक्षणों/सुझावों के कार्यान्वयन को और समस्त कमियों के सुधार को सुनिश्चित करेगा, तारीख 1 जुलाई, 2004 के पत्र सं. एमआरडी-डीएमएस/आईएनएसपी-सीओएमपी/14083/2004 द्वारा उक्त एक्सचेंज को यथा संसूचित।

[फा. सं. भाप्रविबो/विधि/17855/2004]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

S.O. 939(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by The Pune Stock Exchange Limited having its registered office at "Shivleela Chambers", 752, Sadashiv Peth, Kumthekar Marg, Pune-411030, and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956 renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 2nd day of September, 2004 and ending on the 1st day of September, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

- The said Exchange shall ensure implementation of all unimplemented observations/suggestions and rectification of all deficiencies pointed out in the Report on the Inspection of the Exchange conducted by the Securities and Exchange Board of India, as communicated to the said Exchange vide letter No. MRD-DMS/INSP-COMP/14083/2004 dated July 1, 2004.

[F.No. SEBI/LE/17855/04]

G. N. BAJPAI, Chairman

अधिसूचना

NOTIFICATION

मुम्बई, 17 अगस्त, 2004

Mumbai, the 17th August, 2004

का.आ. 940(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, ओटीसी एक्सचेंज ऑफ इण्डिया जिसका अपना रजिस्ट्रीकृत कार्यालय 92, मेकर टॉवर्स "एफ", कफ परेड, मुम्बई-400005 में स्थित है, द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए, और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, एतद्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 23 अगस्त, 2004 को प्रारम्भ होने वाले और 22 अगस्त, 2005 को समाप्त होने वाले एक वर्ष की कालावधि के लिए, प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्त अथवा जो इसमें इसके पश्चात् विहित या अधिरोपित की जायें के अधीन प्रदान करता है :—

“एक्सचेंज भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किये गये एक्सचेंज के निरीक्षण संबंधी रिपोर्ट में इंगित कार्यान्वित न किये गये समस्त संप्रेक्षणों के कार्यान्वयन को और समस्त कमियों के सुधार को सुनिश्चित करेगा, तारीख 5 जुलाई, 2004 के पत्र सं. डीएमएस/एसएसई/ओटीसीईआई/14355/2004 द्वारा एक्सचेंज को यथा संसूचित।”

[फा. सं. भाप्रविबो/विधि/17963/2004]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

S.O. 940(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by OTC Exchange of India, having its registered office at 92, Maker Towers "F", Cuffe Parade, Mumbai-400005 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred under Section 4 of the Securities Contracts (Regulation) Act, 1956 renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 23rd day of August, 2004 and ending on the 22nd day of August, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

“The Exchange shall ensure implementation of all unimplemented observations and rectification of all deficiencies pointed out in the Report on the Inspection of the Exchange conducted by the Securities and Exchange Board of India, as communicated to the Exchange vide letter No. DMS/SSE/OTCEI/14355/ 2004 dated July 5, 2004.”

[F. No. SEBI/LE/17963/2004]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 748]
No. 748]

नई दिल्ली, सोमवार, अगस्त 30, 2004/भाद्र 8, 1926
NEW DELHI, MONDAY, AUGUST 30, 2004/BHADRA 8, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 30 अगस्त, 2004

क1.आ. 961(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, कोयम्बतूर स्टॉक एक्सचेंज लि. जिसका अपना रजिस्ट्रीकृत कार्यालय स्टॉक एक्सचेंज बिल्डिंग, त्रिची रोड, कोयम्बतूर-641005 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 18 सितम्बर, 2004 को प्रारम्भ होने वाले और 17 सितम्बर, 2005 को समाप्त होने वाले एक वर्ष की कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जाएं के अधधीन प्रदान करता है :—

1. एक्सचेंज केवल निपटान गारंटी निधि/व्यापार गारंटी निधि की स्थापना हेतु भारतीय प्रतिभूति और विनियम बोर्ड से अंतिम अनुमोदन अभिप्राप्त करने के पश्चात् ही व्यापार प्रारम्भ करेगा।
2. एक्सचेंज सुनिश्चित करेगा कि एक्सचेंज का प्रत्येक सदस्य पर्याप्त आधार न्यूनतम पूंजी (बीएमसी) बनाए रखता है, जो किसी विल्लंगम से रहित हो इसके पूर्व कि वे एक्सचेंज में व्यापार के लिए अनुज्ञात हों।
3. एक्सचेंज 19-21 जुलाई, 2004 की कालावधि के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए एक्सचेंज के निरीक्षण की रिपोर्ट में कथित और तारीख 11 अगस्त, 2004 के पत्र सं. एसआरओ/एसएमडी/सीएसएक्स/ईआईएफ/2004/1/3864 द्वारा एक्सचेंज को संसूचित सुझावों का अनुपालन करेगा।

[फा. सं. भाप्रविबो/विधि/18632/04]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

* Mumbai, the 30th August, 2004

S.O. 961(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Coimbatore Stock Exchange Ltd. having its registered office at Stock Exchange Building, Trichy Road, Coimbatore—641005 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under Section 4 of the said Act for a period of one year commencing on the 18th September, 2004 and ending on the 17th September, 2005 in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter :—

1. The Exchange shall commence trading only after obtaining final approval from Securities and Exchange Board of India for establishment of the Settlement Guarantee Fund/Trade Guarantee Fund.
2. The Exchange shall ensure that every member of the Exchange maintains adequate Base Minimum Capital (BMC), which is free from any encumbrance before they are permitted for trade in the Exchange.
3. The Exchange shall comply with the suggestions stated in the Report of the Inspection of the Exchange conducted by the Securities and Exchange Board of India during the period July 19-21, 2004 and communicated to the Exchange *vide* letter No. SRO/SMD/CSX/EIF/2004/1/3864 dated August 11, 2004.

[F. No. SEBI/LE/18632/04]

G. N. BAJPAI, Chairman

S.24



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 781]
No. 781]

नई दिल्ली, बृहस्पतिवार, अगस्त 28, 2003/भाद्र 6, 1925
NEW DELHI, THURSDAY, AUGUST 28, 2003/BHADRA 6, 1925

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 23 अगस्त, 2003

का.आ. 987(अ).—भारतीय प्रतिभूति और विनियम बोर्ड, ओटीसी एक्सचेंज ऑफ इण्डिया, (इसमें इसके पश्चात् "एक्सचेंज" के रूप में निर्दिष्ट) जिसका अपना रजिस्ट्रीकृत कार्यालय 92, मेकर टॉवर्स "एफ", कफ परेड, मुम्बई-400005 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (इसमें इसके पश्चात् "अधिनियम" के रूप में निर्दिष्ट) की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोक हित में भी होगा, अधिनियम की धारा 4 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, एतद्वारा एक्सचेंज को मान्यता का नवीकरण 23 अगस्त, 2003 को प्रारम्भ होने वाली और 22 अगस्त, 2004 को समाप्त होने वाली एक वर्ष की अतिरिक्त कालावधि के लिए, प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्त या जो इसमें इसके पश्चात् विहित या अधिरोपित की जाए के अध्वधीन प्रदान करता है :—

एक्सचेंज 17-20 जून, 2003 की कालावधि के लिए भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए एक्सचेंज के निरीक्षण संबंधी रिपोर्ट में कथित और तारीख 24 जुलाई, 2003 के पत्र सं. एमआरडीडीएमएस/आई एन एस आर ई पी 2003/14128/2003 द्वारा एक्सचेंज को संसूचित संप्रेक्षणों को अनुपालन करेंगे।

[फा. सं. भाप्रविबो/विधि/15576/2003]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA NOTIFICATION

Mumbai, the 23rd August, 2003

S.O. 987(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "the Act") by O.T.C. Exchange of India (hereinafter referred to as "the Exchange" having its registered office at 92, Maker Towers "F" Cuffe Parade, Mumbai-400005 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, in exercise of the powers conferred under Section 4 of the Act, hereby grants renewal of recognition to the Exchange for a further period of one year commencing on the 23rd day of August, 2003 and ending on the 22nd day of August, 2004, in respect of contracts in securities subject to the condition stated herein below or as may be prescribed or imposed hereinafter :—

The exchange shall comply with observations stated in the Report on the Inspection of the exchange conducted by the Securities and Exchange Board of India for the period June 17-20, 2003 and communicated to the exchange vide letter No. MRDDMS/INSREP 2003/14128/2003 dated July 24, 2003.

[F.No. SEBI/LE/15576/2003]

G.N. BAJPAI, Chairman

2448 GI/2003



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 783]

नई दिल्ली, बृहस्पतिवार, अगस्त 28, 2003/भाद्र 6, 1925

No. 783]

NEW DELHI, THURSDAY, AUGUST 28, 2003/BHADRA 6, 1925

भारतीय प्रतिभूति और विनियम बोर्ड अधिसूचना

मुम्बई, 28 अगस्त, 2003

का.आ. 989(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, ओटीसी एक्सचेंज ऑफ इण्डिया, (इसमें इसके पश्चात् "एक्सचेंज" के रूप में निर्दिष्ट) जिसका अपना रजिस्ट्रीकृत कार्यालय 92, मेकर टॉवर्स "एफ", कफ परेड, मुम्बई-400005 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (इसमें इसके पश्चात् "अधिनियम" के रूप में निर्दिष्ट) की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, अधिनियम की धारा 4 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, एतद्वारा एक्सचेंज को मान्यता का नवीकरण 23 अगस्त, 2003 को प्रारम्भ होने वाली और 22 अगस्त, 2004 को समाप्त होने वाली एक वर्ष की अतिरिक्त कालावधि के लिए, प्रतिभूतियों में संविदाओं की बाबत इसमें नीचे कथित शर्त या जो इसमें इसके पश्चात् विहित या अधिरोपित की जाए के अध्वधीन प्रदान करता है :—

एक्सचेंज 17-20 जून, 2003 की कालावधि के लिए भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किए गए एक्सचेंज के निरीक्षण संबंधी रिपोर्ट में कथित और तारीख 24 जुलाई, 2003 के पत्र सं. एमआरडीडीएमएस/आईएनएसआरईपी 2003/14128/2003 द्वारा एक्सचेंज को संसूचित संप्रेक्षकों का अनुपालन करेंगे।

[फा. सं. भाप्रविबो/विधि/15576/2003]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA NOTIFICATION

Mumbai, the 28th August, 2003

S.O. 989(E).— The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "the Act") by O.T.C. Exchange of India, (hereinafter referred to as "the Exchange") having its registered office at 92, Maker Towers "F", Cuffie Parade, Mumbai-400005 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, in exercise of the powers conferred under Section 4 of the Act, hereby grants renewal of recognition to the Exchange for a further period of one year commencing on the 23rd day of August, 2003 and ending on the 22nd day of August, 2004, in respect of contracts in Securities subject to the condition stated herein below or as may be prescribed or imposed hereinafter :—

The Exchange shall comply with the observations stated in the Report on the Inspection of the exchange conducted by the Securities and Exchange Board of India for the period June 17-20-2003 and communicated to the exchange vide letter No. MRDDMS/INSREP 2003/14128/2003 dated July 24, 2003.

[F.No. SEBI/LE/15576/2003]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 800]

नई दिल्ली, सोमवार, सितम्बर 1, 2003/भाद्र 10, 1925

No. 800]

NEW DELHI, MONDAY, SEPTEMBER 1, 2003/BHADRA 10, 1925

भारतीय प्रतिभूति और विनियम बोर्ड

SECURITIES AND EXCHANGE BOARD OF INDIA

अधिसूचना

NOTIFICATION

मुम्बई, 1 सितम्बर, 2003

Mumbai, the 1st September, 2003

का.आ. 1006(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, पुणे स्टॉक एक्सचेंज लिमिटेड (इसमें इसके पश्चात् 'एक्सचेंज' के रूप में निर्दिष्ट) जिसका अपना रजिस्ट्रीकृत कार्यालय "शिवलीला चेम्बर्स", 752, सदाशिव पेठ, कुमठेकर मार्ग, पुणे-411 030 द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (इसमें इसके पश्चात् 'अधिनियम' के रूप में निर्दिष्ट) की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, अधिनियम द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, एक्सचेंज को मान्यता का नवीकरण अधिनियम की धारा 4 के अधीन 2 सितम्बर, 2003 को प्रारम्भ होने वाली और 1 सितम्बर, 2004 को समाप्त होने वाली एक वर्ष की अतिरिक्त कालावधि के लिए प्रतिभूतियों में संविदाओं की बाबत, इसमें नीचे विनिर्दिष्ट शर्तों अथवा जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है :—

S.O. 1006(E).—The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956, (hereinafter referred to as "the Act") by Pune Stock Exchange Limited, (hereinafter referred to as "the Exchange") having its registered office at "Shivleela Chambers", 752, Sadashiv Peth, Kumthekar Marg, Pune-411030 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by the Act, renewal of recognition to the Exchange under Section 4 of the Act for a further period of one year commencing on the 2nd day of September, 2003 and ending on the 1st day of September, 2004 in respect of contracts in securities, subject to the conditions specified herein or as may be prescribed or imposed hereafter :—

- * एक्सचेंज 12—14 अगस्त, 2003 की कालावधि के दौरान भारतीय प्रतिभूति और विनियम बोर्ड द्वारा किये गये एक्सचेंज के निरीक्षण संबंधी रिपोर्ट में कथित और तारीख 28 अगस्त, 2003 के पत्र सं. एमआरडी/एसई/पीएसई/16298/2003 द्वारा एक्सचेंज को संसूचित संप्रेक्षणों का अनुपालन करेगा।

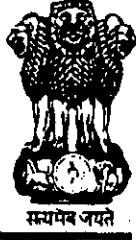
- * The Exchange shall comply with the observations stated in the Report on the Inspection of the exchange conducted by the Securities and Exchange Board of India during the period August 12—14, 2003 and communicated to the Exchange vide letter No. MRD/SE/PSE/16298/2003 dated August 28, 2003.

[फा.सं. भाप्रविबो/विधि/16451/2003]

[F.No. SEBI/LE/16451/2003]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

G.N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 913]

नई दिल्ली, बुधवार, दिसम्बर 19, 2001/अग्रहायण 28, 1923

No. 913]

NEW DELHI, WEDNESDAY, DECEMBER 19, 2001/AGRAHAYANA 28, 1923

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 19 दिसम्बर, 2001

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 19th December, 2001

का.आ. 1232(अ).— भारतीय प्रतिभूति और विनियम बोर्ड ने, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 8 (1) के अधीन शक्तियों का प्रयोग करते हुए, तारीख 12 सितम्बर 2001 के इसके आदेश द्वारा एक्सचेंज को इसके संगम-अनुच्छेद के अनुच्छेद 29 का संशोधन करने ताकि अधिकतम जुर्माने जो गलती करने वाले सदस्य पर अधिरोपित किया जा सकता हो को हटाया जा सके तथा आदेश की तारीख से 60 दिनों की कालावधि के भीतर अतिक्रमण के स्वरूप तथा गम्भीरता पर निर्भर करते हुए जुर्माने का उपबंध करने का निदेश दिया था।

तथापि, एक्सचेंज ने भारतीय प्रतिभूति और विनियम बोर्ड द्वारा जारी पूर्वोक्त निदेशों में यथा नियत 60 दिनों की समाप्ति के पश्चात् भी उक्त अनुच्छेद 29 का संशोधन नहीं किया है।

इसलिए, भारतीय प्रतिभूति और विनियम बोर्ड प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (1956 का 42) की धारा 8 का उप-धारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, एतद्वारा निदेश देता है कि शब्द "सहायक" के पश्चात् तथा "किन्हीं भी स्थितियों में" के पूर्व दिए हुए शब्दों "रुपए *25,000 से अनधिक" को कलकत्ता स्टॉक एक्सचेंज एसोसिएशन लि. के संगम-अनुच्छेद के अनुच्छेद 29 से हटा दिया जाएगा।

[फा. सं. भाप्रविबो/विधि/41871/2001]

देवेन्द्र राज मेहता, अध्यक्ष

S.O. 1232(E).— Securities and Exchange Board of India, in exercise of powers under Section 8(1) of Securities Contracts (Regulation) Act, 1956, vide its order dated September 12, 2001 had directed the exchange to amend Article 29 of its Articles of Association so as to remove the maximum fine that can be imposed on an erring member and to provide for a fine depending on the nature and the gravity of the violation within a period of 60 days from the date of the order.

However, the exchange has not amended the said Article 29 even after the expiry of 60 days as stipulated in the aforesaid directions issued by Securities and Exchange Board of India.

Therefore, Securities and Exchange Board of India in exercise of the powers conferred by sub-section (2) of Section 8 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), do hereby direct that the words "not exceeding Rs. *25,000" appearing after the word "assistant" and before "in any of the events following" shall be deleted from the Article 29 of the Articles of Association of Calcutta Stock Exchange Association Ltd.

[F.No. SEBI/LE/41871/2001]

DEVENDRA RAJ MEHTA, Chairman

RESERVE BANK OF INDIA

NOTIFICATION

Mumbai, the 22nd January, 2003

S.O. 131(E).— In exercise of the powers conferred on the Reserve Bank of India under section 16 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) vide Government of India Notification No. 183(E) dated 1st March, 2000, issued under Section 29A of the Act *ibid*, the Reserve Bank of India -

being of the opinion that it is necessary to prevent undesirable speculation in securities in the whole of India, hereby declares that no person in the territory to which the Act extends, shall, enter into any

(a) contract for the sale or purchase of Government securities, gold related securities and money market securities other than spot delivery contract or such other contract traded on a recognised stock exchange, as is permissible under the said Act, rules and bye-laws of such stock exchange.

(b) ready forward contracts in bonds, debentures, debenture stock, securitised debt, and other debt securities issued by any person or any body corporate established by or under a Central or State Act.

Provided that ready forward contracts may be entered into in all Government securities, in accordance with the terms and conditions as may be specified by the Reserve Bank of India, by the following persons/entities

a) any person or entity holding a Subsidiary General Ledger account with the Public Debt Office of the Reserve Bank of India

b) a scheduled bank or a non-banking financial company registered with Reserve Bank of India (other than Government Companies as defined in Section 617 of the Companies Act, 1956) or a housing finance company registered with National Housing Bank, or a mutual fund registered with Securities and Exchange Board of India, or an insurance company registered with Insurance Regulatory and Development Authority, holding a Gilt account with any person or entity permitted by Reserve Bank of India to maintain Constituent Subsidiary General Ledger account with Public Debt Office of the Reserve Bank of India or

c) any other person specifically permitted by Reserve Bank of India, holding a Gilt account with any person or entity permitted by Reserve Bank of India to maintain Constituent Subsidiary General Ledger account with Public Debt Office of the Reserve Bank of India;

Provided further that no ready forward contracts may be entered into between two persons or entities both maintaining Gilt accounts with same person or entity maintaining Constituent Subsidiary General Ledger account with the Public Debt Office of the Reserve Bank of India.

(ग) प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 (1956 का 42) के अंतर्गत भारतीय रिजर्व बैंक द्वारा जारी की गयी अधिसूचनाओं में उल्लिखित उपबंधों के अनुसार की जाएंगी।

स्पष्टीकरण

इस अधिसूचना के प्रयोजन के लिए:

(क) अनुसूचित बैंक से तात्पर्य भारतीय रिजर्व बैंक अधिनियम, 1934 की दूसरी अनुसूची में शामिल किसी बैंक से है।

(ख) गैर-बैंकिंग वित्तीय कंपनी से तात्पर्य भारतीय रिजर्व बैंक अधिनियम, 1934 की धारा 45-I के खण्ड (एफ) में यथा परिभाषित कंपनी से है।

(ग) म्युच्युअल फंड से तात्पर्य ऐसा फंड जो सिक्युरिटीज एंड एक्सचेंज बोर्ड ऑफ इंडिया (म्युच्युअल फंड) विनियमावली, 1996 के नियम 2 के खंड (क्यू) में यथा परिभाषित है।

(घ) कांस्टीट्यूटेंट सबसिडीयरी जनरल लेजर (सीएसजीएल) एकाउंट से तात्पर्य भारतीय रिजर्व बैंक द्वारा अनुमत किसी बैंक अथवा किसी व्यक्ति द्वारा उसके ग्राहकों की ओर से सरकारी प्रतिभूतियां धारण करने के प्रयोजन से भारतीय रिजर्व बैंक के लोक ऋण कार्यालयों में खोले गये और रखे गये सबसिडीयरी जनरल लेजर एकाउंट से है।

(ङ) गिल्ट एकाउंट से तात्पर्य भारतीय रिजर्व बैंक द्वारा भारतीय रिजर्व बैंक के लोक ऋण कार्यालय में सीएसजीएल खाता खोलने और रखने के लिए अनुमत किसी बैंक अथवा किसी व्यक्ति के पास किसी व्यक्ति द्वारा खोला और रखा गया प्रतिभूति खाता।

यह अधिसूचना भारतीय रिजर्व बैंक द्वारा पहली मार्च 2000 को जारी अधिसूचना सं.एस.ओ.185(ई) का अधिक्रमण करते हुए जारी की जा रही है।

[सं. आइडीएमसी. 2/10.02.01/2002-2003]

मुहम्मद ताहिर, कार्यपालक निदेशक

Provided further that no ready forward contracts may be entered into between a person or entity maintaining Subsidiary General Ledger account with Public Debt Office of the Reserve Bank of India with another person or entity maintaining a Gilt account with itself.

Provided further that all ready forward contracts shall be settled through a Subsidiary General Ledger account or a Constituent Subsidiary General Ledger account maintained with the Public Debt Office of Reserve Bank of India, in accordance with the terms and conditions as may be specified by the Reserve Bank of India

Provided further that the outstanding ready forward contracts shall continue till termination of the contracts as per the contractual terms:

Provided further that such contracts entered into on the recognised stock exchanges shall be entered in accordance with-

- a) the rules or regulations or the bye-laws made under the Securities Contracts (Regulation) Act 1956, (42 of 1956) or the Securities and Exchange Board of India Act 1992 (15 of 1992) or the directions issued by the Securities and Exchange Board of India under the said Acts;
- b) the rules made or guidelines or directions issued under the Reserve Bank of India Act, 1934 (2 of 1934) or the Banking Regulation Act, 1949 (10 of 1949) or the Foreign Exchange Management Act, 1999 by the Reserve Bank of India.
- c) the provisions contained in the notifications issued by the Reserve Bank of India under the Securities Contracts (Regulation) Act 1956 (42 of 1956)

Explanation

For the purpose of this notification:

- a) "scheduled bank" means a bank included in the second schedule of Reserve Bank of India Act, 1934.
- b) "non-banking financial company" means a company as defined in clause (f) of Section 45-I of the Reserve Bank of India Act, 1934.
- c) "mutual fund" means a fund as defined in clause (q) of the Regulation 2 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- d) "Constituent Subsidiary General Ledger account" means a Subsidiary General Ledger account opened and maintained with the Public Debt Office of the Reserve Bank of India, by a bank or any other person permitted by the Reserve Bank of India, for the purpose of holding Government securities on behalf of its constituents.

e) "Gilt account" means a securities account opened and maintained by any person with a bank of or any other person permitted by the Reserve Bank of India to open and maintain Constituent Subsidiary General Ledger account with the Public Debt Office of the Reserve Bank of India.

This notification is issued by Reserve Bank of India, in supersession of the notification no. S.O.185 (E) dated 1st March 2000 issued by it.

[No. 11DMC/2/10.02.01/2002-2003]

MOHAMMAD TAHIR, Executive Director



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 3 — उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 989]

नई दिल्ली, मंगलवार, नवम्बर 16, 2004/कार्तिक 25, 1926

No. 989]

NEW DELHI, TUESDAY, NOVEMBER 16, 2004/KARTIKA 25, 1926

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 8 नवम्बर, 2004

का.आ. 1274(अ).— भारतीय प्रतिभूति और विनियम बोर्ड, इण्टर-कनेक्टेड स्टॉक एक्सचेंज ऑफ इण्डिया लिमिटेड, जिसका अपना रजिस्ट्रीकृत कार्यालय इंटरनेशनल इनफोटेक पार्क, टॉवर 7, 5वीं मंजिल, वाशी, नवी मुम्बई-400 703 में स्थित है द्वारा प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 3 के अधीन किए गए मान्यता के नवीकरण के लिए आवेदन पर विचार करते हुए और यह समाधान हो जाने पर कि यह व्यापार के हित में होगा और ऐसा करना लोकहित में भी होगा, एतद्वारा, प्रतिभूति संविदा (विनियमन) अधिनियम, 1956 की धारा 4 के अधीन प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त एक्सचेंज को मान्यता का नवीकरण उक्त अधिनियम की धारा 4 के अधीन 18 नवम्बर, 2004 को प्रारम्भ होने वाली और 17 नवम्बर, 2006 को समाप्त होने वाली दो वर्षों की कालावधि के लिए, प्रतिभूतियों में संविदाओं की बाबत शर्तों जो इसके पश्चात् विहित या अधिरोपित की जायें के अध्वधीन प्रदान करता है।

[फा. सं. भाप्रविबो/विधि/25355/2004]

ज्ञानेन्द्र नाथ बाजपेयी, अध्यक्ष

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 8th November, 2004

S.O. 1274(E).— The Securities and Exchange Board of India, having considered the application for renewal of recognition made under Section 3 of the Securities Contracts (Regulation) Act, 1956 by Inter-connected Stock Exchange of India Limited, having its registered office at International Infotech Park, Tower 7, 5th Floor, Vashi, Navi Mumbai-400 703 and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred under Section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said exchange under Section 4 of the said Act for a period of two years commencing on the 18th day of November 2004 and ending on the 17th day of November, 2006, in respect of contracts in Securities subject to the conditions as may be prescribed or imposed hereafter.

[F. No. SEBI/LE/25355/2004]

G. N. BAJPAI, Chairman



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 1263]

नई दिल्ली, बुधवार, जून 17, 2015/ज्येष्ठ 27, 1937

No. 1263]

NEW DELHI, WEDNESDAY, JUNE 17, 2015/JYAISTHA 27, 1937

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 17 जून, 2015

का.आ. 1618 (अ).—केन्द्रीय सरकार, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 11ग की उपधारा (8) और धारा 26क, प्रतिभूति सविदा (विनियमन) अधिनियम, 1956 की धारा 26क और निक्षेपागार अधिनियम, 1996 की धारा 22ग द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, न्यायालय संख्यांक 22, शहर जिला और सेशन न्यायालय, मुंबई को भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 11ग में उल्लिखित प्रयोजनों के लिए उपर्युक्त अधिनियमों के अधीन विशेष न्यायालय के रूप में पदाभिहित करती है।

[फा. सं. 5/11/सीएम/2006]

मनोज कुमार, संयुक्त सचिव (वित्तीय बाजार)

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 17th June, 2015

S.O. 1618(E).—In exercise of the powers conferred by sub-section (8) of Section 11C and Section 26A of the Securities and Exchange Board of India Act, 1992, Section 26A of the Securities Contracts (Regulation) Act, 1956 and Section 22C of the Depositories Act, 1996, the Central Government hereby designates Court No. 22, City Civil and Sessions Court, Mumbai, as the designated court for the purposes mentioned in Section 11C of the Securities and Exchange Board of India Act, 1992 and as the Special Court under aforesaid Acts.

[F. No. 5/11/CM/2006]

MANOJ JOSHI, Jt. Secy. (Financial Markets)

SECURITIES AND EXCHANGE BOARD OF INDIA**NOTIFICATION**

Mumbai, the 20th June, 2012

Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012

F. No. LAD-NRO/GN/2012-13/07/13546.—In exercise of the powers conferred by Sections 4, 8A and 31 of the Securities Contracts (Regulation) Act, 1956, read with Sections 11 and 30 of the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India hereby makes the following regulations to regulate recognition, ownership and governance in stock exchanges and clearing corporations and matters connected therewith or incidental thereto, namely:—

**CHAPTER I
PRELIMINARY****Short title and commencement.**

1. (1) These regulations may be called the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

(2) They shall come into force on the date of their notification in the Gazette of India.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,—

(a) "Act" means the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(b) "associate" in relation to a person shall include another person:

- (i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the first person;
- (ii) who holds fifteen per cent. or more shares in the paid up equity capital of the first person;
- (iii) whose director or partner is also a director of the first person or its subsidiary or holding company, or partner of the first person, as the case may be;

- (iv) who is a holding company or a subsidiary company of the first person or a company under the same management as of the first person;
 - (v) who is a relative of the first person;
 - (vi) who is a member of a Hindu Undivided Family wherein the first person is also a member;
- (c) "Board" means the Securities and Exchange Board of India established under the provisions of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (d) "clearing corporation" means an entity that is established to undertake the activity of clearing and settlement of trades in securities or other instruments or products that are dealt with or traded on a recognized stock exchange and includes a clearing house;
- (e) "clearing member" means a person having clearing and settlement rights in any recognised clearing corporation:

Provided that any person who, on the date of commencement of these regulations, is acting as clearing member of a clearing house or a clearing corporation shall be deemed to be clearing member, till his request for registration, if any, is refused by the Board or till cessation of his membership with clearing corporation, whichever is earlier;

- (f) "company" shall mean a company as defined in section 3 of the Companies Act, 1956 (1 of 1956);
- (g) "control" shall have the same meaning as assigned to it under clause (e) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any modification thereof;
- (h) "governing board" means the board of directors of a recognised stock exchange or a recognised clearing corporation;
- (i) "key management personnel" means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the recognised stock exchange or the recognised clearing corporation or in any other position as declared so by such stock exchange or clearing corporation;
- (j) "netting" means the determination of net payment or delivery obligations among the clearing members of a recognised clearing corporation by setting off or adjustment of the *inter se* obligations or claims arising out of buying and selling of securities, discontinuation of business, dissolution, winding-up or insolvency or such other circumstances as may be specified in the bye-laws of the clearing corporation;
- (k) "novation" means the act of a clearing corporation interposing itself between both parties of every trade, being the legal counterparty to both;

(l) "persons acting in concert" in the context of acquisition or holding of shares or voting rights or control shall *mutatis mutandis* have the same meaning as assigned to it in clause (q) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any modification thereof;

(m) "public" includes any member or section of the public but does not include any trading member or clearing member or their associates and agents:

Provided that a public sector bank, public financial institution, an insurance company, mutual fund and alternative investment fund in public sector, that has associate(s) as trading members or clearing members, shall be deemed as public for the purposes of these regulations;

(n) "public interest director" means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role;

(o) "recognised clearing corporation" means a clearing corporation which is recognised by the Board under section 4 read with section 8A of the Act;

(p) "regulatory department" means a department of a recognised stock exchange or a recognised clearing corporation which is entrusted with regulatory powers and duties and includes such department as may be specified by the Board;

(q) "rules" means the Securities Contracts (Regulations) Rules, 1957;

(r) "shareholder director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders who are not trading members or clearing members, as the case may be, or their associates and agents;

(s) "trading member" means a person having trading rights in any recognised stock exchange and includes a stock broker.

