NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all Members of the Exchange

Circular No: NCDEX/Legal/02/2026

Date : July 28, 2026

Subject : Master Circular – Legal

This is with reference to the approval received from SEBI for launch of the **"NCDEX Nidhi"** Mutual Fund platform scheduled to go–live on 29th July, 2026, pursuant to SEBI's final approval dated 20th July, 2026. In view of the launch of equity and equity derivatives segment, the Exchange had initiated amendments to its Rules and Bye–laws and the same was approved by SEBI vide its letter dated 22nd June, 2026. The procedure for publication of Gazette notification in the state of Maharashtra and Central Gazette has been completed by the Exchange and the same shall get published in due course. While the publication is still underway and shall take time, the Exchange hereby, through this Master Circular, intimates all the Market participants about the amended Byelaws of the Exchange, attached below as **Annexure –A**.

All members are requested to take note of the same.

For and on behalf of National Commodity & Derivatives Exchange Limited

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CIN: U51909MH2003PLC140116

The proposed amendments to the Bye Laws of National Commodity & Derivatives Exchange Limited (NCDEX) were published in the Gazette of India in Part IV on November 08, 2025 [Weekly Gazette – November 8, 2025 - November 14, 2025] and in the Gazette of State of Maharashtra in Part –II Sankirna on November 13, 2025 [Weekly Gazette - November 13, 2025 – November 19, 2025] inviting public comments. Pursuant thereto, the Securities and Exchange Board of India (SEBI) has vide its letter no. HO/47/25/11(1) 2026-MRD-RAC1/I/14357/2026 dated June 22, 2026 and email dated June 22, 2026 accorded its approval to the amendments to the Bye Laws of NCDEX as stipulated therein. The Bye Laws of the Exchange amended hereunder shall stand effective from the date of its publication in the Gazette.

1. Short title and commencement:
   a. This amendment shall be called as NCDEX Bye Laws (Amendment), 2025.
   b. It shall come into force with effect from the date of notification in Gazette of India.

1. DEFINITIONS:

Unless the context otherwise requires-

1. **“Approved Laboratory”** means a laboratory approved as such by the Relevant Authority for certifying the commodities as per specification prescribed in the Rules, Bye Laws and Regulations.

2. **“Board”** means the Governing Board of National Commodity & Derivatives Exchange Limited.

2B. **“Buyer”** means the buying Constituent and the buying Trading Member acting as his broker and agent and denotes the buying Trading Member when he is dealing on his own account as a principal.

3. **“Certified Warehouse”** means a godown or a Warehouse approved by the Exchange or certified by any agency authorised by it and designated as such for making deliveries to and taking delivery of commodities.

4. **“Clearing and Settlement”** means ‘Clearing or Settlement’ or ‘Clearing and Settlement of Deals’ in respect of Contracts or commodities in such manner and subject to such conditions as may be specified by the Relevant Authority from time to time, unless the context indicates otherwise.

5. **“Clearing Bank(s)”** means the bank(s) as NCDEX may appoint to act as a funds settling agency, for the collection of margin money for all Deals cleared through the Exchange and any other funds movement between Clearing Members and the Clearing House and between Clearing Members as may be directed by the Clearing House from time to time.

6. **“Clearing Corporation/ Clearing House”** means a division of the Exchange or any agency identified by the Relevant Authority or any independent entity such as Clearing Corporation set up and empowered suitably to act as a facilitator for processing of deliveries and payments between Clearing Members /Trading Members and participants for trades effected by them on the Exchange.

7. **“Clearing Member”** means a person having clearing and settlement rights in any recognized Clearing Corporation from whom the Exchange avails clearing and settlement services.

8. **“Client/ Constituent”** means a person, on whose instructions and on whose account the Trading Member enters into a Deal on the Exchange. For this purpose, the term “Client” shall include all registered Constituents of Trading Members.
   Explanation: The terms ‘Constituent’, ‘Client’ and ‘Investor’ are interchangeable to the context in the Rules, Bye Laws & Regulations and shall have the same meaning as assigned herein, as applicable.

9. **“Closing Buy Transaction”** means a buy transaction, which will have the effect of partly or fully offsetting a short position.
10. **“Closing Sell Transaction”** means a sell transaction, which will have the effect of partly or fully offsetting long position.
11. **“Collateral”** means money, fixed deposit receipt, bank guarantee, securities or any other transactions as specified by the Exchange, offered as security deposit, margin deposit or as such security for any other transaction as required by the Exchange.

11A. **“Comtrack”** is an electronic web based repository system which facilitates electronic accounting of commodities deposited in the Exchange approved Warehouses and facilitate transfer of such deposited commodities against the obligations arising out of the trades executed on NCDEX online trading platform under the Clearing and Settlement process of the Exchange.

11B. **“Comtrack Participants”** (CPs) are entities admitted as such for recording the transfer and withdrawal of commodities from exchange approved warehouses in accordance with the norms for admission as prescribed by the Relevant Authority from time to time.

12. **“Goods”** mean the meaning assigned to it in section 2 (bb) of SCRA.

12A. **“Commodity Derivative”** shall have the same meaning as assigned to it in section 2 (bc) of SCRA.

13. **“Contract”** means a contract for or relating to the purchase or sale of securities and which is specifically approved by SEBI for trading on the Exchange.
14. **“Deal”** means, unless the context indicates otherwise, a trade, Contract, transaction or a Deal which is admitted for trading and cleared and settled, through the Clearing House of the Exchange or as authorised by the exchange.
15. **“Delivering Member”** means a Clearing Member who has to or has delivered commodities or documents of title or other relevant documents for commodities in fulfilment of contract to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.
16. **“Delivery month”** means the month in which a contract is required to be finally settled as prescribed by the Relevant Authority from time to time.
17. **“Delivery Period”** means the period during which the delivering Trading Member notifies his intent to deliver and or deliver commodities for physical settlement as per the procedures prescribed by the Exchange.

17A. **“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;
c. Commodity Derivatives; and
d. such other instruments as may be declared by the Central Government to be derivatives.

18. **“Exchange”** means National Commodity & Derivatives Exchange Limited and the premises and/ or the system for executing transactions in Securities that are permitted and/ or approved by SEBI.
19. **“Expiry Day”** is the day on which the final settlement obligation is determined in the Contract or Deal.
20. **“Exchange Securities”** means securities which have been admitted to the Official List(s) of NCDEX.
21. **“Futures Contract”** means a legally binding agreement to buy or sell the underlying asset in the future.
22. **“Godown/ Warehouse”** means any structure/facility meant for storing and preserving the commodities approved in this behalf by the Relevant Authority from time to time.

22A. **“Issuer”** includes a Government, a body corporate or other entity, whether incorporated or not, which issues any security or other instrument, or draws or accepts a negotiable instrument which is admitted to dealings on NCDEX.

23. **“Last Trading Day”** means the day upto and on which a deal or contract is available for trading.
24. **“Long Position”** in a contract means outstanding purchase obligations in respect of a permitted contract or commodity at any point of time.
25. **“Market-Maker”** means a Trading Member registered under the Bye Laws of NCDEX.

26. **“Open Position”** means the sum of the long and short positions of the Trading Member and his Constituent in any or all of the Contracts or commodities outstanding with the Clearing House.
27. **“NCDEX”** means the National Commodity & Derivatives Exchange Limited.
28. **“Official List”** means the list including the Contracts or commodities admitted or permitted for trading on the Exchange.
29. **“Opening Buy Transaction”** means a buy transaction which will have the effect of creating or increasing a long position.
30. **“Opening Sell Transaction”** means a sell transaction, which will have the effect of creating or increasing a short position.
31. **“Open Interest”** means the total number of contracts or deals of an underlying commodity that have not been offset and closed by an opposite transaction nor fulfilled by delivery of the cash or underlying commodity.

31A. **“Option in Securities”** means a contract for the purchase or sale of a right to buy or sell, or a right to buy and sell, securities in future, and includes a teji, a mandi, a teji mandi, a galli, a put, a call or a put and call in Securities.

32. **“Regulations”**, unless the context indicates otherwise, includes business rules, code of conduct and such other regulations prescribed by the Relevant Authority from time to time for the operations of the Exchange and these shall be subject to the provisions of the Securities Laws, and directives of SEBI and such other directives and provisions of Relevant Authority as may be specified from time to time.
33. **“Relevant Authority”** means the Board or a Committee or such other authority as specified by the Board from time to time as relevant for a specified purpose.
34. **“Rules”**, unless the context indicates otherwise, means rules as intimated for regulating the activities and responsibilities of Trading Members of NCDEX, Clearing Members of the Clearing Corporation engaged by NCDEX and as prescribed by the Relevant Authority from time to time for the constitution, organisation and functioning of the Exchange and these rules shall be subject to the provisions of the Securities Laws, Rules and directives of SEBI and Relevant Authority.

34A. **“SCRA”** means Securities Contracts (Regulation) Act, 1956 and amendments thereto.

34B. **“SCRR”** means Securities Contracts (Regulation) Rules, 1957 and amendments thereto.

34C. **“SEBI”** means Securities and Exchange Board of India constituted under SEBI Act, 1992.

34D. **“SEBI Act”** means the Securities and Exchange Board of India Act, 1992 and amendments thereto.

34E. **“Stock Broker Regulations”** means SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and amendments thereto.

34F. **“SECC Regulations”** means Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and amendments thereto.

34G. **“Securities Laws”** means the SEBI Act, 1992, SCRA, 1956, Depositories Act, 1996 and any rules, regulations, circulars, guidelines, or directions issued thereunder.

34H. **“Securities”** shall mean the Securities as defined in Section 2(h) of the Securities Contracts (Regulation) Act, 1956 as amended from time to time.

34I **“Segment”** means and includes a division for trading and clearing of derivatives or goods at NCDEX, as approved by SEBI or as classified by the Relevant Authority from time to time, and a part thereof.

34J. **“Seller”** shall mean the selling Constituent and the selling Member acting as his broker and agent and denotes the selling member when he is dealing on his own account as a principal.

35. **“Settlement Date”** means the date on which the settlement of outstanding obligations in permitted contracts and deals are required to be settled as provided in the Rules, Bye Laws and Regulations.
36. **“Short Position”** in a contract or deal means outstanding sell obligation in respect of permitted contracts or commodities at any point of time.
37. **“Settlement Fund”** means a fund established and maintained in accordance with the relevant provisions of the Bye Laws.

37A. **“Self-Clearing Member”** means the self-clearing member as defined in Regulations 2 (1) (fa) of the Stock Broker Regulations.

37B. **"Stock Broker"** means the Stock Broker as defined in Regulation 2 (1) (gb) of the Stock Broker Regulations.

38. **"Trading Cycle"** means the period as notified by the exchange from time to time, during which the contracts and deals will be available for trading.
39. **"Trading Member"** means a person having trading rights in NCDEX and includes a Stock Broker".
40. **"Trading Segments"** or **"Segments"** mean the different segments or divisions of NCDEX as may be classified and specified by the Board or Relevant Authority from time to time.
41. **"Trading system of the NCDEX"** means a system which carries out trade matching and allied functions and makes available to Trading Members and the investing public, by whatever method, quotations in NCDEX contracts or commodities and disseminates information regarding trades effected, volumes or any other relevant matter, etc. and such other notifications as may be placed thereon by the Relevant Authority.
42. **"Receiving Member"** means a Clearing Member who has to receive or has received documents of title or other relevant documents in fulfilment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.
43. **"Warehouse Receipt"** means a Warehouse Receipt as defined under Section 2 (u) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.
44. **"Warehouse"** shall mean the Warehouse as defined under Section 2 (s) of the Warehousing (Development and Regulation) Act, 2007 as amended from time to time.

    Words and expressions used and not defined in these Bye Laws but defined in the Rules, Companies Act, 2013 or Securities Laws or the Warehousing (Development and Regulation) Act, 2007 shall have the meanings respectively assigned to them in those Rules and Acts.

These Bye Laws shall be governed by and construed in accordance with the laws of India.

2. TRADING SEGMENTS

1. There may be more than one trading segment as may be specified by the Relevant Authority from time to time. The Exchange shall seek the approval of SEBI before introducing any new trading segment.

The Relevant Authority will specify Contracts and/or commodities, which will be eligible for admission to different trading segments from time to time.

(a) **Equity Segment**
Securities eligible under the Securities Contracts (Regulation) Act, 1956, may be admitted to dealings on the Equity Segment.

(b) **Equity Derivatives Segment**
Derivatives Contracts approved by SEBI may be admitted to dealings on the Equity Derivatives Segment.

