BYE-LAWS OF MULTI COMMODITY EXCHANGE OF INDIA LIMITED

With effect from 25.04.2026

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Multi Commodity Exchange of India Limited

1. PREAMBLE

1.1 These Bye Laws shall be known as “The Bye-Laws of Multi Commodity Exchange of India Limited, Mumbai" and are for the sake of brevity and convenience, herein referred to as “Bye-Laws”.

1.2 Bye-Laws shall come into force with effect from such date as the Securities and Exchange Board of India (hereinafter referred to as “the SEBI”) or the Board of Multi Commodity Exchange of India Limited, (hereinafter referred to as “the Exchange” or MCX) may notify in that behalf.

1.3 These Bye-Laws shall be in addition to the provisions of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as “the SCRA”) and Rules and Regulations made thereunder and SEBI Act, 1992 and Rules and Regulations made thereunder. These Bye-laws shall at all times be read subject to the provisions of the SCRA and Rules and Regulations made thereunder and SEBI Act and Rules and Regulations made thereunder, as amended from time to time and the, directives, orders, guidelines, norms and circulars issued by the Government of India and/or SEBI from time to time.

1.4 **Precedence Of SCRA And Rules And Regulations Made Thereunder / SEBI Act And Rules And Regulations Made Thereunder**

SCRA, SEBI Act and Rules and Regulations made there under shall have precedence over Bye Laws, Rules and Business Rules. In case of difference between the provisions of any Bye laws, Rules and Business Rules of the Exchange and the provisions of the SCRA and Rules and Regulations made thereunder / SEBI Act and Rules and Regulations made thereunder, the provisions of SCRA and Rules and Regulations made thereunder / SEBI Act and Rules and Regulations made thereunder shall prevail.

1.5 The Exchange issues Rules and Business Rules from time to time for regulating the trades and trade related aspects. The Rules and/or Business Rules so issued shall be binding as much as these Bye Laws.

2. DEFINITIONS

2.1 Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined herein shall have the same meanings as specified in the following:

2.1.1 SCRA and Rules and Regulations made thereunder and SEBI Act and Rules and Regulations made thereunder.

2.1.2 The Companies Act 2013 and Rules made thereunder, and the Depositories Act, 1996.

2.1.3 Rules, Business Rules/ Regulations, Memorandum and Articles of Association of Multi Commodity Exchange of India Limited.

2.1.4 Bye laws, Rules and Business Rules / Regulations issued by Multi Commodity Exchange Clearing Corporation.

2.2 In case a term is defined in more than one sources listed above, then its meaning as defined in that statute, which precedes the others mentioned hereinabove, shall prevail, unless in the context it is explicitly stated otherwise.

2.3 With regard to, Bye Laws if not inconsistent with or repugnant to the subject or context, the following words and expressions shall have the meanings given hereunder:

2.3.1 "American Style option Contract" means an option Contract which may be exercised on any day on or before the expiration day. American Style option Contract means an option Contract which may be exercised on any day on or before the expiration day.

2.3.2 "Assignment" means an allocation of an option Contract which is exercised, to a short position in the same option Contract, at the same strike price, for fulfilment of the obligation, in accordance with the procedure as may be prescribed by the Relevant Authority, from time to time.

2.3.3 "Approved Office" means the registered office of the Member, including such premises or offices from where the Member is permitted by the Exchange to trade on the Trading System of the Exchange and/or to carry out back-office activities.

2.3.4 "Approved User" means a person employed or engaged by a Member in his/their own exclusive arrangement with the permission of the Exchange for trading in the Trading System approved by the Exchange.

2.3.5 "Articles" means the Articles of Association of Multi Commodity Exchange of India Limited and includes any modification or alteration thereof for the time being in force.

2.3.6 "Authorized Person" means and includes any person who is appointed as such by a Member upon the approval of the Exchange, as an agent of the Member of the Exchange.

2.3.7 "Base Minimum Capital" means exposure free deposit required from Members, as may be specified by the Exchange and /or SEBI from time to time.

2.3.8 "Basis" variety or grade is the description of a standard variety or grade for a commodity permitted for trading in its futures Contract at the Exchange as specified in the Contract specifications laid down in the Rules and/or Regulations of the Exchange and which is deliverable without any "on" or "off" allowance.

2.3.9 "Board" means the Board of Directors of the 'Multi Commodity Exchange of India Limited' and may be referred to as the Governing Board.

2.3.10 "Books of Accounts, Records and Documents" include books of accounts, records and documents which are required to be maintained by Members of the Exchange under the SCRA and the Rules and Regulations made thereunder, SEBI Act and Rules and Regulations made thereunder and the Bye-Laws, Rules and Business Rules / Regulations of the Exchange and the Clearing Corporation and includes the records maintained in a computer or in any electronic or other form.

2.3.11 "Branch Office" in relation to a Member means any establishment described as a branch, or any establishment carrying on either the same or substantially the same activity as that carried on by the head office, other than the offices of the Clients.

2.3.12 "Buy Order" means an order to buy a Contract traded on the Exchange.

2.3.13 "Buyer" means and includes, unless the context indicates otherwise, the buying Client, the buying Member acting either as an agent on behalf of the buying Client or buying on Member's own account.

2.3.14 "Bye-laws" mean Bye-Laws of the Exchange.

2.3.15 "Business Rules/ Regulations" mean the Business Rules/ Regulations of the Exchange for the time being in force and include Code of ethics /conduct/governance, Circulars, Notices 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 SCRA and the Rules and Regulations made thereunder and SEBI Act and the Rules and Regulations made thereunder and directives issued by the SEBI and Bye-laws and Rules of the Exchange.

2.3.16 "Cash Settled Contract" means a Contract in derivatives which shall be settled by cash settlement rather than delivery of the underlying.

2.3.17 "Certified warehouse" means the Exchange Certified/ Approved designated Warehouse and which includes any place of storage, godown, warehouse, tank, cold storage, silo, store house, vault or any type of storage facility whether temporary or permanent approved by the Exchange or any agency authorized by it and designated as such for storage or for making deliveries to and taking delivery of commodities for fulfilling Contractual obligations resulting from trades on the Exchange.

2.3.18 "Clearing Corporation" means an entity i.e. MCXCCL or any other entity that is appointed/engaged to undertake the activity of clearing and settlement of trades in securities or other instruments or products that are dealt with or traded on MCX.

2.3.19 "Clearing Delivery in relation to settlement of transactions effected on the Exchange" means clearing and settlement of such transactions by delivery through the Clearing Corporation in the manner prescribed in the Bye-Laws, Rules and Regulations of the Exchange.

2.3.20 "Clearing Member" in relation to the Exchange means a person registered as such with the approved Clearing Corporation.

2.3.21 "Client/Constituent" means a person/ entity, who is registered with a Member of the Exchange and/or on whose instructions and on whose account the order/ deal is entered on the Exchange.

2.3.22 "Committee" means any Committee appointed by the Governing Board.

2.3.23 "Commodity Derivative" have the meaning as assigned to it in section 2 (bc) of SCRA.

2.3.24 "Company" means Multi Commodity Exchange of India Limited and shall also be referred to as MCX or the Exchange.

2.3.25 "Contract month, Delivery month, Contract period" means that month in which Contractual obligations in respect of Contracts traded on the Exchange are due for fulfilment by the parties to the Contract.

Explanation: Contract Months shall be referred as 'Contracts' in these Bye-Laws. For example, a futures Contract for settlement in the month of May can be referred to as May Contract.

2.3.26 "Contract" means a Contract for or relating to the purchase or sale of securities or commodity derivatives traded on the Exchange.

2.3.27 "Cross Deals" mean and include deals in which the same Exchange Member is both on buy and sell sides of a trade and where the buy and sell orders have been entered into within such time, as may be specified by the Relevant Authority from time to time, and where the price of both the orders is the same and where the quantity is by and large the same.

2.3.28 "Daily Official List" means the publication in whatever mode, including an electronic mode, issued by or under the authority of the Exchange, which contains details of prices and quantities of the Contracts traded on any given day, and any other relevant information.

2.3.29 "Delivery Centers" are the centers where the commodities permitted for trading on the Exchange can be delivered by the seller against his outstanding short open position through issue of delivery orders / by way of delivery.

2.3.30 "Delivery Order" means an order issued by a seller in the prescribed form of the Clearing Corporation offering delivery of goods at one or more permitted delivery centers in fulfilment of his obligation against an expiring Contract.

2.3.31 "Delivery Order Rate' means the rate at which delivery order / delivery shall be allocated on the designated tender day or on the Contract expiry date.

Explanation: On expiry date the delivery order rate shall be the Due Date Rate (DDR).

2.3.32 "Delivery" means the tender and receipt of warehouse receipts/ or any other document of title to goods or security in settlement of a Contract.

2.3.33 "Delivery Period Margin" means Margin levied by the Clearing Corporation on the long and short positions marked for delivery till the pay-in is completed by the Member. Once the delivery period Margin is levied, all other applicable Margins may be released.

2.3.34 "Delivery Period" means the period during which the Securities are tendered in terms of the Contracts in fulfilment of the transactions executed under the Byelaws, Rules and Regulations of the Exchange, or under the orders issued in exercise of the powers vested by any of them, and includes tender days as prescribed by the Exchange for different Contract months.

2.3.35 "Due Date/Contract Expiry Day/Contract Maturity Day" means the maturity date (last day) on which a specific Contract in a specific commodity or security expires and is not available for trading thereafter.

2.3.36 "Due Date Rate" means the settlement price fixed for squaring up (closing out) of all the outstanding Contracts in a Contract month on the due date, which are not fulfilled by giving or taking delivery.

2.3.37 "Exchange" means Multi Commodity Exchange of India Limited which may be referred to as MCX or Exchange for brevity hereafter.