(2) Words and expressions used and not defined in these regulations but defined in the Act, the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

CHAPTER II

RECOGNITION OF STOCK EXCHANGES AND CLEARING CORPORATIONS

Obligation to seek recognition.

3. No person shall conduct, organise or assist in organising any stock exchange or clearing corporation unless he has obtained recognition from the Board in accordance with the Act, rules and these regulations:

Provided that a stock exchange, which has been recognised under the Act as on the date of commencement of these regulations, shall be deemed to have been recognised under these regulations and all the provisions of these regulations as they apply to a recognised stock exchange shall also apply to such stock exchange:

Provided further that an existing clearing house of a recognised stock exchange or any person who clears and settles trades of a recognised stock exchange, as on the date of the commencement of these regulations, may continue to do so for a period of three months from the date of commencement of these regulations or, if he has made an application under regulation 4 for recognition, till disposal of such application.

Application for recognition.

4. Subject to compliance with the provisions of Act, rules and these regulations, an application for recognition as a stock exchange shall be submitted to the Board in Form A as prescribed under rule 3 of the rules and an application for recognition as a clearing corporation shall be submitted to Board in Form A as specified in Schedule - I of these regulations.

Fee for application.

5. An applicant seeking recognition as a stock exchange shall pay application fee in terms of rule 4 of the rules, and an applicant seeking recognition as a clearing corporation shall also pay application fee as payable by a stock exchange.

Documents and particulars for application.

6. (1) An application for recognition as a stock exchange or a clearing corporation, as the case may be, shall be accompanied by copies of memorandum of association, articles of association, bye-laws and other documents as provided in sections 3 and 4 of the Act, rule 5 of the rules and these regulations.

(2) In addition to the documents specified in sub-regulation (1), the application for recognition as a clearing corporation shall be accompanied by the agreement(s) entered into by the applicant with the recognised stock exchange(s) and depositories.

Consideration of grant of recognition.

7. (1) The application under regulation 4 shall be governed by the provisions of the Act, rules and these regulations.

(2) An applicant seeking recognition as a stock exchange or clearing corporation shall comply with the following conditions, namely:—

- (a) the applicant is a company limited by shares;
- (b) the applicant is demutualised;
- (c) the applicant, its directors and its shareholders who hold or intend to hold shares, are fit and proper persons as described in regulation 20;
- (d) the applicant satisfies requirements relating to ownership and governance structure specified in these regulations;
- (e) the applicant satisfies networth requirements specified in these regulations;
- (f) the applicant satisfies requisite capability including its financial capacity, functional expertise and infrastructure.

Explanation.—For the purposes of this sub-regulation, the term "demutualised" means that the ownership and management of the applicant is segregated from the trading rights or clearing rights, as the case may be, in terms of these regulations.

(3) An applicant seeking recognition as a stock exchange shall, in addition to conditions as specified in sub-regulations (1) and (2), comply with the following conditions, namely:—

- (a) the applicant has the necessary infrastructure for orderly execution of trades;
- (b) the applicant has an online screen-based trading system;
- (c) the applicant has an online surveillance capability which monitors positions, prices and volumes in real time so as to ensure market integrity;
- (d) the applicant has adequate infrastructure to list securities for trading on its platform, wherever applicable;
- (e) the applicant has necessary capability to have a nationwide network of trading members and has adequate facility to admit and regulate its members;
- (f) the applicant has made necessary arrangements to establish connectivity with its trading members and clearing corporation;
- (g) the applicant has adequate Investor Protection Fund and Investor Services Fund;
- (h) the applicant has adequate investor grievances redressal mechanism and arbitration mechanism to resolve disputes arising out of trades and its settlement;
- (i) the applicant has the facility to disseminate information about trades, quantities and quotes in real time to at least two information vending networks which are accessible to investors in the country;
- (j) the applicant has adequate systems' capacity supported by a business continuity plan including a disaster recovery site;
- (k) the applicant has in its employment, sufficient number of persons having adequate professional and other relevant experience;
- (l) the business feasibility plan has been appraised by a reputed agency having expertise in securities market; and
- (m) any other conditions as may be specified by the Board.

(4) An applicant seeking recognition as a clearing corporation shall, in addition to conditions as specified in sub-regulations (1) and (2), comply with the following conditions, namely:—

- (a) the applicant has necessary infrastructure to ensure timely clearing and settlement of trades;
- (b) the applicant has adequate risk management mechanism;
- (c) the applicant has a settlement procedure including netting, novation and guarantee for settlement of trades in place, which is in accordance with the manner specified by the Board;
- (d) the applicant has the capacity to establish a fund to guarantee settlement of trades;
- (e) the applicant has necessary capability to have a wide network of clearing members and has adequate facility to admit and regulate its members;
- (f) the applicant has established connectivity with the depositories, clearing banks, stock exchange and clearing members;
- (g) the applicant has adequate systems' capacity for on-line/real time risk management of trades cleared and settled and is supported by a suitable business continuity plan including a disaster recovery site;
- (h) the applicant has in its employment, sufficient number of persons having adequate professional and other relevant experience to the satisfaction of the Board;
- (i) the applicant has the necessary arrangements in place for resolving disputes and redressal of grievances arising out of clearing and settlement of trades;

- (j) the applicant has an agreement with a depository and with a recognised stock exchange in respect of clearing and settlement of the trades;
- (k) the business feasibility plan has been appraised by a reputed agency having expertise in securities market; and
- (l) any other conditions as may be specified by the Board.

(5) The Board may, on being satisfied with the capability of the applicant to comply with the conditions laid down in this regulation, grant an in-principle approval to the applicant which shall be valid for a period of one year:

Provided that the Board may, upon sufficient cause shown by the applicant, extend the validity of in-principle approval for a further period not exceeding six months.

Power to make inquiries and call for information.

8. The Board may, before granting recognition to a stock exchange or clearing corporation, make inquiries and require such further information or document to be furnished, as it may deem necessary.

Grant of recognition.

9. (1) The Board may, after considering the application under regulation 4 and on being satisfied that the applicant has complied with the conditions laid down in regulation 7 and is eligible to act as a recognised stock exchange or a recognised clearing corporation, as the case may be, grant recognition to the applicant in terms of section 4 of the Act, in the interest of the securities market.

(2) The recognition granted to a stock exchange under sub-regulation (1) shall be in Form B of the rules.

(3) The recognition granted to a clearing corporation shall be in Form B of Schedule-I of these regulations.

(4) The recognised stock exchange and the recognised clearing corporation shall comply with such other conditions, including those with regard to the nature of securities to be dealt with, as may be imposed by the Board from time to time.

Period of recognition.

10. (1) The period of recognition granted to a stock exchange shall be as per rule 6 of the rules.

(2) The recognition granted to a clearing corporation, unless granted on a permanent basis, shall be for such period not less than one year as may be specified in the recognition.

Regulatory fee.

11. (1) Every recognised stock exchange shall pay the regulatory fee in terms of Securities and Exchange Board of India (Regulatory Fee on Stock Exchanges) Regulations, 2006.

(2) Every recognised clearing corporation shall pay the regulatory fee as the Board may specify.

Renewal of recognition.

12. (1) In addition to rule 7 of the rules, the provisions of these regulations, as they apply for grant of recognition to a stock exchange, shall also apply in relation to an application for renewal of recognition of a recognised stock exchange.

(2) A recognised clearing corporation desirous of renewal of recognition shall make an application to the Board in Form A of Schedule-I of these regulations and such application shall reach the Board atleast three months prior to the date of expiry of the recognition.

(3) The provisions of these regulations, as they apply for grant of recognition to a clearing corporation, shall also apply in relation to an application for renewal of recognition of a recognised clearing corporation.

(4) An applicant seeking renewal of recognition as a stock exchange shall pay fee in terms of rule 7 of the rules, and an applicant seeking renewal of recognition as a clearing corporation shall also pay fee as payable by a stock exchange.

(5) The recognised stock exchange and recognised clearing corporation shall comply with the applicable conditions specified in sub-regulation (3) and sub-regulation (4) of regulation 7, as the case may be, on a continuous basis.

Withdrawal of recognition.

13. The recognition granted to a stock exchange or a clearing corporation may be withdrawn in the manner provided under section 5 of the Act.

CHAPTER III NETWORTH OF STOCK EXCHANGE AND CLEARING CORPORATION

Networth requirements.

14. (1) Every recognised stock exchange shall have a minimum networth of one hundred crore rupees at all times:

Provided that a recognised stock exchange having a lesser networth as on the date of commencement of these regulations shall achieve a minimum networth of one hundred crore rupees within a period of three years from the date of commencement of these regulations.

(2) Every applicant seeking recognition as a clearing corporation under regulation 4 shall have a minimum networth of one hundred crore rupees:

Provided that sub-regulation (2) shall not apply to an applicant which clears and settles trades of a recognised stock exchange on the date of commencement of these regulations.

(3) Every recognised clearing corporation shall achieve a minimum networth of three hundred crore rupees within a period of three years from the date of recognition granted under these regulations:

Provided that the Board may, upon an application made by the recognised clearing corporation, extend the time specified above in the interest of the securities market.

(4) A recognised stock exchange or a recognised clearing corporation shall not distribute profits in any manner to its shareholders until the networth specified under sub-regulations (1) and (3), as the case may be, is achieved.

(5) Every recognised stock exchange or recognised clearing corporation shall submit an audited networth certificate from the statutory auditor on a yearly basis by the thirtieth day of September of every year for the preceding financial year.

Explanation I.—For the purposes of this regulation, 'networth of a stock exchange' means the aggregate value of paid up equity share capital plus free reserves (excluding statutory funds, benefit funds and reserves created out of revaluation) reduced by the investments in businesses, whether related or unrelated, aggregate value of accumulated losses and deferred expenditure not written off, including miscellaneous expenses not written off.

Explanation II.—For the purposes of this regulation, 'networth of a clearing corporation' means the aggregate value of its liquid assets calculated in the manner as specified by the Board from time to time.

CHAPTER IV OWNERSHIP OF STOCK EXCHANGES AND CLEARING CORPORATIONS

Definitions.

15. For the purposes of this Chapter:

- (a) "banking company" shall have the same meaning as assigned to it in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- (b) "insurance company" shall have the same meaning as assigned to it in sub-section (8) of section 2 of the Insurance Act, 1938 (4 of 1938);
- (c) "person resident in India" shall have the same meaning as assigned to it in clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);
- (d) "person resident outside India" shall have the same meaning as assigned to it in clause (w) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).

General conditions.

16. (1) Save as otherwise provided in these regulations, the shareholding or voting rights of any person in a recognised stock exchange or a recognised clearing corporation shall not exceed the limits specified in this Chapter at any point of time.

(2) The shareholding as specified in this Chapter shall include any instrument owned or controlled, directly or indirectly, that provides for entitlement to equity or rights over equity at any future date:

Provided that any equity or rights over equity, arising from such instruments in excess of limit of shareholding specified in this Chapter on the date of commencement of these regulations, shall be reduced to the specified limit within a period as may be decided by the Board, which may extend upto three years from the date of such commencement.

Shareholding in a recognised stock exchange.

17. (1) Atleast fifty one per cent. of the paid up equity share capital of a recognised stock exchange shall be held by public.

(2) No person resident in India shall at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent. of the paid up equity share capital in a recognised stock exchange:

Provided that,—

- (i) a stock exchange;
- (ii) a depository;
- (iii) a banking company;
- (iv) an insurance company; and
- (v) a public financial institution,

may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent. of the paid up equity share capital of a recognised stock exchange.

(3) No person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than five per cent. of the paid up equity share capital in a recognised stock exchange.

(4) The combined holding of all persons resident outside India in the paid up equity share capital of a recognised stock exchange shall not exceed, at any time, forty-nine per cent. of its total paid up equity share capital, subject to the following:—

- (a) the combined holding of such persons acquired through the foreign direct investment route shall not exceed twenty six per cent. of the total paid up equity share capital, at any time;
- (b) the combined holding of foreign institutional investors shall not exceed twenty three per cent. of the total paid up equity share capital, at any time;
- (c) no foreign institutional investor shall acquire shares of a recognised stock exchange otherwise than through secondary market.

Explanation.—For the purposes of clause (c), the acquisition of shares in a recognised stock exchange through secondary market shall be construed as follows:—

- I. If the recognised stock exchange is not listed, a foreign institutional investor may acquire its shares through transactions outside of a recognised stock exchange provided it is not an initial allotment of shares;
- II. If the recognised stock exchange is listed, the transactions by a foreign institutional investor shall be done through the recognised stock exchange where such shares are listed.

(5) No clearing corporation shall hold any right, stake or interest, of whatsoever nature, in any recognised stock exchange.

Shareholding in a recognised clearing corporation.

18.(1) Atleast fifty one per cent. of the paid up equity share capital of a recognised clearing corporation shall be held by one or more recognised stock exchange(s):

Provided that no recognised stock exchange shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than fifteen per cent. of the paid up equity share capital in more than one recognised clearing corporation.

(2) No person resident in India, except a recognised stock exchange as permitted in sub-regulation (1), shall at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent. of the paid up equity share capital in a recognised clearing corporation:

Provided that,—

- (i) a depository;
- (ii) a banking company;
- (iii) an insurance company; and
- (iv) a public financial institution,

may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent. of the paid up equity share capital of a recognised clearing corporation.

(3) No person resident outside India shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent. of the paid up equity share capital in a recognised clearing corporation.

(4) The combined holding of all persons resident outside India in the paid up equity share capital of a recognised clearing corporation shall not exceed, at any time, forty-nine per cent. of its total paid up equity share capital, subject to the following:—

- (a) the combined holding of such persons acquired through the foreign direct investment route shall not exceed twenty six per cent. of the total paid up equity share capital, at any time;
- (b) the combined holding of foreign institutional investors shall not exceed twenty three per cent. of the total paid up equity share capital, at any time;
- (c) no foreign institutional investor shall acquire shares of a recognised clearing corporation otherwise than through secondary market.

(5) Any person holding equity shares in a recognised clearing corporation in excess of the limits specified in this regulation on the date of commencement of these regulations shall comply with the conditions specified in this regulation within a period of three years from the date of such commencement.

Eligibility for acquiring or holding shares.

19. (1) No person shall, directly or indirectly, acquire or hold equity shares of a recognised stock exchange or recognised clearing corporation unless he is a fit and proper person.

(2) Any person who, directly or indirectly, either individually or together with persons acting in concert, acquire equity shares such that his shareholding exceeds two per cent. of the paid up equity share capital of a recognised stock exchange or recognised clearing corporation shall seek approval of the Board within fifteen days of the acquisition.

(3) A person eligible to acquire or hold more than five per cent. of the paid up equity share capital under sub-regulation (2) of regulation 17 and sub-regulation (2) of regulation 18 may acquire or hold more than five per cent. of the paid up equity share capital of a recognised

stock exchange or a recognised clearing corporation only if he has obtained prior approval of the Board.

(4) Any person holding more than two per cent. of the paid up equity share capital of the recognised stock exchange or the clearing corporation on the date of commencement of these regulations, shall ensure compliance with this regulation within a period of ninety days from the date of such commencement.

(5) If approval under sub-regulation (2) or (3) is not granted by the Board to any person, such person shall forthwith divest his excess shareholding.

(6) Any person holding more than two per cent. of the paid up equity share capital in a recognised stock exchange or a recognised clearing corporation, as the case may be, shall file a declaration within fifteen days from the end of every financial year to the recognised stock exchange or recognised clearing corporation, as the case may be, that he complies with the fit and proper criteria provided in these regulations.

Fit and proper criteria.

20. (1) For the purposes of these regulations, a person shall be deemed to be a fit and proper person if—

(a) such person has a general reputation and record of fairness and integrity, including but not limited to—

- (i) financial integrity;
- (ii) good reputation and character; and
- (iii) honesty;

(b) such person has not incurred any of the following disqualifications—

- (i) the person, or any of its whole time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
- (ii) an order for winding up has been passed against the person;
- (iii) the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;
- (iv) an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- (v) any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the order has not elapsed;
- (vi) the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force; and
- (vii) the person is financially not sound.

(2) If any question arises as to whether a person is a fit and proper person, the Board's decision on such question shall be final.

Disclosure of shareholding.

21. (1) Without prejudice to the provisions of the Act, rules and these regulations, the recognised stock exchange(s) and the recognised clearing corporation(s) shall disclose to the Board, in the format specified by the Board, their shareholding pattern on a quarterly basis within fifteen days from the end of each quarter, including therein the following:—

- (a) the names of the ten largest shareholders along with the number and percentage of shares held by them;
- (b) the names of the shareholders falling under regulations 17 and 18 who had acquired shares in that quarter.

(2) A recognised stock exchange and a recognised clearing corporation shall monitor and ensure compliance with this Chapter at all times.

Record keeping.

22. In addition to the requirements under other laws in force, a recognised stock exchange and recognised clearing corporation shall maintain and preserve all the books, registers, other documents and records relating to the issue or transfer of its securities for a period of not less than ten years.

CHAPTER V**GOVERNANCE OF STOCK EXCHANGES AND CLEARING CORPORATIONS****Composition of the governing board.**

23. (1) The governing board of every recognised stock exchange and recognised clearing corporation shall include:

- (a) shareholder directors;
- (b) public interest directors; and,
- (c) managing director.

(2) Subject to prior approval of the Board, the chairperson shall be elected by the governing board from amongst the public interest directors.

(3) The number of public interest directors shall not be lesser than the number of shareholder directors in a recognised stock exchange.

(4) The number of public interest directors of a recognised clearing corporation shall not be less than two-third, and shareholder directors shall not exceed one-third, of its governing board strength.

(5) The managing director shall be an ex-officio director on the governing board and shall not be included in either the category of public interest directors or shareholder directors.

(6) Any employee of a recognised stock exchange or recognised clearing corporation may be appointed on the governing board in addition to the managing director, and such director shall be deemed to be a shareholder director.

(7) No trading member or clearing member, or their associates and agents, shall be on the governing board of any recognised stock exchange or recognised clearing corporation.

(8) Atleast one public interest director shall be present in the meetings of the governing board to constitute the quorum.

(9) No foreign institutional investor shall have any representation in the governing board of a recognised stock exchange or a recognised clearing corporation.

(10) Every recognised stock exchange shall ensure compliance with the provisions of this regulation within three months from the date of commencement of these regulations.

Conditions of appointment of directors.

24. (1) The appointment and re-appointment of all shareholder directors on the governing board of every recognised stock exchange or recognised clearing corporation shall be with the prior approval of the Board.

(2) The public interest directors on the governing board of the recognised stock exchange(s) and the recognised clearing corporation(s) shall be nominated by the Board.

(3) Public interest directors shall be nominated for a fixed term of three years, or for such extended period, as may be approved by the Board.

(4) If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, the Board's decision shall be final.

(5) A public interest director may be renominated after a cooling-off period of one year or such period as the Board may deem fit in the interest of the securities market.

(6) Public interest directors shall be paid only sitting fees as specified in the Companies Act, 1956.

Appointment of managing director.

25. (1) The appointment, renewal of appointment and termination of service of the managing director of a recognised stock exchange or a recognised clearing corporation shall be subject to prior approval of the Board.

(2) Every recognised stock exchange or recognised clearing corporation shall, subject to the guidelines issued by the Board from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the managing director.

(3) The appointment of the managing director shall be for a tenure not less than three years and not exceeding five years.

(4) The managing director of a recognised stock exchange or a recognised clearing corporation shall not—

(a) be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be;

- (b) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or
- (c) hold any position concurrently in the subsidiary of a recognised stock exchange or a recognised clearing corporation, or in any other entity associated with a recognised stock exchange or a recognised clearing corporation:

Provided that the managing director of a recognised stock exchange may be appointed on the governing board, but not as managing director, of the subsidiary of a recognised stock exchange or a recognised clearing corporation, as the case may be.

(5) The managing director shall be liable for removal or termination of services by the governing board of the recognised stock exchange or recognised clearing corporation with the prior approval of the Board for failure to give effect to the directions, guidelines and other orders issued by the Board, or the rules, the articles of association, bye-laws and regulations of the recognised stock exchange or the recognised clearing corporation.

(6) The Board may *suo motu* remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:

Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.

Code of Conduct for directors and key management personnel.

26. (1) Every director of a recognised stock exchange and a recognised clearing corporation shall abide by the Code of Conduct specified under Part- A of Schedule- II of these regulations.

(2) Every director and key management personnel of a recognised stock exchange and a recognised clearing corporation shall abide by the Code of Ethics specified under Part- B of Schedule- II of these regulations.

(3) Every director and key management personnel of a recognised stock exchange and a recognised clearing corporation shall be a fit and proper person as described in regulation 20.

(4) The Board may, for any failure by the directors to abide by these regulations or the Code of Conduct or Code of Ethics or in case of any conflict of interest, either upon a reference from the recognised stock exchange or the recognised clearing corporation or *suo motu*, take appropriate action including removal or termination of the appointment of any director, after providing him a reasonable opportunity of being heard.

Compensation and tenure of key management personnel.

27. (1) A recognised stock exchange or a recognised clearing corporation shall constitute a compensation committee comprising a majority of public interest directors and chaired by a public interest director.

(2) The compensation committee shall determine the compensation of key management personnel in terms of a compensation policy.

(3) The compensation policy shall be in accordance with the norms specified by the Board.

(4) The compensation payable to the managing director shall be as approved by the Board and the terms and conditions of the compensation of the managing director shall not be changed without prior approval of the Board.

(5) The compensation given to the key management personnel shall be disclosed in the Report of the recognised stock exchange or recognised clearing corporation under section 217 of the Companies Act, 1956.

(6) The tenure of a key management personnel, other than a director, shall be for a fixed period, as may be decided by the compensation committee.

Segregation of regulatory departments.

28. The recognised stock exchange and recognised clearing corporation shall segregate its regulatory departments from other departments in the manner specified in Part- C of Schedule - II of these regulations.

Oversight committees.

29. (1) Every recognised stock exchange shall constitute independent oversight committees of the governing board, each chaired by a public interest director, in order to address the conflicts of interest in respect of—

- (a) member regulation,
- (b) listing functions, and
- (c) trading and surveillance function.

(2) A recognised stock exchange shall follow the minimum listing standards specified by the Board from time to time.

(3) The heads of departments handling the matters referred to in sub-regulation (1) shall report directly to the respective committee and also to the managing director.

(4) Any action of a recognised stock exchange against a head of a regulatory department shall be subject to an appeal to the respective committee specified under sub-regulation (1), within such period as may be determined by the governing board.

(5) The provisions of this regulation shall *mutatis mutandis* apply to a recognised clearing corporation.

Advisory committee.

30. (1) An advisory committee shall be constituted by the governing board of every recognised stock exchange and recognised clearing corporation to advise the governing board on non-regulatory and operational matters including product design, technology, charges and levies.

(2) The advisory committee of a recognised stock exchange shall comprise its trading members and the advisory committee of a recognised clearing corporation shall comprise its clearing members.

(3) The chairperson of the governing board shall be the head of the advisory committee and the managing director shall be a permanent invitee to every meeting of the advisory committee.

(4) The advisory committee shall meet at least four times a year with a maximum gap of three months between two meetings.

(5) The recommendations of the advisory committee shall be placed in the ensuing meeting of the governing board of the recognised stock exchange or the recognised clearing corporation for consideration and appropriate decision of the governing board, and such recommendations along with the decision of the governing board on the same, shall be disclosed on their respective websites.

(6) Trading members and clearing members shall not be part of any other committee of the recognised stock exchange or the recognised clearing corporation, as the case may be.

Risk management committee of a clearing corporation.

31. (1) Every recognised clearing corporation shall constitute a risk management committee, comprising its public interest directors and independent external experts, which shall report to the governing board.

(2) The risk management committee shall formulate a detailed risk management policy which shall be approved by the governing board.

(3) The head of the risk management department shall be responsible for implementation of the risk management policy and he shall report to the risk management committee and to the managing director of the recognised clearing corporation.

(4) The risk management committee shall monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any.

Appointment of compliance officer.

32. (1) Every recognised stock exchange and recognised clearing corporation shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, rules, regulations, or directions issued thereunder and for the redressal of investors' grievances.

(2) The compliance officer shall, immediately and independently, report to the Board any non-compliance of any provision stated in sub-regulation (1) observed by him.

Transfer of profits.

33. Every recognised stock exchange shall credit twenty five per cent. of its profits every year to the Fund as specified in regulation 39, of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange.

Transfer of penalties.

34. Penalties levied by recognised stock exchange or recognised clearing corporation shall be credited to its Investor Protection Fund or the Fund as specified in regulation 39, as the case may be.

Disclosure and corporate governance norms.

35. The disclosure requirements and corporate governance norms as specified for listed companies shall *mutatis mutandis* apply to a recognised stock exchange and a recognised clearing corporation.

CHAPTER VI GENERAL OBLIGATIONS

Clearing and settlement of trades.

36. Every recognised stock exchange shall, with effect from the date specified by the Board in this behalf, use the services of recognised clearing corporation(s) for clearing and settlement of its trades.

Agreement between stock exchange and clearing corporation.

37. (1) Subject to provisions of sub-regulation (2), a recognised stock exchange shall avail the service of a recognised clearing corporation pursuant to an agreement in writing between them stipulating their rights and obligations, the conditions for admission of securities for clearing and settlement, risk management measures, charges for clearing and settlement and other incidental and consequential matters.

(2) The recognised stock exchange shall extend its arbitration mechanism for settlement of disputes or claims arising out of clearing and settlement of trades executed on such stock exchange.

Admission of securities for clearing and settlement.

38. A recognised clearing corporation shall seek approval of the Board before extending its services to any segment of a recognised stock exchange and before admitting any securities for clearing and settlement.

Fund to guarantee settlement of trades.

39. (1) Every recognised clearing corporation shall establish and maintain a Fund by whatever name called, for each segment, to guarantee the settlement of trades executed in respective segment of a recognised stock exchange.

(2) The Settlement Guarantee Fund or the Trade Guarantee Fund of an existing recognised stock exchange shall be transferred to the recognised clearing corporation to which the clearing and settlement functions of the stock exchange are transferred.

(3) Till such time the Fund is transferred under sub-regulation (2), it shall be utilized only for the purposes of meeting settlement obligations as specified by the Board and as per the bye-laws of the recognised stock exchange.

(4) An existing clearing corporation shall continue to utilize its Settlement Guarantee Fund or Trade Guarantee Fund after its recognition under these regulations.

(5) In the event of a clearing member failing to honour his settlement obligations, the Fund shall be utilized to complete the settlement.

(6) The corpus of the Fund shall be adequate to meet the settlement obligations arising on account of failure of clearing member(s).

(7) The sufficiency of the corpus of the Fund shall be tested by way of periodic stress tests, in the manner specified by the Board.

(8) The contribution and utilization of the Fund shall be in accordance with the norms specified by the Board.

Utilization of profits and investments.

40. The utilization of profits and investments by recognised clearing corporations shall be in accordance with the norms specified by the Board.

Equal, fair and transparent access.

41. (1) The recognised clearing corporation shall lay down a transparent policy framework for ensuring that there is no discrimination while rendering clearing and settlement services in settlement of trades on shareholder stock exchange(s) and on non-shareholder stock exchange(s).

(2) The recognised clearing corporation and recognised stock exchange shall ensure equal, unrestricted, transparent and fair access to all persons without any bias towards its associates and related entities.

(3) The recognised stock exchange and recognised clearing corporation shall not engage in activities that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, except through a separate legal entity and as permitted by the Board.

Maintenance of books of accounts and records.

42. (1) Every recognised stock exchange shall maintain and preserve the books of account and documents as per rule 14 of the rules.

(2) Subject to the provisions of any other law for the time being in force, every recognised clearing corporation shall maintain and preserve the following books of account and documents for a minimum period of ten years, namely:—

(a) Minute books of the meetings of:

- (i) governing board;
- (ii) any committees of the governing board;

(b) Record of clearing members showing their full names, addresses and details of bank and depository accounts for settlement purposes;

(c) Transaction records;

(d) Record of security deposits;

(e) Margin deposits book;

(f) Client margin collection details;

(g) Ledgers;

(h) Journals;

(i) Cash book;

(j) Bank account statement;

(k) Such other books of accounts and documents as may be specified by the Board from time to time.

Submission of annual financial statements and returns.

43. (1) Every recognised stock exchange and recognised clearing corporation shall furnish to the Board its annual financial statements and returns as per rule 17 and 17A of the rules.

(2) The records as per sub-regulation (1) with respect to preceding financial year shall be furnished to the Board by the thirtieth of September of every year.

Bye-laws, rules, etc. of stock exchanges and clearing corporation.

44. (1) A recognised stock exchange and recognised clearing corporation shall, with the previous approval of the Board, make bye-laws for the regulation of contracts and clearing and settlement, as the case may be, as per section 9 of the Act and these regulations.

(2) No memorandum of association, articles of association or any other constitution document, in so far as they relate to matters specified in section 3 of the Act or under these regulations and bye-laws of a recognised stock exchange or a recognised clearing corporation, shall be amended except with prior approval of the Board.

CHAPTER VII LISTING OF SECURITIES

Listing.

45. (1) Subject to the provisions of applicable laws in force, a recognised stock exchange may apply for listing of its securities on any recognised stock exchange, other than itself and its associated stock exchange, if,—

- (a) it is compliant with the provisions of these regulations particularly those relating to ownership and governance;
- (b) it has completed three years of continuous trading operations immediately preceding the date of application of listing; and
- (c) it has obtained approval of the Board.

(2) The Board may specify such conditions as it may deem fit in the interest of the securities market including those in relation to transfer of shares held by any person.

(3) A recognised stock exchange shall not list any securities of its associates.

(4) The securities of a recognised clearing corporation shall not be listed on any stock exchange.

Dematerialization.

46. Securities of a recognised stock exchange and a recognised clearing corporation shall be in dematerialised form.

CHAPTER VIII MISCELLANEOUS

Power to call for information.

47. The Board may from time to time call for any information, documents or records from the recognised stock exchange or the recognised clearing corporation, or their governing board or any shareholder thereof.

Power of inspection.

48. (1) The Board may at any time undertake inspection, conduct inquiries and audit of any recognised stock exchange or recognised clearing corporation, any associate of such exchange or clearing corporation, any shareholder of such stock exchange or clearing corporation or any associate and agent of such shareholder.

(2) Where an inspection under sub-regulation (1) is undertaken by the Board, such recognised stock exchange or recognised clearing corporation or shareholder or associate and every manager, director, managing director, chairperson or officer and other employee of such recognised stock exchange, recognised clearing corporation, shareholder or associate shall co-operate with the Board.

Directions by the Board.