(c) **Commodity Derivative Segment**
Derivative Contracts with commodity or any other underlying as approved by SEBI from time to time, may be admitted to dealing on the commodity derivatives segment.

(d) The Exchange, subject to prior approval of SEBI, may enter into such arrangement pursuant to proviso to Section 13 of the Securities Contracts (Regulation) Act, 1956 with one or more recognised stock exchanges. In such an event, the provisions of these Bye Laws and Regulations shall apply subject to such modifications as maybe specified by Relevant Authority from time to time.

2. The Relevant Authority will specify Contracts or commodities, which will be eligible for admission to different trading segments from time to time.

3. REGULATIONS

1. The Board or Relevant Authority may prescribe Regulations from time to time for the functioning and operations of the Exchange and the Clearing House and to regulate the functioning and operations of the Trading Members of the Exchange.
2. Without prejudice to the generality of the provisions of Bye law 1. above, the Board or Relevant Authority may prescribe regulations from time to time, with respect to:

    (a) standards, procedures, terms and conditions to be complied with for inclusion of a Contract or commodity in the Official List of Exchange;

(b) standards and procedures for admission of Trading Members;
(c) standards and procedures for approval of Market-Makers;
(d) forms and conditions of Contracts to be entered into, and the time, mode and manner for performance of Contracts between Trading Members inter se or between Trading Members and their Constituents and between clearing members and trading members and fee chargeable thereof;
(e) standards, procedures, terms and conditions to be complied with for admission of Deals for clearing and settlement by the Clearing House of the Exchange or the Clearing Corporation authorised by the Exchange;
(f) standards, procedures, terms and conditions for Clearing and Settlement of Deals for different clearing segments and different Contracts/ commodities;
(g) standards, procedures, terms and conditions for guaranteed settlement by the Exchange;
(h) fees, system usage charges, deposits, margins and other monies payable to the Exchange by Trading Members, Clearing Members, participants or any other intermediaries, as determined from time to time;
(i) the scale of brokerage chargeable by Trading Members, as determined from time to time;
(j) capital adequacy and other norms which shall be required to be maintained by Trading Members, as determined from time to time;
(k) supervision of the market and promulgation of such Business Rules and Codes of Conduct as it may deem fit;
(l) maintenance of records and books of accounts by Trading Members and all the other intermediaries as it may deem fit and records as required by the Exchange;
(m) inspection and audit of records and books of accounts;
(n) administration of penalties, fines and other consequences, including suspension/expulsion for defaults or violation of any requirements of the Rules, Bye Laws, Regulations, Codes of Conduct and criteria for re-admission, if any promulgated hereunder;
(o) disciplinary action and procedures including withdrawal of trading facilities, suspension, declaration as defaulter, expulsion etc. against any Trading Member and other intermediaries;
(p) settlement of disputes, complaints, claims arising between Trading Members inter se, Clearing Members inter se, as well as between Trading Members and Clearing Members and persons who are not Trading Members or Clearing Members relating to any transaction in Contracts or commodities made on the Exchange including settlement by dispute resolution or any other mechanism as may be prescribed by SEBI from time to time;
(q) standards and procedures for arbitration;
(r) administration, maintenance and investment of the corpus of the Fund(s) set up by the Exchange;
(s) standards and procedures for settlement and clearing of Deals, including functioning of Clearing House or any such agency authorised by the Exchange/ the Relevant Authority or other arrangements for Clearing and Settlement including administration, maintenance and investment of the corpus of the Fund(s) set up by the Exchange;
(t) standards and procedures in respect of, incidental or consequential to closing out of Contracts, Deals or transactions;
(u) standards and procedures for approval, certification and inspection of Warehouses, allied facilities and laboratories;
(v) standards and procedures pertaining to delivery mechanism to meet contractual obligations including gradation of commodities;
(w) dissemination of information, announcements to be placed on the trading system;
(x) standards and procedure for ware houses, allied facilities and laboratories, as determined from time to time;
(y) any other matter as may be decided by the Board.

4. DEALINGS IN CONTRACTS OR COMMODITIES

4.1 DEALINGS ALLOWED

Subject to the provisions of SCRA and rules framed thereunder and requisite permissions required from SEBI or any other authority, dealings in Contracts or commodities shall be permitted on the Exchange as provided for in these Bye Laws and Regulations and save as so provided, no other dealings are permitted.

4.2 ADMISSION OF CONTRACTS OR COMMODITIES TO DEALINGS

Dealings are permitted on the Exchange in accordance with the provisions prescribed in these Bye Laws and Regulations in that behalf, in Contracts or commodities which are, from time to time, permitted to trade on the trading segments by the Relevant Authority. The Relevant Authority may admit from time to time Contracts or commodities, which are permitted to trade on the Exchange, which shall be in accordance with provisions prescribed in the Rules, Bye Laws and Regulations in that behalf.

4.3 DEALINGS IN SECURITIES DEALT ON OTHER STOCK EXCHANGES

Without prejudice to the generality of Bye Law 4.2 above, the Relevant Authority may in its discretion and subject to such conditions as it may deem proper, permit dealings in any securities admitted to dealings on any other stock exchange or which are regularly dealt in on such Stock Exchange.

4.4 APPLICATION FOR ADMISSION TO LISTING

Applications for admission of securities to listing on the Exchange shall be made to the Relevant Authority in such form as the Relevant Authority may from time to time prescribe.

4.5 CONDITIONS AND REQUIREMENTS OF DEALINGS

The Relevant Authority will permit dealings in securities of an Issuer only subject to compliance of all requirements band conditions prescribed in these Bye Laws and/ or regulations and under the relevant regulatory guidelines.

4.6 DEFFERMENT/ REFUSAL OF ADMISSION TO LISTING

The Relevant Authority may, in its discretion and subject to such terms as it deems proper, may defer or reject any application for admission of any Securities to listing on the Exchange.

4.7 FEES

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

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

4.8 DEALINGS IN PROVISIONAL DOCUMENTS

The Relevant Authority may, in its discretion, permit dealings in Provisional Documents. Provisional Documents for purposes of these Bye Laws and Regulations denote Coupons, Fractional Certificates, Letters of Renunciation or transferable Letters of Allotment, Acceptance or Application or options or other rights or interests in securities, warrants issued or to be issued by an Issuer or other similar documents in respect of an Issuer whose securities are sought to be admitted/admitted to dealings on the Exchange.

4.9 ISSUERS REGISTERED OUTSIDE INDIA

Admission to dealings on the Exchange shall not be granted to securities issued by a body corporate, fund or other entity registered or formed outside India unless:

(a) there is adequate public interest in such securities in India;

(b) the body corporate, fund or other entity agrees to maintain a register of Trading Members or other similar record in India and agrees to abide by such other criteria as prescribed by the Relevant Authority are satisfied.

4.10 SPECIFIC DEALS

The Relevant Authority may permit specific Deals to be made in the case of securities of Issuers not admitted to dealings on the Exchange, which for the time being are prohibited or suspended for dealings.

4.11 PROHIBITED DEALINGS
The Relevant Authority may prohibit or withdraw dealings on the Exchange in respect of any Contract or commodity.

4.12 SUSPENSION OF ADMISSION TO DEALINGS ON THE EXCHANGE

(a) The Relevant Authority may suspend at any time the admission to dealings on the Exchange granted to any Contract or commodity for such period as it may determine.
(b) On the expiry or prior to the expiry of the period of suspension the Relevant Authority may reinstate such Contract or commodity subject to such conditions, as it deems fit.

4.13 WITHDRAWAL OF ADMISSION TO DEALINGS ON REDEMPTION OR CONVERSION
The Relevant Authority may, if necessary, withdraw admission to dealings granted to securities which are about to be exchanged or converted into other securities as a result of any scheme of re-organisation or reconstruction or which being redeemable or convertible securities are about to fall due for redemption or conversion.

4.14 WITHDRAWAL OF ADMISSION TO DEALINGS ON LIQUIDATION OR MERGER
If any Issuer be placed in final or provisional liquidation or is about to be merged into or amalgamated with another entity, the Relevant Authority may withdraw the admission to dealings on the Exchange granted to its securities. The Relevant Authority may accept such evidence as it deems sufficient on such liquidation, merger or amalgamation. Should the merger or amalgamation fail to take place or should an Issuer placed in provisional liquidation be reinstated and an application be made for readmission of its securities to dealings on the Exchange. The Relevant Authority shall have the right of approving, refusing or deferring such application.

4.15 WITHDRAWAL OF ADMISSION TO DEALINGS ON THE EXCHANGE
The Relevant Authority may, where deemed necessary, after giving an opportunity to the Issuer to explain, withdraw the admission to dealings on the Exchange granted to its securities either for breach of or non-compliance with any of the conditions or requirements of admission to dealings, or for any other reason whatsoever.

4.16 READMISSION TO DEALINGS ON THE EXCHANGE
The Relevant Authority in its discretion may, readmit to dealings on the Exchange the Contracts or commodities whose admission to dealings has been previously withdrawn.

5. TRADING MEMBERS

5.1 APPOINTMENT AND FEES

(a) The Relevant Authority may admit Trading Members in accordance with the Rules, Bye Laws and Regulations it may frame from time to time in accordance with the SCRA, SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 or any other relevant enactment.
(b) The Relevant Authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission etc. of Trading Members to each trading segment. The Relevant Authority may, at its absolute discretion, refuse permission to any applicant to be appointed as Trading Member.
(c) The Trading Member shall pay such fees, security deposits and other monies as may be specified by the Board or the Relevant Authority from time to time, and meet such prerequisite condition as may be specified from time to time, on admission as Trading Member and for continued admission.
(d) The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, Bank Guarantee, Securities, fixed deposit receipt, Warehouse Receipt, or otherwise, with the Exchange, by a Trading Member from time to time, shall be subject to a first and paramount lien

for any sum due to the Exchange and all other claims against the Trading Member for due fulfilment of engagements, obligations and liabilities of Trading Members arising out of or incidental to any dealings made and in accordance with the Rules, Bye Laws and Regulations of the Exchange.

(e) The Exchange shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the Trading Member, without any reference to the Trading Member.

(f) Trading Member of any trading segment may trade on the Exchange in the Contracts or commodities applicable to that segment or such Contracts or commodities as may be specified by the Exchange for such class of Trading Members.

(g) Trading Members may trade in relevant Contracts or commodities either on their own account as principals or on behalf of their Clients unless otherwise specified by the Relevant Authority and subject to such conditions, which the Relevant Authority may prescribe from time to time.

(h) The Trading Members may also act as Market-Makers in such commodities if they are so authorised and subject to such conditions as may be prescribed by the Relevant Authority from time to time.

(i) The Trading Members shall pay such transaction charges as may be levied by the Exchange as specified by SEBI.

Notwithstanding any agreement to the contrary, at the time of admission and while it continues to be a Trading Member, the Trading Member shall have deemed to have authorized the banks with which it holds any account to provide all information which may be sought by the Exchange, truthfully and in a timely manner. The Exchange shall be empowered to cause the Trading Member to issue specific and irrevocable instructions to such effect to all such banks.

5.2 CONDITIONS

(a) Trading Members shall adhere to the Rules, Bye Laws and Regulations of the Exchange and shall comply with such operational parameters, rulings, notices, guidelines and instructions of the Relevant Authority as may be applicable.

(b) All Contracts issued for trades on the Exchange shall be in accordance with the Rules, Bye Laws and Regulations of the Exchange.

(c) Trading Members shall comply with such Exchange requirements as may be prescribed by the Relevant Authority from time to time with regard to advertisements and issue of circulars in connection with their activities as Trading Members.

(d) Trading Members shall furnish declarations relating to such matters and in such forms as may be specified by the Relevant Authority from time to time.

(e) Trading Members shall furnish to the Exchange an Auditors' Certificate certifying that specified Exchange requirements as maybe laid down from time to time by the Relevant Authority pertaining to their operations have been complied with.

(f) Trading Members shall furnish such information and periodic returns pertaining to their operations as may be required by the Relevant Authority from time to time within such period of time which the Exchange may stipulate.

(g) Trading Members shall furnish to the extent such audited or unaudited financial or quantitative information and statements as may be required by the Relevant Authority from time to time.

(h) Trading Members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the Relevant Authority or other authorised official of the Exchange into or in regard to any trades, dealings, their settlement, accounting and/or other related matters.

(i) A Trading Member shall allow operation of its trading terminal only at its registered office, branch offices or such other place as may be permitted by the Exchange from time to time.