2.3.38 "Exchange Certified/ Approved/ Empaneled/ Accredited / Designated/ Appointed Assayer" means an agency approved as such by the Exchange/Relevant Authority for quality testing and certification of the commodities as per relevant Contract specification and circulars issued from time to time.

2.3.39 "Extreme Loss Margin" means Margin to cover the loss in situations that lie outside the coverage of Initial Margin.

2.3.40 "Exercise" means the invocation of right, in accordance with and subject to Rules, Byelaws and Regulations of Exchange or Clearing Corporation, by the option holder.

2.3.41 "Exercise Price or Strike Price" is the price per unit of trading at which the option holder has the right either to buy or sell the underlying upon exercise of the option.

2.3.42 "Exercise Settlement Price", in respect of Exercise Settlement, is the closing price of the underlying on the day of exercise or such other price of the underlying as may be decided by the Relevant Authority, from time to time.

2.3.43 "Exercise Settlement Value" in respect of Exercise Settlement means the difference between the Strike Price and the Exercise Settlement Price for each unit of trading of the option Contract for the purpose of settlement.

2.3.44 "Exercise Style" of an option refers to the price at which and/or time as to when the option is exercisable by the holder. It may either be an American style option or an European style option or such other exercise style of option as the Relevant Authority may prescribe from time to time.

2.3.45 "Expiry Day or Expiration Day" means the last day for trading of the Contract.

2.3.46 "Expiration Time" is the close of business hours on the expiration day of the option Contract or such other time as may be specified by the Relevant Authority from time to time.

2.3.47 "European Style Option Contract" means an option Contract which may be exercised on the expiration day on or before the expiration time.

2.3.48 "Financial Year" means year commencing from 1st April and ending with 31st March of the following year.

2.3.49 "Futures Contract" means a legally binding agreement to buy or sell the underlying asset in future.

2.3.50 "Goods" mean every kind of movable property other than actionable claims, money and securities.

2.3.51 "Gross Open Interest" means the sum of the open interest of the market aggregated over all Contract months pertaining to all Securities.

2.3.52 "Gross open position for a Contract month" or "Outstanding obligations in a Contract" means the sum of either the long positions or the short positions which remain to be settled in that Contract for the Contract month.

2.3.53 "Hours" refer to hours based on Indian Standard Time (IST).

2.3.54 "Initial Margin" means and includes Margin computed through Value at risk (VaR) methodology to cover potential losses for at least 99% of the days subject to minimum percentage floor value as prescribed by the Exchange and/ or SEBI from time to time.

2.3.55 "Last day of trading" means the day on which trading ceases for a particular Contract month in a specific commodity or security and after which trading is not permitted in that Contract.

2.3.56 "Limit Order Book" is a book maintained on the Trading System of the Exchange, which stores unmatched limit orders for matching on the day of entry of the order on the Trading System.

2.3.57 "Limit Order", in the case of a buy order, means the rate at or below which the order may be matched on the Trading System and in the case of a sell order means the rate at or above which the order may be matched on the Trading System.

2.3.58 "Liquid Assets" means assets as specified by the Exchange and/ or SEBI from time to time to cover various Margins and deposit requirements.

2.3.59 "Long Position" means the net outstanding purchase obligations of a person, whether a Member or not, in respect of his transactions in a Contract month for a commodity or security or its price index at any given point of time, whose settlement is yet to be effected.

2.3.60 "Managing Director" means the Managing Director of the Exchange appointed by the Board in accordance with the provisions of the Articles of Association of the Exchange and other applicable regulations and includes Chief Executive Officer appointed as such by the Board or the appointing authority of the Exchange.

2.3.61 "Margin" means a deposit or payment of cash/other specified assets/documents to establish or maintain a position in a Contract and includes Initial Margin, Special Margin, Ordinary Margin, Extreme Loss Margin, Delivery Period Margin, Additional Margin, Event Based Additional Surveillance Margin (E-ASM) and Variation Margin, in or any other type of Margin as may be prescribed by the Exchange from time to time.

2.3.62 "Market Maker" means a Member registered on such terms and conditions, as may be prescribed by the Exchange from time to time for making a market in the specific commodities and/or Contracts assigned to such member.
Explanation: Market maker shall offer at all times during the trading hours of the Exchange, quotations for both buying and selling of Contracts in specific securities.

2.3.63 "Market Order" means an order for a specified quantity of a Contract to be bought or sold at the best available order/quote prevailing on the Trading System(s) of the Exchange at the time of entry of the order on the Trading System(s) of the Exchange.

2.3.64 "Market Type" means and refers to the different markets in which trading is allowed on the Trading System allowed by the Exchange.

2.3.65 "Mark-to-market" means a process by which all the transactions executed in the Exchange for a Contract month are priced at the settlement price decided by the Clearing Corporation and on the basis of which receipts and payments are effected by the / Clearing Corporation.

2.3.66 "Mark to Market Settlement" means settlement of all open positions of Clients /Members done on a daily basis in cash.

2.3.67 "Member/s" as the context may require, means either the Trading Member or the Clearing Member or both;

2.3.68 "Minimum Liquid Networth" means the Clearing Member's liquid assets arrived at after deduction of Initial Margins, Extreme Loss Margins, Additional Margins or any other Margins as may be specified by the Exchange and/or the SEBI from time to time.

2.3.69 "Month" means a month reckoned according to the English calendar.

2.3.70 "Net open interest of the market" means the sum of either the long or short net open positions aggregated over all Contract months pertaining to all Securities, without any netting of the positions of one Contract month with another Contract month.

2.3.71 "Net open position of a person in a commodity or security for a Contract month" means a) the total of long positions that remain to be settled less the total of short positions that remain to be settled if the long positions exceed the short positions and b) the number of short positions that remain to be settled less the number of long positions that remain to be settled if the short positions exceed the long positions.

2.3.72 "Open interest of the market for a specified Contract month" means the total volume of transactions in a Contract for a Contract month, which remain to be settled. Open interest of

the market is equal to either the total long positions, which remain to be settled or the total short positions, which remain to be settled in that Contract for the specified Contract month, the two being always equal.

2.3.73 "Option Contract is a type of Contract in derivatives which gives the buyer/holder of the Contract the right (but not the obligation) to buy/sell the underlying at a predetermined price within or at end of a specified period. The option Contract which gives a right to buy is called a Call Option and the option Contract that gives a right to sell is called a Put Option.

2.3.74 "Option buyer" is a person who has bought an option Contract.

2.3.75 "Option seller" is a person who has sold an option Contract.

2.3.76 "Order" means an offer to buy or sell any Contract through the Trading System permitted by the Exchange for specific Securities.

2.3.77 "Ordinary Margin" means the Margin deposit that is required from the Contracting parties to establish a position in a Contract month and may be called as initial Margin.

2.3.78 "Premium" is the price which the buyer of the option pays to the seller of the option for the rights conveyed by the option Contract.

2.3.79 "Quote" means a bid price and/or an offer price given by an Exchange Member for a Contract on the Trading System.

2.3.80 "Rate" means the price of unit of quote specified in the Contract specifications for a Contract transacted on the Trading System.

2.3.81 "Ready Delivery Contract" means a Contract which provides for the delivery of goods and the payment of a price therefor, either immediately, or within such period not exceeding eleven days after the date of the Contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such Contract not being capable of extension by the mutual consent of the parties thereto or otherwise: Provided that where any such Contract is performed either wholly or in part;

(I) by realization authorized of money being the difference between the Contract rate and the settlement rate or clearing rate or the rate of any offsetting Contract; or

(II) by any other means whatsoever, and as a result of which the actual tendering of the goods covered by the Contract or payment of the full price therefor is dispensed with, then such Contract shall not be deemed to be a ready delivery Contract.

2.3.82 "Relative" means a person who is a relative within the meaning assigned under the Companies Act.

2.3.83 "Relevant Authority" means the Board or any Committee or Managing Director or any such authority as may be specified by the Board from time to time as relevant for a specified purpose.

2.3.84 "Relevant Contracts" mean Contracts pertaining to the relevant trading segment of the Exchange.

2.3.85 "Retention Period", in relation to an order, means the period, up to which the unmatched quantity of an order is to be retained on the Trading System of the Exchange, as a standing limit order in the limit order book.

2.3.86 "Rules" mean the Rules of the Multi Commodity Exchange of India Limited approved by the SEBI under the SCRA and the Rules and Regulations made thereunder and/or the SEBI Act and the Rules and Regulations made thereunder.

2.3.87 "Securities and Exchange Board of India" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act ,1992 herein after referred to as SEBI Act in these Bye-laws for brevity.

2.3.88 "Sell Order" means an order to sell a Contract permitted for trading on the Exchange.

2.3.89 "Seller" means and includes, unless the context indicates otherwise, the selling Client, and the selling Exchange Member acting as an agent on behalf of such selling Client and denotes the selling Exchange Member when he is dealing on his own account.

2.3.90 "Series of Options" means all options of the same class having the same exercise price and expiration day.

2.3.91 "Settlement Day" means the day fixed by the Relevant Authority for Members of the Exchange to settle their transactions as per instruction of the Exchange.

2.3.92 "Settlement Guarantee Fund" is the fund maintained by the Clearing Corporation which shall be used only for the purpose of settlement guarantee.

2.3.93 "Settlement price for a Contract and a Contract month" means the price of a Contract for the purpose of payment of differences (or dues) pertaining to all fresh and outstanding position that remain to be settled. Settlement price shall be determined for the settlement days and shall be based on price quotations of transactions executed in accordance with the Bye-Laws, Rules and Regulations of the Exchange and other information available on the daily official list.

2.3.94 "Short Position" means the net outstanding sell obligations of a person, whether a Member or his Client, in respect of his transactions in a Contract month for a commodity or security or its price index, at any given point of time, whose settlement has yet to be effected.

2.3.95 "Square off / Close Out" means off-setting partly or fully a long or short position held by a Member or Client.