49. Without prejudice to exercise of its powers under the provisions of the Act or the Securities and Exchange Board of India Act, 1992 and rules and regulations made thereunder, the Board may, either *suo motu* or on receipt of any information or during pendency of any inspection, inquiry or investigation or on completion thereof, in the interest of public or trade or investors or the securities market, issue such directions as it deems fit, including but not limited to any or all of the following:—

- (a) directing a person holding equity shares or rights over equity shares in a recognised stock exchange or recognised clearing corporation in contravention of these regulations to divest his holding, in such manner as may be specified in the direction;
- (b) directing transfer of any proceeds or securities to the Investor Protection Fund of a recognised stock exchange or Settlement Guarantee Fund of a recognised clearing corporation;
- (c) debarring any recognised stock exchange or recognised clearing corporation, any shareholder of such recognised stock exchange or recognised clearing corporation, or any associate and agent of such shareholder, or any transferee of shares from such shareholder, directors and key management personnel of recognised stock exchange and recognised clearing corporation from accessing the securities market or dealing in securities for such period as may be determined by the Board.

Power to remove difficulties.

50. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars.

Power to specify procedures, etc. and issue clarifications.

51. For the purposes of implementation of these regulations and matters incidental thereto, the Board may specify norms, procedures, processes, manners or guidelines as specified in

these regulations, by way of circulars to recognised stock exchange(s) and recognised clearing corporation(s).

Repeal and savings.

52. (1) On and from the commencement of these regulations, the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognized Stock Exchanges) Regulations, 2006, shall stand repealed.

(2) Notwithstanding such repeal, anything done or any action taken or purported to have been taken or contemplated under the repealed regulations before the commencement of these regulations shall be deemed to have been done or taken or commenced or contemplated under the corresponding provisions of these regulations.

(3) After the repeal of the regulations referred to in sub-regulation (1), any reference thereto in any regulation, guideline, circular or direction issued by the Board shall be deemed to be a reference to the relevant provisions of these regulations.

SCHEDULE - I**FORM A**

[See regulations 4 and 12]

Application for recognition/renewal of recognition of a clearing corporation under regulation 4/regulation 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012

To

.....
.....

Subject: Application for recognition or renewal of recognition of a clearing corporation under regulation 4/regulation 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Sir,

1. We/I on behalf of (name and address of clearing corporation) being a clearing corporation hereby apply for recognition/renewal of recognition for the purposes of the said Act in respect of clearing and settlement of contracts in securities.
2. Two copies of the rules, memorandum and articles of association relating in general to the constitution and management of the clearing corporation and two copies of the bye-laws for the clearing and settlement of contracts in securities are enclosed.
3. All the necessary information required in the Annexure to this Form is enclosed. Any additional information will be furnished as and when called for by the Board.
4. We/I, on behalf of the said clearing corporation, hereby undertake to comply with the requirements of section 4 of the said Act and such other conditions and terms as may be contained in the certificate of recognition or be provided or imposed subsequently.
5. Demand Draft No.....dated.....drawn in favour of Securities and Exchange Board of India for `towards payment of fees as specified in regulation 5/ regulation 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, is attached.

Yours faithfully,

Authorised signatory

ANNEXURE TO FORM 'A'***Part I – General***

1. Name of the applicant clearing corporation.
2. Address.
3. Date of establishment or incorporation of a clearing corporation.
4. Is your clearing corporation a joint stock company (state whether public or private) registered under the Companies Act?
5. Give details of your capital structure and attach three copies of the audited balance sheets and profit and loss account of the clearing corporation for the preceding three years.
6. Give details of shareholding pattern of the clearing corporation.
7. Has your business viability plan been appraised by a reputed agency having expertise in securities market for its viability? Give a copy of the appraisal report.
8. Have you entered into an agreement with recognised stock exchange(s) for clearing and settling its trades? Give the name of such stock exchange(s) and details of its organisation and management.

Part II – Clearing membership of clearing corporation.

9. State the number of clearing members at the time of application. Also specify how many are inactive.
10. State whether there is any provision, resolution or convention for limiting the number of clearing members and whether in pursuance thereof you have fixed a ceiling on the number of clearing members that you would admit.
11. Do you insist on any minimum qualifications and experience before enrolling new clearing members? If so, give details.
12. State the different classes of clearing members, if any, the number thereof and the privileges enjoyed by each class. What is the procedure followed by your clearing corporation for the admission of different classes of new clearing members?
13. What are the rates of your annual subscription in respect of the different classes of clearing members?
14. Do you collect any security deposit from your clearing members? If so, give details and also state the manner in which such deposits are utilised and the rate of interest allowed, if any.
15. Do you collect any admission or entrance fees from your clearing members? If so, how much?
16. Do you insist on your clearing members divesting themselves of other activities either as principal or as employee?
17. Give details of the scale of brokerage and other charges, if any, specified by your clearing corporation.
18. Do you prescribe standard form of agreement to be entered with the trading member for engaging the services of your clearing member? Attach two copies of such agreement.
19. What are the measures adopted by you to regulate or prohibit advertising or issuing circulars by your clearing members?
20. Do you require clearing members to supply such information or explanation and to produce such books relating to their business as your governing board may require?

21. Do you undertake periodic inspection of your clearing members? Give details including the number of annual inspections and manpower available for conducting inspection.

Part III – Governing Board

22. What is the present strength of your governing board? Give details of the constitution, powers of management, election and tenure of office of members of the governing board, and the manner in which its business is transacted.
23. Are any trade or commercial interest represented on your governing board? If so, give details of interests represented.
24. Do you associate members of investors associations with the management of your clearing corporation? If so, state the manner in which it is done.
25. Are there any Government or the Board representatives on your governing board? If so, furnish their names.
26. How many public interest directors are there on the governing board? Furnish their names, qualifications and experience.
27. Do your rules provide for the direct election by clearing members on the Advisory Committee of the governing board? If so, give details of its constitution, tenure, powers and functions.
28. Do you have any provision for the appointment of standing or ad hoc subcommittees of the governing board? If so, furnish details of their composition, appointment, term of office, powers and functions.
29. Give the designations, powers and duties of key management personnel of your clearing corporation. Give details as to the mode of their appointment, tenure of office and remuneration.
30. What are the disciplinary powers with the governing board to enforce due compliance by clearing members of the rules and bye-laws of the clearing corporation and generally to ensure proper standard of business conduct?
31. What provisions have you made for the levy and recovery of fees, fines and penalties?

Part IV – Clearing and Settlement

32. Describe the clearing and settlement system of the clearing corporation.
33. State the different kinds of products being cleared and settled or proposed to be cleared and settled in your clearing corporation (e.g., equity, equity derivative, currency derivatives, interest rate derivatives, debt instruments, etc.). State the period of delivery, payment and the settlement mechanism in each case.
34. What are the conditions subject to which trades are settled and cleared on your clearing corporation?
35. What are your requirements for admitting derivative transactions for clearing and settlement?
36. Do you have the right to prohibit, withdraw or suspend clearing and settlement of dealings admitted for clearing and settlement? If so, under what circumstances is this right exercised?
37. Give details of the clearing and settlement charges and other charges, if any, levied by your clearing corporation.
38. What provisions have you made for periodical settlement of contracts and differences thereunder, the delivery of, and payment for securities and the passing of delivery orders?

39. How do you fix, alter or postpone the dates of settlement?
40. Do you provide any safeguards for the prevention of market manipulation, especially in the case of physical delivery of shares in the derivative markets and for meeting emergencies in settlement? Give details.
41. Provide a detailed assessment of the measures adopted to address the various risks faced by the clearing corporation in terms of the BIS-IOSCO paper on 'Principles for Financial Market Infrastructures.'
42. Do you publish any statistics in regard to business done on the clearing corporation including the value of Settlement Guarantee Fund and transactions settled through the clearing corporation, if maintained? In particular, have you evolved any machinery for computing the gross and net exposure of the clearing corporation and the value of clearing and settling of different kinds of contracts permitted on your clearing corporation? Give details.
43. (a) Do you have any bye-laws, contravention of which makes a contract void?
(b) Do you have necessary infrastructure, margin mechanism and adequate risk management mechanism to ensure market safety and integrity? Give Details
(c) Do you undertake any other activity other than clearing and settling? Give Details.
(d) What is your net worth? Give Details.
(e) Give details of business hours?
(f) What are the conditions subject to which dealings are admitted for clearing and settlement?
44. Do you maintain Settlement Guarantee Fund? Give details of the corpus of the settlement guarantee fund, its contribution, circumstances for utilisation, priority of utilisation, etc
45. How do you ensure the adequacy of the Settlement Guarantee Fund? Do you perform stress tests on a periodic basis. Give details and results of the latest stress test.
46. What is the netting procedure adopted by the clearing corporation for determining the obligations of the clearing member?
47. What is your policy in respect of settling trades of shareholder stock exchange and non-shareholder stock exchange?
48. Do you have any provisions for regulating the volume of business and exposure taken by any individual clearing member other than through a system of margins? If so, give details.
49. What provisions have you made for regulating— (a) the entering into contracts, their performance and rescission (b) the consequences of breach, default or insolvency on the part of trading or clearing members whether acting as buyers, sellers or intermediaries?

Part V – Infrastructure

50. Do you have any machinery for arbitration of disputes between clearing members and/or between clearing members and their constituents and trading member and clearing member? Give details.
51. Have you established connectivity with the depositories, clearing banks, stock exchange and clearing members? Give details.
52. What is the average load that is being handled by your systems? What is the peak load that can be handled and the extent of scalability of the systems in times of stress?
53. What is your business continuity plan? Give details including details of the disaster recovery site.
54. What are the names, qualifications and expertise of your key management personnel?

FORM B

[See regulation 9 and 12]

The Securities and Exchange Board of India

No.The Securities and Exchange Board of India, having considered the application for grant of recognition/renewal of recognition under regulation 4/regulation 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 by..... (name and address of clearing corporation) and being satisfied that it would be in the interest of the trade, in the interest of securities market and also in the public interest so to do, hereby grants, in exercise of the powers conferred by section 4 read with sub-section (4) of section 8A of the Securities Contracts (Regulation) Act, 1956, recognition to the said clearing corporation for year/years ending20 subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

Seal of the Board

Date:

Place: Mumbai

Signature of Officer

SCHEDULE - II**PART - A**

[See regulation 26(1)]

Code of conduct for the directors on the governing board**i. Meetings and minutes.**

Every director of the recognised stock exchange and recognised clearing corporation shall—

- a) not participate in discussions on 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;
- b) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- c) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes;
- d) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- e) endeavour to have the date of next meeting fixed at each governing board meeting in consultation with other members of the governing board;
- f) endeavour to ensure that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within fifteen days for considering the remaining items.

ii. Code of Conduct for the public interest directors.

- a) In addition to the conditions stated in Para (i) above, public interest directors of the recognised stock exchange or recognised clearing corporation shall, endeavour to attend all the governing board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the governing board or do not attend seventy five per cent. of the total meetings of the governing board in a calendar year.
- b) Public interest directors shall meet separately, at least once in six months to exchange views on critical issues.

iii. Strategic planning.

Every director of the recognised stock exchange and recognised clearing corporation shall—

- a) participate in the formulation and execution of strategies in the best interest of the recognised stock exchange or recognised clearing corporation and contribute towards pro-active decision making at the governing board level;
- b) give benefit of their experience and expertise to the recognised stock exchange or recognised clearing corporation and provide assistance in strategic planning and execution of decisions.

iv. Regulatory compliances.

Every director of the recognised stock exchange and recognised clearing corporation shall—

- a) endeavour to ensure that the recognised stock exchange or recognised clearing corporation abides by all the provisions of the Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, rules and regulations framed thereunder and the circulars, directions issued by the Board 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 recognised stock exchange or recognised clearing corporation takes steps commensurate to honour the time limit stipulated by Board for corrective action;
- 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 the Board.

v. General responsibility.

Every director of the recognised stock exchange and recognised clearing corporation shall—

- a) place priority for redressing investor grievances and encouraging fair trade practice so that the recognised stock exchange or recognised clearing corporation becomes an engine for the growth of the securities market;
- b) endeavour to analyse and administer the recognised stock exchange or recognised clearing corporation issues with professional competence, fairness, impartiality, efficiency and effectiveness;
- c) submit the necessary disclosures/statement of holdings/dealings in securities as required by the recognised stock exchange or recognised clearing corporation from time to time as per their Rules or Articles of Association;
- d) unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
- e) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;
- f) perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- g) perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion;
- h) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the recognised stock exchange or recognised clearing corporation.

PART - B
[See regulation 26(2)]

Code of Ethics for directors and key management personnel of stock exchanges or clearing corporations

The 'Code of Ethics' for directors and key management personnel of the recognised stock exchanges or recognised clearing corporations, is aimed at improving the professional and ethical standards in the functioning of recognised stock exchanges or recognised clearing corporations thereby creating better investor confidence in the integrity of the market.

i. Objectives and underlying principles.

The Code of Ethics for directors and key management personnel of the recognised stock exchange or recognised clearing corporation seeks to establish a minimum level of business/ professional ethics to be followed by these directors and key management personnel, 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 stock exchange or clearing corporation and the investors.
- Compliance with all laws/ rules/ regulations laid down by regulatory agencies/ recognised stock exchange/ recognised clearing corporation.
- Exercising due diligence in the performance of duties.
- Avoidance of conflict of interest between self interest of directors/ key management personnel and interests of recognised stock exchange or recognised clearing corporation and investors.

ii. Ethics committee.

For overseeing implementation of this Code, an ethics committee shall be constituted by every recognised stock exchange and recognised clearing corporation under the respective governing board.

iii. General standards.

- a) Directors and key management personnel shall endeavour to promote greater awareness and understanding of ethical responsibilities.
- b) Directors and key management personnel, in the conduct of their business shall observe high standards of commercial honour and just and equitable principles of trade.
- c) The conduct of directors and key management personnel in business life should be exemplary which will set a standard for other members of the recognised stock exchange or recognised clearing corporation.
- d) Directors and key management personnel shall not use their position to give/get favours to/from the executive or administrative staff of the stock exchange or clearing corporation, technology or service providers and vendors of the recognised stock exchange or clearing corporation, or any listed

company at the recognised stock exchange.

- e) Directors and key management personnel shall not commit any act which will put the reputation of the recognised stock exchange or recognised clearing corporation, in jeopardy.
- f) Directors, committee members and key management personnel of the recognised stock exchange or recognised clearing corporation, should comply with all rules and regulations applicable to the securities market.

iv. Disclosure of dealings in securities by key management personnel of the stock exchange or clearing corporation.

- a) Key management personnel of the recognised stock exchange or recognised clearing corporation shall disclose on a periodic basis as determined by the stock exchange or recognised clearing corporation (which could be monthly), all their dealings in securities, directly or indirectly, to the governing board/ ethics committee/ Compliance Officer.
- b) The dealings in securities shall also be subject to trading restrictions for securities about which key management personnel in the recognised stock exchange or recognised clearing corporation may have non-public price sensitive information. Requirement laid down under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 may be referred in this regard.
- c) 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 sixty days before they are sold. However, in specific/exceptional circumstances, sale can be effected anytime by obtaining pre-clearance from the Compliance Officer to waive this condition after recording in writing his satisfaction in this regard.

Explanation.—"securities" for the purposes of this Code shall not include mutual fund units.

v. Disclosure of dealings in securities by directors of the stock exchange or clearing corporation.

- a) All transactions in securities by the directors and their family shall be disclosed to the governing board of the recognised stock exchange or recognised clearing corporation.
- b) All directors shall also disclose the trading conducted by firms/corporate entities in which they hold twenty per cent. or more beneficial interest or hold a controlling interest, to the Ethics Committee.
- c) Directors who are Govt. of India nominees or nominees of Govt. of India statutory bodies or financial institutions and are governed by their own codes shall be exempt from this requirement.

vi. Avoidance of conflict of interest.

- a) No director of the governing board or member of any committee of the recognised stock exchange or recognised clearing corporation shall participate in any decision

making/adjudication in respect of any person /matter in which he is in any way, directly or indirectly, concerned or interested.

- b) Whether there is any conflict of interest or not in a matter, should be decided by the governing board.

vii. Disclosures of beneficial interest.

All directors and key management personnel shall disclose to the governing board, upon assuming office and during their tenure in office, whenever the following arises:—

- a) any fiduciary relationship of self and family members and directorship/partnership of self and family members in any trading member or clearing member;
- b) shareholding, in cases where the shareholding of the director, directly or through his family exceeds 5 per cent. in any listed company or in other entities related to the securities markets;
- c) any other business interests.

viii. Role of the Chairperson and directors in the day to day functioning of the stock exchange or clearing corporation.

- a) The Chairperson and directors shall not interfere in the day to day functioning of the recognised stock exchange or recognised clearing corporation and shall limit their role to decision making on policy issues and to issues as the governing board may decide.
- b) The Chairperson and directors shall abstain from influencing the employees of the recognised stock exchange or recognised clearing corporation in conducting their day to day activities.
- c) The Chairperson and directors shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the governing board.

ix. Access to information.

- a) Directors shall call for information only as part of specific committees or as may be authorised by the governing board.
- b) 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.
- c) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/ gain.
- d) Any information relating to the business/operations of the recognised stock exchange or recognised clearing corporation, which may come to the knowledge of directors/ key management personnel 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.

x. Misuse of position.

Directors/ committee members shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

xi. Ethics committee to lay down procedures.

- a) The ethics committee shall lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.
- b) The Compliance Officer shall execute the requirements laid down by the ethics committee.

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 key management personnel of the recognised stock exchange or recognised clearing corporation commit themselves to the task of enhancing the fairness and integrity of the system in letter and spirit.

PART - C

[See regulation 28]

Measures to ensure segregation of regulatory departments

In order to ensure the segregation of regulatory departments, every recognised stock exchange and recognised clearing corporation shall adopt a "Chinese Wall" policy which separates the regulatory departments of the recognised stock exchange or recognised clearing corporation from the other departments. The employees in the regulatory departments shall not communicate any information concerning regulatory activity to any one in other departments. The employees in regulatory areas may be physically segregated from employees in other departments including with respect to access controls. In exceptional circumstances employees from other departments may be given confidential information on "need to know" basis, under intimation to the Compliance Officer.

U. K. SINHA, Chairman

[ADVT. III/4/69-ZB/12/Exty.]

रजिस्ट्री सं. डी.एल.-33004 / 99

REGISTERED NO. DL-33004/99



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं 15]

नई दिल्ली, शुक्रवार, अक्टूबर 29, 1999 / कार्तिक 7, 1920

No. 15]

NEW DELHI, FRIDAY, OCTOBER 29, 1999 / KARTIKA 7, 1920

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

LOK SABHA

The following Bills were introduced in Lok Sabha on 29.10.1999.

BILL No. 70 OF 1999

A Bill further to amend the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Securities Laws (Amendment) Act, 1999.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title and
commence-
ment.

Amendment of
section 2.

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act),—

42 of 1956.

(a) after clause (a), the following clause shall be inserted, namely:—

'(aa) "derivative" includes—

(A) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security;

(B) a contract which derives its value from the prices, or index of prices, of underlying securities;";

(b) in clause (h), after sub-clause (i), the following sub-clauses shall be inserted, namely:—

"(ia) derivative;

(ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;".

Insertion of new
section 18A.

3. After section 18 of the principal Act, the following section shall be inserted, namely:—

Contracts in
derivative.

"18A. Notwithstanding anything contained in any other law for the time being in force, contracts in derivative shall be legal and valid if such contracts are—

(a) traded on a recognised stock exchange;

(b) settled on the clearing house of the recognised stock exchange,

in accordance with the rules and bye-laws of such stock exchange."

Amendment of
section 21.

4. In the heading occurring above section 21 of the principal Act, the words "BY PUBLIC COMPANIES" shall be omitted.

Amendment of
section 22.

5. In section 22 of the principal Act,—

(a) after the words "public company", the words "or collective investment scheme" shall be inserted;

(b) after the word "company", the words "or scheme" shall be inserted.

Amendment of
section 23.

6. In section 23 of the principal Act, in sub-section (1), after clause (c), the following clause shall be inserted, namely:—

"(d) enters into any contract in derivative in contravention of section 18A or the rules made under section 30."

Amendment of
section 24.

7. In section 24 of the principal Act, after sub-section (2) in the *Explanation*, for sub-clause (b), the following sub-clause shall be substituted, namely:—

'(b) "director", in relation to—

(i) a firm, means a partner in the firm;

(ii) any association of persons or a body of individuals, means any member controlling the affairs thereof.'

Insertion of new
section 27A.

8. After section 27 of the principal Act, the following section shall be inserted, namely:—

Right to receive
income from
collective
investment
scheme.

"27A. (1) It shall be lawful for the holder of any securities, being units or other instruments issued by collective investment scheme, whose name appears on the books of the collective investment scheme issuing the said security to receive and retain any income in respect of units or other instruments issued by the collective investment scheme declared by the collective investment scheme in respect thereof for any year, notwithstanding that the said security, being units or

other instruments issued by collective investment scheme, has already been transferred by him for consideration, unless the transferee who claims the income in respect of units or other instruments issued by collective investment scheme from the transfer or has lodged the security and all other documents relating to the transfer which may be required by the collective investment scheme with the collective investment scheme for being registered in his name within fifteen days of the date on which the income in respect of units or other instruments issued by the collective investment scheme became due.

Explanation.—The period specified in this section shall be extended—

(i) in case of death of the transferee, by the actual period taken by his legal representative to establish his claim to the income in respect of units or other instrument issued by collective investment scheme;

(ii) in case of loss of the transfer deed by theft or any other cause beyond the control of the transferee, by the actual period taken for the replacement thereof; and

(iii) in case of delay in the lodging of any security, being units or other instruments issued by collective investment scheme, and other documents relating to the transfer due to causes connected with the post, by the actual period of the delay.

(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a collective investment scheme to pay any income from units or other instruments issued by collective investment scheme which has become due to any person whose name is for the time being registered in the books of the collective investment scheme as the holder of the security being units or other instruments issued by collective investment scheme in respect of which the income in respect of units or other instruments issued by collective scheme has become due; or

(b) the right of transferee of any security, being units or other instruments issued by collective investment scheme, to enforce against the transferor or any other person his rights, if any, in relation to the transfer in any case where the company has refused to register the transfer of the security being units or other instruments issued by collective investment scheme in the name of the transferee."

9. For section 29A of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 29A.

"29A. The Central Government may, by order published in the Official Gazette, direct that the powers (except the power under section 30) exercisable by it under any provision of this Act shall, in relation to such matters and subject to such conditions, if any, as may be specified in the order, be exercisable also by the Securities and Exchange Board of India or the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934."

Power to delegate.

2 of 1934.

10. In section 30 of the principal Act, in sub-section (2), for clause (h), the following clause shall be substituted, namely:—

Amendment of section 30.

"(h) the requirements which shall be complied with—

(A) by public companies for the purpose of getting their securities listed on any stock exchange;

(B) by collective investment scheme for the purpose of getting their units listed on any stock exchange;"

Amendment of
Act 15 of 1992.

11. In the Securities and Exchange Board of India Act, 1992,—

(i) in section 2, in sub-section (J), after clause (b), the following clause shall be inserted, namely:—

“(ba) “collective investment scheme” means any scheme or arrangement which satisfies the conditions specified in section 11AA;”;

(ii) after section 11A, the following section shall be inserted, namely:—

“11AA. (1) Any scheme or arrangement which satisfies the conditions referred to in sub-section (2) shall be a collective investment scheme.

(2) Any scheme or arrangement made or offered by any company under which,—

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized for the purposes of the scheme or arrangement;

(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement;

(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;

(iv) the investors do not have day to day control over the management and operation of the scheme or arrangement.

(3) Notwithstanding anything contained in sub-section (2), any scheme or arrangement—

(i) made or offered by a co-operative society registered under the Co-operative Societies Act, 1912 or a society being a society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State;

2 of 1912.

(ii) under which deposits are accepted by non-banking financial companies as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934;

2 of 1934.

(iii) being a contract of insurance to which the Insurance Act, 1938, applies;

4 of 1938.

(iv) providing for any Scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund and Miscellaneous Provisions Act, 1952;

19 of 1952.

(v) under which deposits are accepted under section 58A of the Companies Act, 1956;

1 of 1956.

(vi) under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society under section 620A of the Companies Act, 1956;

1 of 1956.

(vii) falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982;

40 of 1982.

(viii) under which contributions made are in the nature of subscription to a mutual fund;

shall not be a collective investment scheme.”.

Collective
investment
scheme.

STATEMENT OF OBJECTS AND REASONS

In the last few years there have been substantial improvements in the functioning of capital markets in India. Market and credit risks have been reduced by requirement of adequate capitalisation, margining and establishment of clearing corporations in stock exchanges, etc. Systemic improvements have been made by introduction of screen based trading and depositories to allow book entry transfer of securities, etc. However, there are inadequate advanced risk management tools. With a view to provide such tools and to strengthen and deepen markets, there is an urgent need to include derivatives as securities in the Securities Contracts (Regulation) Act, 1956 whereby trading in derivatives may be possible within the framework of that Act.

2. Recently many companies especially plantation companies have been raising capital from investors through schemes which are in the form of collective investment schemes. However, there is not an adequate regulatory framework to allow an orderly development of this market. In order that the interests of investors are protected, it has been decided that the Securities and Exchange Board of India would frame regulations with regard to collective investment schemes. It is, therefore, proposed to amend the definition of "securities" so as to include within its ambit the derivatives and the units or any other instrument issued by any collective investment scheme to the investors in such schemes.

3. It is also proposed to substitute section 29A of the aforesaid Act relating to delegation of powers. At present powers can be delegated to the Securities and Exchange Board of India. It is now proposed to also delegate powers to the Reserve Bank of India.

4. The Securities Contracts (Regulation) Amendment Bill, 1998 was introduced in Lok Sabha on the 4th July, 1998 proposing amendments in the Securities Contracts (Regulation) Act, 1956 to give effect to the amendments mentioned above. The Bill was referred to the Standing Committee on Finance on the 10th July, 1998 for examination and report thereon by the Hon'ble Speaker, Lok Sabha. The Committee submitted its report on the 17th March, 1999. The Committee was of the opinion that the introduction of derivatives, if implemented with proper safeguards and risk containment measures, will certainly give a fillip to the sagging market, result in enhanced investment activity and instil greater confidence among the investors/participants. The Committee after having examined the provisions of the Bill and being convinced of the needs and objectives of the Bill, approved the same for enactment by Parliament with certain modifications/recommendations which, *inter alia*, are stated as under:—

(i) A view was expressed before the Standing Committee that since under section 30 of the Indian Contract Act, 1872, the contracts which are cash settled are classified as wagers and trading in wagers is null and void, the index future which are always cash settled would also be classified as wagers under the said Act. Due to this, no proceedings to enforce an index future contracts either by an exchange against a defaulting broker or client against his broker would stand the legal scrutiny before the court of law. The Committee was, therefore, of the view that there was no harm in having an overriding provision as a matter of abundant caution. They, therefore, suggested the incorporation of the following provision in the Bill, namely:—

"Notwithstanding anything contained in any other Act, contracts in derivatives as per this Act shall be legal and valid.";

(ii) The Committee was convinced that stock exchanges which are presently working would be better equipped to undertake trading in derivatives in a sophisticated environment. They further observed that most of these exchanges have

already been modernised having state-of-the-art technology, the facility of depository and clearance house and moreover, since they are in a better position to handle the risk profiles of the retail investors, institutional investors and corporate bodies, it would be prudent to allow trading in derivatives by such exchanges only. The Committee had, therefore, proposed that the following *Explanation* may be added in the Bill, namely:—

"The derivatives shall be traded and settled on the stock exchange and clearing house of the stock exchange respectively in accordance with the rules and bye-laws of the stock exchange."; and

(iii) The Committee was of the opinion that there was a need to define collective investment schemes in the Act. They had recommended that a definition of collective investment scheme suitably worded in consonance with the definition recommended by the Dave Committee should be included in the Act.

The Central Government have accepted the above recommendations and incorporated the same in the Bill.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 22nd October, 1999.

YASHWANT SINHA.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 10 of the Bill seeks to empower the Central Government to make rules, by notification in the Official Gazette, to provide for the requirements which shall be complied with by collective investment scheme for the purpose of getting their units listed on any stock exchange.

2. The matter in respect of which the aforesaid rules may be made are generally matters of procedure and administrative details and it is not practicable to provide for them in the Bill itself.

3. The delegation of legislative power is, therefore, of a normal character.

BILL NO. 68 OF 1999

A Bill further to amend the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title.

1. This Act may be called the Securities Laws (Second Amendment) Act, 1999.

CHAPTER II

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

Amendment of
section 2.

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereafter in this Chapter referred to as the principal Act), after clause (g), the following clause shall be inserted, namely:—

42 of 1956.

‘(ga) “Securities Appellate Tribunal” means a Securities Appellate Tribunal established under sub-section (1) of section 15K of the Securities and Exchange Board of India Act, 1992.’

15 of 1992.

3. After section 2 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 2A.

Interpretation of certain words and expressions.

1 of 1956.
15 of 1992.
22 of 1996.

"2A. Words and expressions used herein and not defined in this Act but defined in the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meanings respectively assigned to them in those Acts."

4. In section 22 of the principal Act, the following proviso shall be inserted, namely:—

Amendment of section 22.

"Provided that no appeal shall be preferred against refusal, omission or failure, as the case may be, under this section on and after the commencement of the Securities Laws (Second Amendment) Act, 1999."

5. After section 22 of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 22A, 22B, 22C, 22D, 22E and 22F.

'22A. (1) Where a recognised stock exchange, acting in pursuance of any power given to it by its bye-laws, refuses to list the securities of any company, the company shall be entitled to be furnished with reasons for such refusal, and may,—

Right of appeal to Securities Appellate Tribunal against refusal of stock exchange to list securities of public companies.

(a) within fifteen days from the date on which the reasons for such refusal are furnished to it, or

1 of 1956.

(b) where the stock exchange has omitted or failed to dispose of, within the time specified in sub-section (1A) of section 73 of the Companies Act, 1956 (hereafter in this section referred to as the "specified time"), the application for permission for the shares or debentures to be dealt with on the stock exchange, within fifteen days from the date of expiry of the specified time or within such further period, not exceeding one month, as the Securities Appellate Tribunal may, on sufficient cause being shown, allow,

appeal to the Securities Appellate Tribunal having jurisdiction in the matter against such refusal, omission or failure, as the case may be, and thereupon the Securities Appellate Tribunal may, after giving the stock exchange, an opportunity of being heard,—

(i) vary or set aside the decision of the stock exchange; or

(ii) where the stock exchange has omitted or failed to dispose of the application within the specified time, grant or refuse the permission,

and where the Securities Appellate Tribunal sets aside the decision of the recognised stock exchange or grants the permission, the stock exchange shall act in conformity with the orders of the Securities Appellate Tribunal.

(2) Every appeal under sub-section (1) shall be in such form and be accompanied by such fee as may be prescribed.

(3) The Securities Appellate Tribunal shall send a copy of every order made by it to the Board and parties to the appeal.

(4) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

22B. (1) The Securities Appellate Tribunal shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908, but shall be guided by the principles of natural justice and, subject to the other provisions of this Act and of any rules, the Securities Appellate Tribunal shall have powers to regulate their own procedure including the places at which they shall have their sittings.

Procedure and powers of Securities Appellate Tribunal.

5 of 1908.