   (i) Trading Members shall,

   (ii) with respect to any trading software permitted by the Exchange for use by them, obtain necessary clearance after testing of such Software in the manner required by the Exchange; and

   (iii) execute and submit necessary documents and undertakings as may be required from time to time; and

(iv) in the event of any malfunction of software used by them, be liable to pay such penalty, as may be stipulated by the Exchange.

(j) Trading Member(s) shall be liable for systems audits as per the framework prescribed by SEBI and notified by the Exchange from time to time.

(k) The Members shall adhere to all obligations with regard to periodic settlement of running account of funds of its Clients in the manner prescribed by SEBI from time to time and as may be deemed necessary.

(l) The Exchange may lay down standards/ criteria, procedures, guidelines with regards to handling of Client securities and/or funds by the Trading Member(s) in the manner prescribed by SEBI from time to time and as may be deemed necessary.

6. DEALINGS BY TRADING MEMBERS

(a) Any Deal entered into through automated trading system of the Exchange for buying or selling or any acceptance of any such proposal for buying and selling shall be deemed to have been entered at the computerised processing unit of the Exchange at Mumbai and the place of contracting as between the Trading Members shall be at Mumbai.

(b) The Trading Members of the Exchange shall expressly record on their contract note that they have excluded the jurisdiction of all other Courts save and except, Civil Courts in Mumbai in relation to any dispute arising out of or in connection with or in relation to the contract notes, and that only the Civil Courts at Mumbai have exclusive jurisdiction in claims arising out of such dispute.

(c) Without prejudice to the foregoing provisions, there shall be no bar or objection to the jurisdiction of any court deciding any dispute as between Trading Members and their Constituents to which the Exchange is not a party.

(d) The record of the Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner shall constitute the agreed and authentic record in relation to any transaction entered into through automated trading system.

(e) For the purposes of any dispute the record as maintained by the computer processing units by the Exchange shall constitute valid evidence in any dispute or claim between the Constituents and the Trading Member of the Exchange or between the Trading Members of the Exchange inter-se.

6.2 INDEMNITY

The Exchange shall not be liable for any unauthorised dealings on the Exchange by any persons acting in the name of Trading Member(s).

6.3 TRADING MEMBERS ONLY PARTIES TO TRADE

The Exchange does not recognise any persons as parties to any Deal other than its own Trading Members. Every Trading Member is directly and wholly liable, in accordance with the Rules, Bye Laws and Regulations of the Exchange, to every other Trading Member with whom such Trading Member effects any Deal on the Exchange for due fulfilment of the deal, whether such Deal be for account of the Trading Member effecting it or for account of a Constituent.

6.4 ALL DEALINGS SUBJECT TO RULES, BYE LAWS AND REGULATIONS

All dealings in Contracts or commodities on the Exchange made in accordance with the Rules, Bye Laws and Regulations of the Exchange shall be deemed made subject to the Rules, Bye Laws and Regulations of the Exchange and this shall be a part of the terms and conditions of all such Deals and the Deals shall be subject to the exercise by the Relevant Authority of the powers with respect thereto vested in it by the Rules, Bye Laws and Regulations of the Exchange.

6.5 INVIOLABILITY OF TRADE

(a) All the dealings in Contracts or commodities on the Exchange made subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange shall be in-violable and shall be cleared and settled in accordance with the Rules, Bye Laws and Regulations of the Exchange.

(b) Provided that, the Exchange may by a notice annul the deal(s) on an application by a Trading Member in that behalf; if the Relevant Authority is satisfied after hearing the other party/parties to the deal(s) that the deal(s) is/are fit for annulment on account of fraud or wilful misrepresentation or material mistake in the trade.
(c) Notwithstanding anything contained in Clause (a) and (b) of Bye Law 6.5 above, the Exchange may, to protect the interest of Constituents in Contracts or commodities and for proper regulation of the commodities market, suo moto annul deal(s) at any time if the Relevant Authority is satisfied for reasons to be recorded in writing that such deal(s) is/are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.
(d) Any annulment made pursuant to Clauses (a), (b) and (c) of Bye Law 6.5 above, shall be final and binding upon the parties to trade(s) and the Trading Member shall be entitled to cancel the relevant Contracts with its Constituents, subject to the criteria and the procedures prescribed thereof from time to time.
(e) The Relevant Authority shall prescribe such standards/criteria and procedures for Annulment of Trade(s) either on its own or as may be directed by SEBI from time to time.

6.6 DEALS BY REPRESENTATIVE TRADING MEMBERS

(a) A Trading Member may authorise another Trading Member to act as a representative for a specified period with the prior permission of the Relevant Authority.
(b) When a Trading Member employs another Trading Member as a representative to put through the transaction of a Constituent such representative shall report the transaction to the employing Trading Member at the same price as dealt in the market and the employing Trading Member shall report the same price to the Constituent in respect of such transaction.

6.7 RESTRICTION ON THE TRADING MEMBERS

(a) Unless the Exchange otherwise specifies, a Trading Member shall not become a Constituent of another Trading Member.
(b) A Trading Member should not trade in his own name or through another Trading Member in any Contracts or commodities, if the Exchange or SEBI prohibits him from entering into any such Contracts.

6A. AUTHORISED PERSON

6A.1 AUTHORISED PERSON

"Authorized Person" means and includes any person whether being an individual (including proprietors), a partnership firm as defined under the Indian Partnership Act, 1942, a Limited Liability Partnership (LLP) as defined under the Limited Liability Partnership Act, 2008, a body corporate as defined under the Companies Act, 2013, as amended from time to time, who is appointed as such by a Trading Member of the Exchange upon the approval of Exchange, for providing access to the trading platform of the Exchange, as an agent of the Trading Member of the Exchange.

6A.2 APPOINTMENT OF AUTHORISED PERSON

6A.2.1. Trading Member(s) of the Exchange may appoint one or more Authorized Persons after obtaining specific prior approval from the Exchange.
6A.2.2. The approval as well as the appointment of Authorized Person shall be specific for each such Authorized Person.

6A.3 PROCEDURE FOR APPOINTMENT OF AUTHORISED PERSON

6A.3.1. A Trading Member of the Exchange may apply to the Exchange in such format(s) as specified in SEBI circular and as may be notified by the Exchange for appointment of "Authorized Person" from time to time.
6A.3.2. On receipt of the application for approval of the appointment of an Authorized Person from its Trading Member, the Exchange may -

(a) accord approval on satisfying itself that the person is eligible for appointment as Authorised Person; or

(b) refuse approval on satisfying itself that the person is not eligible for appointment as Authorised Person.

6A.3.3. The Exchange will have the discretion to refuse or withdraw permission, if any, granted or to be granted to any Authorized Person at any time, after recording reasons in writing, considers such refusal or withdrawal to be in the interest of the market.

6A.4 ELIGIBILITY CRITERIA

6A.4.1 Individuals

An individual is eligible to be appointed as "Authorised Person", if he or she:

(a) is a Citizen of India;
(b) is not less than 18 years of age;
(c) has not been convicted of any offence involving fraud of dishonesty;
(d) has good reputation and character;
(e) has passed atleast 10^{th} standard or equivalent examination from an institution recognized by the Central/State Government; and
(f) possesses such certification that may be prescribed by the Exchange, as approved by the SEBI from time to time.

6A.4.2 A Partnership Firm, LLP or A Body Corporate A partnership firm, LLP or a body corporate is eligible to be appointed as Authorized Person:

(a) if all the partners or directors, as the case may be, comply with the requirements contained in Clause 6A.4.1 of Bye Law 6A.4 above;
(b) the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to Deal in securities business.

6A.4.3. Infrastructure

The Authorized Person must have necessary infrastructure, viz., adequate office space, equipment, manpower and such other infrastructural facilities, which the Exchange may specify from time to time, to effectively discharge the activities on behalf of the Trading Member.

6A.5. CONDITIONS OF APPOINTMENT

6A.5.1 On being appointed as an "Authorized Person" of a Trading Member of the Exchange, such person or entity shall not, during continuation of being an Authorized Person of such Trading Member, qualify for becoming Authorized Person of any other Trading Member of the Exchange.

6A.5.2 No director of a Trading Member (if the Trading Member is a company under the Companies Act, 2013) or a partner of the Trading Member (if the Trading Member is a partnership firm or a LLP) shall be eligible to become an "Authorized Person" of any other Trading Member of the Exchange in which its company, partnership firm, or LLP as the case may be, is a Trading Member.

6A.5.3 The Authorized Person shall not receive or pay any money or Deal in deliveries of commodities/ securities in its own name or account. All receipts and payments of money and dealings in commodities shall be in the name or account of the concerned Trading Member.

6A.5.4 The Authorized Person shall receive his remuneration - fees, charges, commission, salary, etc. - for his services only from the Trading Member of which he is an "Authorized Person" and he shall not charge any amount under whatever head from the Clients of the Trading Member.

6A.5.5 All acts of omission and commission of the Authorized Person shall be deemed to be those of the Trading Member.

6A.5.6 The Trading Member and the "Authorized Person" shall enter into written agreement(s) in the forms specified by the Exchange. The agreement shall, interalia, cover scope of the activities, responsibilities, confidentiality of information, conditions for appointment as "Authorized Persons" as laid down in this chapter or as may be directed by the SEBI from time to time, particulars of remuneration (whether by way of salary, commission, allowance or otherwise), termination clause, etc.

6A.5.7 The permission granted by the Exchange for any Authorized Person is only to facilitate the Trading Members to trade on the Exchange platform through persons authorized by them and such permission shall not be construed in any manner whatsoever to waive, reduce or affect the liability and responsibility of the Trading Member in such matter.

6A.6. WITHDRAWAL OF APPROVAL

The Exchange may withdraw approval given to an Authorized Person-

6A.6.1 on receipt of a request to that effect from the Trading Member or the Authorized Person concerned, subject to compliance with the requirements as may be prescribed by the Exchange.

6A.6.2 on being satisfied that the continuation of the Authorized Person is detrimental to the interests of investor/s or the commodities market.

6A.6.3 on such Authorized Person becoming ineligible under Bye Law 6A.4.1 of this chapter, at a subsequent date.

6A.6.4 upon the directions of the SEBI.

6A.7. OBLIGATIONS OF THE TRADING MEMBER

6A.7.1 The Trading Member shall enter into an agreement prescribed by the Exchange with each of such Authorized Persons after receipt of communication of acceptance of such Authorized Persons by the Exchange.

6A.7.2 The Trading Member shall permit the Authorized Person to admit or introduce Clients and accept orders from the Clients on their behalf only after execution of the Agreement as stated at Clause 6A.7.1 of Bye Law 6A.7 above.

6A.7.3 The Trading Member shall be responsible for all acts of omission and commission of his Authorized Person and/or their employees, including liabilities arising therefrom.

6A.7.4 If any trading terminal is provided by the Trading Member to an "Authorized Person", the place where such trading terminal is located shall be treated as branch office of the Trading Member.

6A.7.5 The Trading Member shall display at each such branch office, additional information such as particulars of Authorized Person in charge of that branch, terms and conditions of his appointment, time lines for dealing through Authorized Person, etc., as may be specified by the Exchange.

6A.7.6 The Trading Member shall notify changes, if any, relating to the Authorized Person to all registered Clients of that branch within such time as may be specified by the Regulator.

6A.7.7 The Trading Member shall conduct periodic inspection of the branches assigned to Authorized Persons and records of the operations carried out by them, as prescribed by the Exchange.

6A.7.8 It shall be the responsibility of the Trading Member to audit the records of its Authorized Person to ensure that they comply with the Rules, Bye Laws and Regulations of the Exchange.

6A.7.9 The Client dealing through an Authorized Person shall be registered with the Trading Member only. The funds, monies, commodities or Warehouse Receipts or electronic credit of commodities, as the case may be, of the Clients shall be settled directly between the Trading Member and Client.

6A.7.10 No fund or commodities of the Clients shall be transferred/ deposited/credited into any account of an Authorized Person.

6A.7.11 All documents like contract notes, statement of funds and commodities etc. would be issued by the Trading Member to the Client. Authorized Person may provide administrative assistance in procurement of documents and settlement, but shall not issue any document to Client in its own name.

6A.7.12 On noticing irregularities, if any, in the operations of an Authorized Person, the Trading Member shall forthwith seek withdrawal of approval, withhold all monies due to such Authorized Person till resolution of Client grievances, alert Clients in the location where the Authorized Person operates and file a complaint with the police, and take all measures as may be required to protect the interest of its Clients and the market.

6A.7.13 Trading Members shall ensure that no orders are executed at the Authorized Person's end before all documents as prescribed by the Exchange or the SEBI, as the case may be, including the Trading Member and Constituents agreement, Client Registration Form and Risk Disclosure Document or such other documents as prescribed by the Exchange or the SEBI are obtained from each such Client.