2.3.96 "Special Margin" means the Margin deposit that is required from the Contracting parties to hold a position in a Contract as specified by the Relevant Authority empowered in this behalf and/or as directed by the SEBI.

2.3.97 "Specific Delivery Contract" means a commodity derivative which provides for the actual delivery of specific qualities or types of goods during a specified future period at a price fixed thereby or to be fixed in the manner thereby agreed and in which the names of both the buyer and the seller are mentioned.

2.3.98 "Standing Order" means an unmatched order, which is retained on the Trading System of the Exchange in the limit order book.

2.3.99 "Strike price interval" is the gap between any two successive strike prices which the Relevant Authority may prescribe from time to time.

2.3.100 "Structured Deals" mean and are similar to cross deals except that the Exchange Members on the buy and sell sides of the trade are different and include deals that subvert the fair price discovery mechanism.

2.3.101 "Tender Period Margin/Pre-expiry Margin" means the Margin which may be increased gradually every day beginning from the pre-determined number of days before the expiry of the Contract as applicable.

2.3.102 "Tenderable or Deliverable varieties or grades" are varieties or grades other than 'basis' variety or grade which are permitted by the Exchange to be delivered or tendered against a futures Contract for a commodity traded on the Exchange with or without the "on" and "off" allowances as may be prescribed from time to time by the Relevant Authority under these Bye-Laws and Rules and Regulations of the Exchange.

2.3.103 "To Input" means to transmit an order to buy or sell a Contract from a trader workstation (TWS) of an Exchange Member and any other information, as may be required, into the Trading System.

2.3.104 "To Match" means an order to sell or a part of an order to sell which matches with an order to buy or a part of an order to buy, or vice versa, in terms of price and quantity, either in part or full, and resulting into a trade.

2.3.105 "Touch Line" means the best bid and offer, together with the related quantity for buy and sale, displayed on the TWS.

2.3.106 "Trade" means a transaction for purchase and sale of a Contract resulting from the matching of a bid to buy or a part of a bid to buy with an offer to sell or a part of an offer to sell, or vice versa on the Trading System of the Exchange.

2.3.107 "Trader Work Station" (hereafter referred to as "TWS") means a computer terminal of an Exchange Member which is approved by the Exchange and which is installed and connected to the Trading System of the Exchange, by whatever name called, for the purpose of trading on the Exchange.

2.3.108 "Trading Member" mean a person/entity who/which has been admitted as a trading Member by the Exchange and has the right to trade on the platform provided by the Exchange in accordance with its Rules, Bye-laws and Regulations;

2.3.109 "Trading Period" means the duration of a Contract prescribed by the Exchange during which a Contract will be available for trading.

2.3.110 "Trading System" means a system which makes available to the Trading Members by whatever method, quotations of securities and disseminates information regarding trades effected, volumes, etc. and such other notifications as may be placed thereon;

2.3.111 "Trading Segment" or "Segments" mean the different segments or divisions into which the commodities / securities, Contracts and centres of trading are admitted to dealings on the Exchange, as classified by the Relevant Authority for admission of Members to the Exchange and for the purpose of trading on the Trading System approved by the Exchange.

2.3.112 "Trading session of a working day" means the hours of that day during which the sale and purchase of Contracts are permitted by the Exchange.

2.3.113 "Trading-cum-Clearing Member" means a person who is admitted by the Exchange as a Member of the Exchange conferring a right to trade and clear through the Clearing Corporation as a Clearing Member and who may be allowed to make deals for himself as well as on behalf of his Clients and clear and settle such deals only.

Provided that such a Trading-cum-Clearing Member of the Exchange shall be required to become a Member of Clearing Corporation approved by the Exchange.

2.3.114 "Transferable Specific Delivery Contract' means a specific delivery Contract which is not a non-transferable specific delivery Contract and which is subject to such conditions relating to its transferability as the Central Government may by notification in the Official Gazette, specify in this behalf.

2.3.115 "Type of Option" means the classification of an option as either a put or a call or any other option as may be prescribed by the Relevant Authority.

2.3.116 "Underlying" or 'underlying commodity' or 'underlying security' means the commodity or security with reference to which ready, forward, futures, options, price indices, or an index based on underlying goods or activities , services, rights , interests and events and other Contracts are permitted to be traded by the Exchange from time to time

2.3.117 "Unit of Trading" means the minimum quantity of a Contract that can be purchased or sold, as may be specified by the Exchange, from time to time in the Contract specifications for a commodity.

2.3.118 "Unit of Quotation" means the specified quantity of a commodity for which the bid or offer price may be given by an Exchange Member for a Contract month.

2.3.119 "Variation Margin" means the difference between the Contractual monetary value of a Contract and the monetary value of the Contract determined at the settlement price.

2.3.120 "Warehouse / vault Receipt" means a document, whether in physical or electronic form evidencing a commodity being held in the approved warehouse.

2.3.121 " Warehouse Service Provider (WSP)" means an agency approved and accredited by the Exchange for storage and preservation of commodities.

2.3.122 "Working Day" means a day on which the sale and purchase of Contracts is permitted by the Exchange.

Words importing singular number shall include plural number and vice versa. Words importing masculine gender shall include feminine gender number and neuter gender and vice versa.

3. PRELIMANRY

3.1. Subject to the provisions of Bye-Laws, the Articles of Association and Rules of the Exchange, Relevant Authority shall have powers to frame Business Rules/Regulations from time to time for efficient functioning and operations of the Exchange and to regulate the functioning and activities of the Members of the Exchange or Authorised Persons, approved users, and all other persons operating under or through them or dealing with them both inter-se and in relation to the Exchange and, determine trading and delivery specifications for Contracts in commodities / securities and price indices and their derivatives permitted for trading on the Exchange, including method of trading, clearing, settlement, spot price polling mechanism and other operations related thereto and administration of penalties, fines and other consequences, including suspension/expulsion for defaults or violation and media policy. The Relevant Authority, from time to time, amend, add to, alter, modify, delete or repeal any of the provisions of the Business Rules, as may be deemed necessary or appropriate or if so desired or directed by the SEBI.

The Bye-Laws, Rules, Business Rules shall provide inter alia for necessary authorization for taking care of operational requirements, which need to be enforced with immediate effect.

Without prejudice to the generality of the Bye-laws, Rules and Business Rules, when SEBI issues any Regulations, directives, circulars having an effect of amending these Bye-Laws, such amendments shall be deemed to a be a part of these Bye-laws and shall come into effect from the date prescribed in such Regulations, directives or circulars.

3.2. Jurisdiction

These Bye-Laws shall be applicable on all the Members and participants of the Exchange, Authorized Persons, Approved Users, Clients and all entities involved in trading, clearing and settlement of transactions, to the extent specified herein. These shall be subject to the jurisdiction of the Courts in Mumbai, where the Exchange is situated, irrespective of the place of business of the Members of the Exchange in India or abroad. All transactions entered into or executed through the Trading System of the Exchange located at the premises of the Exchange at any place shall be deemed to have taken place in the city of Mumbai only and the place of Contracting as between the Members of the Exchange shall be at Mumbai, irrespective of the locations of the Trader Workstations of the Members connected thereto. All disputes under these Bye-Laws shall be subject to the exclusive jurisdiction of the Courts in Mumbai, irrespective of the location of the place of business of the Members of the Exchange and of their Clients or the place where the concerned transaction may have taken place.

The Bye- Laws, Rules and Regulations of the Exchange shall be governed by and construed in accordance with the laws in force in India. Every Exchange Member shall expressly provide in the Contract Notes to be issued by Members that only the Courts at Mumbai shall have the exclusive jurisdiction for claims in relation to any dispute arising out of or in connection with or in relation to such Contract Notes. The provisions of this Bye-law shall not object the jurisdiction of any court deciding any dispute as between Members and their constituents to which the Exchange is not a party.

3.3. Power To Prescribe Enabling Provisions

The Relevant Authority may, from time to time, may issue clarifications or directives, as may be required from time to time, to remove any difficulty or ambiguity in implementing the provisions of any of the Bye-Laws and Rules of the Exchange, which shall have the same effect as Bye-Laws and Rules framed thereunder.

4. GOVERNANCE OF THE EXCHANGE

4.1. The responsibility for the management of the Exchange shall vest with Board of Directors of the Exchange, which may also be called as Governing Body.

4.2. The strength and composition of the Board shall be in accordance with the Articles of Association of the Exchange and The Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations") or circulars, clarifications or directives issued there under.

4.3. The Board may constitute statutory Committees and advisory Committees as may be prescribed in the SECC Regulations or in the clarifications, circulars or directives issued there under and / or as may be considered necessary by the Board.

4.4. The terms of reference, quorum, frequency of the meetings, appointment of chairperson of these statutory Committees shall be as prescribed under the SECC Regulations or in the clarifications, circulars or directives issued there under.

4.5. The constitution, terms of reference, quorum, frequency of the meetings, appointment of chairman of the advisory Committees may be prescribed by the Board while constituting them.

4.6. The Board by itself or by constituting Relevant Authority with Members of the Board and senior officials of the Exchange, outside experts, delegate specific powers and / or authorise such Relevant Authority to discharge the functions prescribed under various sections/chapters of these Bye laws.

4.7. No Director of the Board or any Member of any Committee constituted by the Board Committee shall directly or indirectly make unauthorised disclosure or improper use of any information that may come into his possession as a result of his official position or former official position in the Exchange, which if generally known might reasonably be expected to affect materially the price of Contracts traded in the Exchange. Failure to comply with this Bye-Law shall be considered to be a major violation and shall be dealt with by the Board in the manner as it considers appropriate.