(2) The Securities Appellate Tribunal shall have, for the purpose of discharging their functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of documents;
- (c) receiving evidence on affidavits;
- (d) issuing commissions for the examination of witnesses or documents;
- (e) reviewing its decisions;
- (f) dismissing an application for default or deciding it *ex parte*;
- (g) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*; and
- (h) any other matter which may be prescribed.

(3) Every proceeding before the Securities Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the Indian Penal Code and the Securities Appellate Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

45 of 1860.

2 of 1974.

Right to legal representation.

22C. The appellant may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

Explanation.—For the purposes of this section,—

(a) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

38 of 1949.

(b) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

56 of 1980.

(c) "cost accountant" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

23 of 1959.

(d) "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Limitation.

22D. The provisions of the Limitation Act, 1963 shall, as far as may be, apply to an appeal made to a Securities Appellate Tribunal.

36 of 1963.

Civil court not to have jurisdiction.

22E. No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which a Securities Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

Appeal to High Court.

22F. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the High Court within sixty days from the date of

communication of the decision or order of the Securities Appellate Tribunal to him on any question of fact or law arising out of such order:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

6. In section 23 of the principal Act, in sub-section (2), after the word and figures "section 22", the words "or with the orders of the Securities Appellate Tribunal" shall be inserted.

Amendment of section 23.

7. In section 30 of the principal Act, in sub-section (2), for clause (ha), the following clause shall be substituted, namely:—

Amendment of section 30.

"(ha) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 22A and the fees payable in respect of such appeal;"

CHAPTER III

AMENDMENTS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

15 of 1992.

8. In section 15K of the Securities and Exchange Board of India Act, 1992 (hereafter in this Chapter referred to as the principal Act); in sub-section (1), after the words "under this Act", the words "or any other law for the time being in force" shall be inserted.

Amendment of section 15K.

9. In section 15T of the principal Act,—

Amendment of section 15T.

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Save as provided in sub-section (2), any person aggrieved,—

(a) by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, under this Act, or the rules or regulations made thereunder; or

(b) by an order made by an adjudicating officer under this Act, may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.;"

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) No appeal shall lie to the Securities Appellate Tribunal from an order made—

(a) by the Board on and after the commencement of the Securities Laws (Second Amendment) Act, 1999;

(b) by an adjudicating officer,

with the consent of the parties.;"

(c) in sub-section (3), for the words "a copy of the order made by the adjudicating officer", the words "a copy of the order made by the Board or the adjudicating officer, as the case may be," shall be substituted;

(d) in sub-section (5), for the word "parties", the words "Board, the parties" shall be substituted.

10. For section 15V of the principal Act, the following shall be substituted, namely:—

Substitution of new section for section 15V.

'15V. The appellant may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

Right to legal representation.

Explanation.—For the purposes of this section,—

(a) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act; 38 of 1949.

(b) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act; 56 of 1980.

(c) "cost accountant" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act; 23 of 1959.

(d) "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Amendment of section 20.

11. In section 20 of the principal Act, in sub-section (1), for the words "an order of the Board made", the words, brackets and figures "an order of the Board made, before the commencement of the Securities Laws (Second Amendment) Act, 1999," shall be substituted.

Amendment of section 20A.

12. In section 20A of the principal Act,—

(a) for the word "Board" wherever it occurs, the words "Board or the adjudicating officer" shall be substituted;

(b) for the word and figures "section 20", the words, figures and letter "section 15T or section 20" shall be substituted.

CHAPTER IV

AMENDMENTS TO THE DEPOSITORIES ACT, 1996

Amendment of section 2.

13. In section 2 of the Depositories Act, 1996 (hereafter in this Chapter referred to as the principal Act), after clause (k), the following clause shall be inserted, namely:— 22 of 1996.

'(ka) "Securities Appellate Tribunal" means a Securities Appellate Tribunal established under sub-section (1) of section 15K of the Securities and Exchange Board of India Act, 1992;'

15 of 1992.

Amendment of section 23.

14. In section 23 of the principal Act, in sub-section (1), for the words "an order of the Board made", the words, brackets and figures "an order of the Board made before the commencement of the Securities Laws (Second Amendment) Act, 1999" shall be substituted.

Insertion of new sections 23A, 23B, 23C, 23D, 23E and 23F.

15. After section 23 of the principal Act, the following sections shall be inserted, namely:—

Appeal to Securities Appellate Tribunal.

'23A. (1) Save as provided in sub-section (2), any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, under this Act, or the regulations made thereunder, may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.

(2) No appeal shall lie to the Securities Appellate Tribunal from an order made by the Board with the consent of the parties.

(3) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order made by the Board is received by the person referred to in sub-section (1) and it shall be in such form and be accompanied by such fee as may be prescribed:

Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(4) On receipt of an appeal under sub-section (1), the Securities Appellate Tribunal may, after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(5) The Securities Appellate Tribunal shall send a copy of every order made by it to the Board and parties to the appeal.

(6) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

5 of 1908.

23B. (1) The Securities Appellate Tribunal shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908, but shall be guided by the principles of natural justice and, subject to the other provisions of this Act and of any rules, the Securities Appellate Tribunal shall have powers to regulate their own procedure including the places at which they shall have their sittings.

Procedure and powers of Securities Appellate Tribunal.

5 of 1908.

(2) The Securities Appellate Tribunal shall have, for the purpose of discharging their functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents;

(e) reviewing its decisions;

(f) dismissing an application for default or deciding it *ex parte*;

(g) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*; and

(h) any other matter which may be prescribed.

45 of 1860.

2 of 1974.

(3) Every proceeding before the Securities Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the Indian Penal Code and the Securities Appellate Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

23C. The appellant may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

Right to legal representation.

Explanation.—For the purposes of this section,—

38 of 1949.

(a) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

56 of 1980.

(b) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

(c) "cost accountant" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act; 23 of 1959.

(d) "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Limitation.

23D. The provisions of the Limitation Act, 1963 shall, as far as may be, apply to an appeal made to a Securities Appellate Tribunal. 36 of 1963.

Civil court not to have jurisdiction.

23E. No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which a Securities Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

Appeal to High Court.

23F. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of fact or law arising out of such order:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

Amendment of section 24.

16. In section 24 of the principal Act, in sub-section (2), after clause (c), the following clause shall be inserted, namely:—

"(d) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 23A and the fees payable in respect of such appeal."

STATEMENT OF OBJECTS AND REASONS

The Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996 govern the operations of the capital market. The objectives of these Acts are to prevent undesirable transactions in securities by regulating the business of dealing therein, to provide for the establishment of the Securities and Exchange Board of India to protect the interests of investors in securities and to promote the development of, and to regulate, the securities markets and to provide for regulation of depositories in securities and for matters connected therewith or incidental thereto.

2. The Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 were amended by the Securities Laws (Amendment) Act, 1995, which, *inter alia*, made provisions in the Securities and Exchange Board of India Act, 1992 for appointment of adjudicating officer for imposition of penalties and for establishment of the Securities Appellate Tribunal to hear appeals against the orders or decisions of such adjudicating officers.

3. The Central Government has been conferred powers to hear appeals in respect of all matters (except hearing of appeals against the orders of adjudicating officer under the Securities and Exchange Board of India Act, 1992) under the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996. In addition to appellate powers, the Central Government, *inter alia*, has been conferred powers to issue directions and to make rules under these Acts. The Central Government is also represented on the management of the Securities and Exchange Board of India as well as stock exchanges.

4. The powers of the Central Government to issue directions and to make rules and to appoint members of the Securities and Exchange Board of India as well as on governing body of the stock exchanges are being perceived as compromising its appellate powers. It is, therefore, proposed to transfer the aforesaid appellate functions of the Central Government under all three Acts from the Central Government to the Securities Appellate Tribunal.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 22nd October, 1999.

YASHWANT SINHA.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 7 of the Bill seeks to amend section 30 of the Securities Contracts (Regulation) Act, 1956 to empower the Central Government to make rules to provide for the form in which an appeal may be filed before the Securities Appellate Tribunal under section 22A and the fees payable in respect of such appeals.

2. Clause 16 seeks to amend section 24 of the Depositories Act, 1996 to empower the Central Government to make rules to provide for the form in which an appeal may be filed before the Securities Appellate Tribunal under section 23A and the fees payable in respect of such appeals.

3. The matters in respect of which rules may be made are matters of procedure and detail and it is not practicable to provide for them in the Bill itself.

4. The delegation of legislative power is, therefore, of a normal character.

BILL NO. 66 OF 1999

A Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Insurance Regulatory and Development Authority Act, 1999.

(2) It extends to the whole of India.

Short title,
extent and
commencement.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Definitions.

2. (1) In this Act, unless the context otherwise requires,—

(a) "appointed day" means the date on which the Authority is established under sub-section (1) of section 3;

(b) "Authority" means the Insurance Regulatory and Development Authority established under sub-section (1) of section 3;

(c) "Chairperson" means the Chairperson of the Authority;

(d) "Fund" means the Insurance Regulatory and Development Authority Fund constituted under sub-section (1) of section 16;

(e) "Interim Insurance Regulatory Authority" means the Insurance Regulatory Authority set up by the Central Government through Resolution No. 17(2)/94-Ins.-V, dated the 23rd January, 1996;

(f) "intermediary or insurance intermediary" includes insurance brokers, re-insurance brokers, insurance consultants, surveyors and loss assessors;

(g) "member" means a whole-time or a part-time member of the Authority and includes the Chairperson;

(h) "notification" means a notification published in the Official Gazette;

(i) "prescribed" means prescribed by rules made under this Act;

(j) "regulations" means the regulations made by the Authority.

(2) Words and expressions used and not defined in this Act but defined in the Insurance Act, 1938 or the Life Insurance Corporation Act, 1956 or the General Insurance Business (Nationalisation) Act, 1972 shall have the meanings respectively assigned to them in those Acts.

4 of 1938.
31 of 1956.
57 of 1972.

CHAPTER II

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

Establishment and incorporation of Authority.

3. (1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, an Authority to be called "the Insurance Regulatory and Development Authority".

(2) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

(3) The head office of the Authority shall be at such place as the Central Government may decide from time to time.

(4) The Authority may establish offices at other places in India.

4. The Authority shall consist of the following members, namely:—

Composition
of Authority.

- (a) a Chairperson;
- (b) not more than five whole-time members;
- (c) not more than four part-time members,

to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which would, in the opinion of the Central Government, be useful to the Authority:

Provided that the Central Government shall, while appointing the Chairperson and the whole-time members, ensure that at least one person each is a person having knowledge or experience in life insurance, general insurance or actuarial science, respectively.

5. (1) The Chairperson and every other whole-time member shall hold office for a term of five years from the date on which he enters upon his office and shall be eligible for reappointment:

Tenure of
office of
Chairperson
and other
members.

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years:

Provided further that no person shall hold office as a whole-time member after he has attained the age of sixty-two years.

(2) A part-time member shall hold office for a term not exceeding five years from the date on which he enters upon his office.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), a member may—

- (a) relinquish his office by giving in writing to the Central Government notice of not less than three months; or
- (b) be removed from his office in accordance with the provisions of section 6.

6. (1) The Central Government may remove from office any member who—

Removal from
office.

- (a) is, or at any time has been, adjudged as an insolvent; or
- (b) has become physically or mentally incapable of acting as a member; or
- (c) has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude; or
- (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or
- (e) has so abused his position as to render his continuation in office detrimental to the public interest.

(2) No such member shall be removed under clause (d) or clause (e) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

7. (1) The salary and allowances payable to, and other terms and conditions of service of, the members other than part-time members shall be such as may be prescribed.

Salary and
allowances of
Chairperson
and members.

(2) The part-time members shall receive such allowances as may be prescribed.

(3) The salary, allowances and other conditions of service of a member shall not be varied to his disadvantage after appointment.

Bar on future
employment of
members.

8. The Chairperson and the whole-time members shall not, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept—

(a) any employment either under the Central Government or under any State Government; or

(b) any appointment in any company in the insurance sector.

Administrative
powers of
Chairperson.

9. The Chairperson shall have the powers of general superintendence and direction in respect of all administrative matters of the Authority.

Meetings of
Authority.

10. (1) The Authority shall meet at such times and places and shall observe such rules and procedures in regard to transaction of business at its meetings (including quorum at such meetings) as may be determined by the regulations.

(2) The Chairperson, or if for any reason he is unable to attend a meeting of the Authority, any other member chosen by the members present from amongst themselves at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be decided by a majority of votes by the members present and voting, and in the event of an equality of votes, the Chairperson, or in his absence, the person presiding shall have a second or casting vote.

(4) The Authority may make regulations for the transaction of business at its meetings.

Vacancies, etc.,
not to
invalidate
proceedings of
Authority.

11. No act or proceeding of the Authority shall be invalid merely by reason of—

(a) any vacancy in, or any defect in the constitution of, the Authority; or

(b) any defect in the appointment of a person acting as a member of the Authority; or

(c) any irregularity in the procedure of the Authority not affecting the merits of the case.

Officers and
employees of
Authority.

12. (1) The Authority may appoint officers and such other employees as it considers necessary for the efficient discharge of its functions under this Act.

(2) The terms and other conditions of service of officers and other employees of the Authority appointed under sub-section (1) shall be governed by regulations made under this Act.

CHAPTER III

TRANSFER OF ASSETS, LIABILITIES, ETC., OF INTERIM INSURANCE REGULATORY AUTHORITY

Transfer of
assets,
liabilities, etc.,
of Interim
Insurance
Regulatory
Authority.

13. On the appointed day,—

(a) all the assets and liabilities of the Interim Insurance Regulatory Authority shall stand transferred to, and vested in, the Authority.

Explanation.—The assets of the Interim Insurance Regulatory Authority shall be deemed to include all rights and powers, and all properties, whether movable or immovable, including, in particular, cash balances, deposits and all other interests and rights in, or arising out of, such properties as may be in the possession of the Interim Insurance Regulatory Authority and all books of account and other documents relating to the same; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind;

(b) without prejudice to the provisions of clause (a), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Interim Insurance Regulatory Authority immediately before that day, for or in connection with the purpose of the said Regulatory Authority, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the Authority;

(c) all sums of money due to the Interim Insurance Regulatory Authority immediately before that day shall be deemed to be due to the Authority; and

(d) all suits and other legal proceedings instituted or which could have been instituted by or against the Interim Insurance Regulatory Authority immediately before that day may be continued or may be instituted by or against the Authority.

CHAPTER IV

DUTIES, POWERS AND FUNCTIONS OF AUTHORITY

14. (1) Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and re-insurance business.

Duties, powers
and functions
of Authority.

(2) Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Authority shall include,—

(a) issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;

(b) protection of the interests of the policy-holders in matters concerning assigning of policy, nomination by policy-holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;

(c) specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;

(d) specifying the code of conduct for surveyors and loss assessors;

(e) promoting efficiency in the conduct of insurance business;

(f) promoting and regulating professional organisations connected with the insurance and re-insurance business;

(g) levying fees and other charges for carrying out the purposes of this Act;

(h) calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business;

(i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938;

(j) specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;

(k) regulating investment of funds by insurance companies;

(l) regulating maintenance of margin of solvency;

(m) adjudication of disputes between insurers and intermediaries or insurance intermediaries;

(n) supervising the functioning of the Tariff Advisory Committee;

(o) specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organisations referred to in clause (f);

(p) specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector; and

(q) exercising such other powers as may be prescribed.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

Grants by
Central
Government.

15. The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of money as the Government may think fit for being utilised for the purposes of this Act.

Constitution of
Fund.

16. (1) There shall be constituted a fund to be called "the Insurance Regulatory and Development Authority Fund" and there shall be credited thereto—

(a) all Government grants, fees and charges received by the Authority;

(b) all sums received by the Authority from such other source as may be decided upon by the Central Government;

(c) the percentage of prescribed premium income received from the insurer.

(2) The Fund shall be applied for meeting—

(a) the salaries, allowances and other remuneration of the members, officers and other employees of the Authority;

(b) the other expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act.

Accounts and
audit.

17. (1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General.

(3) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books of account, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

CHAPTER VI

MISCELLANEOUS

18. (1) Without prejudice to the foregoing provisions of this Act, the Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy, other than those relating to technical and administrative matters, as the Central Government may give in writing to it from time to time:

Power of
Central
Government to
issue directions.

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(2) The decision of the Central Government, whether a question is one of policy or not, shall be final.

19. (1) If at any time the Central Government is of the opinion—

Power of
Central
Government to
supersede
Authority.

(a) that, on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or

(b) that the Authority has persistently defaulted in complying with any direction given by the Central Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the Authority or the administration of the Authority has suffered; or

(c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification and for reasons to be specified therein, supersede the Authority for such period, not exceeding six months, as may be specified in the notification and appoint a person to be the Controller of Insurance under section 2B of the Insurance Act, 1938, if not already done:

4 of 1938.

Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the Authority to make representations against the proposed supersession and shall consider the representations, if any, of the Authority.

(2) Upon the publication of a notification under sub-section (1) superseding the Authority,—

(a) the Chairperson and other members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (3), be exercised and discharged by the Controller of Insurance; and

(c) all properties owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (3), vest in the Central Government.

(3) On or before the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government shall reconstitute the Authority by a fresh appointment of its Chairperson and other members and in such case any person who had vacated his office under clause (a) of sub-section (2) shall not be deemed to be disqualified for reappointment.

(4) The Central Government shall cause a copy of the notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

Furnishing of
returns, etc., to
Central
Government.

20. (1) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed, or as the Central Government may direct to furnish such returns, statements and other particulars in regard to any proposed or existing programme for the promotion and development of the insurance industry as the Central Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1), the Authority shall, within nine months after the close of each financial year, submit to the Central Government a report giving a true and full account of its activities including the activities for promotion and development of the insurance business during the previous financial year.

(3) Copies of the reports received under sub-section (2) shall be laid, as soon as may be after they are received, before each House of Parliament.

Chairperson,
members,
officers and
other
employees of
Authority to be
public
servants.

21. The Chairperson, members, officers and other employees of the Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

Protection of
action taken in
good faith.

22. No suit, prosecution or other legal proceedings shall lie against the Central Government or any officer of the Central Government or any member, officer or other employee of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder:

Provided that nothing in this Act shall exempt any person from any suit or other proceedings which might, apart from this Act, be brought against him.

Delegation of
powers.

23. (1) The Authority may, by general or special order in writing, delegate to the Chairperson or any other member or officer of the Authority subject to such conditions, if any, as may be specified in the order such of its powers and functions under this Act as it may deem necessary.

(2) The Authority may, by a general or special order in writing, also form committees of the members and delegate to them the powers and functions of the Authority as may be specified by the regulations.

Power to make
rules.

24. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the salary and allowances payable to, and other terms and conditions of service of, the members other than part-time members under sub-section (1) of section 7;

(b) the allowances to be paid to the part-time members under sub-section (2) of section 7;

(c) such other powers that may be exercised by the Authority under clause (g) of sub-section (2) of section 14;

(d) the form of annual statement of accounts to be maintained by the Authority under sub-section (1) of section 17;

(e) the form and the manner in which and the time within which returns and statements and particulars are to be furnished to the Central Government under sub-section (1) of section 20;

(f) the matters under sub-section (5) of section 25 on which the Insurance Advisory Committee shall advise the Authority;

(g) any other matter which is required to be, or may be, prescribed, or in respect of which provision is to be or may be made by rules.

25. (1) The Authority may, by notification, establish with effect from such date as it may specify in such notification, a Committee to be known as the Insurance Advisory Committee.

Establishment
of Insurance
Advisory
Committee.

(2) The Insurance Advisory Committee shall consist of not more than twenty-five members excluding *ex officio* members to represent the interests of commerce, industry, transport, agriculture, consumer fora, surveyors, agents, intermediaries, organisations engaged in safety and loss prevention, research bodies and employees' association in the insurance sector.

(3) The Chairperson and the members of the Authority shall be the *ex officio* Chairperson and *ex officio* members of the Insurance Advisory Committee.

(4) The objects of the Insurance Advisory Committee shall be to advise the Authority on matters relating to the making of the regulations under section 26.

(5) Without prejudice to the provisions of sub-section (4), the Insurance Advisory Committee may advise the Authority on such other matters as may be prescribed.

26. (1) The Authority may, in consultation with the Insurance Advisory Committee, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the purposes of this Act.

Power to make
regulations.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the times and places of meetings of the Authority and the procedure to be followed at such meetings including the quorum necessary for the transaction of business under sub-section (1) of section 10;

(b) the transactions of business at its meetings under sub-section (4) of section 10;

(c) the terms and other conditions of service of officers and other employees of the Authority under sub-section (2) of section 12;

(d) the powers and functions which may be delegated to Committees of the members under sub-section (2) of section 23; and

(e) any other matter which is required to be, or may be, specified by regulations or in respect of which provision is to be or may be made by regulations.

27. Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Rules and
regulations to
be laid before
Parliament.

28. The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

29. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Application of
other laws not
barred.
Power to
remove
difficulties.

Provided that no order shall be made under this section after the expiry of two years from the appointed day.

(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.

Amendment of
Act 4 of 1938.

30. The Insurance Act, 1938 shall be amended in the manner specified in the First Schedule to this Act.

Amendment of
Act 31 of 1956.

31. The Life Insurance Corporation Act, 1956 shall be amended in the manner specified in the Second Schedule to this Act.

Amendment of
Act 57 of 1972.

32. The General Insurance-Business (Nationalisation) Act, 1972 shall be amended in the manner specified in the Third Schedule to this Act.

THE FIRST SCHEDULE

(See section 30)

AMENDMENTS TO THE INSURANCE ACT, 1938

(4 OF 1938)

1. In the Act, except in clause (5B) of section 2 and section 2B, for "Controller" wherever it occurs, substitute "Authority" and such consequential changes as the rules of grammar may require shall also be made.

2. In sections 27, 27A, 27B, 31, 32A, 40A, 48B, 64F, 64G, 64-I, 64J, 64L, 64R, 64UC, 64UM, 113 and 115, for "Central Government" wherever they occur, substitute "Authority".

3. Section 2,—

(a) after clause (I), insert the following:—

“(IA) “Authority” means the Insurance Regulatory and Development Authority established under sub-section (I) of section 3 of the Insurance Regulatory and Development Authority Act, 1999;”;

(b) for clause (5B), substitute the following:—

“(5B) “Controller of Insurance” means the officer appointed by the Central Government under section 2B to exercise all the powers, discharge the functions and perform the duties of the Authority under this Act or the Life Insurance Corporation Act, 1956 or the General Insurance Business (Nationalisation) Act, 1972 or the Insurance Regulatory and Development Authority Act, 1999;”;

(c) after clause (7), insert the following:—

“(7A) “Indian insurance company” means any insurer being a company—

(a) which is formed and registered under the Companies Act, 1956;

(b) in which the aggregate holdings of equity shares by a foreign company, either by itself or through its subsidiary companies or its nominees, do not exceed twenty-six per cent. paid-up equity capital of such Indian insurance company;

(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business.

Explanation.—For the purposes of this clause, the expression “foreign company” shall have the meaning assigned to it under clause (23A) of section 2 of the Income-tax Act, 1961.”;

(d) in clause (14), for “section 114”, substitute “this Act”.

4. After section 2, insert the following:—

“2A. Words and expressions used and not defined in this Act but defined in the Life Insurance Corporation Act, 1956, the General Insurance Business (Nationalisation) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 shall have the meanings respectively assigned to them in those Acts.”

5. Section 2B, for sub-section (I), substitute the following:—

“(I) If at any time, the Authority is superseded under sub-section (I) of section 19 of the Insurance Regulatory and Development Authority Act, 1999, the Central Government may, by notification in the Official Gazette, appoint a person to be the Controller of Insurance till such time the Authority is reconstituted under sub-section (3) of section 19 of that Act.”

Interpretation
of certain
words and
expressions.

31 of 1956.
57 of 1972.

1 of 1956.

43 of 1961.

31 of 1956.
57 of 1972.

6. Section 2C, in sub-section (1), after the second proviso, insert the following:—

“Provided also that no insurer other than an Indian insurance company shall begin to carry on any class of insurance business in India under this Act on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999.”.

7. Section 3,—

(a) in sub-section (1), after the first proviso, insert the following:—

“Provided further that a person or insurer, as the case may be, carrying on any class of insurance business in India, on or before the commencement of the Insurance Regulatory and Development Authority Act, 1999, for which no registration certificate was necessary prior to such commencement, may continue to do so for a period of three months from such commencement or, if he had made an application for such registration within the said period of three months, till the disposal of such application:

Provided also that any certificate of registration, obtained immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall be deemed to have been obtained from the Authority in accordance with the provisions of this Act.”;

(b) in sub-section (2),—

(i) in the opening portion, for “Every application for registration shall be accompanied by—”, substitute the following:—

“Every application for registration shall be made in such manner as may be determined by the regulations made by the Authority and shall be accompanied by—”;

(ii) in clause (d), for “working capital”, substitute “paid-up equity capital or working capital”;

(iii) in clause (f), in the proviso, omit “and” occurring at the end;

(iv) for clause (g), substitute the following:—

“(g) the receipt showing payment of fee as may be determined by the regulations which shall not exceed fifty thousand rupees for each class of business as may be specified by the regulations made by the Authority;

(h) such other documents as may be specified by the regulations made by the Authority.;

(c) in sub-section (4),—

(i) in clause (f), for “of any rule or order made thereunder, or”, substitute the following:—

“of any rule or any regulation or order made or, any direction issued thereunder, or”;

(ii) in clause (h), insert “or” at the end;

(iii) after clause (h), insert the following:—

“(i) if the insurer makes a default in complying with any direction issued or order made, as the case may be, by the Authority under the Insurance Regulatory and Development Authority Act, 1999, or

(j) if the insurer makes a default in complying with, or acts in contravention of, any requirement of the Companies Act, 1956 or the Life Insurance Corporation Act, 1956 or the General Insurance Business (Nationalisation) Act, 1972 or the Foreign Exchange Regulation Act, 1973.”;

1 of 1956.
31 of 1956.
57 of 1972.
46 of 1973.

(d) in sub-section (5C),—

(i) for "clause (h)", substitute "clause (h) or clause (i) or clause (j)";

(ii) for "any requirement of this Act or of any rule or order made thereunder", substitute the following:—

"any requirement of this Act or the Insurance Regulatory and Development Authority Act, 1999 or of any rule or any regulation, or any order made thereunder or any direction issued under those Acts";

(e) after sub-section (5D), insert the following:—

"(5E) The Authority may, by order, suspend or cancel any registration in such manner as may be determined by the regulations made by it:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.";

(f) for sub-section (7), substitute the following:—

"(7) The Authority may, on payment of such fee, not exceeding five thousand rupees, as may be determined by the regulations, issue a duplicate certificate of registration to replace a certificate lost, destroyed or mutilated, or in any other case where the Authority is of opinion that the issue of duplicate certificate is necessary."

8. Section 3A,—

(a) in sub-section (1), for "the 31st day of December, 1941.", substitute the following:—

"the 31st day of March, after the commencement of the Insurance Regulatory and Development Authority Act, 1999.";

(b) in sub-section (2),—

(i) for "prescribed fee", substitute "fee as determined by the regulations made by the Authority";

(ii) for clause (i), substitute the following:—

"(i) exceed one-fourth of one per cent. of such premium income or rupees five crores, whichever is less,";

(iii) for clause (ii), substitute the following:—

"(ii) be less, in any case, than fifty thousand rupees for each class of insurance business:";

(c) in sub-section (3), for "prescribed fee", substitute "fee as determined by the regulations made by the Authority";

(d) in sub-section (4), for "prescribed fee", substitute "fee as determined by the regulations made by the Authority, and".

9. For section 6, substitute the following:—

"6. No insurer carrying on the business of life insurance, general insurance or re-insurance in India on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall be registered unless he has,—

Requirement as to capital.

(i) a paid-up equity capital of rupees one hundred crores, in case of a person carrying on the business of life insurance or general insurance; or

(ii) a paid-up equity capital of rupees two hundred crores, in case of a person carrying on exclusively the business as a reinsurer:

Provided that in determining the paid-up equity capital specified under clause (i) or clause (ii), the deposit to be made under section 7 and any preliminary expenses incurred in the formation and registration of the company shall be excluded:

Provided further that an insurer carrying on business of life insurance, general insurance or re-insurance in India before the commencement of the Insurance Regulatory and Development Authority Act, 1999 and who is required to be registered under this Act, shall have a paid-up equity capital in accordance with clause (i) and clause (ii), as the case may be, within six months of the commencement of that Act."

10. Section 6A,—

(a) in sub-section (4), in clause (b),—

(I) in sub-clause (i), omit "and" occurring at the end;

(II) in sub-clause (ii), for "sanction of the Central Government has been obtained to the transfer," substitute "approval of the Authority has been obtained to the transfer;"

(III) after sub-clause (ii), insert the following:—

"(iii) where, the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds one per cent of the paid-up equity capital of the insurer, unless the previous approval of the Authority has been obtained for the transfer.

Explanation.—For the purposes of this sub-clause, the expressions "group" and "same management" shall have the same meanings respectively assigned to them in the Monopolies and Restrictive Trade Practices Act, 1969."

54 of 1969.

(b) in sub-section (1),—

(i) for "Explanation 1.", substitute "Explanation";

(ii) omit Explanation 2.

11. After section 6A, insert the following:—

"6AA. (1) No promoter shall at any time hold more than twenty-six per cent. or such other percentage as may be prescribed, of the paid-up equity capital in an Indian insurance company:

Provided that in a case where an Indian insurance company begins the business of life insurance, general insurance or re-insurance in which the promoters hold more than twenty-six per cent. of the paid-up equity capital or such other excess percentage as may be prescribed, the promoters shall divest in a phased manner the share capital in excess of the twenty-six per cent. of the paid-up equity capital or such excess paid-up equity capital as may be prescribed, after a period of ten years from the date of the commencement of the said business by such Indian insurance company or within such period as may be prescribed by the Central Government.

Explanation.—For the removal of doubts, it is hereby declared that nothing contained in the proviso shall apply to the promoters being foreign company, referred to in sub-clause (b) of clause (7A) of section 2.

(2) The manner and procedure for divesting the excess share capital under sub-section (1) shall be specified by the regulations made by the Authority."

Manner of
divesting
excess
shareholding
by promoter in
certain cases.

12. Section 7,—

(a) in sub-section (I),—

(i) omit “not being an insurer specified in sub-clause (c) of clause (9) of section 2”;

(ii) for clauses (a) and (b), substitute the following:—

“(a) in the case of life insurance business, a sum equivalent to one per cent. of his total gross premium written in India in any financial year commencing after the 31st day of March, 2000, not exceeding rupees ten crores;

(b) in the case of general insurance business, a sum equivalent to three per cent. of his total gross premium written in India, in any financial year commencing after the 31st day of March, 2000, not exceeding rupees ten crores;

(c) in the case of re-insurance business, a sum of rupees twenty crores;”;

(b) omit sub-sections (IA), (IB), (IC), (ID) and (IE).