6A.7.14 Uploading of details pertaining to the Unique Client Code shall be the responsibility of the Trading Member and the Authorised Person cannot create or allot Unique Client Code to any Client.

6A.7.15 All documents as mentioned in these Bye Laws of 6A.7 above, should be available with the Trading Member for audit and inspection as and when required by the Exchange or the SEBI.

6A.8. OBLIGATIONS OF THE EXCHANGE

6A.8.1. The Exchange shall maintain a database of all the Authorised Persons, which shall include the following:

(a) Permanent Account Number (PAN) of Authorised Person and in case of partnership or body corporate, PAN number of all the partners or directors as the case may be.
(b) Details of the Trading Member with whom the Authorised Person is registered.
(c) Location of the branch assigned to the Authorised Person.
(d) Number of terminals and their details, given to each Authorized Person.
(e) Withdrawal of approval of an Authorised Person.
(f) Change in status of constitution of Authorized Person.
(g) Disciplinary action taken by the Exchange against any Trading member for violations of the Securities Laws, Bye Laws, of the SEBI or the Exchange, as the case may be, by the Authorised Person.

6A.8.2. While conducting the inspection of the Trading Member, the Exchange may also conduct inspection of the branches where the terminals of Authorized Persons are located and records of the operations carried out by them.

6A.8.3. Any dispute between a Client and an Authorized Person shall be treated as a dispute between the Client and the Trading Member and the same shall be redressed by the Exchange in accordance with the Rules, Bye Laws and Regulations of the Exchange for all purposes and actions.

6A.8.4. In case of withdrawal of approval of an Authorized Person due to disciplinary action or upon the regulatory directive, the Exchange shall issue a press release and disseminate the names of such Authorized Persons on its website citing the reason for withdrawal or cancellation of approval.

7. TRADING SYSTEM AND MARKET-MAKERS

7.1. Trading System:

(a) The Exchange shall provide the electronic platform for Trading as prescribed by the Relevant Authority or the SEBI as the case may be from time to time.

(b) The Exchange shall devise a comprehensive testing framework to manage Information Technology (IT) systems including applications/ software for thorough risk assessment and make the arrangements for testing of such applications/ software used in or related to Trading and Risk Managements including software used for Algorithmic trading and the Exchange shall prescribe the standards/criteria, procedures, terms and conditions as may be directed by SEBI from time to time in this regard and as may be deemed appropriate. The Trading Members shall only use the Software used for algorithmic trading as may be permitted by adhering to terms and conditions & norms and procedures as prescribed by SEBI and/or Exchange.

(c) The Exchange shall prescribe standards/criteria, procedures, terms and conditions for cyber security, cyber resilience policy or any such other policy, procedure or framework required to deal with or overcome technical disruption, Cyber Security incidents or technology outage including but not limited to reasons beyond the control of Exchange and which shall be governed by processes, procedures and norms including risk reduction framework or standard operating procedures for handling technical glitches and financial disincentives or other methodologies as prescribed by SEBI, for handling disruptions in the services provided by the Trading Members or including technology glitches in the trading system of the Trading Members. The Exchange shall carry out proactive cyber security risk assessment measures as specified by SEBI from time to time.

(d) The Exchange shall refer to the Committee/ Board to investigate all instances of hanging/slowdown/breakdown and any other problems in the computerized Trading system and report the same to SEBI in the manner as may be prescribed by SEBI from time to time and take such remedial measures as may be required or advised by SEBI/ Board.

7.2 Market-Makers:

Contracts or commodities, which will be eligible for market making, if at all, will be specified by the Relevant Authority from time to time. The Exchange may prescribe from time to time the criteria for eligibility of Market-Markers, procedure for registration, functions, rights, liabilities of Market-Makers, suspension and prohibition of Market-Makers and operational parameters for Market-Makers.

8. TRANSACTIONS AND SETTLEMENT

8.1. BUSINESS HOURS

(a) The business hours for dealing in Contracts or commodities in different segments on the Exchange shall be during such time as may be decided by the Relevant Authority from time to time. The Relevant Authority may, from time to time, specify business hours for different types of Deals.

(b) The Relevant Authority may declare a list of holidays in a calendar year. The Relevant Authority may from time to time alter or cancel any of the Exchange holidays fixed in accordance with these provisions. It may, for reasons to be recorded, close the market on days other than or in addition to holidays.

(c) The provisions under Clause (1) and (2) of Bye Law 8.1, shall be subject to the approval of SEBI, if any.

8.2. DEALS THROUGH TRADING SYSTEM

(a) The Exchange shall make arrangement for Disaster Recovery Site (DRS) and/or Near Site (NS) as a part of its Business Continuity Plan and Disaster Recovery management plan or as prescribed by SEBI from time to time.

(b) Deals may be affected through order driven, quote driven (Market-Makers) or such other system as the Exchange may put in place for the trading segments from time to time.

(c) Deals between Trading Members may be effected by electronic media or computer network or such other media as specified by the Relevant Authority from time to time.

(d) Deals may be affected on ready delivery or on such basis as may be specified by the Relevant Authority from time to time, subject to the Securities Laws.

8.3. TRANSACTION AT BEST QUOTATION

In transaction with or on behalf of Clients, Trading Members must indicate to the Clients the current best quotation as reflected in the trading system

8.4 OPERATIONAL PARAMETERS FOR TRADING

The Relevant Authority may determine and announce by Regulations or otherwise, from time to time operational parameters regarding dealing of Contracts or commodities on the Exchange which Trading Members shall adhere to.

The operational parameters may, inter alia, include:

(a) contract specifications such as date of commencement, last date of Contract, Delivery Period, grades, delivery centers and all other conditions;

(b) trading limits allowed which may include trading limits with reference to net worth and capital adequacy norms;

(c) trading volumes and limits at which it will be incumbent for Trading Members to intimate the Exchange;

(d) limit of spread between bid and offer rates for different Contracts or commodities, if found necessary;

(e) fixation of market lots, odd lots and/or minimum number and size of Contracts or commodities to be offered to be bought or sold;
(f) limit of variation within a day or between days in bid and offer prices;
(g) other matters which may affect smooth operation of trading in Contracts or commodities keeping in view larger interest of the public;
(h) types of trades permitted for a Trading Member and a Contract or commodity;
(i) functional details of the trading system including the system design, users, infrastructure, system operation.

8.5. SUSPENSION / CLOSE OUT OF POSITIONS ON FAILURE TO MEET TRADING LIMITS

A Trading Member failing to restrict dealings on the Exchange to his trading limits as provided in these Bye Laws and Regulations may be required by the Relevant Authority to reduce dealings within trading limits forthwith or the Relevant Authority may close out the positions of such Trading Members. The Relevant Authority may also at its discretion suspend a Trading Member for violation of trading limits and the suspension shall continue until the Relevant Authority withdraws such suspension.

8.6. CONTRACT NOTES

(a) Contract Notes shall be issued within such period as may be specified by the Relevant Authority from time to time for Deals effected with Clients or on behalf of Clients, and will contain such details as the Relevant Authority may specify from time to time.
(b) The Contract notes shall specify that the Deal is subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange and subject to arbitration as provided therein and subject to the jurisdiction of the Civil Courts of Mumbai.
(c) Wthout prejudice to the foregoing provisions, there shall be no objection to the jurisdiction of any court deciding any dispute as between Trading Members and their Constituents to which the Exchange is not a party.
(d) Details of all Deals affected, as may be specified, shall be communicated to the Exchange on the day of the transaction.
(e) Unless otherwise provided in these Bye Laws, all dealings carried out in respect of Exchange Contracts or commodities shall be subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange.

8.6A DELIVERY OF SECURITIES

Delivery of all securities, documents and papers and payments in respect of all Deals shall be in such manner and such place(s) as may be prescribed by the Relevant Authority from time to time.

8.6B CLEARING AND SETTLEMENT

(a) Clearing and Settlement of Deals shall be effected by the parties concerned by adopting and using such arrangements, systems, agencies or procedures as may be prescribed or specified by the Relevant Authority from time to time. Without prejudice to the generality of the foregoing, the Relevant Authority may prescribe or specify, for adoption and use by the Trading Members, participants, and other specified Constituents, such custodial and depository services from time to time to facilitate smooth operation of the clearing and settlement arrangement or system.
(b) The function of the Clearing House may be performed by the Exchange or any agency identified by the Relevant Authority for this purpose. The role of the Clearing House shall be to act as a facilitator for processing of deliveries and payments between Trading Members/participants for trades effected by them on the Exchange. Settlement in each market segment of the Exchange shall be either on netted basis, gross basis, trade for trade basis or any other basis as may be specified by the Relevant Authority from time to time. Save as otherwise expressly provided in the regulations, when funds and securities are, under a prescribed arrangement, routed through the Clearing House, the settlement responsibility shall rest wholly and solely upon the counter parties to the trade and /or the concerned Trading Members as the case may be and the clearinghouse shall act as the common agent of the Trading Members / Participants for receiving or giving delivery of

securities and for receiving and paying funds, without incurring an y liability or obligation as a principal.

8.6C Subject to the regulations prescribed by the Relevant Authority from time to time, any Deal in Securities made on the Exchange may be transferred from one Trading Member to another Trading Member under such circumstances and in respect of such trading segment of the Exchange as may be specified by the Relevant Authority from time to time.

8.6D MARGIN DEPOSIT TO BE HELD BY THE EXCHANGE

The margin deposits shall be held by the Exchange and when they are in the form of Bank Deposit Receipts and securities and such Receipts and securities may at the discretion of the Relevant Authority be transferred to such persons or to the name of a Bank approved by the Exchange. All margin deposits shall be held by the Exchange and/ or by the approved persons (including Clearing Corporation) and /or by the approved Bank solely for and on account of the Exchange without any right whatsoever on the part of the depositing Trading Member or those in its right to call in question the exercise of such discretion.

8.6E CHARGE ON MARGINS

The monies, Bank Deposit Receipts and other securities and assets deposited by a Trading Member by way of margin under the provisions of these Bye Laws and Regulations shall be subject to a first and paramount charge for any sum due to the Exchange. Subject to the above, the margin shall be available in preference to all other claims of the Trading Member for the due fulfillment of its engagements, obligations and liabilities 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.

8.6F INTEREST, DIVIDENDS, RIGHTS AND CALLS

(a) The buying Constituent shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities bought cum voucher, cum coupons, cum dividends, cum cash bonus, cum bonus issues, cum rights, etc. The selling Constituent shall be entitled to receive all vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges which may relate to securities sold ex voucher, ex coupons, ex dividends, ex cash bonus, ex-bonus issues, ex rights, etc.

(b) The manner, mode, information requirements, alterations, date and timing, etc., of adjustment with respect to vouchers, coupons, dividends, cash bonus, bonus issues, rights and other privileges between buying Trading Member and selling Trading Member shall be as prescribed by the Relevant Authority from time to time. The Trading Members shall be responsible between themselves and to their Constituents for effecting such adjustments.

(c) In respect of a Contract which shall become or are exchangeable for new or other Securities under a scheme of re-construction or re-organisation, the selling Constituent shall deliver to the buyer, as the Relevant Authority directs, either the securities contracted for or the equivalent in securities and/or cash and/or other property receivable under such scheme of reconstruction or reorganisation.

8.7. BROKERAGE ON DEALINGS

8.7.1 Brokerage

Trading Members are entitled to charge brokerage upon the execution of all orders in respect of purchase or sale of Contracts or commodities at such rates but not exceeding the official scale as may be prescribed by the Relevant Authority from time to time.

8.7.2 Underwriting Commission and Brokerage

Unless otherwise determined and restricted by the Relevant Authority, a Trading Member may, in its discretion, charge such brokerage or commission for underwriting or placing or acting as a broker or entering into any preliminary arrangement in respect of any floatation or new Issues or Offer for Sale of any security as it may agree upon with the Issuer or offerer or with the principal underwriters or brokers engaged by such Issuer or offerer, subject to limits stipulated under the relevant statutory provisions as may be applicable from time to time.

8.7.3 Sharing of Brokerage

(a) A Trading Member shall not share brokerage with a person who –
   (i) is one for or with whom Trading Members are forbidden to do business under the Rules, Bye Laws and Regulations of the Exchange;
   (ii) is a Trading Member or employee in the employment of another Trading Member;
(b) irrespective of any arrangement for the sharing of brokerage with any person, the Trading Member shall be directly and wholly liable to every other Trading Member with whom such Trading Member effects any Deal on the Exchange.