4.8. No employee of the Exchange or the designated clearing bank(s) shall (i) directly or indirectly make unauthorised disclosure of any information that may come into his possession as a result of the function of the bank as the clearing bank, (ii) engage directly or indirectly in trading of Contracts that are traded in the Exchange and (iii) directly or indirectly maintain employment with any Member of the Exchange or any person, firm, or corporation which is engaged in activities related to Contracts traded in the Exchange, whether such employment involves or does not involve any compensation whether periodic or otherwise. The designated clearing bank(s) would be responsible for the activities of all its/their employees and any violation by its employees shall be subject to such action, as the Board may deem fit.

4.9. The Relevant Authority may, at his / its discretion, grant permission to the Members of the Exchange or their authorized representatives or approved users to trade through the TWS connected to the Trading System of the Exchange. The Members of the Exchange shall be solely responsible for all the transactions done by or through the respective TWS on the Exchange.

4.10. Subject to the foregoing Byelaw, the Relevant Authority empowered for the purpose either by itself or in consultation with the Clearing Corporation may frame Rules, Business Rules for following:

a. **Trading On the Exchange**

i. Determination of trading sessions and proceedings in such trading sessions on the Trading System of the Exchange, for specified commodities, securities, price indices or their derivatives permitted by the Exchange.

ii. Allotment of TWS to the Members and appointment of approved users.

iii. Determination of units of quotation and trading and variations in bids and offers and minimum and maximum size of orders.

iv. Determination of 'basis' variety and deliverable varieties for different commodities, "on" and "off" allowances for tendering varieties other than the basis, Contract (delivery) months, delivery periods, delivery centres, tender days and the other appropriate terms and conditions of Contracts to be entered into for different

commodities, the forms of Contracts, the time, mode and manner of performance of the Contracts between Members of the Exchange inter-se, between Clients of the Exchange Member inter-se, and between Members of the Exchange and Clients inter-se.

v. Determination of the transaction fees payable by the Members of the Exchange for trading in different commodities and securities and other charges that may be collected by the Exchange from Members, participants, approved users, etc.
vi. Suspension of trading in one or more Contracts permitted for trading in the Exchange.
vii. Procedure for settlement of disputes relating to quality, price and delivery.
viii. Determination of the Due Date Rate and Penalties for non-fulfilment of Contracts by giving or receiving deliveries on the due date.
ix. Norms, procedures, terms and conditions, incidental to or consequential to transfer and closing out of Contracts.

b. **Risk Management & Surveillance Measures Which May Include But Not Limited To The Following:**

i. Various types of Margins on the transactions.
ii. Rates of ordinary Margins and mode of their payment.
iii. Special or additional Margins, and mode of their payment.
iv. Exemption from payment of Margins.
v. Lien on capital and Margin deposits.
vi. Penalty for non-fulfillment and/or evasion of Margin requirements.
vii. Client's liability to pay Margins.
viii. Members' responsibility to collect Margins from the Clients.
ix. Members' responsibility to maintain proper books of accounts.
x. Any other matter relating to trading in the Exchange.

c. **Clearing And Settlement of Transactions**

All the trades done on the Exchange shall be cleared and settled by Clearing Corporation appointed by the Exchange in accordance with the Rules, procedures prescribed by such Clearing Corporation.

d. **Other Aspects Relating To Trading On The Exchange**

i. The Relevant Authority may prescribe the minimum requirements of technical infrastructure like computer systems, software, networking, cyber security arrangements, systems audit prescriptions, procedural audit requirements and such other requirements for Trading System and TWS.
ii. Procedure and content for dissemination of information and announcements to be broadcasted by the Exchange on the Trading System, or its computer system or internet.
iii. Issue of guidelines for advertisements, booklets or circulars to be published by the Members of the Exchange in connection with their business activities.
iv. Appointment of monitoring, surveillance and intelligence agencies for monitoring trading at the Exchange in Contracts for different commodities and securities.

v. Any other matter, as may be decided by the Relevant Authority from time to time.

vi. Norms and procedures for availing services from agency (ies) for undertaking audits of the Warehouse Service Providers and Warehouses.

vii. The disablement of terminals of the Members along with duration of disablement due to shortage of funds, Margin money etc may be disclosed on the Exchange website for every quarter.

e. **Management of the Trading System**

The management of the Trading System of the Exchange shall be under the charge of the employees of the Exchange or such other agency authorized or engaged by the Exchange for this purpose.

f. **Setting-Up Of Settlement Guarantee Fund, Investor Protection Fund And Other Funds**

Norms, procedures, terms and conditions for contribution by Members of the Exchange and others to Settlement Guarantee Fund, Investor Protection Fund or any other fund that may be established.

g. **Conciliation and Arbitration**

All claims, differences or disputes between the Members inter-se and between the Members and Constituents arising out of or in relation to dealings, Contracts and transactions made subject to the Bye-Laws, Rules and Business Rules of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and Contracts have been entered into shall be submitted to Arbitration in accordance with the provisions of these Byelaws and Business Rules. The Exchange shall be entitled to facilitate Arbitration for such disputes between the parties as mentioned in the provision of Byelaws and Business Rules, including the Arbitration reference filed by the Members.

4.11. Records for evidence shall be the records of the Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units or on the Trading System of the Exchange, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner or on any other accepted media, shall constitute the agreed and authenticated record in relation to any transaction entered into or executed through the Trading System of the Exchange.

4.12. The records as maintained by the Exchange shall, for the purpose of any dispute or claim between the Members of the Exchange inter –se or between any Member and his Clients or between the Members of the Exchange and the Exchange or the approved Clearing Corporation regarding trading, clearing or settlement of any deal or transaction carried out on the Trading System of the Exchange and reported to the Exchange, constitute valid and binding evidence between and among the parties.

4.13. The Relevant Authority may introduce Liquidity Enhancement Schemes in commodity derivatives and prescribe operational parameters therefor from time to time.

4.14. **Access To Trading**

The Exchange/Relevant Authority may, with respect to the Trading System (which may be alternatively called as MCX System) prescribe:

4.13.1. The Exchange shall from time to time provide the necessary norms and requirements relating to the use of technology, which may include equipment, software, network, etc., to ensure safety, security and integrity of the Trading System provided by the Exchange so as not to endanger or harm in any way the public interest and / or the interest of the Exchange. These norms shall be binding on the Members of the Exchange.

4.13.2. The Exchange shall provide a Trading System, to the Members to access and carry on trading in the Contracts admitted to dealings on the Exchange.

4.13.3. The Trading System shall be available for facilitating trading in the Contracts permitted for trading on the Exchange and also for trading in such other Contracts, which may be allowed by the Exchange for trading from time to time.

4.13.4. The Exchange may provide an architecture and the infrastructure related thereto, to facilitate the Members of the Exchange to establish connectivity with the Trading System of the Exchange. The Exchange shall have absolute right to specify the maximum number of TWSs that may be allotted to a Member who has trading rights in the Exchange and the conditions for such allotment. The Exchange shall also have absolute right to reject any place or places where it observes that the TWS shall not be installed.

4.13.5. The Exchange may prescribe the specifications/descriptions of hardware, software and equipment and the specifications to carry out the required testing thereof in such manner and time as may be specified by the Exchange from time to time, which a Member is required to strictly adhere to have connectivity with, or use of the Trading System of the Exchange, to ensure compatibility and minimize/avoid technical issues arising out of incompatibility of hardware, software and equipment.

4.13.6. The Exchange may prescribe the specifications/descriptions of hardware, software and equipment and the specifications to carry out the required testing thereof in such manner and time as may be specified by the Exchange from time to time, which a Member is required to strictly adhere to have connectivity with, or use of the Trading System of the Exchange, to ensure compatibility and minimize/avoid technical issues arising out of incompatibility of hardware, software and equipment.

4.13.7. A Member who has trading rights in the Exchange may be authorized to appoint such number of persons as authorized representatives or authorized users, as may be provided in relevant Regulations of the Exchange that may be in force from time to time.

4.13.8. Any Member who has trading rights in the Exchange and is desirous of extending his network, in any manner which facilitates access to the Trading System of the Exchange, shall be required to seek prior approval of the Exchange. Such terminals of a Member may be allowed to be installed by the Exchange at the places from where the Members or authorized representatives or approved users or Clients carry out trading activities. No Member shall install either directly or indirectly any terminal, having access to the Trading System of the Exchange, without prior approval of the Exchange. In case any Member fails to obtain necessary approval from the Exchange for connecting any terminal installed through CTCL connectivity having access to the Trading System of the Exchange, the Member concerned shall be personally responsible for trading done through such terminals and also render himself liable for disciplinary action by the Exchange.

Explanation: Provided where a Client wishes to have a CTCL terminal installed at his place, such Client shall be required to comply with such requirements relating to its use for his own activities, and shall not use it for activities, which may be

termed/viewed by the Exchange, as intermediary or by whatever other name called as may be specified by the Exchange from time to time. The decision of the Exchange in this regard shall be final, binding and conclusive on the Member concerned and the Client. The misuse of such CTCL terminal by his Clients shall render the Member concerned personally responsible for the trading done through such misuse and shall also render him **a**nd his Client liable for disciplinary action by the Exchange**.**

4.14. The Relevant Authority shall have the power to prescribe / frame rules on the following in addition to the specific authority granted to Relevant Authority under different heads of the Bye-Laws and Rules**:**

4.14.1. the procedure for registration and cancellation of the registration of a person as an authorized representative or approved user or Client;

4.14.2. the conditions required to be fulfilled before a person can be registered as an authorized representative/ approved user/Client;

4.14.3. the conditions required to be fulfilled before an authorized representative/approved user or Client may have access to the Trading of the Exchange;

4.14.4. the maximum number of persons who may be allowed to have access to the Trading System on behalf of a Member;

4.14.5. the procedure for provision and modification of a password used by an authorized representative / approved user / Client to access the Trading System; and

4.14.6. the circumstances in which the Exchange may refuse and/or withdraw and/or cancel the permission to an authorized representative/approved user/Client to have access to the Trading System of the Exchange, either indefinitely or for a specified period or until the fulfilment of conditions, as may be specified by the Exchange from time to time.