13. Section 11,—

(a) in sub-section (I), for “calendar year”, substitute “financial year”;

(b) after sub-section (I), insert the following:—

“(IA) Notwithstanding anything contained in sub-section (I), every insurer, on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, in respect of insurance business transacted by him and in respect of his shareholders’ funds, shall, at the expiration of each financial year, prepare with reference to that year, a balance-sheet, a profit and loss account, a separate account of receipts and payments, a revenue account in accordance with the regulations made by the Authority.

(IB) Every insurer shall keep separate accounts relating to funds of shareholders and policy-holders.”.

14. Section 13,—

(a) in sub-section (I),—

(i) for “once at least in every three years”, substitute “every year”;

(ii) in the first proviso, for “not later than four years”, substitute “not later than two years”;

(iii) after the second proviso, insert the following:—

“Provided also that for an insurer carrying on life insurance business in India immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999, the last date as at which the first investigation after such commencement should be caused by an actuary, shall be the 31st day of March, 2001.”;

(iv) after the third proviso, insert the following:—

“Provided also that every insurer on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall cause an abstract of the report of the actuary to be made in the manner specified by the regulations made by the Authority.”;

(b) in sub-section (4), after the proviso, insert the following:—

“Provided further that the statement referred to in sub-section (4) shall be appended in the form and in the manner specified by the regulations made by the Authority.”

15. After section 27B, insert the following:—

“27C. No insurer shall directly or indirectly invest outside India the funds of the policy-holders.

27D. (1) Without prejudice to anything contained in sections 27, 27A and 27B, the Authority may, in the interests of the policy-holders, specify by the regulations made by it, the time, manner and other conditions of investment of assets to be held by an insurer for the purposes of this Act.

(2) The Authority may, after taking into account the nature of business and to protect the interests of the policy-holders, issue to an insurer the directions relating to the time, manner and other conditions of investment of assets to be held by him:

Provided that no direction under this sub-section shall be issued unless the insurer concerned has been given a reasonable opportunity of being heard.”

16. Section 28A, in sub-section (1), for “31st day of December”, substitute “31st day of March”.

17. Section 28B, in sub-section (1), for “31st day of December”, substitute “31st day of March”.

18. Section 31B,—

(a) in sub-section (1), for “Central Government” at both the places where they occur, substitute “Authority”;

(b) in sub-section (2), for “a statement in the prescribed form”, substitute “a statement, in the form specified by the regulations made by the Authority,”;

(c) after sub-section (3), insert the following:—

“(4) Every direction under this section shall be issued by an order made by the Authority:

Provided that no order under this section shall be made unless the person concerned has been given an opportunity of being heard.”

19. After section 32A, insert the following:—

“32B. Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999, undertake such percentages of life insurance business and general insurance business in the rural or social sector, as may be specified, in the Official Gazette by the Authority, in this behalf.”

20. For section 33, substitute the following:—

‘INVESTIGATION

33. (1) The Authority may, at any time, by order in writing, direct any person (hereafter in this section referred to as “Investigating Authority”) specified in the order to investigate the affairs of any insurer and to report to the Authority on any investigation made by such Investigating Authority:

Provided that the Investigating Authority may, wherever necessary, employ any auditor or actuary or both for the purpose of assisting him in any investigation under this section.

(2) Notwithstanding anything to the contrary contained in section 235 of the Companies Act, 1956, the Investigating Authority may, at any time, and shall, on being directed so to do by the Authority, cause an inspection to be made by one or more of his officers of any

Prohibition for
investment of funds
outside India.

Manner and
conditions of
investment.

Insurance
business in
rural or social
sector.

Power of
investigation
and inspection
by Authority.

insurer and his books and account; and the Investigating Authority shall supply to the insurer a copy of his report on such inspection.

(3) It shall be the duty of every manager, managing director or other officer of the insurer to produce before the Investigating Authority directed to make the investigation under sub-section (1), or inspection under sub-section (2), all such books of account, registers and other documents in his custody or power and to furnish him with any statement and information relating to the affairs of the insurer as the said Investigating Authority may require of him within such time as the said Investigating Authority may specify.

(4) Any Investigating Authority, directed to make an investigation under sub-section (1), or inspection under sub-section (2), may examine on oath, any manager, managing director or other officer of the insurer in relation to his business and may administer oaths accordingly.

(5) The Investigating Authority shall, if he has been directed by the Authority to cause an inspection to be made, and may, in any other case, report to the Authority on any inspection made under this section.

(6) On receipt of any report under sub-section (1) or sub-section (5), the Authority may, after giving such opportunity to the insurer to make a representation in connection with the report as, in the opinion of the Authority, seems reasonable, by order in writing,—

(a) require the insurer, to take such action in respect of any matter arising out of the report as the Authority may think fit; or

(b) cancel the registration of the insurer; or

(c) direct any person to apply to the court for the winding up of the insurer, if a company, whether the registration of the insurer has been cancelled under clause (b) or not.

(7) The Authority may, after giving reasonable notice to the insurer, publish the report submitted by the Investigating Authority under sub-section (5) or such portion thereof as may appear to it to be necessary.

(8) The Authority may by the regulations made by it specify the minimum information to be maintained by insurers in their books, the manner in which such information shall be maintained, the checks and other verifications to be adopted by insurers in that connection and all other matters incidental thereto as are, in its opinion, necessary to enable the Investigating Authority to discharge satisfactorily his functions under this section.

Explanation.—For the purposes of this section, the expression “insurer” shall include in the case of an insurer incorporated in India—

(a) all its subsidiaries formed for the purpose of carrying on the business of insurance exclusively outside India; and

(b) all its branches whether situated in India or outside India.

(9) No order made under this section other than an order made under clause (b) of sub-section (6) shall be capable of being called in question in any court.

(10) All expenses of, and incidental to, any investigation made under this section shall be defrayed by the insurer, shall have priority over that debts due from the insurer and shall be recoverable as an arrear of land revenue.

21. Section 33A, omit “Central Government or the”.

22. Section 34H,—

(a) in sub-section (1),—

(i) for “Controller”, substitute “Chairperson of the Authority”;

(ii) for "an Assistant Controller of Insurance", substitute "an officer authorised by the Authority";

(b) in sub-sections (5) and (7), for "Controller" wherever it occurs, substitute "Chairperson of the Authority".

23. Section 35,—

(a) in sub-section (1), for "sanctioned by the Controller", substitute "approved by the Authority";

(b) in sub-section (3),—

(i) in the first paragraph, for "to sanction any such scheme", substitute "to approve any such scheme";

(ii) in the second paragraph, for "the amalgamation or transfer if sanctioned", substitute "the amalgamation or transfer if approved".

24. Section 36,—

(a) in sub-section (1), for "may sanction the arrangement", substitute "may approve the arrangement";

(b) in sub-section (2),—

(i) for "the insurers concerned in the amalgamation, the Controller may sanction", substitute "the insurers concerned in the amalgamation, the Authority may approve";

(ii) for "contracts as sanctioned by the Controller", substitute "contracts as approved by the Authority".

25. Section 37, in clause (c), for "scheme sanctioned", substitute "scheme approved".

26. In section 40A, in sub-section (3), for the portion beginning with the words "an amount exceeding" and ending with the words "ten per cent of the premium payable on the policy", substitute "an amount not exceeding fifteen per cent of the premium payable on the policy where the policy relates to fire or marine insurance or miscellaneous insurance."

27. Section 42,—

(a) for sub-section (1), substitute the following:—

"(1) The Authority or an officer authorised by it in this behalf shall, in the manner determined by the regulations made by it and on payment of the fee determined by the regulations, which shall not be more than two hundred and fifty rupees, issue to any person making an application in the manner determined by the regulations, a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business:

Provided that,—

(i) in the case of an individual, he does not suffer from any of the disqualifications mentioned in sub-section (4); and

(ii) in the case of a company or firm, any of its directors or partners does not suffer from any of the said disqualifications:

Provided further that any licence issued immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999 shall be deemed to have been issued in accordance with the regulations which provide for such licence."

(b) for sub-section (3), substitute the following:—

"(3) A licence issued under this section, after the date of the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall

remain in force for a period of three years only from the date of issue, but shall, if the applicant, being an individual does not, or being a company or firm any of its directors or partners does not, suffer from any of the disqualifications mentioned in clauses (b), (c), (d), (e) and (f) of sub-section (4) and the application for renewal of licence reaches the issuing authority at least thirty days before the date on which the licence ceases to remain in force, be renewed for a period of three years at any one time on payment of the fee determined by the regulations made by the Authority which shall not be more than rupees two hundred and fifty, and additional fee of an amount determined by the regulations not exceeding rupees one hundred by way of penalty, if the application for renewal of the licence does not reach the issuing authority at least thirty days before the date on which the licence ceases to remain in force.”;

(c) in sub-section (3A), for the proviso, substitute the following:—

“Provided that the Authority may, if satisfied that undue hardship would be caused otherwise, accept any application in contravention of this sub-section on payment by the applicant of a penalty of seven hundred and fifty rupees.”;

(d) in sub-section (4), after clause (d), insert the following:—

“(e) that he does not possess the requisite qualifications and practical training for a period not exceeding twelve months, as may be specified by the regulations made by the Authority in this behalf;

(f) that he has not passed such examination as may be specified by the regulations made by the Authority in this behalf:

Provided that a person who has been issued a licence under sub-section (1) of this section or sub-section (1) of section 64UM shall not be required to possess the requisite qualifications, practical training and pass such examination as required by clauses (e) and (f);

(g) that he violates the code of conduct as may be specified by the regulations made by the Authority.”;

(e) for sub-section (6), substitute the following:—

“(6) The Authority may issue a duplicate licence to replace a licence lost, destroyed or mutilated, on payment of such fee not exceeding rupees fifty as may be determined by the regulations.”;

(f) in sub-section (7),—

(i) for “fifty rupees”, substitute “five hundred rupees”;

(ii) for “one hundred rupees”, substitute “one thousand rupees”;

(g) in sub-section (8), for “fifty rupees”, substitute “five thousand rupees”.

28. Section 42A, in sub-section (1),—

(a) for “Controller or an officer authorised by him”, substitute “Authority or an officer authorised by it”;

(b) for “an application to him”, substitute “an application to it”.

29. After section 42C, insert the following:—

“42D. (1) The Authority or an officer authorised by it in this behalf shall, in the manner determined by the regulations made by the Authority and on payment of the fees determined by the regulations made by the Authority, issue to any person making an application in the manner determined by the regulations, and not suffering from any of the disqualifications herein mentioned, a licence to act as an intermediary or an insurance intermediary under this Act:

Issue of
licence to
intermediary
or insurance
intermediary.

Provided that,—

(a) in the case of an individual, he does not suffer from any of the disqualifications mentioned in sub-section (4) of section 42, or

(b) in the case of a company or firm, any of its directors or partners does not suffer from any of the said disqualifications.

(2) A licence issued under this section shall entitle the holder thereof to act as an intermediary or insurance intermediary.

(3) A licence issued under this section shall remain in force for a period of three years only from the date of issue, but shall, if the applicant, being an individual does not, or being a company or firm any of its directors or partners does not suffer from any of the disqualifications mentioned in clauses (b), (c), (d), (e) and (f) of sub-section (4) of section 42 and the application for renewal of licence reaches the issuing authority at least thirty days before the date on which the licence ceases to remain in force, be renewed for a period of three years at any one time on payment of the fee, determined by the regulations made by the Authority and additional fee for an amount determined by the regulations, not exceeding one hundred rupees by way of penalty, if the application for renewal of the licence does not reach the issuing authority at least thirty days before the date on which the licence ceases to remain in force.

(4) No application for the renewal of a licence under this section shall be entertained if the application does not reach the issuing authority before the licence ceases to remain in force:

Provided that the Authority may, if satisfied that undue hardship would be caused otherwise, accept any application in contravention of this sub-section on payment by the applicant of a penalty of seven hundred and fifty rupees.

(5) The disqualifications above referred to shall be the following:—

(a) that the person is a minor;

(b) that he is found to be of unsound mind by a court of competent jurisdiction;

(c) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction:

Provided that, where at least five years have elapsed since the completion of the sentence imposed on any person in respect of any such offence, the Authority shall ordinarily declare in respect of such person that his conviction shall cease to operate as a disqualification under this clause;

(d) that in the course of any judicial proceedings relating to any policy of insurance of the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud dishonestly or misrepresentation against an insurer or an insured;

(e) that he does not possess the requisite qualifications and practical training for a period not exceeding twelve months, as may be specified by the regulations made by the Authority in this behalf;

(f) that he has not passed such examinations as may be specified by the regulations made by the Authority in this behalf;

(g) that he violates the code of conduct as may be specified by the regulations made by the Authority.

(6) If it be found that an intermediary or an insurance intermediary suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which he may be liable, the Authority shall, and if the intermediary or an insurance intermediary has knowingly contravened any provision of this Act may cancel the licence issued to the intermediary or insurance intermediary under this section.

(7) The Authority may issue a duplicate licence to replace a licence lost, destroyed or mutilated, on payment of such fee, as may be determined by the regulations made by the Authority.

(8) Any person who acts as an intermediary or an insurance intermediary without holding a licence issued under this section to act as such, shall be punishable with fine, and any insurer or any person who appoints as an intermediary or an insurance intermediary or any person not licensed to act as such or transacts any insurance business in India through any such person, shall be punishable with fine.

(9) Where the person contravening sub-section (8) is a company or a firm, then, without prejudice to any other proceedings which may be taken against the company or firm, every director, manager, secretary or other officer of the company, and every partner of the firm who is knowingly a party to such contravention shall be punishable with fine."

30. Section 64UA, in sub-section (1), in sub-clause (a), for "Controller of Insurance", substitute "Chairperson of the Authority".

31. Section 64UB,—

(a) for sub-section (1), substitute the following:—

"(1) The Authority may, by notification in the Official Gazette, make regulations to carry out the purposes of this Part."

(b) in sub-section (2), for "rules", substitute "regulations";

(c) in sub-section (3), for "Central Government" at both the places where it occurs, substitute "Authority";

(d) in sub-section (5), for "Controller of Insurance", substitute "Chairperson of the Authority".

32. Section 64UC, in sub-section (1), in proviso, for "the Controller may, with the previous approval of the Central Government", substitute "the Authority may".

33. Section 64UD, after sub-section (1), insert the following:—

"Provided that the Chairperson of the Authority shall become the Chairman of the Advisory Committee with effect from the commencement of the Insurance Regulatory and Development Authority Act, 1999 and function as such, and any Chairman of the Tariff Committee holding office immediately before such commencement shall cease to be the Chairman."

34. Section 64UJ, in sub-section (5), for "Central Government", wherever it occurs, substitute "Authority".

35. Section 64 UM,—

(a) in sub-section (1),—

(i) in paragraph (B), after "the Insurance (Amendment) Act, 1968", insert "but before the commencement of the Insurance Regulatory and Development Authority Act, 1999";

(ii) after paragraph (B), insert the following:—

"(BA) Every person who intends to act as a surveyor or loss assessor after the expiry of a period of one year from the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall make an application to the Authority within such time, in such manner and on payment of such fee as may be determined by the regulations made by the Authority:

Provided that any licence issued immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999 shall be deemed to have been issued in accordance with the regulations providing for such licence."

(iii) in paragraph (C), for "as may be prescribed", substitute "as may be determined by the regulations";

(iv) in paragraph (D), in clause (i),—

(A) for item (a), substitute the following:—

"(a) has been in practice as a surveyor or loss assessor on the date of commencement of the Insurance Regulatory and Development Authority Act, 1999, or";

(B) in item (f), for "prescribed", substitute "specified by the regulations made by the Authority";

(b) after sub-section (I), insert—

"(IA) Every surveyor and loss assessor shall comply with the code of conduct in respect of their duties, responsibilities and other professional requirements as may be specified by the regulations made by the Authority."

36. Section 64V,—

(a) in sub-section (I),—

(i) in clause (i), after sub-clause (g), insert the following:—

"(h) such other asset or assets as may be specified by the regulations made in this behalf";

(ii) in clause (ii),—

(A) in sub-clause (b), in items (i) and (ii), for "40 per cent.", substitute "50 per cent.";

(B) after sub-clause (f), insert the following:—

"(g) such other liability which may be made in this behalf to be included for the purpose of clause (ii).";

(b) for sub-section (2), substitute the following:—

"(2) Every insurer shall furnish to the Authority with his returns under section 15 or section 16, as the case may be, a statement certified by an auditor approved by the Authority in respect of general insurance business, or an actuary approved by the Authority in respect of life insurance business, as the case may be, of his assets and liabilities assessed in the manner required by this section as on the 31st day of March of the preceding year.

(3) Every insurer shall value his assets and liabilities in the manner required by this section and in accordance with the regulations which may be made by the Authority in this behalf."

37. Section 64VA,—

(a) in sub-section (I), for "at all times", substitute "at all times before the commencement of the Insurance Regulatory and Development Authority Act, 1999";

(b) after sub-section (I), insert the following:—

"(IA) Every insurer shall, at all times, on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, maintain an excess of the value of his assets over the amount of his liabilities of not less than the amount arrived at as follows (hereinafter referred to in this section referred to as the "required solvency margin"), namely:—

(i) in the case of an insurer carrying on life insurance business, the required solvency margin shall be the higher of the following amounts—

(a) fifty crores of rupees (one hundred crores of rupees in case of re-insurers); or

(b) the aggregate sums of the results arrived at in items (I) and (II) stated below:—

(I) the aggregate of the results arrived at by applying the calculation described in item (A) below (Step I) and the calculation described in item (B) below (Step II):

(A) for Step I—

(A. 1) there shall be taken, a sum equal to a percentage determined by the regulations not exceeding five per cent. of the mathematical reserves for direct business and re-insurance acceptances without any deduction for re-insurance cessions;

(A. 2) the amount of mathematical reserves at the end of the preceding financial year after the deduction of re-insurance cessions shall be expressed as a percentage of the amount of those mathematical reserves before any such deduction; and

(A. 3) the sum mentioned in item (A. 1) above shall be multiplied—

(A.3.1) where the percentage arrived at under item (A. 2) above is greater than eighty-five per cent. (or in the case of a re-insurer carrying on exclusive re-insurance business, fifty per cent.), by that greater percentage; and

(A.3.2) in any other case, by eighty-five per cent. (or in the case of a re-insurer carrying on exclusive re-insurance business, by fifty per cent.);

(B) for Step II—

(B. 1) there shall be taken, a sum equal to a percentage determined by the regulations made by the Authority not exceeding one per cent. of the sum at risk for the policies on which the sum at risk is not a negative figure, and

(B. 2) the amount of sum at risk at the end of the preceding financial year for policies on which the sum at risk is not a negative figure after the deduction of re-insurance cession shall be expressed as a percentage of the amount of that sum at risk before any such deduction, and

(B. 3) the sum arrived at under item (B. 1) above shall be multiplied—

(B. 3.1) where the percentage arrived at under item (B. 2) above is greater than fifty per cent., by that greater percentage; and

(B. 3.2) in any other case, by fifty per cent.

(II) a percentage determined by the regulations made by the Authority of the value of assets determined in accordance with the provisions of section 64V; .

(ii) in the case of an insurer carrying on general insurance business, the required solvency margin, shall be the highest of the following amounts:—

(a) fifty crores of rupees (one hundred crores of rupees in case of re-insurer); or

(b) a sum equivalent to twenty per cent. of net premium income;

or

(c) a sum equivalent to thirty per cent. of net incurred claims, subject to credit for re-insurance in computing net premiums and net incurred claims being actual but a percentage, determined by the regulations, not exceeding fifty per cent.:

Provided that, if in respect of any insurer, the Authority is satisfied that either by reason of an unfavourable claim experience or because of sharp increase in the volume of the business, or for any other reason, compliance with the provisions of this sub-section would cause undue hardship to the insurer, the Authority may direct, for such period and subject to such conditions, such solvency margin not being less than the lower of the amount mentioned in sub-clause (i) or sub-clause (ii) above, as the case may be.

Explanation.—For the purposes of this sub-section, the expressions—

(i) “mathematical reserves” means the provision made by an insurer to cover liabilities (excluding liabilities which have fallen due and liabilities arising from deposit back arrangement in relation to any policy whereby an amount is deposited by re-insurer with the cedant) arising under or in connection with policies or contracts for life insurance business. Mathematical reserves also include specific provision for adverse deviations of the bases, such as mortality and morbidity rates, interest rates, and expense rates, and any explicit provisions made, in the valuation of liabilities, in accordance with the regulations made by the Authority for this purpose;

(ii) “net incurred claims” means the average of the net incurred claims during the specified period of not exceeding three preceding financial years;

(iii) “sum at risk”, in relation to a life insurance policy, means a sum which is—

(a) in any case in which an amount is payable in consequence of death other than a case falling within sub-clause (b) below, the amount payable on death, and

(b) in any case in which the benefit under the policy in question consists of the making, in consequence of death, of the payments of annuity, payment of a sum by instalments or any other kind of periodic payments, the present value of that benefit,

less in either case the mathematical reserves in respect of the relevant policies.”;

(c) after sub-section (2), insert the following:—

“(2A) If, at any time an insurer does not maintain the required solvency margin in accordance with the provisions of this section, he shall, in accordance with the directions issued by the Authority, submit a financial plan, indicating a plan of action to correct the deficiency to the Authority within a specified period not exceeding three months.

(2B) An insurer who has submitted a plan under sub-section (2A) to the Authority shall propose modifications to the plan if the Authority considers it inadequate, and shall give effect to any plan accepted by the Authority as adequate.

(2C) An insurer who does not comply with the provisions of sub-section (2A) shall be deemed to be insolvent and may be wound up by the court.”;

(d) after sub-section (6), insert the following:—

“(7) Every insurer shall furnish to the Authority his returns under section 15 or section 16, as the case may be, in case of life insurance business a statement certified by an actuary approved by the Authority, and in case of general insurance business a statement certified by an auditor approved by the Authority, of the required solvency margin maintained by the insurer in the manner required by sub-section (1A).”

38. Section 70, in sub-section (1), for “the Controller a certificate of registration”, substitute “the Authority, before the date of commencement of the Insurance Regulatory and Development Authority Act, 1999, a certificate of registration”.

39. Section 95, in sub-section (1), for “In this Part—”, substitute, “In this Part, before the date of commencement of the Insurance Regulatory and Development Authority Act, 1999,—”.

40. Section 101A,—

(a) in sub-section (1), for “the Central Government”, substitute “the Authority, with the previous approval of the Central Government,”;

(b) in sub-section (2), for “the Central Government”, substitute “the Authority”.

41. Section 101B,—

(a) in sub-section (1), for “the Central Government”, substitute “the Authority with the previous approval of the Central Government.”;

(b) in sub-section (2), for “prescribed”, substitute “determined by the regulations made by the Authority”.

42. For sections 102 to 105, substitute the following:—

“102. If any person, who is required under this Act, or rules or regulations made thereunder,—

(a) to furnish any document, statement, account, return or report to the Authority, fails to furnish the same; or

(b) to comply with the directions, fails to comply with such directions;

(c) to maintain solvency margin, fails to maintain such solvency margin;

(d) to comply with the directions on the insurance treaties, fails to comply with such directions on the insurance treaties,

he shall be liable to a penalty not exceeding five lakh rupees for each such failure and punishable with fine.

103. If a person makes a statement, or furnishes any document, statement, account, return or report which is false and which he either knows or believes to be false or does not believe to be true,—

(a) he shall be liable to a penalty not exceeding five lakh rupees for each such failure; and

(b) he shall be punishable with imprisonment which may extend to three years or with fine for each such failure.

104. If a person fails to comply with the provisions of section 27 or section 27A or section 27B, or section 27C or section 27D, he shall be liable to a penalty not exceeding five lakh rupees for each such failure.

105. If any director, managing director, manager or other officer or employees of an insurer wrongfully obtains possession of any property or wrongfully applies to any purpose of the Act, he shall be liable to a penalty not exceeding two lakh rupees for each such failure.

Penalty for default in complying with, or act in contravention of, this Act.

Penalty for carrying on insurance business in contravention of sections 3, 7 and 98:

Penalty for false statement in document.

Wrongfully obtaining or withholding property.

Offences by
companies.

105A. (1) Where any offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate, and includes—

(i) a firm; and

(ii) an association of persons or a body of individuals whether incorporated or not; and

(b) “director”, in relation to—

(i) a firm, means a partner in the firm;

(ii) an association of persons or a body of individuals, means any member controlling the affairs thereof.

Penalty for
failure to
comply with
section 32B.

105B. If an insurer fails to comply with the provisions of section 32B, he shall be liable to a penalty not exceeding five lakh rupees for each such failure and shall be punishable with imprisonment which may extend to three years or with fine for each such failure.”

43. In sections 110A, 110B and 110C, for “Controller” wherever it occurs, substitute “Chairperson of the Authority”.

44. Section 110G, for “Controller” at both the places where it occurs, substitute “Chairperson of the Authority”.

45. Section 110H, in sub-section (1), for “under sections”, substitute “under sections 27D,”.

46. Section 114, in sub-section (2),—

(a) after clause (a), insert the following:—

“(aa) such other percentage of paid-up equity capital in excess of twenty-six per cent of the paid-up equity capital and the period within which such excess paid-up equity capital shall be diverted under sub-section (1) of section 6AA.”;

(b) omit clauses (g) and (h).

47. After section 114, insert the following:—

“114A. (1) The Authority may, by notification in the Official Gazette, make regulations consistent with this Act and the rules made thereunder, to carry out the purposes of this Act.

Power of
Authority to
make
regulations.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the matters including fee relating to the registration of insurers under section 3;

(b) the manner of suspension or cancellation of registration under sub-section (5E) of section 3;

(c) such fee, not exceeding five thousand rupees, as may be determined by regulations for issue of a duplicate certificate of registration under sub-section (7) of section 3;

(d) the matters relating to the renewal of registration and fee therefor under section 3A;

(e) the manner and procedure for divesting excess share capital under sub-section (2) of section 6AA;

(f) the preparation of balance-sheet, profit and loss account and a separate account of receipts and payments and revenue account under sub-section (1A) of section 11;

(g) the manner in which an abstract of the report of the actuary to be specified under the fourth proviso to sub-section (1) of section 13;

(h) the form and manner in which the statement referred to in sub-section (4) of section 13 shall be appended;

(i) the time, manner and other conditions of investment of assets held by an insurer under sub-sections (1) and (2) of section 27D;

(j) the minimum information to be maintained by insurer in their books, the manner in which such information should be maintained, the checks and other verifications to be adopted by insurers in that connection and all other matters incidental thereto under sub-section (8) of section 33;

(k) the manner for making an application, the manner and the fee for issue of a licence to act as an insurance agent under sub-section (1) of section 42;

(l) the fee and the additional fee to be determined for renewal of licence of insurance agent under sub-section (3) of section 42;

(m) the requisite qualifications and practical training to act as an insurance agent under clause (e) of sub-section (4) of section 42;

(n) the passing of examination to act as an insurance agent under clause (f) of sub-section (4) of section 42;

(o) the code of conduct under clause (g) of sub-section (4) of section 42;

(p) the fee not exceeding rupees fifty for issue of duplicate licence under sub-section (6) of section 42;

(q) the manner and the fees for issue of a licence to an intermediary or an insurance intermediary under sub-section (1) of section 42D;

(r) the fee and the additional fee to be determined for renewal of licence of intermediaries or insurance intermediaries under sub-section (3) of section 42D;

(s) the requisite qualifications and practical training of intermediaries or insurance intermediaries under clause (e) of sub-section (5) of section 42D;

(t) the examination to be passed to act as an intermediary or insurance intermediary under clause (f) of sub-section (5) of section 42D; -

(u) the code of conduct under clause (g) of sub-section (5) of section 42D;

(v) the fee for issue of duplicate licence under sub-section (7) of section 42D;

(w) such matters as specified under sub-section (2) of section 64UB relating to the Tariff Advisory Committee;

(x) the matters relating to licensing of surveyors and loss assessors, their duties, responsibilities and other professional requirements under section 64UM;

(y) such other asset or assets as may be specified under clause (h) of sub-section (1) of section 64V for the purposes of ascertaining sufficiency of assets under section 64VA;

(z) the valuation of assets and liabilities under sub-section (3) of section 64V;

(za) the matters specified under sub-section (1A) of section 64VA relating to sufficiency of assets;

(zb) the matters relating to re-insurance under sections 101A and 101B;

(zc) the matters relating to redressal of grievances of policy-holders to protect their interest, and to regulate, promote and ensure orderly growth of insurance industry; and

(zd) any other matter which is to be, or may be, specified by the regulations made by the Authority or in respect of which provision is to be made or may be made by the regulations.

(3) Every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.”.

48. Section 116A, for “Central Government”, at both places where they occur, substitute “Central Government, before the date of commencement of the Insurance Regulatory and Development Authority Act, 1999,”.

THE SECOND SCHEDULE

(See section 31)

AMENDMENTS TO THE LIFE INSURANCE CORPORATION ACT, 1956

(31 OF 1956)

1. In the Act, for "Controller" wherever it occurs, substitute "Authority".
2. After section 30, insert the following:—

"30A. Notwithstanding anything contained in this Act, the exclusive privilege of carrying on life insurance business in India by the Corporation shall cease on and from the commencement of the Insurance Regulatory and Development Authority Act, 1999 and the Corporation shall, thereafter, carry on life insurance business in India in accordance with the provisions of the Insurance Act, 1938."

Exclusive
privilege of
Corporation to
cease.

4 of 1938.

THE THIRD SCHEDULE

(See section 32)

AMENDMENT TO THE GENERAL INSURANCE BUSINESS (NATIONALISATION) ACT, 1972

(57 OF 1972)

After section 24, insert the following:—

"24A. Notwithstanding anything contained in this Act, the exclusive privilege of the Corporation and the acquiring companies of carrying on general insurance business in India shall cease on and from the commencement of the Insurance Regulatory and Development Authority Act, 1999 and the Corporation and the acquiring companies shall, thereafter, carry on general insurance business in India in accordance with the provisions of the Insurance Act, 1938."

Exclusive
privilege of
Corporation
and acquiring
companies to
cease.

4 of 1938.

STATEMENT OF OBJECTS AND REASONS

The insurance industry requires a high degree of regulation. The Insurance Act, 1938 provides for the institution of the Controller of Insurance to act as a strong and powerful supervisory and regulatory authority with powers to direct, advise, caution, prohibit, investigate, inspect, prosecute, search, seize, fine, amalgamate, authorise, register and liquidate insurance companies. However, after the nationalisation of the life insurance industry in 1956 and the general insurance industry in 1972, the role of the Controller of Insurance diminished in significance over a period of time.

2. In April, 1993, the Government set up a high-powered committee headed by Shri R.N. Malhotra, former Governor, Reserve Bank of India, to examine the structure of the insurance industry and recommend changes to make it more efficient and competitive keeping in view the structural changes in other parts of the financial system of the economy. The Committee which submitted its report on the 7th January, 1994 felt that the insurance regulatory apparatus should be activated even in the present set up of nationalised insurance sector and recommended, *inter alia*, the establishment of a strong and effective Insurance Regulatory Authority in the form of a statutory autonomous board on the lines of the Securities and Exchange Board of India.