9. RIGHTS AND LIABILITIES OF TRADING MEMBERS AND CONSTITUENTS

9.1 ALL CONTRACTS SUBJECT TO RULES, BYE LAWS AND REGULATIONS

All Contracts relating to dealings permitted on the Exchange made by a Trading Member shall in all cases be deemed made subject to the Rules, Bye Laws and Regulations of the Exchange. This shall be deemed to be a part of the terms and conditions of all such Contracts and shall be subject to the exercise by the Relevant Authority of the powers with respect thereto vested in it by the Rules, Bye Laws and Regulations of the Exchange.

9.2 TRADING MEMBERS NOT BOUND TO ACCEPT INSTRUCTIONS AND ORDERS

A Trading Member may not accept instructions or orders of Constituents for purchase or sale of Contracts or commodities where circumstances appear to justify such action or on reasonable grounds. Where such refusal is made, the same may be communicated to the Constituent. The Trading Member shall also furnish the Constituent the reasons for such refusal on a request being made by him.

9.3 MARGIN

(a) A Trading Member shall have the right to demand from its Constituent the margin deposit he has to provide under these Rules, Bye Laws and Regulations in respect of the business done by it for such Constituent. A Trading Member shall also have the right to demand from its Constituent an initial margin in cash/ bank guarantee / fixed deposit receipts/ Warehouse Receipts or such other acceptable mode of Collateral as notified by the Exchange from time to time. The Trading Member shall collect the requisite margin(s) before executing an order and/or collect further margin deposit or additional margin according to changes in market prices.
(b) The Constituent shall, when called upon by the Trading Member, forthwith provide the margin deposit and/or furnish additional margin as required under these Rules, Bye Laws and Regulations in respect of the business done for him by and/or as agreed upon by him with the Trading Member concerned.
(c) A Trading Member shall be liable to pay penalties for non-collection/short-collection of margins as prescribed by the Exchange from time to time subject to directions of SEBI and as per the norms and procedures notified by the Exchange from time to time.

9.4 CONSTITUENT IN DEFAULT

(a) A Trading Member shall not transact business directly or indirectly or execute an order for a Constituent who to his knowledge is in default to another Trading Member unless such Constituent shall have made a satisfactory arrangement with the Trading Member who is his creditor.
(b) On the application of a creditor Trading Member who refers or has referred to arbitration its claim against the defaulting Constituent as provided in these Rules, Bye Laws and Regulations, the Relevant Authority shall issue orders against any Trading Members restraining them from paying or delivering to the defaulting Constituent any monies or Collateral, up to an amount or value not exceeding the creditor member's claim payable or deliverable by him to the defaulting Constituent in respect of transactions entered into subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange, which monies and securities shall be deposited with the Exchange.

(c) The monies, and Collateral deposited shall be disposed of in terms of the award in arbitration and pending a decree shall be deposited with the concerned Court when filing the award unless the creditor member and the defaulting Constituent mutually agree otherwise.

9.5 CLOSING-OUT OF CONSTITUENT'S ACCOUNT

(a) The Exchange may close-out Open Positions of a Constituent or transfer his Open Positions to another Trading Member under such circumstances and in respect of such trading segment of the Exchange as may be specified by the Relevant Authority from time to time.

(b) When closing-out the account of a Constituent a Trading Member may close-out in the open market and any expense incurred or any loss arising therefrom shall be borne by the Constituent or assume or take over such transactions to his own account as a principal at prices which are fair and justified by the condition of the market. The contract note in respect of such closing-out shall disclose whether the Trading Member is acting as a principal or on account of another Constituent.

9.6 CLOSING-OUT/ TRANSFER BY CONSTITUENT ON FAILURE TO PERFORM A CONTRACT

If a Trading Member fails to complete the performance of a Contract by delivery or payment in accordance with the provisions of these Rules, Bye Laws and Regulations the Constituent shall, after giving notice in writing to the Trading Member and Exchange, close-out such Contract through any other Trading Member of the Exchange or make an application to the Exchange for transfer of Contracts to another Trading Member as soon as possible and any loss or damages sustained as a result of such closing-out or transfer, as the case may be, shall be immediately payable by the defaulting Trading Member to the Constituent. If closing-out or transfer be not effected as provided herein, the damages between the parties shall be determined on such basis as specified by the Relevant Authority from time to time and the Constituent and the Trading Member shall forfeit all further right of recourse against each other.

9.7 NO LIEN ON CONSTITUENT'S COMMODITIES

If a Trading Member is declared a defaulter after delivering commodities on account of his Constituent, the Constituent shall be entitled to claim and on offering proof considered satisfactory by the Relevant Authority, and in the absolute discretion of the Relevant Authority, receive from the Exchange accordingly as the Relevant Authority directs either such goods / commodities or the value thereof subject to payment or deduction of the amount if any due by him to the defaulter.

9.8 COMPLAINT BY CONSTITUENT

When a complaint has been lodged by a Constituent with the Relevant Authority that any Trading Member has failed to implement his dealings, the Relevant Authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit.

9.9 RELATIONSHIP BETWEEN TRADING MEMBER AND CONSTITUENTS

Without prejudice to any other law for the time being in force and subject to these Bye Laws, the mutual rights and obligations inter se between the Trading Member and his/its Constituent shall be such as may be prescribed by the Relevant Authority from time to time.

10. DEFAULT AND LIKELIHOOD OF DEFAULT - TRADING MEMBER

10.1 DECLARATION OF DEFAULT

1. A Trading Member may be declared a defaulter by direction / circular / intimation / notification of the Exchange / Relevant Authority of the trading segment if he:

(a) is unable to fulfil his obligations; or

(b) admits or discloses his inability to fulfil or discharge his duties, obligations and liabilities; or

(c) fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under these Rules, Bye Laws and Regulations; or

(d) fails to pay any sum due to the Exchange or to submit or deliver to the Exchange on the due date, delivery and receipt orders, statement of balances/ differences, balance sheet and such other forms and other statements as the Relevant Authority may from time to time prescribe; or

(e) fails to pay or deliver to the Relevant Authority all monies, commodities and other assets due to a Trading Member who has been declared a defaulter within such time of the declaration of default of such Trading Member as the Relevant Authority may direct; or
(f) fails to abide by the dispute resolution proceedings as laid down under the Rules, Bye Laws and Regulations
(g) has been declared a defaulter in any other stock exchange
(h) being an individual and /or partnership firm, /it, being a company incorporated under the Companies Act, 2013 files a petition before a Court of Law for adjudication of himself as an insolvent or for its winding up, as the case may be; or
(i) is declared a defaulter under any other compelling circumstances as may be decided by the Relevant Authority/ Exchange and recorded in writing.

2. When a Trading Member of any segment is declared a defaulter in terms of Bye Law 10.1 above, the stock exchange shall immediately declare such Trading Member as defaulter in all other segments and inform the other stock exchange/ Clearing Corporation.
3. The Relevant Authority shall take appropriate action against the associates (who are holding membership in stock exchange/ Clearing Corporation) of the defaulter Trading Member.

Explanation: -

For the purposes of Clause 3 of Bye Law 10.1 above, the term 'associate' shall mean and include the following persons/ entities defined as associate under relevant regulations or guidelines as stipulated by SEBI, namely: -

(a) who, directly or indirectly, by itself, or in combination with other persons, exercises control over the Trading Member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such entities; or
(b) in respect of whom the Trading Member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control; or
(c) whose director or partner is also a director or partner of the Trading Member, body corporate or the firm, as the case may be.

Explanation- The expression "control" shall have the same meaning as defined under clause (e) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or as SEBI may prescribe in this regard from time to time.

10.2 FAILURE TO FULFILL OBLIGATIONS

The Relevant Authority may order a Trading Member to be declared as a defaulter if he fails to meet an obligation to a Trading Member or Constituent or Clearing Member arising out of Exchange transactions.

10.3 INSOLVENT A DEFAULTER

A Trading Member, being an individual and/or partnership firm, has been adjudicated as an insolvent or it, being a company incorporated under the Companies Act, 2013, has been ordered to be wound up by a Court of Law in the petition filed by any of his/its creditors, shall be declared a defaulter although he/it may not have at the same time defaulted on any of his / its obligations on the Exchange provided that the time for preferring an appeal against such order under the applicable Acts, if any, has expired.

10.4 TRADING MEMBER'S DUTY TO INFORM

A Trading Member shall be bound to notify the Exchange immediately if there be a failure by any Trading Member to discharge his liabilities in full.

10.5 COMPROMISE FORBIDDEN

A Trading Member guilty of accepting from any Trading Member anything less than a full and bona fide money payment in settlement of a debt arising out of a transaction in Contracts or commodities may be suspended for such period as the Relevant Authority may determine.

10.6 NOTICE OF DECLARATION OF DEFAULT

On a Trading Member being declared a defaulter a notice to that effect shall be placed forthwith on the trading system of the relevant trading segment.

10.7 DEFAULTER'S BOOK AND DOCUMENTS
When a Trading Member has been declared a defaulter, the Relevant Authority shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the Relevant Authority as may be required by Relevant Authority to find out the obligations of the defaulting Trading Member towards Exchange, other Trading Members, Constituents and Clearing Members.

10.8 LIST OF DEBTORS AND CREDITORS
The defaulter shall file with the Relevant Authority within such time of the declaration of his default as the Relevant Authority may direct a written statement containing a complete list of his debtors and creditors and the sum owing by and to each.

10.9 DEFAULTER TO GIVE INFORMATION
The defaulter shall submit to the Relevant Authority such statement of accounts, information and particulars of his affairs as the Relevant Authority may from time to time require and if so desired shall appear before the Committee at its meetings held in connection with its default.

10.10 INQUIRY
The Relevant Authority shall inquire into the accounts and dealings of the defaulter in the market and shall report to the such authority as may be appointed by Board for this purpose, anything improper, un-businesslike or unbecoming a Trading Member in connection therewith which may come to its knowledge.

10. 10(A) NOTICE INVITING CLAIMS
(a) The Exchange shall publish a notice inviting the legitimate claimants to file claims against the defaulter Trading Member within a period of ninety days or such other period as may be specified by the Regulator /Relevant Authority.
(b) Such notice may be issued by the Exchange and in appropriate cases as may be deemed necessary, on behalf of Clearing Corporation.

10.11 VESTING OF ASSETS IN THE EXCHANGE
The Relevant Authority shall call in and realise the security deposits in any form, Collateral, margin money, other amounts lying to the credit of and commodities and securities deposited by the defaulter and recover all moneys, commodities, securities and other assets due, payable or deliverable to the defaulter by any other Trading Member in respect of any transaction or dealing made subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange and such assets shall vest ipso facto, on declaration of any Trading Member as a defaulter, in the Exchange for the benefit of and on account of any dues of the Exchange, other Trading Members, Constituents of the defaulter, approved banks and any other persons as may be approved by the Relevant Authority and other recognized Exchanges/ Clearing Corporations.

10.11 (A) CHARGE ON DEFAULTER'S ASSETS:
For the purpose of satisfying the liabilities/obligations of a defaulter under the Rules, Bye Laws and Regulations, the Exchange shall have a first charge on all unencumbered assets and pari passu charge on the other assets, including receivables and properties of the defaulter Trading Member, wherever situated and of whatsoever nature.

10.12 PAYMENT TO RELEVANT AUTHORITY
(a) All monies, commodities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the Relevant Authority within such time of the declaration of default as the Relevant Authority may direct. A Trading Member violating this provision shall be declared a defaulter.

(b) A Trading Member who shall have received a difference on account or shall have received any consideration in any transaction prior to the date fixed for settling such account or transaction shall, in the event of the Trading Member from who he received such difference or consideration being declared a defaulter, refund the same to the Relevant Authority for the benefit and on account of the creditor members. Any Trading Member who shall have paid or given such difference or consideration to any other Trading Member prior to such settlement day shall again pay or give the same to the Relevant Authority for the benefit and on account of the creditor member in the event of the default of such other Trading Member.

(c) A Trading Member who receives from another Trading Member during any clearing a claim note or credit note representing a sum other than a difference due to him or due to his Constituent which amount is to be received by him on behalf and for the account of that Constituent shall refund such sum if such other Trading Member be declared a defaulter within such number of days as prescribed by the Relevant Authority after the settling day. Such refunds shall be made to the Relevant Authority for the benefit and on account of the creditor members and it shall be applied in liquidation of the claims of such creditor members whose claims are admitted in accordance with these Rules, Bye Laws and Regulations.