4.15. Trading Member Likely To Default (Potential Default)

4.15.1. In case where Exchange is of the view that Trading Member is likely to default in meeting its obligations to the Stock Exchange and/or repayment of funds or securities to the Client, it shall act in accordance with the circulars issued by SEBI from time to time and take steps as prescribed by SEBI in the Standard Operating Procedure (SOP).

4.15.2 The Exchange shall instruct the concerned Bank (s) to freeze the bank accounts maintained by the Trading Member, for all debits/withdrawal by the Trading Member in the event of potential default by the Trading Member in meeting its obligations to the Stock Exchange / Clearing Corporation and/or repayment of securities/funds to his/its Clients. For this purpose, the Members of the Stock Exchange shall submit an undertaking to the Stock Exchange, as per prescribed format, within such time as prescribed by SEBI/Exchange from time to time, for authorizing the Stock Exchange to instruct the concerned bank (s) to freeze the bank account(s) for all debits /withdrawal from such accounts.

4.16. Emergencies And Powers to Handle Emergencies

Whenever the Relevant Authority considers that there is an emergency, corner or crisis in the nature of manipulation, squeeze, bear raid or wherever it appears to such a Relevant Authority that the Contracts are transacted for the purpose of inducing a false or artificial appearance of activity or upsetting the price equilibrium or that the business is being conducted in a manner prejudicial to the interest of the trade or the interest and welfare of the Exchange, the Clearing Corporation may effect special clearance of outstanding Contracts that have been registered or impose additional /special

Margins or take such other measures that the Relevant Authority may decide.

4.17. The Relevant Authority shall have power at any time and from time to time to call upon all or any Member to submit detailed statement giving information relating to Contracts entered into by a Member in such form and in such manner as may be prescribed:

In particular and without prejudice to the generality of the foregoing power, such information may relate to the following matters:

(a) Transactions entered into by a Member with another Member on his own-account and transactions entered into by a Member on behalf of others;
(b) Open positions of a Member and of others on whose behalf the Member has entered into transactions;
(c) stocks of commodities /securities held by a Member or his Clients;
(d) export and import commitments, and export and import orders on hand in respect of a Member and /or his Clients; and
(e) Forward physical purchases and / or sale of a Member and / or his Clients.

4.18. The Relevant Authority shall have power for the purpose of verifying or checking any statement submitted by a Member of the Exchange under these Bye-Laws, to call for the production of the books of any Member and/or call for explanation from any Member. A Member failing or neglecting to submit any such statement or to produce any such books to give any such explanation shall be liable to be dealt with under these Bye-Laws.

4.19. Where the SEBI considers it expedient to do so, it may, directly or through the Exchange, call for periodical statements relating to Contracts entered into by the Members in such form or manner as may be prescribed .

4.20. If, in the opinion of a Relevant Authority constituted for a commodity or a group of commodities, an emergency has arisen or exists, or it is expedient in the general interest of the trade so to do, The Relevant Authority may prohibit all transactions in forward, futures and other Contracts in one or more underlying commodities securities and one or more Contract months at a rate or rates above a maximum and/or below a minimum as may be specified; or all transactions in forward Contracts in one or more underlying commodities /securities, and one or more Contract months for a specified period or until further notice as may be specified.

4.21. If the Relevant Authority and/or the SEBI is of the opinion that continuation of transactions in any forward and futures Contracts in any Contract month is detrimental to the interest of the trade or to the public interest or to the larger interest of the economy of India then notwithstanding anything to the contrary contained in Bye-Laws or any Contract made subject to Bye-Laws, every transaction relating to any Contract month notified under this Bye-Law and entered into between a Member and a Member or between a Member and a Client then outstanding shall be closed out at such rate or rates, appropriate to such Contract or Contracts and with effect from such date as shall be fixed by the Relevant Authority and/or SEBI.

5. MEMBERSHIP

5.1. The Membership of the Exchange shall entitle a Member to exercise such rights and privileges attached to such Membership as he specifically applies for dealing on the Exchange, subject to the Bye-Laws, Rules and Regulations of the Exchange as applicable from time to time.

5.2. The Board may classify the Membership of the Exchange in different categories for different commodities, securities or instruments or derivatives thereon permitted to be traded on the Exchange and provide for different rights and privileges for trading, clearing and settlement of Contracts in any commodity or group of commodities, securities or instruments or derivatives thereon to the Member of different categories.

5.3. A person desirous of securing the Membership of the Exchange may apply for any category of Membership, subject to fulfilling the Membership criteria. The Relevant Authority may prescribe Membership criteria from time to time. Mere fulfilment of Membership criteria shall not entitle an applicant to get Membership of the Exchange. Membership shall be awarded by a Committee appointed by the Board for the purpose.

5.4. The provisions of the Articles of Association and the Bye-Laws, Rules and Regulations applying to individuals shall apply mutatis mutandis to firms, LLP, banks, other financial institutions and bodies corporate who are registered as a Member of the Exchange.

5.5. A Member of the Exchange shall maintain all the required hardware for setting up of TWS and connectivity infrastructure such as VSAT/lease line/Internet or any other such mode of connectivity as main and back ip connectivity as prescribed by the Exchange from time to time.

5.6. A Member of the Exchange shall not assign, mortgage, pledge hypothecate, or charge his right of Membership or any rights or privileges attached thereto,and any such attempt shall not be effective as against the Exchange. The Board shall expel any Member of the Exchange who acts or attempts to act in violation of the provisions of this Rule.

5.7. The Membership rights of the Exchange are transferrable subject to terms and conditions that may be prescribed by the Exchange in this regard from time to time and also subject to prior approval of the Exchange.

5.8. The Board or the Committees appointed for the purpose shall determine the norms and Procedures for storage and dealing in commodities stored in warehouses, delivery procedure, methods of sampling, testing, quality certification, determination of grades and validity / final expiry period, determination of quality and variety, survey, transportation, packing, weighing, applicability of deductions and allowances, and final settlement procedures.

5.9. Members of the Exchange may enter into only such Contracts as approved by the Exchange.

5.10. Members shall enter into Contracts only on the terms and conditions prescribed under the Bye-Laws, Rules and Regulations of the Exchange.

5.11. No Member shall enter into a Contract before trading therein has been commenced/after trading therein has ended in accordance with the Bye- Laws, Rules and Regulations of the Exchange.

5.12. Any Member transacting in any Contract and basis varieties that are not specified by the Exchange shall be liable to be dealt with under Bye-Laws relating to disciplinary action.

5.13 Members shall maintain a record of all their transactions in all Contracts permitted by the Exchange.

5.14 Transactions for Contracts in commodities and securities that are not permitted by the SEBI are prohibited. Any Member who infringes or attempts to infringe or who assists in any infringement or attempted infringement of this Bye-Law shall be liable to suspension and/or expulsion from Membership of the Exchange or any other disciplinary action that the Exchange may take under its Bye-Laws, Rules and Regulations.

5.15 The Members shall be required to maintain Base Minimum Capital, Base Capital, Deposit with the Exchange, as may be specified by the Exchange and/ or SEBI from time to time.

5.16 Clearing Members shall maintain 'Liquid Networth' as specified by the Exchange and/ or SEBI from time to time.

5.17 **Registration And De-Registration of Approved- Users**

5.17.1 Members of the Exchange shall allow only their authorized representatives and/or approved users to operate the TWS, or trade in any other Trading System approved by the Exchange, subject to the following conditions:

5.17.2 The appointment of users shall be subject to such terms and conditions and submission of application in such form as the Relevant Authority may prescribe from time to time in the Rules and Regulations of the Exchange.

5.17.3 The Exchange may, at its discretion, deregister any authorized representative or approved user of a Member for failure to comply with the applicable provisions of the Bye-Laws, Rules and Regulations; but the Member concerned shall continue to be liable for acts of commission and/or omission prior to de- registration by the Exchange and/or loss / damage consequent to the de- registration.

5.17.4 The Relevant Authority shall have the right to disallow any person from being registered as an authorized representative or an approved user, without assigning any reason whatever, or may allow registration with such conditions, as may be deemed necessary by such Authority.

5.17.5 No person shall be appointed at any time as an authorized representative or an approved user by more than one Member.

5.17.6 The Relevant Authority shall have the power to prescribe different levels of usage of the approved system of the Exchange, and may also prescribe norms for enquiry on the TWS, order entry, etc. by the authorized representatives or authorized users of a Member.

5.18 **Market Makers**

5.18.1. The Relevant Authority may specify Contracts eligible for market making from time to time.

5.18.2. The Relevant Authority may prescribe from time to time the operational parameters, criteria & eligibility, procedure for registration, functions, rights, liabilities, suspension and prohibition of market makers.

5.19 In respect of all trades done by the Members of the Exchange, the Exchange will electronically forward reports to the respective Members, including settlement obligations relating thereto. All such reports and obligations shall be binding on the Members of the Exchange.

5.20 The Members of the Exchange shall provide the Exchange with such reports that the Exchange or The Relevant Authority may seek from the Members from time to time. Details of such reports will be provided in the Rules and Regulations of the Exchange.

5.21 The Members of the Exchange shall provide such reports, as the SEBI or the Relevant Authority may prescribe.

5.22 A Clearing Member shall notify the Exchange of any incident, which may endanger the Clearing Member's financial strength or interfere with the Clearing Member's ability to conduct its business in the best interests of the Exchange.

5.23 All Members of the Exchange as well as other market intermediaries shall be required to maintain such Books of Accounts, Registers, Statements and other Records, in physical form or electronically, as may be specified by the Relevant Authority or the SEBI. All such documents and records shall be kept in good order and preserved at least for ten years or such period, as may be specified by the Relevant Authority or the SEBI. All such documents and records shall be made available to the Exchange by the Member for inspection, whenever required.

a. Every Member of the Exchange shall intimate to the SEBI the place where the books of account, records and documents are maintained.

b . Every Member of the Exchange shall, after the close of each accounting period furnish to the SEBI, if so required, as soon as possible but not later than six months from the close of the said period a copy of the audited balance sheet and profit and loss account as at the end of the said accounting period.