3. The recommendations of the Committee were discussed at different forums including the Consultative Committee of the Parliament attached to the Ministry of Finance, managements of the Life Insurance Corporation, the General Insurance Corporation and its subsidiary companies, trade unions, chambers of commerce and consumer interest groups. The recommendation to set up an autonomous Insurance Regulatory Authority found wide support. In view of the general support received, the then Government decided to bring in a legislation to establish an independent Regulatory Authority for the insurance industry. Since enacting legislation for creating the Insurance Regulatory Authority was to take time, the then Government constituted through a Government resolution an Interim Insurance Regulatory Authority pending the enactment of a comprehensive legislation. The Chairman, Insurance Regulatory Authority has been notified as Controller of Insurance under the Insurance Act, 1938. The said Interim Insurance Regulatory Authority at present is discharging certain functions and exercising powers of the Controller.

4. In pursuance of the Budget Speech in July, 1996, the then Government introduced on the 20th December, 1996, the Insurance Regulatory Authority Bill, 1996 for establishment of an authority to protect the interest of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matter connected therewith or incidental thereto. The Bill was referred to the Department related Standing Committee on the Ministry of Finance. The Committee submitted its report on the 9th May, 1997. However, the said Bill incorporating therein the recommendations of the said Standing Committee was taken for consideration but could not be passed and the Bill was withdrawn by the then Government.

5. In order to provide better insurance coverage to our citizens and also to augment the flow of long-term resources for financing infrastructure, in the Budget Speech, 1998, the policy of the Government was announced to open up the insurance sector and also to establish a Statutory Regulatory Authority. Accordingly, the Insurance Regulatory Authority Bill, 1998 was introduced in the previous Lok Sabha on the 15th December, 1998 providing for setting a Statutory Insurance Regulatory Authority and containing three Schedules incorporating amendments to the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972 to permit the entry of private Indian companies into the insurance sector and to make certain consequential amendments to the Insurance Act, 1938. The Bill was referred to the Standing Committee on Finance on the 4th January, 1999 for examination and report. The Standing Committee

while recommending the Bill suggested some amendments. These were accepted by the Government and amendments to the Bill were circulated on the 18th March, 1999. However, the Bill could not be taken up for consideration consequent on the dissolution of the Lok Sabha.

6. It is now proposed to re-introduce a fresh Bill by incorporating the provisions of the Insurance Regulatory Authority Bill, 1998 and the amendments suggested by the Standing Committee on Finance. The Bill will be titled Insurance Regulatory and Development Authority Bill on the basis of the recommendation of the Standing Committee. In the main text of the Bill, provisions are incorporated to give a Statutory character to the Interim Insurance Regulatory Authority and the Three Schedules contain amendments to the Insurance Act, 1938; amendment to the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972.

7. The proposed Authority shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract. It will consist of a Chairperson and other members not exceeding nine in number, of whom not more than five shall serve full time, to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience of life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which in the opinion of the Central Government shall be useful to the Authority. The Chairperson and other whole-time members, shall hold office for a term of 5 years or until the age of 65 years in the case of Chairperson and 62 years in the case of other whole-time members whichever is earlier and they shall be eligible for reappointment subject to age consideration. A part-time member shall hold office for a term not exceeding 5 years.

8. The duties, powers and functions of Authority, *inter alia*, shall include:—

(a) issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;

(b) protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy, and other terms and conditions of contracts of insurance;

(c) specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;

(d) specifying the code of conduct for surveyors and loss assessors;

(e) promoting efficiency in the conduct of insurance business;

(f) promoting and regulating professional organisations connected with the insurance and reinsurance business;

(g) levying fees and other charges for carrying out the purposes of this Act;

(h) calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business;

(i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section-64U of the Insurance Act, 1938;

(j) specifying the form and manner in which books of account shall be maintained and statement of accounts will be rendered by insurers and other insurance intermediaries;

- (k) regulating investment of funds by insurance companies;
- (l) regulating maintenance of margin of solvency;
- (m) adjudication of disputes between insurers and intermediaries or insurance intermediaries;
- (n) supervising the functioning of the Tariff Advisory Committee;
- (o) specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organisations referred to in clause (f);
- (p) specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector; and
- (q) exercising such other powers as may be prescribed.

9. The powers and functions mentioned above would enable the Authority to perform the role of an effective watchdog and regulator for the insurance sector in India. To enable the Authority to function in a truly independent manner and discharge its assigned responsibilities effectively, it is proposed to vest the Authority with statutory status.

10. The First Schedule Contains consequential provisions relating to amendments to the Insurance Act, 1938 to update certain outdated provisions and for smooth and efficient regulation of the opened up sector. The Second and Third Schedules contain amendment to the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalisation) Act, 1972 respectively to remove the exclusive privilege of the nationalised companies to transact insurance business.

11. The Bill seeks to achieve the above objects.

YASHWANT SINHA.

NEW DELHI;
The 21st October, 1999.

Notes on clauses

Clause 2 defines the various expressions occurring in the Bill.

Clause 3 provides for the establishment of the Insurance Regulatory and Development Authority by the Central Government as a body corporate. The head office of the Authority shall be at such place as the Central Government may decide from time to time.

Clause 4 provides that the Authority shall consist of a Chairperson, not more than five whole-time members and not more than four part-time members, to be appointed by the Central Government.

Clause 5 provides that the Chairperson and other whole-time members shall hold office for a term of five years or until the age of sixty-five years in the case of Chairperson and sixty-two years in the case of other whole-time members, whichever is earlier, and a part-time members shall hold office for a term not exceeding five years.

Clause 6 provides that the Central Government may, after giving a reasonable opportunity of being heard in the matter, remove from office the Chairperson and members of the Authority in certain circumstances.

Clause 7 provides that the salary, allowances and other terms and conditions of service of the Chairperson and whole-time members and allowances to part-time members will be prescribed by the Central Government and that they shall not be varied to their disadvantage, after appointment.

Clause 8 provides that the Chairperson and members shall be ineligible for appointment in Central or State Governments or any private company in the insurance sector for a period of two years from the date on which they cease to hold office as such without prior approval of the Central Government.

Clause 9 provides that the Chairperson shall have the powers of general superintendence and directions of all administrative matters of the Authority.

Clause 10 contains detailed provisions regarding conduct of the meetings of the Authority.

Clause 11 provides for certain conditions which will not invalidate the proceedings of the Authority.

Clause 12 empowers the Authority to appoint officers and other employees and determine their terms and conditions of service through regulations.

Clause 13 provides for transfer of assets, liabilities, etc., of the Interim Insurance Regulatory Authority to the Insurance Regulatory and Development Authority.

Clause 14 provides that the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and prescribes its specific powers and functions.

Clause 15 provides for grants to the Authority by the Central Government.

Clause 16 provides for constitution of the Insurance Regulatory and Development Authority Fund and crediting thereto all Government grants, fees and charges received by the Authority and its appropriation for making payments.

Clause 17 provides that the Authority shall maintain its accounts in the form prescribed by the Central Government in consultation with the Comptroller and Auditor General of India and that the accounts will be audited by the Comptroller and Auditor General of India with the same rights and privileges as in the case of audit of Government accounts. It also provides that the accounts of the Authority as certified by the Comptroller and

Auditor General of India together with the audit report thereon shall be laid before each House of Parliament every year.

Clause 18 provides that the Authority shall be bound by the directions of the Central Government on questions of policy and that the decisions of the Central Government, whether a question is one of policy or not, shall be final.

Clause 19 provides that the Central Government may, by notification and for reasons specified therein supersede the Authority, for a period not exceeding six months, in certain circumstances and during the period of supersession appoint a person to act as the Controller of Insurance under the Insurance Act, 1938. It also provides for reconstitution of the Authority before the expiry of the period of supersession and that a copy of the notification for supersession and a full report on the action taken shall be laid before each House of Parliament.

Clause 20 provides for furnishing of returns, etc., by the Authority to the Central Government.

Clause 21 provides that the Chairperson, members, officers and employees of the Authority shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

Clause 22 provides for usual provisions relating to the protection of action taken in good faith.

Clause 23 provides for delegation of powers of the Authority.

Clause 24 confers on the Central Government the power to make rules for carrying out the provisions of the Bill.

Clause 25 provides for the establishment of Insurance Advisory Committee which will consist of not more than 25 Members excluding the Chairperson and the members of the Authority who will be *ex-officio* Members.

Clause 26 confers on the Authority the power to make regulations consistent with the provisions of the Bill.

Clause 27 provides that the rules made by the Central Government and regulations made by the Authority shall be laid before each House of Parliament.

Clause 28 provides that the provisions of this Bill shall be in addition to and not in derogation of the provisions of any other law for the time being in force.

Clause 29 seeks to empower the Central Government to remove difficulties which may arise in giving effect to the provisions of the Bill.

Clause 30 seeks amendments of certain provisions of the Insurance Act, 1938 in the manner as set out in the First Schedule to the Bill.

The amendments to the Insurance Act, 1938 are consequential in nature to empower the Insurance Regulatory and Development Authority to effectively regulate, promote and ensure orderly growth of the insurance industry. The amendments *inter alia* provide for the substitution of the word "Controller" by the word "Authority" and substitution of the word "Central Government" by the word "Authority" in certain sections of the Insurance Act, 1938.

It also provides for certain definitions including definition of an Indian insurance company.

The other consequential amendments relate to empowering the authority in respect of registration of insurers, percentage of equity capital to foreign company, investment provisions, regulation of licence to intermediaries or insurance intermediaries and power of the Authority to make regulations.

Clause 31 seeks to amend the Life Insurance Corporation Act, 1956, in the manner as set out in the Second Schedule.

The amendment provides that the exclusive privilege of the Life Insurance Corporation shall cease so as to enable other Indian insurance companies to do life insurance business.

Clause 32 seeks to amend the General Insurance Business (Nationalisation) Act, 1972 in the manner as set out in the Third Schedule.

The amendment provides that the exclusive privilege of the General Insurance Corporation and the four subsidiary companies shall cease so as to enable other Indian insurance companies to do non-life insurance business.

FINANCIAL MEMORANDUM

The Central Government proposes to set up an independent statutory Insurance Regulatory and Development Authority under clause 3 of the Bill. Recurring expenditure towards salary and allowances, etc., of the Chairperson and other members under clause 7 will be of the order of Rs. 62 lakhs per annum and the officers and employees of the Authority under clause 12 will be of the order of Rs. 160 lakhs per annum. Other recurring expenditures by way of rent, maintenance, training, etc., will be of the order of Rs. 200 lakhs per annum. Non-recurring expenditure by way of purchase of accommodation, furniture and fixtures, office equipment, vehicle, etc., will be approximately of the order of Rs. 855 lakhs.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 19 of the Bill confers powers upon the Central Government to supersede, by notification, the Authority in the circumstances specified in that clause. This Clause further requires that a copy of such notification and a full report of any action taken under this clause and the circumstances leading to such supersession shall be laid before each House of Parliament at the earliest.

2. Clause 24 of the Bill empowers the Central Government to make rules to provide, *inter alia*, for the salary and allowances payable to and other terms and conditions of service of the Chairperson and other members, the additional powers and functions that may be performed by the Authority, the form of annual statement of accounts to be prepared by the Authority, the form and manner in which and the time within which, returns and statements and particulars are to be prepared and furnished by the Central Government, the matters on which the Insurance Advisory Committee shall advise the Authority and any other matter which is required to be, or may be prescribed, or in respect of which provision is to be or may be made by rules.

3. Clause 26 of the Bill empowers the Authority to make regulations to provide for, *inter alia*, the times and places of meeting of the Authority and the procedure to be followed at such meetings including the quorum necessary for the transaction of business, the terms and conditions of service of officers and employees of the Authority and powers and functions which may be delegated to the Committees of Members of the Authority.

4. Clause 30 of the Bill proposes to amend the Insurance Act, 1938 which, *inter alia*, proposes to insert section 6AA in that Act. The said section 6AA proposes to confer power upon the Central Government to prescribe the percentage of the paid-up equity capital in excess of twenty-six per cent., which the promoter shall at any time hold in an Indian insurance company. This clause further proposes to confer power upon the Central Government to prescribe the period within which such excess paid-up capital shall be divested by the promoters of such Indian insurance company.

This Clause further proposes to amend the Insurance Act, 1938 which, *inter alia*, empowers the Authority to make regulations in respect of the matter relating to the registration of insurers under section 3; the manner of suspension or cancellation of registration under sub-section (5E) of section 3; determination fees, not exceeding five thousand rupees for issue of a duplicate certificate of registration under sub-section (7) of section 3; the matters relating to renewal of registration under section 3A; the manner of; and procedure for, divesting excess share capital under sub-section (2) of section 6AA; preparation of balance-sheet, profit and loss account and a separate account of receipts and payments and revenue account under sub-section (1A) of section 11; the manner in which an abstract of the report of the actuary to be specified under the fourth proviso to sub-section (1) of section 13; the form and manner in which the statement referred to in sub-section (4) of section 13 shall be appended; the time, manner and the other conditions of investment of assets held by an insurer under sub-sections (1) and (2) of section 27D; the minimum information to be maintained by insurers in their books, the manner in which such information should be maintained, the checks and other verifications to be adopted by insurers in that connection and all other matters incidental thereto under sub-section (8) of section 33; the manner for making an application and the manner and the fee for issue of a licence to act as an insurance agent under sub-section (1) of section 42; the fee and the additional fee to be determined for renewal of licence of insurance agent under sub-section (3) of section 42; the requisite qualifications and practical training to act as an insurance agent under clause (e) of sub-section (4) of section 42; passing of examination to act as an insurance agent under clause (f) of sub-section (4) of section 42 code of conduct under clause (g) of sub-section (4) of section 42; fee not exceeding rupees fifty for issue of

duplicate licence under sub-section (6) of section 42; the manner in which and the fee for issue of a licence to an intermediary or an insurance intermediary under sub-section (1) of section 42D; the fee to be determined for renewal of licence of insurance intermediaries under sub-section (3) of section 42D; the period for specifying the requisite qualifications, code of conduct and practical training of intermediaries or insurance intermediaries under clause (e) of sub-section (5) of section 42D; the code of conduct under clause (g) of sub-section (5) of section 4 the matter relating to issue of duplicate licence under sub-section (7) of section 42D; the matters as specified under sub-section (2) of section 64UB relating to the Tariff Advisory Committee; the matter relating to licensing of surveyors and loss assessors, their duties, responsibilities and other professional requirements under section 64UM to specify such other asset or assets under clause (h) of sub-section (1) of section 64V for the purposes of ascertaining sufficiency of assets under section 64VA; valuation of assets and liabilities under sub-section (3) of section 64V, matters specified under sub-section (1A) of section 64VA relating to sufficiency of assets; the matter relating to re-insurance under sections 101A and 101B; matters relating to redressal of grievances of policy-holders to protect their interest and to regulate, promote and ensure orderly growth of insurance industry; any other matter which is to be, or may be, specified by regulations or in respect of which provision is to be made or may be made by regulations.

5. The rules and regulations made, shall be laid, as soon as may be, after they are made, before each House of Parliament.

6. The matter in respect of which rules and regulations may be made are generally matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

G.C. MALHOTRA,
Secretary-General.

Kerala Gazette No. 7 dated 12th February 2008.

PART I

Section i



GOVERNMENT OF KERALA

Law (Legislation Publication) Department

NOTIFICATION

No. 22381/Leg. Pbn. 4/2007/Law. *Dated, Thiruvananthapuram, 15th October 2007.*

The following Act of Parliament, Published in the Gazette of India, Extraordinary, Part II, Section 1, dated the 29th May, 2007 is hereby republished for general information. The Bill as passed by the Houses of Parliament received the assent of the President on the 28th May, 2007.

By order of the Governor,

P. S. GOPINATHAN,
Law Secretary.

THE SECURITIES CONTRACTS (REGULATION) AMENDMENT
ACT, 2007

(ACT No. 27 OF 2007)

AN

ACT

further to amend the Securities Contracts (Regulation) Act, 1956.

BE it enacted by parliament in the Fifty eighth year of the Republic of India as follows:—

1. *Short title.*—This Act may be called the Securities Contracts (Regulation) Amendment Act, 2007.

2. *Amendment of section 2.*—In section 2 of the Securities contracts (Regulation) Act, 1956 (42 of 1956) (hereinafter referred to as the principal Act), in clause (h), after sub-clause (id), the following sub-clause shall be inserted, namely:—

“(ie) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity and acknowledging beneficial interest of such investor in such debt or receivable including mortgage debt, as the case may be;”.

3. *Insertion of new section 17A.*—After section 17 of the principal Act, the following section shall be inserted, namely:—

“17A. *Public issue and listing of securities referred to in sub-clause (ie) of clause (h) of section 2.*—(1) Without prejudice to the provisions contained in this Act or any other law for the time being in force, no securities of the nature referred to in sub-clause (ie) of clause (h) of section 2 shall be offered to the public or listed on any recognised stock exchange unless the issuer fulfills such eligibility criteria and complies with such other requirements as may be specified by regulations made by the Securities and Exchange Board of India.

(2) Every issuer referred to in sub-clause (ie) of clause (h) of section 2 intending to offer the certificates or instruments referred therein to the public shall make an application, before issuing the offer document to the public, to one or more recognised stock exchanges for permission for such certificates or instruments to be listed on the stock exchange or each such stock exchange.

(3) Where the permission applied for under sub-section (2) for listing has not been granted or refused by the recognised stock exchanges or any of them, the issuer shall forthwith repay all moneys, if any, received from applicants in pursuance of the offer document and if any such money is not repaid within eight days after the issuer becomes liable to repay it, the issuer and every director or trustee thereof, as the case may be, who is in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

● *Explanation.*—In reckoning the eighth day after another day, any intervening day which is a public holiday under the Negotiable Instruments Act, 1881 (26 of 1881) shall be disregarded, and if the eighth day (as so reckoned) is itself such a public holiday, there shall for the said purposes be substituted the first day thereafter which is not a holiday.

(4) All the provisions of this Act relating to listing of securities of a public company on a recognised stock exchange shall, *mutatis mutandis*, apply to the listing of the securities of the nature referred to in sub-clause (ic) of clause (h) of section 2 by the issuer, being a special purpose distinct entity.

4. *Amendment of section 23.*—In section 23 of the Principal Act, in sub-section (1), in clause (c), for the word and figures “section 17”, the words, figures and letter “section 17 or section 17A” shall be substituted.

5. *Amendment of section 31.*—In section 31 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

● “(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the manner, in which at least fifty-one per cent of equity share capital of a recognised stock exchange is held within twelve months from the date of publication of the order under sub-section (7) of section 4B by the public other than the shareholders having trading rights under sub-section (8) of that section;

(b) the eligibility criteria and other requirements under section 17A.”

Bill No. 95-F of 2004

THE SECURITIES LAWS (AMENDMENT) BILL, 2004
(AS PASSED BY THE HOUSES OF PARLIAMENT)

BILL

further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996.

BE it enacted by Parliament in the Fifty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Securities Laws (Amendment) Act, 2004.

Short title and
commencement.

(2) It shall be deemed to have come into force on the 12th day of October, 2004.

CHAPTER II

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

42 of 1956.

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereafter in this Chapter referred to as the principal Act),—

Amendment
of section 2.

(i) clause (aa) shall be re-lettered as clause (ac) thereof and before the clause (ac) as so re-lettered, the following clauses shall be inserted, namely:—

“(aa) “corporatisation” means the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860, by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society;

21 of 1860.

(ab) "demutualisation" means the segregation of ownership and management from the trading rights of the members of a recognised stock exchange in accordance with a scheme approved by the Securities and Exchange Board of India;

(ii) clause (ga) shall be re-lettered as clause (gb) thereof and before the clause (gb) as so re-lettered, the following clause shall be inserted, namely:—

'(ga) "scheme" means a scheme for corporatisation or demutualisation of a recognised stock exchange which may provide for—

(i) the issue of shares for a lawful consideration and provision of trading rights in lieu of membership cards of members of a recognised stock exchange;

(ii) the restrictions on voting rights;

(iii) the transfer of property, business, assets, rights, liabilities, recognitions, contracts of the recognised stock exchange, legal proceedings by, or against, the recognised stock exchange, whether in the name of the recognised stock exchange or any trustee or otherwise and any permission given to, or by, the recognised stock exchange;

(iv) the transfer of employees of a recognised stock exchange to another recognised stock exchange;

(v) any other matter required for the purpose of, or in connection with, the corporatisation or demutualisation, as the case may be, of the recognised stock exchange;

(iii) in clause (h), after sub-clause (ic), the following sub-clause shall be inserted, namely:—

"(id) units or any other such instrument issued to the investors under any mutual fund scheme;"

(iv) for clause (j), the following clause shall be substituted, namely:—

'(j) "stock exchange" means—

(a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or

(b) a body corporate incorporated under the Companies Act, 1956 whether under a scheme of corporatisation and demutualisation or otherwise,

1 of 1956.

for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities;

3. After section 4 of the principal Act, the following sections shall be inserted, namely:—

'4A. On and from the appointed date, all recognised stock exchanges (if not corporatised and demutualised before the appointed date) shall be corporatised and demutualised in accordance with the provisions contained in section 4B:

Provided that the Securities and Exchange Board of India may, if it is satisfied that any recognised stock exchange was prevented by sufficient cause from being corporatised and demutualised on or after the appointed date, specify another

Insertion of
new sections
4A and 4B.

Corporatisation
and
demutualisation
of stock
exchanges.

appointed date in respect of that recognised stock exchange and such recognised stock exchange may continue as such before such appointed date.

Explanation.—For the purposes of this section, “appointed date” means the date which the Securities and Exchange Board of India may, by notification in the Official Gazette, appoint and different appointed dates may be appointed for different recognised stock exchanges.

4B. (1) All recognised stock exchanges referred to in section 4A shall, within such time as may be specified by the Securities and Exchange Board of India, submit a scheme for corporatisation and demutualisation for its approval:

Procedure for
corporatisation
and
demutualisation.

Provided that the Securities and Exchange Board of India, may, by notification in the Official Gazette, specify name of the recognised stock exchange, which had already been corporatised and demutualised, and such stock exchange shall not be required to submit the scheme under this section.

(2) On receipt of the scheme referred to in sub-section (1), the Securities and Exchange Board of India may, after making such enquiry as may be necessary in this behalf and obtaining such further information, if any, as it may require and if it is satisfied that it would be in the interest of the trade and also in the public interest, approve the scheme with or without modification.

(3) No scheme under sub-section (2) shall be approved by the Securities and Exchange Board of India if the issue of shares for a lawful consideration or provision of trading rights in lieu of membership card of the members of a recognised stock exchange or payment of dividends to members have been proposed out of any reserves or assets of that stock exchange.

(4) Where the scheme is approved under sub-section (2), the scheme so approved shall be published immediately by —

(a) the Securities and Exchange Board of India in the Official Gazette;

(b) the recognised stock exchange in such two daily newspapers circulating in India, as may be specified by the Securities and Exchange Board of India;

and upon such publication, notwithstanding anything to the contrary contained in this Act or any other law for the time being in force or any agreement, award, judgment, decree or other instrument for the time being in force, the scheme shall have effect and be binding on all persons and authorities including all members, creditors, depositors and employees of the recognised stock exchange and on all persons having any contract, right, power, obligation or liability with, against, over, to, or in connection with, the recognised stock exchange or its members.

(5) Where the Securities and Exchange Board of India is satisfied that it would not be in the interest of the trade and also in the public interest to approve the scheme under sub-section (2), it may, by an order, reject the scheme and such order of rejection shall be published by it in the Official Gazette:

Provided that the Securities and Exchange Board of India shall give a reasonable opportunity of being heard to all the persons concerned and the recognised stock exchange concerned before passing an order rejecting the scheme.

(6) The Securities and Exchange Board of India may, while approving the scheme under sub-section (2), by an order in writing, restrict—

(a) the voting rights of the shareholders who are also stock brokers of the recognised stock exchange;

(b) the right of shareholders or a stock broker of the recognised stock exchange to appoint the representatives on the governing board of the stock exchange;

(c) the maximum number of representatives of the stock brokers of the recognised stock exchange to be appointed on the governing board of the recognised stock exchange, which shall not exceed one-fourth of the total strength of the governing board.

(7) The order made under sub-section (6) shall be published in the Official Gazette and on the publication thereof, the order shall, notwithstanding anything to the contrary contained in the Companies Act, 1956, or any other law for the time being in force, have full effect. 1 of 1956.

(8) Every recognised stock exchange, in respect of which the scheme for corporatisation or demutualisation has been approved under sub-section (2), shall, either by fresh issue of equity shares to the public or in any other manner as may be specified by the regulations made by the Securities and Exchange Board of India, ensure that at least fifty-one per cent. of its equity share capital is held, within twelve months from the date of publication of the order under sub-section (7), by the public other than shareholders having trading rights:

Provided that the Securities and Exchange Board of India may, on sufficient cause being shown to it and in the public interest, extend the said period by another twelve months.

Amendment
of section 5.

4. Section 5 of the principal Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) Where the recognised stock exchange has not been corporatised or demutualised or it fails to submit the scheme referred to in sub-section (1) of section 4B within the specified time therefor or the scheme has been rejected by the Securities and Exchange Board of India under sub-section (5) of section 4B, the recognition granted to such stock exchange under section 4, shall, notwithstanding anything to the contrary contained in this Act, stand withdrawn and the Central Government shall publish, by notification in the Official Gazette, such withdrawal of recognition:

Provided that no such withdrawal shall affect the validity of any contract entered into or made before the date of the notification, and the Securities and Exchange Board of India may, after consultation with the stock exchange, make such provisions as it deems fit in the order rejecting the scheme published in the Official Gazette under sub-section (5) of section 4B.”

Insertion of
new section
8A.
Clearing
corporation.

5. After section 8 of the principal Act, the following section shall be inserted, namely:—

“8A. (1) A recognised stock exchange may, with the prior approval of the Securities and Exchange Board of India, transfer the duties and functions of a clearing house to a clearing corporation, being a company incorporated under the Companies Act, 1956, for the purpose of—

1 of 1956.

- (a) the periodical settlement of contracts and differences thereunder;
- (b) the delivery of, and payment for, securities;
- (c) any other matter incidental to, or connected with, such transfer.

(2) Every clearing corporation shall, for the purpose of transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1), make bye-laws and submit the same to the Securities and Exchange Board of India for its approval.

(3) The Securities and Exchange Board of India may, on being satisfied that it is in the interest of the trade and also in the public interest to transfer the duties and functions of a clearing house to a clearing corporation, grant approval to the bye-laws submitted to it under sub-section (2) and approve the transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1).

(4) The provisions of sections 4, 5, 6, 7, 8, 9, 10, 11 and 12 shall, as far as may be, apply to a clearing corporation referred to in sub-section (1) as they apply in relation to a recognised stock exchange."

6. After section 12 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
12A.
Power to issue
directions.

"12A. If, after making or causing to be made an inquiry, the Securities and Exchange Board of India is satisfied that it is necessary—

(a) in the interest of investors, or orderly development of securities market;
or

(b) to prevent the affairs of any recognised stock exchange or clearing corporation, or such other agency or person, providing trading or clearing or settlement facility in respect of securities, being conducted in a manner detrimental to the interests of investors or securities market; or

(c) to secure the proper management of any such stock exchange or clearing corporation or agency or person, referred to in clause (b),

it may issue such directions, —

(i) to any stock exchange or clearing corporation or agency or person referred to in clause (b) or any person or class of persons associated with the securities market; or

(ii) to any company whose securities are listed or proposed to be listed in a recognised stock exchange,

as may be appropriate in the interests of investors in securities and the securities market."

7. In section 13 of the principal Act,—

Amendment
of section 13.

(a) for the words "between members of a recognised stock exchange", the words "between members of a recognised stock exchange or recognised stock exchanges" shall be substituted;

(b) for the words "State or area" wherever they occur, the words "State or States or area" shall be substituted;

(c) the following proviso shall be inserted, namely:—

"Provided that any contract entered into between members of two or more recognised stock exchanges in such State or States or area, shall—

(i) be subject to such terms and conditions as may be stipulated by the respective stock exchanges with prior approval of Securities and Exchange Board of India;

(ii) require prior permission from the respective stock exchanges if so stipulated by the stock exchanges with prior approval of Securities and Exchange Board of India."

8. After section 21 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
21A.

"21A. (1) A recognised stock exchange may delist the securities, after recording the reasons therefor, from any recognised stock exchange on any of the ground or grounds as may be prescribed under this Act:

Delisting of
securities.

Provided that the securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard.

(2) A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock exchange delisting the securities within fifteen days from the date of the decision of the recognised stock exchange delisting the securities and the provisions of sections 22B to 22E of this Act, shall apply, as far as may be, to such appeals:

Provided that the Securities Appellate Tribunal may, if it is satisfied that the company was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding one month."

Substitution of
new section for
section 22F.

9. For section 22F of the principal Act, the following section shall be substituted, namely:—

Appeal to
Supreme
Court.

"22F. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days."

Amendment of
section 23.

10. In section 23 of the principal Act,—

(a) in sub-section (1), after clause (i), for the words "shall, on conviction, be punishable with imprisonment for a term which may extend to one year, or with fine or with both", the words "shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees or with both" shall be substituted;

(b) in sub-section (2),—

(i) for the word and figures "section 21," the words, figures and letter "section 21 or section 21A" shall be substituted;

(ii) for the words "shall, on conviction, be punishable with fine which may extend to one thousand rupees", the words "shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees, or with both" shall be substituted.

Insertion of
new sections
23A to 23-O.

11. After section 23 of the principal Act, the following sections shall be inserted, namely:—

Penalty for
failure to
furnish
information,
return, etc.

"23A. Any person, who is required under this Act or any rules made thereunder,—

(a) to furnish any information, document, books, returns or report to a recognised stock exchange, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognised stock exchange, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

(b) to maintain books of account or records, as per the listing agreement or conditions, or bye-laws of a recognised stock exchange, fails to maintain the same, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

23B. If any person, who is required under this Act or any bye-laws of a recognised stock exchange made thereunder, to enter into an agreement with his client, fails to enter into such an agreement, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure.

Penalty for failure by any person to enter into an agreement with clients.

23C. If any stock broker or sub-broker or a company whose securities are listed or proposed to be listed in a recognised stock exchange, after having been called upon by the Securities and Exchange Board of India or a recognised stock exchange in writing, to redress the grievances of the investors, fails to redress such grievances within the time stipulated by the Securities and Exchange Board of India or a recognised stock exchange, he or it shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

Penalty for failure to redress investors' grievances.

23D. If any person, who is registered under section 12 of the Securities and Exchange Board of India Act, 1992 as a stock broker or sub-broker, fails to segregate securities or moneys of the client or clients or uses the securities or moneys of a client or clients for self or for any other client, he shall be liable to a penalty not exceeding one crore rupees.

Penalty for failure to segregate securities or moneys of client or clients.

23E. If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.