10.13 DISTRIBUTION

The Relevant Authority shall at the risk and cost of the creditor members pay all assets received in the course of realisation into such bank and/or keep them with the Exchange in such names as the Relevant Authority may from time to time direct and shall distribute the same as soon as possible pro rata but without interest among creditor members whose claims are admitted in accordance with these Rules, Bye Laws and Regulations.

10.14 CLOSING-OUT

(a) Trading Members having open transactions with the defaulter shall close out such transactions on the Exchange after declaration of default. Such closing out shall be in such manner as may be prescribed by the Relevant Authority from time to time. Subject to the regulations in this regard prescribed by the Relevant Authority, when in the opinion of the Relevant Authority, circumstances so warrant, such closing out shall be deemed to have taken place in such manner as may be determined by the Relevant Authority or other authorised persons of the Exchange.

(b) Differences arising from the above adjustments of closing out shall be claimed from the defaulter or paid to the Relevant Authority for the benefit of creditor Trading Members of the defaulter.

10.15 CLAIMS AGAINST DEFAULTER

Within such time of the declaration of default as the Relevant Authority may direct every Trading Member carrying on business on the Exchange shall, as it may be required to do, either compare with the Relevant Authority his accounts with the defaulter duly adjusted and made up as provided in these Rules, Bye Laws and Regulations or furnish a statement of such accounts with the defaulter in such form or forms as the Relevant Authority may prescribe or render a certificate that he has no such account.

10.16 DELAY IN COMPARISON OR SUBMISSION OF ACCOUNTS

Any Trading Member failing to compare his accounts or send a statement or certificate relating to a defaulter within the time prescribed shall be called upon to compare his accounts or send such statement or certificate within such further time as may be specified.

10.17 PENALTY FOR FAILURE TO COMPARE OR SUBMIT ACCOUNTS

The Relevant Authority may fine, suspend or expel any Trading Member who fails to compare his accounts or submit a statement of its account with the defaulter or a certificate that he has no such account within the prescribed time.

10.18 MISLEADING STATEMENT

The Relevant Authority may fine, suspend or expel a Trading Member if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such Trading Member was false or misleading.

10.19 ACCOUNTS OF RELEVANT AUTHORITY

The Relevant Authority shall keep a separate account in respect of all monies, commodities and other assets payable to a defaulter which are received by him and shall defray therefrom all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings it takes in connection with the default.

10.20 INSPECTION OF ACCOUNTS

All accounts kept by the Relevant Authority in accordance with these Rules, Bye Laws and Regulations shall be open to inspection by any creditor Trading Member.

10.21 SCALE OF CHARGES

The charges to be paid to the Exchange on the assets collected shall be such sum as the Relevant Authority may from time to time prescribe.

10.22 APPLICATION OF ASSETS

The Relevant Authority shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowed under Rules, Bye Laws and Regulations to be incurred by the Exchange, in satisfying the claims in the order of priority provided hereunder:

(a) Dues to the Exchange: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Exchange.

(b) Dues to the Clearing Corporation: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Clearing Corporation of the Exchange.

(c) Dues to the SEBI: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the SEBI.

(d) Dues to other Trading Members / Clearing Members and to Constituents of the defaulter: The payments as may be admitted by the Relevant Authority, as being due to other Trading Members, Clearing Members and Constituents of the defaulter for debts, liabilities, obligations and claims arising out of any Contracts made by the defaulter subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange, provided that if the amount is insufficient then the amounts shall be distributed pro rata amongst other Trading Members, Clearing Members and all the Constituents of the defaulter. The other Trading Members / Clearing Members shall in turn share the amounts so received with their Constituents on pro rata basis.

(e) Dues to the Exchange Repository: The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Repository.

(f) Dues to any other recognised stock exchange / Clearing Corporation: After meeting the claims in the order above, the remaining amounts, if any shall be disbursed to any other recognised stock exchange / Clearing Corporation for the purpose of meeting the obligations of the defaulter as a Trading Member of that stock exchange / Clearing Corporation as per timelines and process put in place, if any. If the defaulter is a Trading Member of more than one recognised stock exchange / Clearing Corporation, then the remaining amounts shall be distributed amongst all such recognized stock exchanges / Clearing Corporations and if the remaining amount is insufficient to meet the claims of all such stock exchanges / Clearing Corporations, then the remaining amount shall be distributed pro rata among all such stock exchanges / Clearing Corporations.

(g) Dues to the Approved Banks and other persons: After making payments under Clause a, b, c, d, e and f of Bye Law 10.22 above, the amounts remaining, if any, shall be utilised to meet the claims of the approved banks and of any other person as may be admitted by the Relevant Authority. The claims of the approved banks should have arisen by virtue of the Exchange invoking any bank guarantee issued by the bank concerned to the Exchange on behalf of the defaulter to fulfill his obligation of submitting bank guarantee, guaranteeing discharge of obligations under the Rules, Bye Laws and Regulations of the Exchange. The claims of other persons should have arisen out of or incidental to the transaction done on the Exchange or requirements laid down by the

Exchange, provided that if the amount available be insufficient to pay all such claims in full, they shall be paid pro rata, and

(h) Surplus: Surplus, if any, shall be paid to the defaulter Trading Member

(i) Explanation- For the purpose of this Bye Law, cases where any litigations are pending against the defaulter Trading Member, the residual amount, if any, may be retained by the Exchange until such litigations are concluded.

10.23 CERTAIN CLAIMS NOT TO BE ENTERTAINED

The Relevant Authority shall not entertain any claim against a defaulter, if it -

(a) arises out of a Contracts or commodities dealings in which are not permitted or which are not made subject to and in accordance with Rules, Bye Laws and Regulations of the Exchange or in which the claimant has either not paid himself or colluded with the defaulter in evasion of margin payable on transactions or Contracts in any commodity;

(b) arises out of a Contract in respect of which comparison of accounts has not been made in the manner prescribed in these Rules, Bye Laws and Regulations or when there has been no comparison if a contract note in respect of such Contract has not been rendered as provided in these Rules, Bye Laws and Regulations;

(c) arises from any arrangement for settlement of claims in lieu of bona fide money payment in full on the day when such claims become due;

(d) is in respect of a loan with or without security;

(e) is not filed with the Relevant Authority within such time of date of declaration of default as may be prescribed by the Relevant Authority.

10.24 SUBSEQUENT RECOVERY FROM THE DEFAULTER TRADING MEMBER

Any amount that the Relevant Authority may later recover from the Defaulter Trading Member shall, to the extent of such recovery, reduce the loss of the Exchange and shall be distributed as per the Bye Law 10.22 'Application of asset'.

10.25 ASSIGNMENT OF CLAIMS ON DEFAULTERS' ESTATE

A Trading Member being a creditor of a defaulter shall not sell, assign or pledge its claim on the estate of such defaulter without the consent of the Relevant Authority.

10.26 PROCEEDINGS IN NAME OF OR AGAINST THE DEFAULTER

The Relevant Authority shall be entitled to but not bound to:

a) initiate any proceedings in a court of law either in the name of the Exchange or in the name of the defaulter against any person for the purpose of recovering any amounts due to the defaulter;

b) to initiate any proceedings in a court of law either in the name of the Exchange or in the name of creditors (who have become creditors of the defaulter as a result of transactions executed subject to and in accordance with Rules, Bye Laws, and Regulations of Exchange) of the defaulter against the default for the purpose of recovering any amounts due from the defaulter. The defaulter as well as the creditors of the defaulter shall be deemed to have appointed the Exchange as their constituted attorney for the purpose of taking such proceedings.

10.27 PAYMENT TO RELEVANT AUTHORITY

If any Trading Member initiates any legal proceedings in a court of law against a defaulter whether during the period of its default or subsequent to its re-admission to enforce any claim against the defaulter's estate arising out of any transaction or dealing in the market made in accordance with the Rules, Bye Laws and Regulations of the Exchange before it was declared a defaulter and obtains a decree and recovers any sum of money thereon it shall pay such amount or any portion thereof to the Relevant Authority as may be fixed by it for the benefit and on account of the creditor members having claims against such defaulter.

The Relevant Authority for the purpose of this Chapter shall be a Committee as may be constituted by the Board from time to time.

10.28 RELEVANT AUTHORITY TO DECIDE ON LIKELIHOOD OF DEFAULT

(a) The Relevant Authority shall, keeping in view the circumstances and/or standard operating procedure, guidelines, directives, circulars of the SEBI issued from time to time, decide that any Trading Member is likely to default in payment/repayment of funds or securities to its Client/s and/or likely to fail to meet its obligations or any payment obligations to the Exchange or its Trading Member.
(b) The decision of the Relevant Authority as stated in Clause (a) of Bye Law 10.28 above shall be final and binding on the Trading Members, their agents and banks.
(c) Upon decision as per Clause(a) of Bye Law 10.28 above, the Relevant Authority shall take such actions as it deems appropriate and/ or such actions as prescribed in any standard operating procedure, guidelines, circulars or directives of the SEBI issued from time to time.

Provided however that the Relevant Authority shall be guided and bound by regulatory prescriptions in this regard.

10.29 FREEZING OF BANK ACCOUNT IN CASE OF LIKELIHOOD OF DEFAULT BY THE TRADING MEMBER

The Relevant Authority is empowered to issue instructions to the concerned bank/s to freeze the bank account/s maintained by the Trading Member, for all debits / withdrawal by the Trading Member in the event of a likelihood of default by the Trading Member in meeting its obligations to the Exchange and/or the Clearing Corporation and / or repayment of funds / securities to his / its Clients.

10.30 RIGHTS OF RELEVANT AUTHORITY IN THE EVENT OF DEFAULT OR LIKELIHOOD OF DEFAULT:

10.30.1 In the event of default or a likelihood of default, the Relevant Authority may exercise the following rights among others:

(a) to do all such necessary acts and things and take such measures as are appropriate in the opinion of the Relevant Authority necessary to reduce, remove or determine the exposure of the Exchange arising out of transactions/ positions of a Trading Member or otherwise, arising as a result of a default, or likelihood of default.
(b) to take such measures, including but not limited to, Closing- out of positions, effect alternative modes of settlement in the event of Declaration of Default or during the process of declaration of default or in the event of likelihood of default, to ensure financial safety and integrity of the Exchange and its system. The Non-Defaulting Trading Members shall be bound by the decision of the Relevant Authority and abide by the directives issued in this regard.
(c) to sell, realize, apply and set off any Collateral, deposited by the Defaulter including the Trading Member likely to default, by way of Margin, security deposit or otherwise and to apply the proceeds towards the outstanding obligation of the Trading Member as may be deemed fit.
(d) to take such action, as it may deem fit against such Trading Member including suspension of such Trading Member or squaring off / close out / shifting of the Open Positions of the Trading Member and/or its affiliated Constituents and their Clients.
(e) to transfer all or any Open Positions of a Constituent of the Defaulter Trading Member or a Trading Member who is likely to default, either on its own or at the request of the Trading Member, to another Trading Member together with any corresponding Margins.
(f) to take such actions and/or initiate appropriate legal proceedings to liquidate the assets (movable and immovable) of the defaulter Trading Member including that of debit balance Clients (to the extent of debit balance), not in possession of the Relevant Authority for recovery of dues in such period and manner as may be prescribed by SEBI from time to time.

10.30.2 the Relevant Authority shall have no liability, obligation or duty to any Trading Member, their affiliates, any of their Clients or any third party, including but not limited to, as a result of any force majeure event which is beyond the reasonable control of the Exchange.

10.30.3 The Relevant Authority may require the Clearing Corporation to instruct the Clearing Member/s with whom the Trading Member is affiliated, (a) to freeze and/ or not release deposits in any form, Collateral, margin money, other amounts lying to the credit of and commodities and securities deposited by the defaulter with such Clearing Member/s; and/ or (b) to call in and realise the security deposits in any form, Collateral, margin money, other amounts lying to the credit of and commodities and securities deposited by the defaulter and recover all moneys, commodities, securities and other assets due, payable or deliverable.

11. INVESTOR SERVICES AND INVESTOR GRIVEANCE MECHANISM

11.1 DEFINITIONS

For the purposes of this Chapter 11,

(a) **"Investor Service Cell"**

means the department of the Exchange which facilitates resolution of complaints of investors against the Member of the Exchange and also renders administrative assistance to arbitration proceedings in respect of arbitration cases that are admitted for Arbitration under the Exchange's Arbitration Framework.

(b) **"ODR Portal"** shall mean the Online Dispute Resolution Portal wherein all claims, differences or disputes between the registered Trading Members and investors/ Clients arising out of or in relation to dealings, Contracts and transactions executed or reported on the Exchange shall be submitted for alternate dispute resolution mechanism through mediation, conciliation and/or arbitration as may be prescribed by the SEBI from time to time.