Provided that, if it is not possible to furnish the above documents within the time specified, the Member shall keep the SEBI informed of the same together with the reasons for the delay and the period of time by which such documents would be furnished.

5.24 Each Member of the Exchange shall submit itself to audit and investigation by the Exchange and furnish all books, records, files and such other information as required upon the direction of the Exchange. The audit and investigation shall be restricted to the affairs of the Exchange Member as a provider of trading, clearing and settlement services to their Client as also in respect of his trading, either directly or through another Clearing Member.

5.25 In case of any dispute or difference of opinion originating from or pertaining to orders or trades due to a mismatch between the Member's report and the Exchange's report, the report as per records of the Exchange shall be final, conclusive and binding on the Members.

6. CONTRACTS

6.1 The Board or the Committee appointed and empowered for the purpose shall be the authority to finalise Contract specification and modifications in respect of Contracts in commodities and securities and derivatives thereon, for which the Exchange has obtained permission from the SEBI. The Exchange shall before commencement of any Contract obtain prior concurrence of the SEBI.

6.2 Members of the Exchange shall execute and clear transactions in only such Contracts as specified by the Exchange. All transactions in Contracts permitted on the Exchange shall be made only in the manner approved by the Exchange.

6.3 While entering an order in the system, the Member shall specify whether such order is on his own account or it is on account of his Client. If the order is for and on behalf of a Client, he should specify the respective Client identification number.

6.4 All transactions in Contracts permitted on the Exchange shall be cleared, registered and settled by the Clearing Corporation appointed by the Exchange and shall be subject to these Bye- Laws, Rules and Business Rules framed by the Exchange and the Clearing Corporation. The Clearing Corporation shall clear, register and settle the financial performance of the Contracts entered into in the Exchange.

6.5 Members of the Exchange shall issue Contract Note for each of the transaction done by them for their respective Clients on the Trading System of the Exchange. Such Contract Notes shall be issued as per the format prescribed by the Exchange. Members shall not issue Contract Note for any transaction, which has not been executed through the Trading System of the Exchange.

6.6 In respect of all Contracts executed by the Members of the Exchange, it shall be the responsibility of the respective Members to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as Contracts directly to the concerned Government Departments.

6.7 Only transactions in Contracts for commodities permitted for trading on the Exchange, will be authorized as valid, provided the Clearing Member has paid to the Clearing Corporation adequate security and Margin deposits as prescribed. Clearing Members who clear Contracts shall pay the prescribed security, Margin deposits and variation Margins for their respective outstanding transactions to remain valid. Members of the Exchange whose Contracts are cleared by Clearing Members shall pay the prescribed Margin deposits and variation Margins for their respective outstanding transactions to remain valid.

6.8 Rates and/or prices for the Contracts permitted for trading in the Exchange shall be quoted in accordance with Rules and Regulations specified for that Contract and in the case of commodity derivatives they shall be for the basis variety of the underlying commodity of that Contract and for the base center/place prescribed in the clauses of specified Bye- Laws, Rules and Regulations of that Contract/underlying commodity of that Contract.

6.9 The Board shall whenever required have the right to determine, specify and modify the basis variety for the Contracts in that commodity or group of commodities from time to time.

6.10 The number, and the commencement and expiration cycles of the all Contracts in commodities and other Contracts shall have the approval of the Board or the Committee empowered for the purpose and the SEBI.

6.11 The Exchange shall have the right to determine, specify and modify the position limits with respect to the Contracts permitted on the Exchange. Such position limits could differ for Membership categories and/or differ from Member to Member; and exceptions may be provided by the Board

or the Committee. Position limits and exception rules will be specified in the Regulations specific to each underlying commodity and Contract month.

Provided, the limits prescribed by SEBI from time to time shall prevail over the limits prescribed by the Exchange under this bye law.

6.12 The Board or the Committee as aforesaid with prior approval of the SEBI shall have the right to determine, specify and modify the price limits with respect to the Contracts permitted on the Exchange. Such price limits may include floor and ceiling price for a day or for a specific period. Applicability of the price limits will be specified in the Regulations specific to each commodity or Contract from time to time.

6.13 The Exchange shall have the right to specify and charge transaction fee/ charges, or any other fee/ charges to the Member of the Exchange, as may be permissible under SEBI Regulations.

6.14 A) All outstanding transactions in Contracts for commodities shall in general be for delivery at any one or more delivery points and/or warehouses approved, certified and designated by the Board or the Committee empowered for the purpose.

B) All outstanding Contracts not settled by giving or receiving deliveries shall be closed at the Due Date Rate as fixed by the Board or the Committee empowered for the purpose, together with a penalty as prescribed by the Board or such Committee for those failing to give or receive delivery inconsonance with the directives issued by the SEBI**.**

6.15 The Board or The Committee/Advisory Board, constituted for a commodity or a group of commodities, or the Relevant Authority shall have the right to determine, specify and modify the terms and manner of delivery of that commodity or group of commodities resulting from outstanding transactions in Contracts in that commodity or group of commodities.

6.16 If any party to such Contract defaults in respect of his financial obligations or fails to deliver goods or security on maturity of the Contract, the defaulting Member shall be liable for appropriate disciplinary action by the Relevant Authority and his Contract will be closed out by the Relevant Authority in accordance with the Bye-Laws, Rules and Business Rules issued there under. The Exchange shall then be entitled to recover dues of any defaulting Member from his security deposit and other funds, if any lying with the Exchange, as also from his debtor Members and appropriate amount so recovered for distribution amongst his creditor Members on pro rata basis.

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6.2 Dealings In Options

6.2.1 The Relevant Authority may from time to time introduce new Contracts such as options as permitted by SEBI at such strike prices (‘in the money’, `at the money or near the money’ and ‘out of the money’) for put /call options respectively for every month after the expiry of immediately preceding Contract.

6.2.2 The Relevant Authority may from time to time prescribe the exercise style of an option.

6.2.3 The Exchange may at any time introduce additional series of option Contracts with different exercise prices based on changes in the value of the underlying or such other factors and circumstances including investor interest, market conditions, etc. as may be decided from time to time.

6.2.4 The Relevant Authority may at its discretion suspend trading in Contracts in derivatives, inter alia, on the following grounds:

i. suspension of trading in the underlying securities;

ii. for protection of the interests of the investors;

iii. for the purpose of maintaining a fair and orderly market.

iv. To comply with SEBI/Central Government orders.

6.2.5 If the Relevant Authority is of the opinion that a particular underlying no longer meets its requirements for options trading or is not eligible for trading or if the Relevant Authority decides to discontinue trading in a particular options series for such reason(s) as it may deem fit, it may stop introducing new options on that underlying and may in such circumstances impose restrictions on transactions that open new positions in options series that have been previously introduced.

6.2.6 The Relevant Authority may discontinue trading in a particular option Contract if there are no open positions in such a Contract.

6.2.7 The Relevant Authority may limit the total number of puts or calls on the same underlying that a single investor or group of investors acting in concert may exercise during such time period as may be prescribed by the Relevant Authority from time to time. The Relevant Authority may also limit the maximum number of options on the same side of the market (i.e., calls held plus puts written or puts held plus calls written) with respect to a single underlying that may be carried in the accounts of a single investor or group of investors acting in concert.

7. TRADING ON THE EXCHANGE

7.1 Trading Days

7.1.1 The Exchange shall be open on all days except on such Exchange holidays as the Relevant Authority may declare in advance, at any time, or as may be specified by the SEBI at any time. The days on which the Trading System of the Exchange shall be available for trading in Contracts permitted on the Exchange shall be called as "Trading Days".

7.1.2. The Trading System of the Exchange shall however be available for trading on such holidays as the Relevant Authority or any designated official may decide, from time to time.

7.1.3 The Exchange shall be open for trading on all Trading Days during such hours as Exchange may declare in advance and such time allowed for trading on Trading Days shall be known as Trading Hours.

7.2 Trading Sessions

The Relevant Authority may prescribe different trading sessions for different trading segments on the Trading System of the Exchange, and may also decide on the timings and operational requirements for the same, as may be provided in the relevant Regulations of the Exchange from time to time. Relevant Authority may reduce, extend or otherwise alter the timings of such trading sessions for any particular trading day or days.

7.2.1 Where the Relevant Authority has reduced, extended or otherwise altered the timing of any trading session or sessions, on the Trading System of the Exchange, on any particular trading day or days, the reasons for the same shall be required to be recorded in writing.

7.2.2 The Relevant Authority may, with the approval of the SEBI, alter, Contract, extend or suspend any or all the trading sessions in specific circumstances, for reasons to be recorded in writing. Wherever possible, such changes may be communicated to the Members in advance.

7.3 Alteration Or Cancellation of Exchange Holidays

7.3.1 In exceptional circumstances and for reasons to be recorded in writing, the Managing Director may at any time:

a. alter or cancel any of the Exchange holidays fixed under Bye-Laws.
b. keep the Trading System of the Exchange available for trading on any day notwithstanding that such day had earlier been declared as an Exchange holiday.
c. close trading in any one or more or all Contracts in one or more or all commodities securities in one or more segments on the Trading System of the Exchange for such number of days as may be deemed necessary.

Provided further that when information regarding closure of the trading as aforesaid on the Trading System of the Exchange is so conveyed as to reach the SEBI in the normal course within twenty-four hours of the closure of such trading, the Relevant Authority may close such trading on the Trading System of the Exchange or continuously for any period exceeding three trading days without the approval of the SEBI, till such time as the decision of the SEBI is received by the Exchange.