Penalty for failure to comply with listing conditions or delisting conditions or grounds.

23F. If any issuer dematerialises securities more than the issued securities of a company or delivers in the stock exchanges the securities which are not listed in the recognised stock exchange or delivers securities where no trading permission has been given by the recognised stock exchange, he shall be liable to a penalty not exceeding twenty-five crore rupees.

Penalty for excess dematerialisation or delivery of unlisted securities.

23G. If a recognised stock exchange fails or neglects to furnish periodical returns to the Securities and Exchange Board of India or fails or neglects to make or amend its rules or bye-laws as directed by the Securities and Exchange Board of India or fails to comply with directions issued by the Securities and Exchange Board of India, such recognised stock exchange shall be liable to a penalty which may extend to twenty-five crore rupees.

Penalty for failure to furnish periodical returns, etc.

23H. Whoever fails to comply with any provision of this Act, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

Penalty for contravention where no separate penalty has been provided.

23-I. (1) For the purpose of adjudging under sections 23A, 23B, 23C, 23D, 23E, 23F, 23G and 23H, the Securities and Exchange Board of India shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

Power to adjudicate.

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the

provisions of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

Factors to be taken into account by adjudicating officer.

23J. While adjudging the quantum of penalty under section 23-I, the adjudicating officer shall have due regard to the following factors, namely:—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Crediting sums realised by way of penalties to Consolidated Fund of India.

23K. All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India.

Appeal to Securities Appellate Tribunal.

23L. (1) Any person aggrieved, by the order or decision of the recognised stock exchange or the adjudicating officer or any order made by the Securities and Exchange Board of India under section 4B, may prefer an appeal before the Securities Appellate Tribunal and the provisions of sections 22B, 22C, 22D and 22E of this Act, shall apply, as far as may be, to such appeals.

(2) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order or decision is received by the appellant and it shall be in such form and be accompanied by such fee as may be prescribed:

Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Securities Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(4) The Securities Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned adjudicating officer.

(5) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

Offences.

23M. (1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations or bye-laws made thereunder, for which no punishment is provided elsewhere in this Act, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

Composition of certain offences.

23N. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

23-O. (1) The Central Government may, on recommendation by the Securities and Exchange Board of India, if the Central Government is satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation:

Power to grant immunity.

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that the recommendation of the Securities and Exchange Board of India under this sub-section shall not be binding upon the Central Government.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted."

12. In section 25 of the principal Act, the words, brackets and figure "sub-section (1) of" shall be omitted.

Amendment of section 25.

13. For section 26 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 26.

"26. (1) No court shall take cognizance of any offence punishable under this Act or any rules or regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or a recognised stock exchange or by any person.

Cognizance of offences by courts.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act."

14. After section 27 A of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 27B.

"27B. (1) It shall be lawful for the holder of any securities, being units or other instruments issued by any mutual fund, whose name appears on the books of the mutual fund issuing the said security to receive and retain any income in respect of units or other instruments issued by the mutual fund declared by the mutual fund in respect thereof for any year, notwithstanding that the said security, being units or other instruments issued by the mutual fund, has already been transferred by him for consideration, unless the transferee who claims the income in respect of units or other instruments issued by the mutual fund from the transferor has lodged the security and all other documents relating to the transfer which may be required by the mutual fund with the mutual fund for being registered in his name within fifteen days of the date on which the income in respect of units or other instruments issued by the mutual fund became due.

Right to receive income from mutual fund.

Explanation.—The period specified in this section shall be extended—

(i) in case of death of the transferee, by the actual period taken by his legal representative to establish his claim to the income in respect of units or other instrument issued by the mutual fund;

(ii) in case of loss of the transfer deed by theft or any other cause beyond the control of transferee, by the actual period taken for the replacement thereof; and

(iii) in case of delay in the lodging of any security, being units or other instruments issued by the mutual fund, and other documents relating to the transfer due to causes connected with the post, by the actual period of the delay.

(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a mutual fund to pay any income from units or other instruments issued by the mutual fund which has become due to any person, whose name is for the time being registered in the books of the mutual fund as the holder of the security being units or other instruments issued by the mutual fund in respect of which the income in respect of units or other instruments issued by the mutual fund has become due; or

(b) the right of a transferee of any security, being units or other instruments issued by the mutual fund, to enforce against the transferor or any other person, his rights, if any, in relation to the transfer in any case where the mutual fund has refused to register the transfer of the security being units or other instruments issued by the mutual fund in the name of the transferee.”

Amendment
of section 30.

15. In section 30 of the principal Act,—

(a) in sub-section (2), for clause (ha), the following clauses shall be substituted, namely:—

“(ha) the grounds on which the securities of a company may be delisted from any recognised stock exchange under sub-section (1) of section 21A;

(hb) the form in which an appeal may be filed before the Securities Appellate Tribunal under sub-section (2) of section 21A and the fees payable in respect of such appeal;

(hc) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 22A and the fees payable in respect of such appeal;

(hd) the manner of inquiry under sub-section (1) of section 23-I;

(he) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 23L and the fees payable in respect of such appeal;”;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.”

Insertion of
new section 31.

16. After section 30 of the principal Act, the following section shall be inserted, namely:—

Power of
Securities and
Exchange
Board of India
to make
regulations.

“31. (1) Without prejudice to the provisions contained in section 30 of the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India may, by notification in the Official Gazette, make regulations consistent with the provisions of this Act and the rules made thereunder to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for the manner in which at least fifty-one per cent. of equity share capital of a recognised stock exchange is held within twelve months from the date of publication of the order under sub-section (7) of section 4B by the public other than the shareholders having trading rights under sub-section (8) of that section:

(3) Every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation."

CHAPTER III

AMENDMENTS TO THE DEPOSITORIES ACT, 1996

22 of 1996.

17. After section 19 of the Depositories Act, 1996 (hereafter in this Chapter referred to as the principal Act), the following sections shall be inserted, namely:—

Insertion of new sections 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19-I and 19J.

"19A. Any person, who is required under this Act or any rules or regulations or bye-laws made thereunder,—

Penalty for failure to furnish information, return, etc.

(a) to furnish any information, document, books, returns or report to the Board, fails to furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations or bye-laws, fails to file return or furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

(c) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

15 of 1992.

19B. If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992, and is required under this Act or any rules or regulations made thereunder, to enter into an agreement, fails to enter into such agreement, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure.

Penalty for failure to enter into an agreement.

15 of 1992.

19C. If any depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992, after having been called upon by the Board in writing, to redress the grievances of the investors, fails to redress such grievances within the time specified by the Board, such depository or participant or issuer or its agents or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

Penalty for failure to redress investors' grievances.

Penalty for delay in dematerialisation or issue of certificate of securities.

19D. If any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992, fails to dematerialise or issue the certificate of securities on opting out of a depository by the investors, within the time specified under this Act or regulations or bye-laws made thereunder or abets in delaying the process of dematerialisation or issue the certificate of securities on opting out of a depository of securities, such issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

15 of 1992.

Penalty for failure to reconcile records.

19E. If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992, fails to reconcile the records of dematerialised securities with all the securities issued by the issuer as specified in the regulations, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

15 of 1992.

Penalty for failure to comply with directions issued by Board under section 19 of the Act.

19F. If any person fails to comply with the directions issued by the Board under section 19, within the time specified by it, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

Penalty for contravention where no separate penalty has been provided.

19G. Whoever fails to comply with any provision of this Act, the rules or the regulations or bye-laws made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

Power to adjudicate.

19H. (1) For the purpose of adjudging under sections 19A, 19B, 19C, 19D, 19E, 19F and 19G, the Board shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

Factors to be taken into account by adjudicating officer.

19-I. While adjudging the quantum of penalty under section 19H, the adjudicating officer shall have due regard to the following factors, namely:—

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- (b) the amount of loss caused to an investor or group of investors as a result of the default;
- (c) the repetitive nature of the default.

Crediting sums realised by way of penalties to Consolidated Fund of India.

19J. All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India."

18. For section 20 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 20.

"20. (1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations or bye-laws made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

Offences.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both."

19. For section 22 of the principal Act, the following sections shall be substituted, namely:—

Substitution of new sections for section 22.

"22. (1) No court shall take cognizance of any offence punishable under this Act or any rules or regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or by any person.

Cognizance of offences by courts.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act.

2 of 1974.

22A. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

Composition of certain offences.

22B. (1) The Central Government may, on recommendation by the Board, if the Central Government is satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation:

Power to grant immunity.

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that recommendation of the Board under this sub-section shall not be binding upon the Central Government.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted."

20. In section 23A of the principal Act, in sub-section (1), after the words, brackets and figures "Save as provided in sub-section (2), any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, under this Act, or the regulations made thereunder," and before the words "may prefer an appeal to a Securities Appellate Tribunal having a jurisdiction in the matter," the words "or by an order made by an adjudicating officer under this Act" shall be inserted.

Amendment of section 23A.

32 of 1999.

Substitution of
new section
for section
23F.

21. For section 23F of the principal Act, the following section shall be substituted, namely:—

Appeal to
Supreme
Court.

“23F. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.”

Amendment
of section 24.

22. In section 24 of the principal Act, in sub-section (2), for clause (a), the following clauses shall be substituted, namely:—

“(a) the manner of inquiry under sub-section (1) of section 19H;

(aa) the time within which an appeal may be preferred under sub-section (1) of section 23;”

CHAPTER IV

REPEAL AND SAVING-

Repeal and
saving.

23. (1) The Securities Laws (Amendment) Ordinance, 2004 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996, as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of those Acts, as amended by this Act.

Ord.
4 of 2004.

42 of 1956.
22 of 1996.

Law (enobide)

5 Copies

Kerala Gazette No. 42 dated 25th October, 2005.

PART I

Section i



GOVERNMENT OF KERALA

Law (Legislation-Publication) Department

NOTIFICATION

No. 4958/Leg. Pbn. 2/05/Law. -Dated, Thiruvananthapuram, 11th March 2005.

The following Act of Parliament published in the Gazette of India, Extraordinary, Part II, Section I, dated the 7th January, 2005 is hereby republished for general information. The Bill as passed by the Houses of Parliament received the assent of the President on the 6th January, 2005.

By order of the Governor,
S. SAINUDEEN,
Law Secretary.

THE SECURITIES LAWS (AMENDMENT) ACT, 2004

(ACT No. 1 of 2005)

AN

ACT

further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996.

BE it enacted by Parliament in the Fifty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. *Short title and commencement.*— (1) This Act may be called the Securities Laws (Amendment) Act, 2004.

(2) It shall be deemed to have come into force on the 12th day of October, 2004:

CHAPTER II

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

2. *Amendment of section 2.*— In section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (hereafter in this Chapter referred to as the principal Act),—

(i) clause (aa) shall be re-lettered as clause (ac) thereof and before the clause (ac) as so re-lettered, the following clauses shall be inserted, namely:—

“(aa) “corporatisation” means the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860 (21 of 1860), by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society;

(ab) “demutualisation” means the segregation of ownership and management from the trading rights of the members of a recognised stock exchange in accordance with a scheme approved by the Securities and Exchange Board of India;”;

(ii) clause (ga) shall be re-lettered as clause (gb) thereof and before the clause (gb) as so re-lettered, the following clause shall be inserted, namely:—

“(ga) “scheme” means a scheme for corporatisation or demutualisation of a recognised stock exchange which may provide for—

(i) the issue of shares for a lawful consideration and provision of trading rights in lieu of membership cards of members of a recognised stock exchange;

(ii) the restrictions on voting rights;

(iii) the transfer of property, business, assets, rights, liabilities, recognitions, contracts of the recognised stock exchange, legal proceedings by, or against, the recognised stock exchange, whether in the name of the recognised stock exchange or any trustee or otherwise and any permission given to, or by, the recognised stock exchange;

(iv) the transfer of employees of a recognised stock exchange to another recognised stock exchange;

(v) any other matter required for the purpose of, or in connection with, the corporatisation or demutualisation, as the case may be, of the recognised stock exchange;’;

(iii) in clause (h), after sub-clause (ic), the following sub-clause shall be inserted, namely:—

• “(id) units or any other such instrument issued to the investors under any mutual fund scheme;”;

(iv) for clause (j), the following clause shall be substituted, namely:—

‘(j) “stock exchange” means—

(a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or

(b) a body corporate incorporated under the Companies Act, 1956 (1 of 1956) whether under a scheme of corporatisation and demutualisation or otherwise,

for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities;’.

3. *Insertion of new sections 4A and 4B.*— After section 4 of the principal Act, the following sections shall be inserted, namely:—

‘4A. *Corporatisation and demutualisation of stock exchanges.*—On and from the appointed date, all recognised stock exchanges (if not corporatised and

demutualised before the appointed date) shall be corporatised and demutualised in accordance with the provisions contained in section 4B:

Provided that the Securities and Exchange Board of India may, if it is satisfied that any recognised stock exchange was prevented by sufficient cause from being corporatised and demutualised on or after the appointed date, specify another appointed date in respect of that recognised stock exchange and such recognised stock exchange may continue as such before such appointed date.

Explanation.—For the purposes of this section, “appointed date” means the date which the Securities and Exchange Board of India may, by notification in the Official Gazette, appoint and different appointed dates may be appointed for different recognised stock exchanges.

4B. Procedure for corporatisation and demutualisation.—(1) All recognised stock exchanges referred to in section 4A shall, within such time as may be specified by the Securities and Exchange Board of India, submit a scheme for corporatisation and demutualisation for its approval:

Provided that the Securities and Exchange Board of India, may, by notification in the Official Gazette, specify name of the recognised stock exchange, which had already been corporatised and demutualised and such stock exchange shall not be required to submit the scheme under this section.

(2) On receipt of the scheme referred to in sub-section (1), the Securities and Exchange Board of India may, after making such enquiry as may be necessary in this behalf and obtaining such further information, if any, as it may require and if it is satisfied that it would be in the interest of the trade and also in the public interest, approve the scheme with or without modification.

(3) No scheme under sub-section (2) shall be approved by the Securities and Exchange Board of India if the issue of shares for a lawful consideration or provision of trading rights in lieu of membership card of the members of a recognised stock exchange or payment of dividends to members have been proposed out of any reserves or assets of that stock exchange.

(4) Where the scheme is approved under sub-scheme is approved under sub-section (2), the scheme so approved shall be published immediately by—

(a) the Securities and Exchange Board of India in the Official Gazette;

(b) the recognised stock exchange in such two daily newspapers circulating in India, as may be specified by the Securities and Exchange Board of India,

and upon such publication, notwithstanding anything to the contrary contained in this Act or any other law for the time being in force or any agreement, award, judgment, decree or other instrument for the time being in force, the scheme shall have effect and be binding on all persons and authorities including all members, creditors, depositors and employees of the recognised stock exchange and on all persons having any contract, right, power, obligation or liability with, against, over, to, or in connection with, the recognised stock exchange or its members.

(5) where the Securities and Exchange Board of India is satisfied that it would not be in the interest of the trade and also in the public interest to approve the scheme under sub-sections (2), it may, by an order, reject the scheme and such order of rejection shall be published by it in the Official Gazette :

Provided that the Securities and Exchange Board of India shall give a reasonable opportunity of being heard to all the persons concerned and the recognised stock exchange concerned before passing an order rejecting the scheme.

(6) The Securities and Exchange Board of India may, while approving the scheme under sub-section (2), by an order in writing, restrict—

(a) the voting rights of the shareholders who are also stock brokers of the recognised stock exchange;

(b) the right of shareholders or a stock broker of the recognised stock exchange to appoint the representatives on the governing board of the stock exchange;

(c) the maximum number of representatives of the stock brokers of the recognised stock exchange to be appointed on the governing board of the recognised stock exchange, which shall not exceed one-fourth of the total strength of the governing board.

(7) The order made under sub-section (6) shall be published in the Official Gazette and on the publication thereof, the order shall, notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956), or any other law for the time being in force, have full effect.

(8) Every recognised stock exchange, in respect of which the scheme for corporatisation or demutualisation has been approved under sub-section (2), shall, either by fresh issue of equity shares to the public or in any other manner as may be specified by the regulations made by the Securities and Exchange Board of India, ensure that at least fifty-one per cent of its equity share capital

is held, within twelve months from the date of publication of the order under sub-section (7), by the public other than shareholders having trading rights:

Provided that the Securities and Exchange Board of India may, on sufficient cause being shown to it and in the public interest, extend the said period by another twelve months.

4. *Amendment of Section 5.*—Section 5 of the principal Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) Where the recognised stock exchange has not been corporatised or demutualised or it fails to submit the scheme referred to in sub-section (1) of section 4B within the specified time therefor or the scheme has been rejected by the Securities and Exchange Board of India under sub-section (5) of section 4B, the recognition granted to such stock exchange under section 4, shall, notwithstanding anything to the contrary contained in this Act, stand withdrawn and the Central Government shall publish, by notification in the Official Gazette, such withdrawal of recognition :

“Provided that no such withdrawal shall affect the validity of any contract entered into or made before the date of the notification, and the Securities and Exchange Board of India may, after consultation with the stock exchange, make such provisions as it deems fit in the order rejecting the scheme published in the Official Gazette under sub-section (5) of section 4B.”

5. *Insertion of new section 8A.*—After section 8 of the principal Act, the following section shall be inserted, namely:—

“8A. *Clearing corporation.*—(1) A recognised stock exchange may, with the prior approval of the Securities and Exchange Board of India, transfer the duties and functions of a clearing house to a clearing corporation, being a company incorporated under the Companies Act, 1956 (1 of 1956), for the purpose of—

- (a) the periodical settlement of contracts and differences thereunder;
- (b) the delivery of, and payment for, securities;
- (c) any other matter incidental to, or connected with, such transfer.

(2) Every clearing corporation shall, for the purpose of transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1), make bye-laws and submit the same to the Securities and Exchange Board of India for its approval.

(3) The Securities and Exchange Board of India may, on being satisfied that it is in the interest of the trade and also in the public interest to transfer the

duties and functions of a clearing house to a clearing corporation, grant approval to the bye-laws submitted to it under sub-section (2) and approve the transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1).

(4) The provisions of sections 4, 5, 6, 7, 8, 9, 10, 11 and 12 shall, as far as may be, apply to a clearing corporation referred to in sub-section (1) as they apply in relation to a recognised stock exchange."

6. *Insertion of new section 12A.*—After section 12 of the principal Act, the following section shall be inserted, namely:—

"12A. *Power to issue directions.*—If, after making or causing to be made an inquiry, the Securities and Exchange Board of India is satisfied that it is necessary—

(a) in the interest of investors, or orderly development of securities market; or

(b) to prevent the affairs of any recognised stock exchange or clearing corporation, or such other agency or person, providing trading or clearing or settlement facility in respect of securities, being conducted in a manner detrimental to the interests of investors or securities market; or

(c) to secure the proper management of any such stock exchange or clearing corporation or agency or person, referred to in clause (b),

it may issue such directions,—

(i) to any stock exchange or clearing corporation or agency or person referred to in clause (b) or any person or class of persons associated with the securities market; or

(ii) to any company whose securities are listed or proposed to be listed in a recognised stock exchange,

as may be appropriate in the interests of investors in securities and the securities market."

7. *Amendment of section 13.*—In section 13 of the principal Act,—

(a) for the words "between members of a recognised stock exchange", the words "between members of a recognised stock exchange or recognised stock exchanges" shall be substituted;

(b) for the words "State or area" wherever they occur, the words "State or States or area" shall be substituted;

(c) the following proviso shall be inserted, namely:—

“Provided that any contract entered into between members of two or more recognised stock exchanges in such State or States or area, shall—

(i) be subject to such terms and conditions as may be stipulated by the respective stock exchanges with prior approval of Securities and Exchange Board of India;

(ii) require prior permission from the respective stock exchanges if so stipulated by the stock exchanges with prior approval of Securities and Exchange Board of India.”

8. *Insertion of new section 21A.*—After section 21 of the principal Act, the following section shall be inserted, namely:—

“21A. *Delisting of securities.*—(1) A recognised stock exchange may delist the securities, after recording the reasons therefor, from any recognised stock exchange on any of the ground or grounds as may be prescribed under this Act.

Provided that the securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard.

(2) A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock exchange delisting the securities within fifteen days from the date of the decision of the recognised stock exchange delisting the securities and the provisions of sections 22B to 22E of this Act, shall apply, as far as may be, to such appeals:

Provided that the Securities Appellate Tribunal may, if it is satisfied that the company was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding one month.”

9. *Substitution of new section for section 22F.*—For section 22F of the principal Act, the following section shall be substituted, namely:—

“22F. *Appeal to Supreme Court.*—Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.”

10. *Amendment of section 23.*—In section 23 of the principal Act,—

(a) in sub-section (1), after clause (i), for the words “shall, on conviction, be punishable with imprisonment for a term which may extend to one year, or with fine or with both”; the words “shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees or with both” shall be substituted;

(b) in sub-section (2),—

(i) for the word and figures “section 21,” the words, figures and letter “section 21 or section 21A” shall be substituted;

(ii) for the words “shall, on conviction, be punishable with fine which may extend to one thousand rupees”, the words “shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees, or with both” shall be substituted.

11. *Insertion of new sections 23A to 23O.*—After section 23 of the principal Act, the following sections shall be inserted, namely:—

“23A. *Penalty for failure to furnish information, return, etc.*—Any person, who is required under this Act or any rules made thereunder,—

(a) to furnish any information, document, books, returns or report to a recognised stock exchange, fails to furnish the same within the time specified therefore in the listing agreement or conditions or bye-laws of the recognised stock exchange, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

(b) to maintain books of account or records, as per the listing agreement or conditions, or bye-laws of a recognised stock exchange, fails to maintain the same, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

23B. *Penalty for failure by any person to enter into an agreement with clients.*—If any person, who is required under this Act or any bye-laws of a recognised stock exchange made thereunder, to enter into an agreement with his client, fails to enter into such an agreement, he shall be liable to a penalty of

one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure:

23C. *Penalty for failure to redress investors' grievances.*—If any stock broker or sub-broker or a company whose securities are listed or proposed to be listed in a recognised stock exchange, after having been called upon by the Securities and Exchange Board of India or a recognised stock exchange in writing, to redress the grievances of the investors; fails to redress such grievances within the time stipulated by the Securities and Exchange Board of India or a recognised stock exchange, he or it shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

23D. *Penalty for failure to segregate securities or moneys of client or clients.*—If any person, who is registered under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) as a stock broker or sub-broker, fails to segregate securities or moneys of the client or clients or uses the securities or moneys of a client or clients for self or for any other client, he shall be liable to a penalty not exceeding one crore rupees.

23E. *Penalty for failure to comply with listing conditions or delisting conditions or grounds.*—If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.

23F. *Penalty for excess dematerialisation or delivery of unlisted securities.*—If any issuer dematerialises securities more than the issued securities of a company or delivers in the stock exchanges the securities which are not listed in the recognised stock exchange or delivers securities where no trading permission has been given by the recognised stock exchange, he shall be liable to a penalty not exceeding twenty-five crore rupees.

23G. *Penalty for failure to furnish periodical returns, etc.*—If a recognised stock exchange fails or neglects to furnish periodical returns to the Securities and Exchange Board of India or fails or neglects to make or amend its rules or bye-laws as directed by the Securities and Exchange Board of India or fails to comply with directions issued by the Securities and Exchange Board of India, such recognised stock exchange shall be liable to a penalty which may extend to twenty-five crore rupees.

23H. *Penalty for contravention where no separate penalty has been provided.*—Whoever fails to comply with any provision of this Act, the rules or

articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

23 I. *Power to adjudicate.*—(1). For the purpose of adjudging Under Sections 23A, 23B, 23C, 23D, 23E, 23F, 23G, and 23H, the Securities and Exchange Board of India shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an Adjudicating Officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the Adjudicating Officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

23J. *Factors to be taken into account by adjudicating officer.*—While adjudging the quantum of penalty under section 23-I, the adjudicating officer shall have due regard to the following factors, namely:—

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default ;
- (b) the amount of loss caused to an investor or group of investors as a result of the default ;
- (c) the repetitive nature of the default.

23K. *Crediting sums realised by way of penalties to Consolidated Fund of India.*—All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India.

23L. *Appeal to Securities Appellate Tribunal.*—(1) Any person aggrieved, by the order or decision of the recognised stock exchange or the Adjudicating Officer or any order made by the Securities and Exchange Board of India Under Section 4B, may prefer an appeal before the Securities Appellate Tribunal and the provisions of sections 22B, 22C, 22D and 22E of this Act, shall apply, as far as may be, to such appeals.

(2) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order or decision is

received by the appellant and it shall be in such form and be accompanied by such fee as may be prescribed:

Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Securities Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(4) The Securities Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned Adjudicating Officer.

(5) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

23M. *Offences.*—(1) Without prejudice to any award of penalty by the Adjudicating Officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations or bye-laws made thereunder, for which no punishment is provided elsewhere in this Act, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

(2) If any person fails to pay the penalty imposed by the Adjudicating Officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

23N. *Composition of certain offences.*—Notwithstanding anything contained in the Code of Criminal Procedure, 1973, (2 of 1974) any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

23O. *Power to grant immunity.*—(1) The Central Government may, on recommendation by the Securities and Exchange Board of India, if the Central Government is satisfied, that any person, who is alleged to have violated any of

the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation:

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that the recommendation of the Securities and Exchange Board of India under this sub-section shall not be binding upon the Central Government.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted."

12. *Amendment of section 25.*—In section 25 of the principal Act, the words, brackets and figure "sub-section (1) of" shall be omitted.

13. *Substitution of new section for section 26.*—For section 26 of the principal Act, the following section shall be substituted, namely:—

"26. *Cognizance of offences by courts.*—(1) No court shall take cognizance of any offence punishable under this Act or any rules or regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or a recognised stock exchange or by any person.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act."

14. *Insertion of new section 27B.*—After section 27A of the principal Act, the following section shall be inserted, namely:—

"27B. *Right to receive income from mutual fund.*—(1) It shall be lawful for the holder of any securities, being units or other instruments issued by any mutual fund, whose name appears on the books of the mutual fund issuing the said security to receive and retain any income in respect of units or other instruments issued by the mutual fund declared by the mutual fund in respect thereof for any year, notwithstanding that the said security, being units or other instruments issued by the mutual fund, has already been transferred by him for consideration, unless the transferee who claims the income in respect of units or other instruments issued by the mutual fund from the transferor has lodged the security and all other documents relating to the transfer which may be required by the mutual fund with the mutual fund for being registered in his name within fifteen days of the date on which the income in respect of units or other instruments issued by the mutual fund became due.

Explanation.—The period specified in this section shall be extended—

(i) in case of death of the transferee, by the actual period taken by his legal representative to establish his claim to the income in respect of units or other instrument issued by the mutual fund ;

(ii) in case of loss of the transfer deed by theft or any other cause beyond the control of transferee, by the actual period taken for the replacement thereof ; and

(iii) in case of delay in the lodging of any security, being units or other instruments issued by the mutual fund, and other documents relating to the transfer due to causes connected with the post, by the actual period of the delay.

(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a mutual fund to pay any income from units or other instruments issued by the mutual fund which has become due to any person, whose name is for the time being registered in the books of the mutual fund as the holder of the security being units or other instruments issued by the mutual fund in respect of which the income in respect of units or other instruments issued by the mutual fund has become due; or

(b) the right of a transferee of any security, being units or other instruments issued by the mutual fund, to enforce against the transferor or any other person, his rights, if any, in relation to the transfer in any case where the mutual fund has refused to register the transfer of the security being units or other instruments issued by the mutual fund in the name of the transferee."

15. *Amendment of section 30.*—In section 30 of the principal Act,—

(a) in sub-section (2), for clause (ha), the following clauses shall be substituted, namely:—

“(ha) the grounds on which the securities of a company may be delisted from any recognised stock exchange under sub-section (1) of section 21A;

(hb) the form in which an appeal may be filed before the Securities Appellate Tribunal under sub-section (2) of section 21A and the fees payable in respect of such appeal;

(hc) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 22A and the fees payable in respect of such appeal;

(hd) the manner of inquiry under sub-section (1) of section 23-I;

(he) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 23L and the fees payable in respect of such appeal;”;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions; and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.”

16. *Insertion of new section 31.*—After section 30 of the principal Act, the following section shall be inserted, namely:—

“31. *Power of Securities and Exchange Board of India to make regulations.*—(1) Without prejudice to the provisions contained in section 30 of the Securities and Exchange Board of India Act, 1992, (15 of 1992) the Securities and Exchange Board of India may, by notification in the Official Gazette, make regulations consistent with the provisions of this Act and the rules made thereunder to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for the manner in which at least fifty-one per cent, of equity share capital of a recognised stock exchange is held within twelve months from the date of publication of the order under sub-section (7) of section 4B by the public other than the shareholders having trading rights under sub-section (8) of that section.

(3) Every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation."

CHAPTER III

AMENDMENTS TO THE DEPOSITORIES ACT, 1996

17. *Insertion of new sections 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19-I and 19J.*—After section 19 of the Depositories Act, 1996 (22 of 1996) (hereafter in this Chapter referred to as the principal Act), the following sections shall be inserted, namely:—

"19A. *Penalty for failure to furnish information, return, etc.*—Any person, who is required under this Act or any rules or regulations or bye-laws made thereunder,—

(a) to furnish any information, document, books, returns or report to the Board, fails to furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure ;

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations or bye-laws, fails to file return or furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less ;

(c) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19B. *Penalty for failure to enter into an agreement.*—If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), and is required under this Act or any rules or regulations made thereunder, to enter into an agreement, fails to enter into such agreement, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure.

19C. *Penalty for failure to redress investors' grievances.*—If any depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), after having been called upon by the Board in writing, to redress the grievances of the investors, fails to redress such grievances within the time specified by the Board, such depository or participant or issuer or its agents or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19D. *Penalty for delay in dematerialisation or issue of certificate of securities.*—If any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), fails to dematerialise or issue the certificate of securities on opting out of a depository by the investors, within the time specified under this Act or regulations or bye-laws made thereunder or abets in delaying the process of dematerialisation or issue the certificate of securities on opting out of a depository of securities, such issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19E. *Penalty for failure to reconcile records.*—If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), fails to reconcile the records of dematerialised securities with all the securities issued by the issuer as specified in the regulations, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19F. *Penalty for failure to comply with directions issued by Board under section 19 of the Act.*—If any person fails to comply with the directions issued by the Board under section 19, within the time specified by it, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19G. *Penalty for contravention where no separate penalty has been provided.*—Whoever fails to comply with any provision of this Act, the rules or the regulations or bye-laws made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

19H. *Power to adjudicate.*—(1) For the purpose of adjudging under sections 19A, 19B, 19C, 19D, 19E, 19F and 19G, the Board shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

19-I. *Factors to be taken into account by adjudicating officer.*—While adjudging the quantum of penalty under section 19H, the adjudicating officer shall have due regard to the following factors, namely:—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

19J. *Crediting sums realised by way of penalties to Consolidated Fund of India.*—All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India.”