11.2 INVESTOR SERVICE CENTRE (ISC)

The Exchange shall, for the benefit of the investors, set up Investor Service Centres (ISC) in such places as may be necessary or identified by SEBI from time to time. The ISCs shall render such services to investors/ Clients, as may be decided by the Exchange/ SEBI from time to time. The ISCs shall facilitate availing of the services of the ODR platform for redressal of complaints.

11.3 INVESTOR SERVICE FUND

1. The Exchange shall establish and maintain an Investor Service Fund (ISF) or any such fund(s) as mandated by SEBI for providing facilities at various Investor Service Centres (ISC).

2. The ISF or such other Fund(s) as mandated by the SEBI may be prescribed and governed by the Rules, Bye Laws and Regulation of the Exchange from time to time.

11.4 ONLINE DISPUTE RESOLUTION PORTAL

The SEBI vide its circulars prescribed the guidelines for online resolution of dispute in Indian Securities Market through establishment of a common Online Dispute Resolution **("ODR")** Portal. The ODR Portal harnesses online conciliation and online arbitration for resolution of disputes arising between investors and listed companies or specified intermediaries/regulated entities. The investor / client may initiate dispute resolution through ODR Portal pursuant to failure of resolving of Complaint with Market Participants and through SCORES Portal. The SEBI Circulars / guidelines issued from time to time shall be applicable with regard to ODR Portal for Securities Market Participants.

11.5 REFERENCE TO ONLINE DISPUTE RESOLUTION

All claims, differences or disputes between the Trading Members inter se and between Trading Members and Constituents arising out of or in relation to dealings, Contracts and transactions executed or reported on the Exchange and made subject to and in accordance with the Rules, Bye Laws and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto shall be submitted to online Dispute Resolution platform in accordance with the provisions of these Rules, Bye Laws and Regulations.

12. MISCELLANEOUS

1. The Relevant Authority shall have power to impose such restrictions on transactions in one or more Contracts or commodities as the Relevant Authority in its judgment as it deems advisable in the interest of maintaining a fair and orderly market in the Contracts or commodities or if it otherwise deems advisable in the interest of trade and public interest. During the effectiveness of such restrictions, no Trading Member shall, for any account in which it has an interest or for the account of any Client, engage in any transaction in contravention of such restrictions.

2. Save as otherwise specifically provided in the Rules, Bye Laws and Regulations specified by the Relevant Authority regarding trading, Clearing and settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Exchange, the Exchange should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in Contracts or commodities or any matter connected therewith shall lie against the Exchange or any authorised person(s) acting for the Exchange.
3. Any failure to observe or comply with any requirement of this Bye Law, or any Rules, Bye Laws or Regulations, where applicable, may be dealt with by the Relevant Authority as a violation of such Rules, Bye Laws or Regulations.
4. Every Trading Member has an obligation as the Trading Member of the Exchange to inform the Relevant Authority of the Exchange about fraudulent and unfair trade practices and other such information/practices as may be construed as being detrimental to the efficient operations of the Exchange and as may be required under Securities Laws and Regulations.
5. No claim, suit, prosecution or other legal proceedings shall lie against the Exchange or any authorised person(s) acting for the Exchange, in respect of anything which is done in good faith in pursuance of any order or other binding directive issued to the Exchange under any law or delegated legislation for the time being in force.

6. POWERS TO AMEND BYE LAWS:
Subject to the requirements set out under the Relevant Acts or as approved by SEBI, the Exchange may from time to time amend all or any part of these Bye-Laws as may be deemed necessary or appropriate.

7. POWER TO ISSUE NOTICES AND CIRCULARS/ POWER TO PRESCRIBE ENABLING PROVISIONS:
7.1 The Relevant Authority may, from time to time, issue clarifications/ directive / Notice and/or Circulars, as may be required from time to time including but not limited to:

a) to remove any difficulties or ambiguity in implementing the provisions of any of the Bye Laws of the Exchange and Regulations framed thereunder
b) to provide any clarifications / directions including withdrawal/relaxation of any directive / Notice and/or Circulars in part or otherwise, as it may deem necessary, which shall have the same effect as these Bye Laws and the Regulations have.

7.2 Any non-compliance or violation of such clarifications/ directives /Notice and/or Circulars shall be deemed to be a contravention of these Bye Laws.

8. JURISDICTION
8.1 Save as provided under these Bye Laws and irrespective of the location of Trading Member of the Exchange or any of the entities rendering any service to the Exchange and its Trading

Members towards completing the trading functions under these Bye Laws, the court in Mumbai shall have the exclusive jurisdiction to determine any dispute with the Exchange in relation to or arising from these Bye Laws.

8.2 All Deals admitted by the Exchange for trading shall be deemed to have been entered into exclusively in the city of Mumbai and courts in Mumbai shall have exclusive jurisdiction with regard to such Deals, admitted on the Exchange.

8.3 The Exchange may, from time to time, specify Deals as subject to a particular jurisdiction, having regard to the type or nature of the Deal on the Exchange and other relevant factors.

8.4 Trading Members are liable for due fulfilment of their obligations to the Exchange as may be specified by the Relevant Authority, whether such obligation be of the Trading member or of a Constituent.

8.5 The Exchange shall be entitled to bring an action in any court of competent jurisdiction against a Trading Member to enforce the obligations of a Trading Member which may arise under or in connection with these Bye Laws, a judgment an award or an order.

8.6 Any dispute between a Trading Member of the Exchange and its Constituents may be referred to any court in India depending on the location of the said Client provided the Exchange is not being made a party to the dispute.

9. LANGUAGE

All Rules, Notices, writings, Circulars, instructions and documents issued by the Exchange under these Bye Laws in relation to the operation and functions of the Exchange shall be in the English language. For the convenience of the Trading Members, the Exchange may publish Notice and/or Circulars in any other language in addition to English. In case of any discrepancy between the different versions of any Notice and/or Circular, the English version shall prevail.

13. INVESTOR (CLIENT) PROTECTION FUND (FUND)

13.1 The Exchange shall establish and maintain an Investor (Client) Protection Fund (Fund) to be held in trust by NCDEX Investor (Client) Protection Fund Trust (Trust).

13.2 Object of the Fund:

The object of the fund shall be

(a) to protect and safeguard the interest of investors/Clients, in respect of eligible/ legitimate claims arising out of default of the Trading Member of the Exchange, and for such related matters;

(b) and to impart investors/Client education, awareness, research or such other programmes as may be decided by the SEBI and or the Exchange from time to time out of the interest earned on investments of the Fund or as maybe prescribed from time to time.

13.3 Composition of Fund:

13.3.1. There shall be credited to the Fund-

(a) such contributions/ remittances as mandated/ prescribed by the SEBI, from time to time.

(b) all penalties levied and/ collected by the Exchange, except for the settlement related penalties (including penalties from delivery default).

(c) interest, dividend or other income earned arising from investments of the Fund;

(d) accretion arising from investments of the Fund;

(e) any other money or property forming part of the Fund.

13.3.2 The Exchange shall ensure that this fund is well segregated from that of the Exchange and that the Fund is free from any liability of the Exchange.

13.4 Contributions to the Fund by the Exchange:

Subject to any further directive or guidelines of SEBI, the Exchange shall contribute to the Fund;

(a) a sum from the turnover fee charged from the Trading Members of the Exchange as may be prescribed by SEBI from time to time for each segment;

(b) Interest or income received out of any investments made from the IPF.

(c) a sum of all penalties as and when levied and collected by the Exchange, or as may be prescribed by the SEBI, from time to time;

(d) The Board may also augment the Investor (Client) Protection Fund from such sources as it may deem fit.
(e) Any other contribution as may be specified by SEBI from time to time.

13.5 Management of the Fund:
(a) The Trustees shall have entire control over the management of the Fund.
(b) The Trustees shall meet preferably three times during the year and not more than four months shall elapse between any two meetings.
(c) Any three Trustees present shall constitute a quorum for such meetings. Each Trustee shall have one vote and the decision of the majority shall prevail. In case of equal division, the Chairman shall have a casting vote.

13.6 Disclosures, Accounts and Audit of the Fund
(a) The Exchange shall disclose all the necessary information/ data with respect to IPF as per the process and procedures laid down by SEBI from time to time.
(b) The Fund shall be prepared and maintained separately and shall be audited by the auditors of the Fund as appointed by the Trustees.

13.7 Threshold limit for claim
(a) The Exchange shall be free to fix the suitable compensation limits, in consultation with the Trust. Provided that, the maximum amount of compensation available against a single claim of an investor/Client arising out of default by a Trading Member of the Exchange shall be as prescribed by the Exchange subject to directives of SEBI, if any.
(b) The compensation payable shall not be more than actual amount payable to an investor/Client subject to a maximum limit as decided by the Exchange or SEBI from time to time.
(c) The amount will be reduced by any amount or other benefits received or receivable by the investor / Client from any source in reduction of the loss and by any amount payable by such investor / Client to the defaulter Trading Member.
(d) the compensation payable in respect of claims against each defaulter Trading Member shall be as prescribed by the Exchange provided however, such amount shall not exceed the maximum amount prescribed by SEBI.
(e) The Exchange shall disseminate the said compensation limit or any change thereof to the public through Press Release and also Circulars issued by the Exchange through its website.
(f) SEBI may review the amount of compensation available against a single claim of a Client or against each defaulter Trading Member whenever they deem fit.
(g) The Exchange, in consultation with the IPF Trust, shall review in such periodicity as may be prescribed and progressively increase the amount of compensation available against a single claim of an investor subject to regulatory guidelines as may be applicable.

13.8 Persons eligible for compensation from the Fund
(a) Investors/ Clients registered with the Exchange and eligible shall only be considered for compensation out of the Fund.
(b) No claim of a Trading Member or his Authorised Person (earlier known as Sub-broker) or Franchisee or any other market intermediary of any name or nomenclature shall be eligible for compensation out of the Fund.

13.9 Eligible Claims under the Fund
13.9.1 Subject to the Rules, Bye Laws and Regulations of the Exchange, the Exchange shall invite claims from the investors in the manner as specified by SEBI from time to time and
13.9.2 the Fund shall be utilized to compensate eligible/legitimate claims of an investor /Client arising out of default of a broker/ Trading Member on the Exchange, in the manner and to the extent as prescribed by the SEBI/Relevant Authority from time to time in the following circumstances;
(i) Against a Trading Member being declared a defaulter,
(ii) For the protection of investors.
(iii) The claim fulfills such other requirements as the Exchange may specify from time to time.

(iv) the claims received against the defaulter Trading Member during the specified period as notified by the Exchange, shall be eligible for being considered for compensation from the Fund.

(v) If any eligible claims arises within three years from the date of expiry of the specified period, such claims shall be considered eligible for compensation from IPF in case where the defaulter Trading Member's funds are inadequate. In such cases, IPF Trust shall satisfy itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.

(vi) Provided that any claim received after 3 years from the date of expiry of the specified period shall be dealt with as a civil dispute.

(vii) The claims of only investors shall be eligible for compensation from IPF and in no case, the claims of a Trading Member or an associate of the Trading Member of the stock exchange, shall be eligible for compensation from the IPF.

(viii) The claims of the investors or Clients arising out of speculative transactions shall not be eligible for compensation from the IPF.

13.10 Ineligible claims for compensation:

The Board of the Exchange or relevant Committee of the Exchange or Trustees of the Trust shall not be obliged to consider the claims if such claims are arising out of or are in respect of:

(a) a Contract in commodities, dealings in which are not permitted or which are not subject to and in accordance with Rules, Bye Laws and Regulations of the Exchange or in which the claimant has either not paid himself or colluded with the defaulter Trading Member in evasion of margin payable on transactions or Contracts in any commodity; or

(b) any outstanding balance or any outstanding difference in previous transactions which has not been claimed at the proper time and in the manner prescribed in Rules, Bye Laws and Regulations of the Exchange and/or which arises from arrangement for settlement of claims in lieu of bona fide money payment in full or part on the day when such claims become due; or

(c) any loan with or without security; or

(d) a portfolio management services; or

(e) collusive or sham transactions; or

(f) where the surplus fund of the defaulter Trading Member is returned to the defaulter Trading Member; or

(g) the claim has not been filed within the specified period.

Explanation. - For the purpose of this chapter, 'Specified Period' means such period as may be notified by the SEBI/Relevant Authority as the case may be for inviting the claims.