7.4 Divisions

The Exchange may constitute different divisions for each or group of agricultural commodities, metals and other commodities or securities, as well as for different centers of trading as may be decided by the Relevant Authority and as may be specified in the relevant Regulations from time to time. The Relevant Authority may admit such Contracts for dealings on the Exchange as are eligible under the SCRA, on the respective trading segments of the Exchange.

7.5 Restrictions On Trading

The Relevant Authority may, from time to time, impose such restrictions on trading in such Contracts, or on such Members, as provided in the Bye-Laws, Rules and Regulations relating to Contracts and trading on the Exchange.

7.6 Prohibition On Member from Trading

7.6.1 A Member shall not trade in his own name or through another Member in any Contracts, if the Exchange and/ or the SEBI prohibits him from entering into any such Contracts.

7.6.2 A Member, who has been de-activated or suspended by the Exchange, or any authorized representative or authorized user, who is not approved by the Exchange or whose approval has been rejected or refused or withdrawn or cancelled, shall not be allowed to trade on the Exchange either indefinitely or for such period as may be decided by the Relevant Authority concerned.

7.6.3. Pool Of TWS

To facilitate the Members of the Exchange to carry on trading, the Exchange may, at its discretion, provide a pool or pools of TWS at its premises or in other places as decided by the Exchange and such facility may be extended to the Members of the Exchange on such terms and conditions as may be decided by the Exchange, from time to time. The Members or their authorized representatives, with the prior written permission of the Exchange, may use the facility of any such pool to carry on trading in the Exchange.

7.6.4 Permission to Trade Through TWS

No person shall be permitted to trade through the TWS connected to the Exchange Trading System, unless such person complies with the requirements prescribed in the relevant Rules and Regulations or with such other requirements as the Relevant Authority may, from time to time, prescribe.

7.6.5 Trading with Good Decorum

A person allowed to trade on the Trading System of the Exchange shall be bound to observe the provisions contained in the Articles of Association, Bye- Laws, Rules and Regulations of the Exchange, and maintain proper decorum in his behavior. The Relevant Authority may, in its/his absolute discretion, refuse any person to trade on the Exchange Trading System and may, at any time, withdraw or terminate the right of trading of any such person for reasons to be recorded in writing.

7.6.6 Prices

Prices of the Contracts dealt in on the Trading System of the Exchange shall be recorded in the manner, as may be prescribed in the relevant Rules and Regulations of the Exchange from time to time. No prices shall be recorded for any transaction done on the Exchange, unless it is made in the regular course of trading on the approved Trading System of the Exchange.

7.7 Daily Official List

A daily official list of prices shall be issued by or under the authority of the Exchange. Such daily official list of prices may be published or provided in such media, as may be decided by the Exchange from time to time, or be made available on the official website of the Exchange.

7.8 Trading Facility

a. Transactions on the Trading System of the Exchange may be effected through order driven, quote driven (through market makers or jobbers) and/or such other system as the Exchange may provide for trading in specified commodities / securities and as specified in the relevant Regulations of the Exchange issued thereunder from time to time.

b. The Exchange may at its discretion provide the Trading System to its Members and their Authorized Persons and approved users.

c. No Member shall have any title, right or interest in the Trading System of the Exchange, its facilities, and software and the information provided on the Trading System of the Exchange, and no such claim shall lie against the Exchange at any time.

d. The permission to use the Trading System of the Exchange may be given to a Member, subject to compliance with such with such terms and conditions as the Exchange may prescribe from time to time, which may inter alia include, payment of such deposits and/or charges, as may be provided in the relevant Regulations issued thereunder from time to time.

7.9 Operational Parameters For Trading

The Relevant Authority may prescribe from time to time in the relevant Regulations, the operational parameters regarding transactions in Contracts traded on the Trading System of the Exchange. Such operational parameters may include:

i. determination of functional details of the TWS, including the system design, user infrastructure, user interface and system operation.
ii. determination of the procedure and norms for trading on any other approved Trading System of the Exchange.
iii. limits on trading and open positions mark to market losses, exposure, concentration and on the spread between bid and offer rates.
iv. fixation of units of trading and/or minimum and/or maximum quantity of Contracts or order which may be offered to be bought or sold or the limits on price fluctuations permitted in a day or period.
v. fixation of tick sizes and levels for providing alerts.
vi. determination of the types of trades permitted for a Member and for a Contract.
vii. specifications of different order books, types of orders, order conditions and other details related to orders and trades.
viii. maintenance of recording of transactions executed and the manner of reporting transactions in the prescribed forms to the Exchange and SEBI.
ix. other matters which may affect smooth operation of trading in Contracts permitted on the Exchange.

7.10 Hardware and Connectivity

The Member shall maintain all the required hardware for setting up of TWS and connectivity infrastructure such as VSAT/Lease Line/Internet or any other such mode of connectivity as main and backup connectivity as prescribed and permitted by the Exchange from time to time.

7.11 Loss Of Access to The Trading System

In the event of a failure or malfunctioning of a Member's TWS and/or loss of access to the Trading System, the Exchange may, at its discretion and without any guarantee, undertake on behalf of the Member, to close-out the outstanding transactions of the Member on a valid request received from such Member, subject to such terms and conditions as the Exchange may impose, from time to time.

7.12 Closing-Out– Exchange Member's Responsibility

The Member shall be fully accountable for the closing out of transactions effected by the Exchange on his behalf and shall indemnify the Exchange against any loss or cost arising out of or incidental to such close-out of transactions either directly or indirectly.

7.13 Contingency Pool Of TWS

To facilitate the Members of the Exchange to carry on trading in the event of a failure or malfunctioning of their TWS or loss of access to the Trading System, the Exchange may, at its discretion, provide a contingency pool of TWS at its premises or in other places as decided by the Exchange and such facility may be extended to the Members of the Exchange on such terms and conditions as may be decided by the Exchange from time to time. The affected Members may, with the prior written permission of the Exchange, use the facility of any such contingency pool to carry on trading.

Provided that no liability can be attached to the Exchange in case of failure of the system due to non-provision of Contingency Pool, even if it results into loss to the Members of the Exchange.

7.14 Without prejudice to anything contained in the provisions above, such failure or malfunctioning of his TWS or loss of access to the Trading System or any contingency pool of TWS shall not reduce, alter or affect the liability of a Member or the Clients in respect of any trades, already executed by or through such Member or his authorized representative or approved user.

7.15 Order Management

The conditions and procedures to be followed by a Member or his authorized representatives and approved users for entering, amending or cancelling orders on the Exchange Trading System shall be as specified in the relevant Regulations of the Exchange from time to time, which may, inter alia, specify details to be entered compulsorily from an approved TWS at the time of order entry, such as, Client code, type of order, symbol or Contract code, etc. Similar procedures and conditions shall be specified for trading on any other Trading System of the Exchange, and must be followed by a Member, his authorized representative or approved user.

7.16 The Member shall maintain in the relevant records the orders received from his Client or modifications thereof, as specified in the Business Rules and Regulations issued there under by the Exchange from time to time.

7.17 Trade Management

Trading shall be allowed on the Trading System of the Exchange in such Contracts as may be admitted to dealings on the Exchange and for such categories of Members of the Exchange, trade types, market types, settlement periods and for such trading hours as the Relevant Authority may specify from time to time or as may be provided in the Rules and Regulations and Circulars and Notices issued thereunder, from time to time issued thereunder, from time to time.

7.18 A Member shall be liable for all the trades executed on the Trading System of the Exchange, arising out of orders entered into the system by him. The Member shall be solely responsible for all the acts of commission and/or omission of authorized representatives or approved users, employees and other persons deployed by such Member, in relation to performance of obligations arising therefrom, connected therewith and incidental to such acts of commission and/or omission.

Provided, if the Member satisfies the Exchange that the action and/or the trade took place due to fraud or misrepresentation by any person other than himself, his authorized representative or approved user and/or an employee of the Member that the action and/or the trade did not originate from any of his approved TWS and/or from the TWS pools provided by the Exchange and used by the Member or his authorized representative or approved users to access the Trading System, the Relevant Authority may issue such directions as it considers just and reasonable and the same shall be final and binding on the Member. Such directions may include referring the matter to Arbitration, and/or annulment of trades so effected, after affording an opportunity of being heard to the Member(s).

7.19. Inviolability of Trade and Trade Annulment

7.19.1. All the dealings in securities on the Exchange made subject to the Bye Laws, Rules and Business Rules of the Exchange shall be in-violable and shall be cleared and settled in accordance with the Bye Laws, Rules and Business Rules of the Exchange. However, 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 willful misrepresentation in the trade.

7.19.2. Notwithstanding anything contained in clause above, the Exchange may, to protect the interest of investors in securities and for proper regulation of the securities market, suo motu 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, misrepresentation or market or price manipulation and the like.

7.19.3. Any annulment made pursuant to clauses above, shall be final and binding upon the parties to trade(s). In such an event, the trading Member shall be entitled to cancel the relevant Contracts with its constituents.

7.19.4. **Trade Annulment**

7.19.4.1 Trades executed on the Trading System approved by the Exchange are irrevocable and locked-in and shall be cleared and settled in accordance with the Bye- Laws, Rules and Regulations of the Exchange. The Exchange may however, by a notice, annul the trades on an application by the Member or his Clearing Member in that behalf, if the Relevant Authority is satisfied, after hearing the other Member(s) and Clearing Member(s) to the trades, that the trades are required to be annulled on account of fraud or willful misrepresentation or material mistake or entered in the system due to a malicious cyber activity in the trade.

7.19.4.2 Notwithstanding anything contained in Bye-Laws, Rules and Regulations issued thereunder, the Exchange may, to protect the interest of Clients and public and for proper regulation of the market, suo moto annul trades at any time, if the Relevant Authority is satisfied for reasons to be recorded in writing that there exists a sufficient cause which includes fraud, misrepresentation or market or price manipulation, or designing artificial or false market, trades with a design to recover monies or dues or to defraud or misuse the system or system failures & errors and the like.