18. *Substitution of new section for section 20.*—For section 20 of the principal Act, the following section shall be substituted, namely:—

“20. *Offences.*—(1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any

rules or regulations or bye-laws made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both."

19. *Substitution of new sections for section 22.*—For section 22 of the principal Act, the following sections shall be substituted, namely:—

"22. *Cognizance of offences by courts.*—(1) No court shall take cognizance of any offence punishable under this Act or any rules or regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or by any person.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act.

22A. *Composition of certain offences.*—Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974) any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

22B. *Power to grant immunity.*—(1) The Central Government may, on recommendation by the Board, if the Central Government is satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act; or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation.

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that recommendation of the Board under this sub-section shall not be binding upon the Central Government.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which

the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted."

20. *Amendment of section 23A.*—In section 23A of the principal Act, in sub-section (1), after the words, brackets and figures "Save as provided in sub-section (2), any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999 (32 of 1999) under this Act, or the regulations made thereunder," and before the words "may prefer an appeal to a Securities Appellate Tribunal having a jurisdiction in the matter," the words "or by an order made by an adjudicating officer under this Act" shall be inserted.

21. *Substitution of new section for section 23F.*—For section 23F of the principal Act, the following section shall be substituted, namely:—

"23F. *Appeal to Supreme Court.*—Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days."

22. *Amendment of section 24.*—In section 24 of the principal Act, in sub-section (2), for clause (a), the following clauses shall be substituted, namely:—

"(a) the manner of inquiry under sub-section (1) of section 19H;

(aa) the time within which an appeal may be preferred under sub-section (1) of section 23;"

CHAPTER IV

REPEAL AND SAVING

23. *Repeal and saving.*—(1) The Securities Laws (Amendment) Ordinance, 2004 (Ord. 4 of 2004) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Depositories Act, 1996 (22 of 1996) as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of those Acts, as amended by this Act.

Kerala Gazette No. 8 dated 21st February, 2006.

PART I

Section i

524
Kunder
The Secretariat (Kerala)
Act, 1968



GOVERNMENT OF KERALA
Law (Legislation-Publication) Department
NOTIFICATION

No. 19682/Leg. Pbn. 2/04/Law.

Dated, Thiruvananthapuram, 9th November, 2004.

The following Ordinance promulgated by the President of India and published in the Gazette of India, Extraordinary, Part II, Section I, dated the 12th October, 2004 is hereby republished for general information.

By order of the Governor,

MARY LOPEZ,
Special Secretary (Law).

THE SECURITIES LAWS (AMENDMENT) ORDINANCE, 2004

(No. 4 of 2004)

Promulgated by the President in the Fifty-fifth Year of the Republic of India.

AN

ORDINANCE

further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996.

WHEREAS Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—

CHAPTER I

PRELIMINARY

1. *Short title and commencement.*—(1) This Ordinance may be called the Securities Laws (Amendment) Ordinance, 2004.

2. It shall come into force at once.

CHAPTER II

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

2. *Amendment of Section 2.*—In section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), (hereafter in this Chapter referred to as the principal Act),—

(i) clause (aa) shall be re-lettered as clause (ac) thereof and before the clause (ac) as so re-lettered, the following clauses shall be inserted, namely:—

“(aa) “corporatisation” means the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860 (21 of 1860), by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society;

(ab) “demutualisation” means the segregation of ownership and management from the trading rights of the members of a recognised stock exchange in accordance with a scheme approved by the Securities and Exchange Board of India;

(ii) clause (ga) shall be re-lettered as clause (gb) thereof and before the clause (gb) as so re-lettered, the following clause shall be inserted, namely:—

‘(ga) “scheme” means a scheme for corporatisation of demutualisation of a recognised stock exchange which may provide for—

(i) the issue of shares for a lawful consideration and provision of trading rights in lieu of membership cards of members of a recognised stock exchange;

(ii) the restrictions on voting rights;

(iii) the transfer of property, business, assets, rights, liabilities, recognitions, contracts of the recognised stock exchange, legal proceedings by, or against, the recognised stock exchange, whether in the name of the recognised stock exchange or any trustee or otherwise and any permission given to, or by, the recognised stock exchange;

(iv) the transfer of employees of a recognised stock exchange to another recognised stock exchange;

(v) any other matter required for the purpose of, or in connection with, the corporatisation or demutualisation, as the case may be, of the recognised stock exchange;’

(iii) in clause (h), after sub-clause (ic), the following sub-clause shall be inserted, namely:—

“(id) units or any other such instrument issued to the investors under any mutual fund scheme;”

(iv) for clause (j), the following clause shall be substituted, namely:—

‘(j) “stock exchange” means—

(a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or

(b) a body corporate incorporated under the Companies Act, 1956 (1 of 1956), whether under a scheme of corporatisation and demutualisation or otherwise,

for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities;’

3. *Insertion of new sections 4A and 4B.*—After section 4 of the principal Act, the following sections shall be inserted, namely:—

‘4A. *Corporatisation and demutualisation of stock exchanges.*—On and

from the appointed date, all recognised stock exchanges (if not corporatised and demutualised before the appointed date) shall be corporatised and demutualised in accordance with the provisions contained in section 4B:

Provided that the Securities and Exchange Board of India may, if it is satisfied that any recognised stock exchange was prevented by sufficient cause from being corporatised and demutualised on or after the appointed date, specify another appointed date in respect of that recognised stock exchange and such recognised stock exchange may continue as such before such appointed date.

Explanation.—For the purposes of this section, “appointed date” means the date which the Securities and Exchange Board of India may, by notification in the Official Gazette, appoint and different appointed dates may be appointed for different recognised stock exchanges.

4B. *Procedure for corporatisation and demutualisation.*—(1) All recognise stock exchanges referred to in section 4A shall, within such time as may be specified by the Securities and Exchange Board of India, submit a scheme for corporatisation and demutualisation for its approval:

Provided that the Securities and Exchange Board of India, may, by notification in the Official Gazette, specify name of the recognised stock exchange, which had already been corporatised and demutualised, and such stock exchange shall not be required to submit the scheme under this section.

(2) On receipt of the scheme referred to in sub-section (1), the Securities and Exchange Board of India may, after making such enquiry as may be necessary in this behalf and obtaining such further information, if any, as it may require and if it is satisfied that it would be in the interest of the trade and also in the public interest, approve the scheme with or without modification.

(3) No scheme under sub-section (2) shall be approved by the Securities and Exchange Board of India if the issue of shares for a lawful consideration or provision of trading rights in lieu of membership card of the members of a recognized stock exchange or payment of dividends to members have been proposed out of any reserves or assets of that stock exchange.

(4) where the scheme is approved under sub-section (2), the scheme so approved shall be published immediately by—

- (a) the Securities and Exchange Board of India in the Official Gazette;
- (b) the recognised stock exchange in such two daily newspapers circulating in India, as may be specified by the Securities and Exchange Board of India,

and upon such publication, notwithstanding anything to the contrary contained in this Act or any other law for the time being in force or any agreement, award, judgement, decree or other instrument for the time being in force, the scheme shall have effect and be binding on all persons and authorities including all members, creditors, depositors and employees of the recognised stock exchange and on all persons having any contract, right, power, obligation or liability with, against, over, to, or in connection with, the recognised stock exchange or its members.

(5) Where the Securities and Exchange Board of India is satisfied that it would not be in the interest of the trade and also in the public interest to approve the scheme under sub-section (2), it may, by an order, reject the scheme and such order of rejection shall be published by it in the Official Gazette:

Provided that the Securities and Exchange Board of India shall give a reasonable opportunity of being heard to all the persons concerned and the recognised stock exchange concerned before passing an order rejecting the scheme.

(6) The Securities and Exchange Board of India may, while approving the scheme under sub-section (2), by an order in writing, restrict—

(a) the voting rights of the shareholders who are also stock brokers of the recognised stock exchange;

(b) the right of shareholders or a stock broker of the recognised stock exchange to appoint the representatives on the governing board of the stock exchange;

(c) the maximum number of representatives of the stock brokers of the recognised stock exchange to be appointed on the governing board of the recognised stock exchange, which shall not exceed one-fourth of the total strength of the governing board.

(7) The order made under sub-section (6) shall be published in the Official Gazette and on the publication thereof, the order shall, notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956), or any other law for the time being in force, have full effect.

(8) Every recognised stock exchange, in respect of which the scheme for corporatisation or demutualisation has been approved under sub-section (2), shall, either by fresh issue of equity shares to the public or in any other manner as

may be specified by the regulations made by the Securities and Exchange Board of India, ensure that atleast fifty-one per cent of its equity share capital is held, within twelve months from the date of publication of the order under sub-section (7), by the public other than shareholders having trading rights:

Provided that the Securities and Exchange Board of India may, on sufficient cause being shown to it and in the public interest, extend the said period by another twelve months.

4. *Amendment of section 5.*—Section 5 of the principal Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) Where the recognised stock exchange has not been corporatised or demutualised or it fails to submit the scheme referred to in sub-section (1) of section 4B within the specified time therefore or the scheme has been rejected by the Securities and Exchange Board of India under sub-section (5) of section 4B, the recognition granted to such stock exchange under section 4, shall, notwithstanding anything to the contrary contained in this Act, stand withdrawn and the Central Government shall publish, by notification in the Official Gazette, such withdrawal of recognition:

Provided that no such withdrawal shall affect the validity of any contract entered into or made before the date of the notification, and the Securities and Exchange Board of India may, after consultation with the stock exchange, make such provisions as it deems fit in the order rejecting the scheme published in the Official Gazette under sub-section (5) of section 4B.”

5. *Insertion of new section 8A.*—After section 8 of the principal Act, the following section shall be inserted, namely:—

“8A. *Clearing corporation.*—(1) A recognised stock exchange may, with the prior approval of the Securities and Exchange Board of India, transfer the duties and functions of a clearing house to a clearing corporation, being a company incorporated under the Companies Act, 1956 (1 of 1956), for the purpose of—

- (a) the periodical settlement of contracts and differences thereunder;
- (b) the delivery of, and payment for, securities;
- (c) any other matter incidental to, or connected with, such transfer.

(2) Every clearing corporation shall, for the purpose of transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1), make bye-laws and submit the same to the Securities and Exchange Board of India for its approval.

(3) The Securities and Exchange Board of India may, on being satisfied that it is in the interest of the trade and also in the public interest to transfer the duties and functions of a clearing house to a clearing corporation, grant approval to the bye-laws submitted to it under sub-section (2) and approve transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-section (1).

(4) The provisions of sections 4, 5, 6, 7, 8, 9, 10, 11 and 12 shall, as far as may be, apply to a clearing corporation referred to in sub-section (1) as they apply in relation to a recognised stock exchange."

6. *Insertion of new section 12A.*—After section 12 of the principal Act, the following section shall be inserted, namely:—

"12A. *Power to issue directions.*—If, after making or causing to be made an inquiry, the Securities and Exchange Board of India is satisfied that it is necessary—

- (a) in the interest of investors, or orderly development of securities market; or
- (b) to prevent the affairs of any recognised stock exchange, or, clearing corporation, or such other agency or person, providing trading or clearing or settlement facility in respect of securities, being conducted in a manner detrimental to the interests of investors or securities market; or
- (c) to secure the proper management of any such stock exchange or clearing corporation or agency or person, referred to in clause (b),

it may issue such directions,—

- (i) to any stock exchange or clearing corporation or agency or person referred to in clause (b) or any person or class of persons associated with the securities market ; or
- (ii) to any company whose securities are listed or proposed to be listed in a recognised stock exchange,

as may be appropriate in the interests of investors in securities and the securities market."

7. *Amendment of section 13.*—In section 13 of the principal Act,—

- (a) for the words "between members of a recognised stock exchange", the words "between members of a recognised stock exchange or recognised stock exchanges" shall be substituted;

(b) for the words "State or area" wherever they occur, the words "State or States or area" shall be substituted;

(c) the following proviso shall be inserted, namely:—

"Provided that any contract entered into between members of two or more recognised stock exchanges in such State or States or area, shall—

(i) be subject to such terms and conditions as may be stipulated by the respective stock exchanges with prior approval of Securities and Exchange Board of India ;

(ii) require prior permission from the respective stock exchanges if so stipulated by the stock exchanges with prior approval of Securities and Exchange Board of India."

8. *Insertion of new section 21A.*—After section 21 of the principal Act, the following section shall be inserted, namely:—

"21A. *Delisting of securities.*—(1) A recognised stock exchange may delist the securities, after recording the reasons therefor, from any recognised stock exchange on any of the ground or grounds as may be prescribed under this Act:

Provided that the securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard

(2) A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock exchange delisting the securities within fifteen days from the date of the decision of the recognised stock exchange delisting the securities and the provisions of sections 22B to 22E of this Act, shall apply, as far as may be, to such appeals :

Provided that the Securities Appellate Tribunal may, if it is satisfied that the company was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding one month."

9. *Substitution of new section for section 22F.*—For section 22F of the principal Act, the following section shall be substituted, namely:—

"22F. *Appeal to Supreme Court.*—Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days."

10. *Amendment of section 23.*—In section 23 of the principal Act,—

(a) in sub-section (1), after clause (i), for the words "shall, on conviction, be punishable with imprisonment for a term which may extend to one year, or with fine or with both", the words "shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees, or with both" shall be substituted;

(b) in sub-section (2),—

(i) for the word and figures "section 21," the words, figures and letter "section 21 or section 21A" shall be substituted.

(ii) for the words "shall, on conviction, be punishable with fine which may extend to one thousand rupees", the words "shall, without prejudice to any award of penalty by the Adjudicating Officer under this Act, on conviction, be punishable with imprisonment for a term which may extend to ten years or with fine, which may extend to twenty-five crore rupees, or with both" shall be substituted.

11. *Insertion of new sections 23A to 23O.*—After section 23 of the principal Act, the following sections shall be inserted, namely:—

"23A. *Penalty for failure to furnish information, return, etc.*—Any person, who is required under this Act or any rules made thereunder,—

(a) to furnish any information, document, books, returns or report to a recognised stock exchange, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognised stock exchange, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

(b) to maintain books of account or records, as per the listing agreement or conditions, or bye-laws of a recognised stock exchange, fails to maintain the same, shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

23B: *Penalty for failure by any person to enter into an agreement with clients.*—If any person, who is required under this Act or any bye-laws of a

recognised stock exchange made thereunder, to enter into an agreement with his client, fails to enter into such an agreement, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure.

23C. *Penalty for failure to redress Investors' grievances.*—If any stock broker or sub-broker or a company whose securities are listed or proposed to be listed in a recognised stock exchange, after having been called upon by the Securities and Exchange Board of India or a recognised stock exchange in writing, to redress the grievances of the investors, fails to redress such grievances within the time stipulated by the Securities and Exchange Board of India or a recognised stock exchange, he or it shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

23D. *Penalty for failure to segregate securities or moneys of client or clients.*—If any person, who is registered under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) as a stock broker or sub-broker, fails to segregate securities or moneys of the client or clients or uses the securities or moneys of a client or clients for self or for any other client, he shall be liable to a penalty not exceeding one crore rupees.

23E. *Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.*—If a company or any person any managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.

23F. *Penalty for excess dematerialisation or delivery of unlisted securities.*—If any person dematerialises securities more than the issued securities of a company or delivers in the stock exchanges the securities which are not listed in the recognised stock exchange or delivers securities where no trading permission has been given by the recognised stock exchange, he shall be liable to a penalty not exceeding twenty-five crore rupees.

23G. *Penalty for failure to furnish periodical returns etc.*—If a recognised stock exchange fails or neglects to furnish periodical returns to the Securities and Exchange Board of India or fails or neglects to make or amend its rules or bye-laws as directed by the Securities and Exchange Board of India or fails to comply with directions issued by the Securities and Exchange Board of India, such recognised stock exchange shall be liable to a penalty which may extend to twenty-five crore rupees.

23H. *Penalty for contravention where no separate penalty has been provided.*—Whoever fails to comply with any provision of this act, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

23-I *Power to adjudicate.*—(1) For the purpose of adjudging under sections 23A, 23B, 23C, 23D, 23E, 23F, 23G and 23H, the Securities and Exchange Board of India shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry the adjudicating Officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provision of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

23J. *Factors to be taken into account by the adjudicating officer.*—While adjudging the quantum of penalty under section 23-I, the adjudicating officer shall have due regard to the following factors namely:—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

23K. *Crediting sum realised by way of penalties to Consolidated Fund of India.*—All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India.

23L. *Appeal to Securities Appellate Tribunal.*—(1) Any person aggrieved, by the order or decision of the recognised stock exchange or the adjudicating officer or any order made by the Securities and Exchange Board of India under section 4B, may prefer an appeal before the Securities Appellate Tribunal and the

provisions of sections 22B, 22C, 22D and 22E of this Act, shall apply, as far as may be, to such appeals.

(2) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which copy of the order or decision is received by the appellant and it shall be in such form and be accompanied by such fee as may be prescribed:

- Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Securities Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(4) The Securities Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned adjudicating officer.

(5) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

23M. *Offences.*—(1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations or bye-laws made there under, for which no punishment is provided elsewhere in this Act, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

23N. *Composition of certain offences.*— Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

23 O. *Power to grant immunity.*—(1) The Central Government may, on recommendation by the Board, if the Central Government is satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation:

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that the recommendation of the Securities Exchange Board of India under this sub-section shall not be binding upon the Central Government.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.”

12. *Amendment of section 25.*—In section 25 of the principal Act, the words, brackets and figure “sub-section (1) of” shall be omitted.

13. *Substitution of new section for section 26.*—For section 26 of the Principal Act, the following section shall be substituted, namely:—

“26. *Cognizance of offences by courts.*—(1) No court shall take cognizance of any offence punishable under this Act or any rules or regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or a recognised stock exchange or by any person.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act.”

14. *Insertion of new section 27B.*—After section 27A of the principal Act, the following section shall be inserted, namely:—

“27B. *Right to receive income from mutual fund.*—(1) It shall be lawful for the holder of any securities, being units or other instruments issued by any mutual fund, whose name appears on the books of the mutual fund issuing the said security to receive and retain any income in respect of units or other instruments issued by the mutual fund declared by the mutual fund in respect thereof for any year, notwithstanding that the said security, being units or other instruments issued by the mutual fund, has already been transferred by him for consideration, unless the transferee who claims the income in respect of units or other instruments issued by the mutual fund from the transferor has lodged the security and all other documents relating to the transfer which may be required by the mutual fund with the mutual fund for being registered in his name within fifteen days of the date on which the income in respect of units or other instruments issued by the mutual fund became due.

Explanation.—The period specified in this section shall be extended—

(i) in case of death of the transferee, by the actual period taken by his legal representative to establish his claim to the income in respect of units or other instrument issued by the mutual fund;

(ii) in case of loss of the transfer deed by theft or any other cause beyond the control of transferee, by the actual period taken for the replacement thereof; and

(iii) in case of delay in the lodging of any security, being units or other instruments issued by the mutual fund, and other documents relating to the transfer due to causes connected with the post, by the actual period of the delay.

(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a mutual fund to pay any income from units or other instruments issued by the mutual fund which has become due to any person whose name is for the time being registered in the books of the mutual fund as the holder of the security being units or other instruments issued by the mutual fund in respect of which the income in respect of units or other instruments issued by mutual fund has become due; or

(b) the right of transferee of any security, being units or other instruments issued by the mutual fund, to enforce against the transferor or any other person his rights, if any, in relation to the transfer in any case where the

mutual fund has refused to register the transfer of the security being units or other instruments issued by the mutual fund in the name of the transferee."

15. *Amendment of section 30.*—In section 30 of the principal Act, in sub-section (2), for the existing clause (ha), the following clauses shall be substituted, namely:—

"(ha) the grounds on which the securities of a company may be delisted from any recognised stock exchange under sub-section (1) of section 21A;

(hb) the form in which an appeal may be filed before the Securities Appellate Tribunal under sub-section (2) of section 21A and the fees payable in respect of such appeal;

(hc) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 22A and the fees payable in respect of such appeal;

(hd) the manner of inquiry under sub-section (1) of section 23-1;

(he) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 23L and the fees payable in respect of such appeal;"

CHAPTER III

AMENDMENTS TO THE DEPOSITORIES ACT, 1996

16. *Insertion of new sections 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19-I and 19J.*—After section 19 of the Depositories Act, 1996 (hereafter in this Chapter referred to as the principal Act) the following sections shall be inserted, namely:—

"19A. *Penalty for failure to furnish information, return etc.*—Any person, who is required under this Act or any rules or regulations or bye-laws made thereunder,—

(a) to furnish any information, document, books, returns or report to the Board, fails to furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for each such failure;

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations or the bye-laws, fails to file return or furnish the same within the time specified therefor, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

(c) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19B. *Penalty for failure to enter into an agreement.*—If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), and is required under this Act or any rules or regulations made thereunder, to enter into an agreement, fails to enter into such agreement, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less for every such failure.

19C. *Penalty for failure to redress Investors' grievances.*—If any depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), after having been called upon by the Board in writing, to redress the grievances of the investors, fails to redress such grievances within the time specified by the Board, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19D. *Penalty for delay in dematerialisation or issue of certificate of securities.*—If any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), fails to dematerialise or issue the certificate of securities on opting out of a depository by the investors, within the time specified under this Act or regulations or bye-laws made thereunder or abets in delaying the process of dematerialisation or issue the certificate of securities on opting out of a depository of securities, such issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19E. *Penalty for failure to reconcile records.*—If a depository or participant or any issuer or its agent or any person, who is registered as an intermediary under the provisions of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), fails to reconcile the records of dematerialised securities with all the securities issued by the issuer as specified in the regulations, such depository or participant or issuer or its agent or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19F. *Penalty for failure to comply with directions issued by Board under section 19.*—If any person fails to comply with the directions issued by the Board under section 19, within the time specified by it, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

19G. *Penalty for contravention where no separate penalty has been provided.*—Whoever fails to comply with any provision of this Act, the rules or regulations or bye-laws made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

19H. *Power to adjudicate.*—(1) For the purpose of adjudging under sections 19A, 19B, 19C, 19D, 19E, 19F and 19G, the Board shall appoint any officer not below the rank of a Division Chief of the Securities and Exchange Board of India to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

19I. *Factors to be taken into account by adjudicating officer.*— While adjudging the quantum of penalty under section 19H, the adjudicating officer shall have due regard to the following factors, namely:—

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- (b) the amount of loss caused to an investor or group of investors as a result of the default;
- (c) the repetitive nature of the default.

19J. *Crediting sum realised by way of penalties to Consolidated Fund of India.*—All sums realised by way of penalties under this Act shall be credited to the Consolidated Fund of India.”

17. *Substitution of new section for section 20.*—For section 20 of the principal Act, the following section shall be substituted, namely:—

"20. *Offences.*—(1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravene or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations or bye-laws made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both."

18. *Substitution of new sections for section 22.*—For section 22 of the principal Act, the following sections shall be substituted, namely:—

"22. *Cognizance of offences by courts.*—(1) No court shall take cognizance of any offence punishable under this Act or any rules or any regulations or bye-laws made thereunder, save on a complaint made by the Central Government or State Government or the Securities and Exchange Board of India or by any person.

(2) No court inferior to that of a Court of Session shall try any offence punishable under this Act.

22A. *Composition of certain offences.*—Notwithstanding anything contained in the Code of Criminal Procedure, 1973, (2 of 1974), any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may either before or after the institution of any proceeding, be compounded by a Securities Appellate Tribunal or a court before which such proceedings are pending.

22B. *Power to grant immunity.*—(1) The Central Government may, on recommendation by the Board, if the Central Government is satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder or also from the imposition of any penalty under this Act with respect to the alleged violation:

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity.

Provided further that recommendation of the Board under this sub-section shall not be binding upon the Central Government.

(2). An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted."

19. *Amendment of section 23A.*—In section 23A of the principal Act, in sub-section (1), after the words, brackets and figures "Save as provided in sub-section (2), any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, (32 of 1999) under this Act, or the regulations made thereunder," and before the words "may prefer an appeal to a Securities Appellate Tribunal having a jurisdiction in the matter," the words "or by an order made by an adjudicating officer under this Act" shall be inserted.

20. *Substitution of new section for section 23F.*—For section 23F of the principal Act, the following shall be substituted, namely:—

"23F *Appeal to Supreme Court.*—Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days."

21. *Amendment of section 24.*—In section 24 of the principal Act, in sub-section (2), for clause (a), the following clauses shall be substituted, namely:—

"(a) the manner of inquiry under sub-section (1) of section 19H;

(aa) the time within which an appeal may be preferred under sub-section (1) of section 23;"

A. P. J. ABDUL KALAM,
President.

Bill No. 70-F of 1999

Ad
THE SECURITIES LAWS (AMENDMENT) ~~BILL~~, 1999

(AS PASSED BY THE HOUSES OF PARLIAMENT)

An Act
~~BILL~~

further to amend the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Securities Laws (Amendment) Act, 1999.
- (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title and
commence-
ment.

Amendment of
section 2.

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act),—

42 of 1956.

(a) after clause (a), the following clause shall be inserted, namely:—

“(aa) “derivative” includes—

(A) a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security;

(B) a contract which derives its value from the prices, or index of prices, of underlying securities;”;

(b) in clause (h), after sub-clause (i), the following sub-clauses shall be inserted, namely:—

“(ia) derivative;

(ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;”.

Insertion of new
section 18A.

3. After section 18 of the principal Act, the following section shall be inserted, namely:—

Contracts in
derivative.

“18A. Notwithstanding anything contained in any other law for the time being in force, contracts in derivative shall be legal and valid if such contracts are—

(a) traded on a recognised stock exchange;

(b) settled on the clearing house of the recognised stock exchange, in accordance with the rules and bye-laws of such stock exchange.”.

Amendment of
section 21.

4. In the heading occurring above section 21 of the principal Act, the words “BY PUBLIC COMPANIES” shall be omitted.

Amendment of
section 22.

5. In section 22 of the principal Act,—

(a) after the words “public company”, the words “or collective investment scheme” shall be inserted;

(b) after the word “company”, the words “or scheme” shall be inserted.

Amendment of
section 23.

6. In section 23 of the principal Act, in sub-section (1), after clause (c), the following clause shall be inserted, namely:—

“(d) enters into any contract in derivative in contravention of section 18A or the rules made under section 30.”.

Amendment of
section 24.

7. In section 24 of the principal Act, after sub-section (2), in the *Explanation*, for sub-clause (b), the following sub-clause shall be substituted, namely:—

“(b) “director”, in relation to—

(i) a firm, means a partner in the firm;

(ii) any association of persons or a body of individuals, means any member controlling the affairs thereof.”.

Insertion of new
section 27A.

8. After section 27 of the principal Act, the following section shall be inserted, namely:—

Right to receive
income from
collective
investment
scheme.

“27A. (1) It shall be lawful for the holder of any securities, being units or other instruments issued by the collective investment scheme, whose name appears on the books of the collective investment scheme issuing the said security to receive and retain any income in respect of units or other instruments issued by the collective investment scheme declared by the collective investment scheme in respect thereof for any year, notwithstanding that the said security, being units or

other instruments issued by the collective investment scheme, has already been transferred by him for consideration, unless the transferee who claims the income in respect of units or other instruments issued by the collective investment scheme from the transfer or has lodged the security and all other documents relating to the transfer which may be required by the collective investment scheme with the collective investment scheme for being registered in his name within fifteen days of the date on which the income in respect of units or other instruments issued by the collective investment scheme became due.

Explanation.—The period specified in this section shall be extended—

(i) in case of death of the transferee, by the actual period taken by his legal representative to establish his claim to the income in respect of units or other instruments issued by the collective investment scheme;

(ii) in case of loss of the transfer deed by theft or any other cause beyond the control of the transferee, by the actual period taken for the replacement thereof; and

(iii) in case of delay in the lodging of any security, being units or other instruments issued by the collective investment scheme, and other documents relating to the transfer due to causes connected with the post, by the actual period of the delay.

(2) Nothing contained in sub-section (1) shall affect—

(a) the right of a collective investment scheme to pay any income from units or other instruments issued by the collective investment scheme which has become due to any person whose name is for the time being registered in the books of the collective investment scheme as the holder of the security being units or other instruments issued by the collective investment scheme in respect of which the income in respect of units or other instruments issued by the collective scheme has become due; or

(b) the right of transferee of any security, being units or other instruments issued by the collective investment scheme, to enforce against the transferor or any other person his rights, if any, in relation to the transfer in any case where the company has refused to register the transfer of the security being units or other instruments issued by the collective investment scheme in the name of the transferee."

9. For section 29A of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 29A.

"29A. The Central Government may, by order published in the Official Gazette, direct that the powers (except the power under section 30) exercisable by it under any provision of this Act shall, in relation to such matters and subject to such conditions, if any, as may be specified in the order, be exercisable also by the Securities and Exchange Board of India or the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934."

Power to delegate.

2 of 1934.

10. In section 30 of the principal Act, in sub-section (2), for clause (h), the following clause shall be substituted, namely:—

Amendment of section 30.

"(h) the requirements which shall be complied with—

(A) by public companies for the purpose of getting their securities listed on any stock exchange;

(B) by collective investment scheme for the purpose of getting their units listed on any stock exchange;"

Amendment of
Act 15 of 1992.

11. In the Securities and Exchange Board of India Act, 1992,—

(i) in section 2, in sub-section (1), after clause (b), the following clause shall be inserted, namely:—

“(ba) “collective investment scheme” means any scheme or arrangement which satisfies the conditions specified in section 11AA;”;

(ii) after section 11A, the following section shall be inserted, namely:—

“11AA. (1) Any scheme or arrangement which satisfies the conditions referred to in sub-section (2) shall be a collective investment scheme.

(2) Any scheme or arrangement made or offered by any company under which,—

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized for the purposes of the scheme or arrangement;

(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable, from such scheme or arrangement;

(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;

(iv) the investors do not have day-to-day control over the management and operation of the scheme or arrangement.

(3) Notwithstanding anything contained in sub-section (2), any scheme or arrangement—

(i) made or offered by a co-operative society registered under the Co-operative Societies Act, 1912 or a society being a society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State; 2 of 1912.

(ii) under which deposits are accepted by non-banking financial companies as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934; 2 of 1934.

(iii) being a contract of insurance to which the Insurance Act, 1938, applies; 4 of 1938.

(iv) providing for any Scheme, Pension Scheme or the Insurance Scheme framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; 19 of 1952.

(v) under which deposits are accepted under section 58A of the Companies Act, 1956; 1 of 1956.

(vi) under which deposits are accepted by a company declared as a *Nidhi* or a Mutual Benefit Society under section 620A of the Companies Act, 1956; 1 of 1956.

(vii) falling within the meaning of chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982; 40 of 1982.

(viii) under which contributions made are in the nature of subscription to a mutual fund,

shall not be a collective investment scheme.”

Collective
investment
scheme.

A
BILL

further to amend the Securities Contracts (Regulation) Act, 1956 and the Securities and
Exchange Board of India Act, 1992.

(As Passed by the Houses of Parliament)