13.11 Procedure to be specified:

The Exchange/ Trustees shall be entitled to specify the procedures, subject to the guidelines/ directions issued by the SEBI from time to time, for carrying out the provisions of this Chapter and shall also be entitled to issue clarifications and directions for removing any difficulties in implementing the provisions of this Chapter.

13.12 Procedure for handling Claims:

The Exchange shall process the claims in accordance with the procedure put in place from time to time, for handling and disbursement of claims of Clients in the event of a Trading Member being declared as a defaulter on the Exchange as per the guidelines specified by SEBI from time to time.

13.13 Determination of the nature of claims and payment:

(a) In case of claims against a defaulter Trading Member, the claims of the claimant shall be placed before the relevant Committee.

(b) The relevant Committee may approve the legitimate claims and accordingly recommend payment of Client claims to the IPF Trust for immediate payment out of IPF.

(c) The Trustees shall admit only such of the claims which are admitted by the relevant Committee including those claims determined by the relevant Committee of the Exchange, and which could not be met from the assets of the defaulter Trading Member.

(d) If the Trustees are not satisfied that the claim is bona fide they shall reject the claim and inform the investor/Client accordingly along with the reasons.
(e) The Trustees may also seek the advice of the relevant Committee before sanctioning and releasing the payments to be made to the claimants.
(f) In case the claim amount is more than the coverage limit under IPF, or the amount sanctioned by the relevant Committee is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the Exchange mechanism / any other legal forum outside the Exchange mechanism for claim of the balance amount.

Provided that, the Trust shall provide appropriate interim-monetary relief to Clients/ investor if and as may be prescribed by Regulatory Directives/ SEBI Guidelines/Circulars as applicable from time to time.

13.14 Decision of the Trustees shall be Final:

The decision of the Trustees regarding settlement or other wise of the claims shall be final and binding on the claimant, however subject to regulatory guidelines in place.

13.15 Appeal

13.15.1 If any claim not entertained/ partially entertained by the relevant Committee/ Relevant Authority or rejected by the Trustees, the claimant may prefer an appeal/ review before the Board of the Exchange or any Sub-committee of the Board of the Exchange, constituted in this behalf or as prescribed by SEBI from time to time.

13.15.2 The Board of the Exchange or such Sub-committee of the Board of the Exchange, shall be entitled to call upon the Client to produce such other information and documents as it may consider necessary for scrutinizing the Client’s claim and may reject the claim if the Client fails to produce such information and documents.

13.16 Charge on Defaulter’s Assets

13.16.1 Upon payment of any money out of the Settlement Guarantee Fund of concerned Clearing Corporation (hereinafter to be referred as “Fund” for the purpose of this clause), the concerned defaulter Trading Member shall forthwith repay the money to the Fund along with interest.

13.16.2 The Exchange or the concerned Clearing Corporation, for the benefit of the Fund, shall have a priority of charge or the first charge (subject only to and subservient to the charge in favour of the Settlement Guarantee Fund under these Rules, Bye Laws and Regulations of the Exchange) on all assets and properties of the defaulter Trading Member wherever situated and of whatsoever nature as a security for the repayment of such money and the payment of interest thereon, subject only to any or all charges, mortgages and other encumbrances created thereon by the defaulter Trading Member bona fide for valuable consideration prior to the day the Trading Member is declared as a defaulter.

13.16.3 Notwithstanding anything contained herein, such Charge on Defaulter’s Asset, shall be subject to regulatory guidelines as applicable.

13.17 Proceedings by the Board of the Exchange:

For the purpose of recovering any amount payable by the defaulter Trading Member to the Fund, the Board of the Exchange or the Managing Director / Chief Executive Officer shall be entitled to take such steps and proceedings (including but not limited to sale of any property of the defaulter or a portion thereof) as it/he may think fit against the defaulter Trading Member, the defaulter Trading Member's property and any person by whom any amount is payable to the defaulter Trading Member.

13.18 Claim not to affect legal proceedings:

The rejection or partial acceptance of any claim by the Trustees or the Board of the Exchange as the case may be, or the grant of any compensation to a Client claimant shall not preclude or debar such Client to pursue his claim for dues against the defaulter Trading Member in any court of law or otherwise subject to other legal action on other grounds of causes of action of whatsoever nature. Provided, that the net claim of any such investor/ Client against defaulter Trading Member shall stand reduced to the extent of the compensation received by him from the Fund.

13.19 Investment of Fund:
13.19.1 The Trustees shall invest all monies of the Fund in such manner as may be authorised by law for the time being in force for clearing member

13.20 Utilization of the Interest income:
The Board of the Exchange may permit to utilize only the interest earned on the Fund, subject to approval of the Trust, for the investors' education, awareness or such other programme prescribed/ permitted by the SEBI.
13.20A Review of IPF Corpus:
The Exchange shall review the adequacy of the IPF corpus within the timelines as specified by SEBI from time to time. In case the IPF corpus is found to be inadequate, the same shall be enhanced appropriately.
13.21 Repayment by Payee Disentitled to Receive:
If any claim amount has been paid from the Fund and it is subsequently found that the payee was for any reason not entitled to receive such claim amount then the payee shall forthwith repay the same to the Fund together with interest thereon at the rate of 2% per month (or such other rate as the Exchange may specify) from time to time, for the period commencing on the date on which the payment was received by the payee and ending on the date on which such amount is repaid by the payee.

13.22 Cost /Expenses of the Administration of the Fund:
13.22.1 All the expenses incurred by the Trustees in connection with the creation, administration and management of the Fund, shall be paid out of the Fund in the manner as may be prescribed/ permitted by SEBI from time to time.

13.22.2 The expenses under Bye Law 13.22.1 may include the following: -

(a) the sitting fees, conveyance and other expenses, etc., of the Trustees
(b) remuneration/wages of the employees of the Trust,
(c) fees of auditors, Chartered Accountants, Legal Advisors, Lawyers and Secretariat.
(d) all rates, taxes, cess, assessments, dues and duties, if any payable in respect of any Trust Property, income, collection, investment, contributions, and services,
(e) premium for the insurance of the building or any other insurable property movable or immovable for the time being forming part of the Trust Property.
(f) Cost and expenses incurred for
    (i) inviting claim for compensation from the investors
    (ii) settlement of claims, advertisements, training, preparation and distribution of books and periodicals on commodity derivative market
(g) all other costs, charges and expenses incidental to the management and administration of the Trust Property in accordance with the object and purposes hereof which may be incidental thereto.

13.23 Loss to Fund Investments:
13.23.1 Any loss or diminution in value of the investments of the Fund from whatever cause arising, not being due to the willful default or fraud of any Trading Member(s) of the Exchange, or of any sub-committee or any Trustee(s), shall be borne by the Fund and the Trading Members of the Exchange or of the sub-committee or the Trustee(s) shall incur no responsibility or liability by reason of or on account thereof.
13.23.2 In case of any such loss or diminution by reason of willful default or fraud by any Trading Member of the Exchange or of any sub-committee or any Trustee(s), the persons committing the willful default or fraud shall be personally liable for the loss or diminution and other persons who are not parties to the willful default or fraud shall not be liable for the loss or diminution.

13.24 Secretariat
There shall be secretariat for administration of the Fund/ Trust.

13.25 Indemnity
The Fund shall bear all costs, charges and expenses for all suits, actions, proceedings and claims filed or made against the Trustees except those arising out of their willful default or fraud.

13.26 Correspondence
The Exchange and or the Trustees of the Trust shall not be obliged to recognize or act upon any communication unless it is in writing and discloses the identity and address of the person addressing the communication and is signed and submitted in original by the person addressing the communication.

13.27 Liability of the Fund:
The liability of the Fund shall not exceed the funds available with the Trust and in respect of any unpaid claims, on account of insufficiency of funds, the Exchange / Trust/ Trustee shall not be liable and the investor/ Client may proceed against the Trading Member declared as Defaulter for the same.

13.28 Unutilised Fund in case of Winding Up:
In case the Exchange is wound-up, then the balance in the Fund lying un-utilized with the Trust, shall be transferred to SEBI. In such an event, the funds will be maintained in a separate account and SEBI would act as trustee of the funds. The funds shall be utilized for purposes of investor/Client education, awareness, research or such other programme as may be decided by the SEBI, from time to time.

13.29 No liability of Exchange, Trust or Trustees
The Trust/ Trustees or the Exchange shall be under no legal obligation to collect the debt of a defaulter Trading Member and / or to make payments from the Fund as mentioned in this Chapter.

13.30 Bar on Assignment
The contribution of a Trading Member shall not be a debt due from the Fund and no Trading Member shall be entitled to transfer or assign in any manner his contribution to the Fund.

13.31 Liability of Trading Member Unaffected by Cessation or Suspension of Membership
Any unsatisfied obligation of a Trading Member to the Fund shall not be discharged or otherwise prejudicially affected by the suspension or cessation of his membership.

13.32 Action for Failure to Pay to Fund
The Board of the Exchange, may take such action, as it thinks fit and proper, against a Trading Member who fails to pay any amount to the Fund including action by suspending, fining, declaring him as a defaulter, canceling its/his registration as a Trading Member or expulsion from the membership of the Exchange.

13.33 Powers of the Trust to recall any amount

13.33.1 Notwithstanding anything contained in the Rules, Bye Laws and Regulations of the Exchange, if the Trust has reason to believe that any transaction

- (a) is fraudulent; or
- (b) is disallowed under any Rules, Bye Laws and Regulations of the Exchange relating to the default of a Trading Member; or
- (c) is connected with payment or repayment of a deposit or loan; or
- (d) has been paid erroneously then the Trust shall be entitled to recover such amount.

13.33.2 The Trust shall afford an opportunity to the concerned person(s) to be heard by giving him/them not less than seven days' written notice before finally determining to recall any amount.

13.33.3 For the purpose of determining whether or not to recall any amount, the Trust shall be entitled to consider, inter alia, the surrounding circumstances, the usual course of dealings on the Exchange, the relationship between the defaulter Trading Member and the claimant, the quantity and price of the Contract involved in the transaction, other similar trades and such other relevant matters as the Trust thinks fit.

14. SAVINGS AND CONTINUATION

14.1. In pursuance of section 28A of the Forward Contracts (Regulation) Act, 1952 (FCRA) the Bye laws of the Exchange made under the FCRA (referred to as 'the existing Exchange Bye Laws'), shall not be applicable after a period of one year from September 29, 2015 due to repeal of FCRA with effect from September 29, 2015.

14.2. Notwithstanding such repeal,

(a) all actions or activities pursuant to trades executed under the provisions of the existing Exchange Bye Laws, including but not limited to clearing, settlement, auctions, dispute resolution and default redressal shall continue and be enforced under the corresponding provisions of existing Bye Laws.

(b) all rights and liabilities accruing under the existing Exchange Bye Laws including but not limited to risk management measures such as maintenance of Investor Protection Fund and Settlement Fund shall continue to accrue under the corresponding provisions of existing Bye Laws.

(c) all eligible Trading Members of the Exchange or their agents granted admission to dealings or granted permission to access the trading platform of the Exchange in terms of the existing Exchange Bye Laws, shall continue to exercise such rights in the Exchange in terms of the corresponding provisions of Bye Laws, subject to provisions of SCRA and the Rules and Regulations made thereunder and the SEBI Act, 1992 and the Rules, Bye Laws and Regulations made thereunder and any directives or Circulars etc. issued by SEBI from time to time.

(d) anything done or any action taken or purported to have been done or taken including any inspection, order, penalty, proceeding or notice, made, initiated or issued or any confirmation or declaration made or any license, permission, authorization or exemption granted, modified or revoked or any document or instrument executed, or any direction given under the existing Exchange Bye Laws, shall be continue or be enforced by the Exchange, in terms of the corresponding provisions of existing Bye Laws;

(e) all violations of provisions of the existing Exchange Bye Laws and any proceedings initiated or pending as on September 28, 2016, shall continue to be governed by the corresponding provisions of these Bye Laws.

Notwithstanding anything contained herein, in the event of conflict between the provisions of the Exchange Bye Laws and guidelines or directives prescribed by SEBI, the latter shall prevail.

14.3 The Exchange, as directed by SEBI shall have the power to issue clarifications with regard to any of the provisions of these Bye Laws.

14.4 In case of difference between the provisions of any Bye Laws of the Exchange and the provisions of SCRA or SEBI Act or Rules and Regulations made thereunder, the provisions of SCRA or SEBI Act or the Rules and Regulations made thereunder shall prevail.

Date: 30.06.2026
Place: Mumbai

Kishore P. Shah
Company Secretary
National Commodity & Derivatives Exchange Limited