7.19.4.3 Annulment as provided herein may be for the full quantity or part quantity of the trades.

7.19.4.4 Any annulment of the trades made pursuant to Bye-Laws, Rules and Regulations issued thereunder be final and binding upon the Members of the Exchange. In such an event, the related Contracts issued by the Members to their Clients shall ipso facto stand cancelled and the Clients shall be bound by such annulment without any right of recourse between the Clearing Members and constituent Members and Members of the Exchange and their Clients, as the case may be.

7.20 Order Validation

Orders on the Trading System approved by the Exchange shall be subject to such validation checks relating to quantity, price, value etc., as may be prescribed in the relevant Rules and Regulations of the Exchange

issued thereunder, from time to time. All the orders for purchase or sale of Contracts by a Member shall be required to be entered only through the Trading System approved by the Exchange.

7.21 Matching Rules

The Exchange may from time to time specify in its relevant Regulations the rule or principles to be applied for matching orders on the Trading System of the Exchange, which may vary for different order books. Unless specified, the orders shall be matched on price-time priority.

Where the Relevant Authority is of the opinion that it is in the interest of trade or public interest to do so, it may, at any time, make unavailable any particular order book or forms of matching, in the case of a specific Contract or a group of Contracts or for a Member or a class of Members of the Exchange or Members of the Exchange as a whole.

7.22 Transaction Where the Exchange to Act as a Legal Counter Party

If on an investigation by the Exchange, the Exchange concludes that either all the transactions or part thereof in any Contract are found to have been executed on the Trading System of the Exchange in a fraudulent manner and/ or are done as financial transactions or structured deals and/or with a design to defraud the Settlement Guarantee Fund, the Relevant Authority of the Exchange shall have absolute authority and discretion to withdraw itself as a legal counter party to any transaction.

Provided further that where the Relevant Authority decides to exercise its discretion to withdraw itself as a legal counter party to the transactions, either in full or in part, and /Or either from both sides or single side of the transaction, it shall afford an opportunity of being heard to all the parties affected or likely to be affected by such decision. The decision taken by the Relevant Authority thereafter shall come into force forthwith and shall be final and binding on all the parties concerned, including the Clients.

7.23 Specification Of Codes and Operational Parameters

The Relevant Authority may provide for an appropriate mechanism for specification, alteration and rescission of the unique codes for Contracts, Members, authorized representatives, approved users, participants and Clients, and operational parameters, for tick sizes, trading units, order types, order attributes, order matching logic, market view contents, participation norms for trading through the Trading System approved and adopted by the Exchange. The Relevant Authority may also provide for any other parameters deemed necessary in the relevant Regulations of the Exchange that may be in force from time to time.

7.24 Surveillance, Market Watch System, Investigation And Members Database

The Exchange may, at its discretion, decide to look after the functions relating to surveillance, investigation and any other market related activities, either by itself or by a separate entity through outsourcing or by a separate and distinct entity established by it, either jointly or in collaboration with any other institution**.**

7.25 The Exchange shall not be deemed to guarantee the financial obligations of a defaulting Clearing Member to other Members, who are doing clearing and settlement through him.

7.26 The Exchange shall not be deemed to guarantee the financial obligations of any Member of the Exchange to his/its Clients; and The Exchange shall not be deemed to guarantee the delivery, the title, genuineness, quality or validity of any goods or any documents passing through the Clearing Corporation of the Exchange.

The following provisions shall apply in respect of Contracts that are transacted in the Exchange and then cleared, settled and closed out by the Clearing Corporation in the manner specified by the Clearing Corporation:

7.26.1 Every Member of the Exchange shall be fully responsible for all his commitments to the

Exchange, his Clearing Member and Clients irrespective of whether one or more Clients with whom he has dealings have defaulted. Default of any one or more Clients shall not affect the rights of the Clearing Member. Default of any one or more Clients shall not affect the rights of other Clients with whom the Member has dealings but who are not in default;

7.26.2 The Exchange shall be responsible for its commitments to each Clearing Member whether the remaining Clearing Members with whom it has dealings have defaulted except under circumstances where improper trades not covered under the Settlement Guarantee Fund (SGF) are the cause for default. Default of any one or more Clearing Members shall not affect the rights of the remaining Clearing Members who are not in default. The Bye- Laws, Rules and Regulations shall be applied by the Relevant Authority in the determination of and in the fulfilling of such responsibility of the Exchange;

7.26.3 The Exchange shall not be responsible for the commitments of a defaulting Clearing Member to his/its constituent Members, with whom the Clearing Member has an agreement as per Bye-Laws;

7.26.4 No Clearing Member shall fail to effect clearance, settlement or payment of Margin in the manner specified by the Clearing Corporation or fail to pay damages to the Clearing Corporation or fail to effect delivery merely on the ground of default of others including his constituent Members of the Exchange and Clients; and

8. MARGINS

8.1 In respect of Contracts that are transacted on the Exchange, buyers and sellers shall post such amount as initial Margin and such other Margins, as may be specified by the Relevant Authority and / or Clearing Corporation from time to time.

8.2 The Relevant Authority may square off an open position of a constituent Member and or Clearing Member when the call for further Margin or any other payment due is not complied with by such constituent Member or Clearing Member.

8.3 Failure to pay mark to market settlement / obligation may lead to the Exchange Members being deactivated / suspended and declared as defaulters by the Exchange. The Relevant Authority may also take such other immediate measures including square off of outstanding open positions. The Exchange may also take disciplinary actions against the defaulting Members, as it may deem fit.

8.4 Margin deposits received by Clearing Members from their constituent Members and Clients in any form shall be accounted for and maintained separately in segregated accounts and shall be used solely for the benefit of the respective constituent Member's and Client's positions.

8.5 The Relevant Authority may square off the cleared open positions of a Clearing Member when the call for further Margin or any other payment due is not complied with by the Clearing Member as per the procedure laid down by the Exchange.

8.6 Members of the Exchange shall post and accept Margin deposits only in such form as may be permitted by the Relevant Authority.

8.7 The Margin account of Members shall be authorized by Clearing Members only for settling the dues to the Clearing Member upon marking-to- market or for fulfilling the obligations resulting from their open positions; and

8.8 Members shall furnish their Clients in writing such reports and at such intervals as may be specified by the Relevant Authority.

8.9 Every Clearing Member shall collect from constituent Members, with whom he has an agreement to provide clearing and settlement services as per Bye-Laws, all such Margins as specified by the Relevant Authority on the transactions executed by constituent Members for clearing and settlement.

8.10 The Exchange shall prescribe such additional or ad hoc Margins as may be considered necessary from time to time and authorise Clearing Corporation to collect the same from Members.

8.11 The Member depositing Margin, in the form of specified assets, shall always maintain the value thereof at not less than the Margin amount for the time being covered by them, by providing further specified assets to the satisfaction of the Exchange, which shall always determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

8.12 All Margin deposits shall be held by the Exchange / Clearing Corporation and or by the approved persons and /or by the approved Bank / Custodian solely for and on account of the Exchange without any right whatsoever on the part of the depositing Member or those in its right to call in question the exercise of such discretion.

8.13 A Member depositing Margin under the provisions of these Bye Laws and Regulations shall when required to do so sign a Letter of Declaration in respect of such matters and in such form or forms as the

Relevant Authority may prescribe from time to time.

9. DELIVERY

9.1 The Relevant Authority may specify in advance before commencement of a Contract various grades of a commodity that may be tendered and the discounts and premiums for such grades.

9.2 All Contracts outstanding at the end of the last trading day of the Contract month of the maturing Contract shall be closed-out by the Relevant Authority at the due date rate as fixed by the Relevant Authority.

9.3 Relevant Authority may prescribe penalty on sellers with outstanding positions who fail to issue delivery orders. In case of buyer default or seller default, the Exchange shall guarantee financial compensation to make good any monetary loss to non-defaulting party.

9.4 The buyer who fails to accept the delivery orders shall be required to pay the difference between the settlement price and the due date rate and in addition to the same, they shall be required to pay such penalty, as may be decided by the Exchange. In case of buyer default or seller default, the Exchange shall guarantee financial compensation to make good any monetary loss to non-defaulting party.

9.5 Failure to pay the dues and penalties relating to such closing out within the stipulated period shall cause the Member to be declared as defaulter, and render him liable for disciplinary action.

9.6 Every Delivery Order shall be tendered for the units of delivery specified for the commodity, or multiples thereof and the same shall be issued at the Delivery Order Rate fixed by the Relevant Authority on the day of tender. A seller who issues Delivery Order / delivery shall receive from or pay to the Clearing Corporation through the respective Clearing Member the difference between the Contract rate or the last settlement rate, as the case may be, and the Delivery Order Rate. A buyer who is assigned a Delivery Order / delivery shall receive from or pay to the Clearing Corporation through the respective Clearing Member the difference between the immediately preceding trading day's settlement price and the Delivery Order Rate in addition to the amount payable for the value of delivery.

9.7 A seller Member is entitled to offer delivery only at the delivery centers specified by the Exchange in advance for the respective commodity. Delivery can be tendered at such specified centers strictly as per the delivery procedure specified by the Exchange. Before tendering delivery, the seller is also required to obtain a certificate from a surveyor empaneled by the Exchange and such certificate shall be accompanied with the delivery order being tendered by him to the Clearing Corporation. The certificate issued by the surveyors or agencies including laboratories shall clearly specify the quality of the goods tendered and shall also confirm that such quality is tenderable as per the Contract specification of the Exchange. In case of non-compliance of any of these conditions, the delivery order / delivery is rejected ab initio.

9.8 Members of the Exchange and the Clients / constituents dealing through them shall strictly abide by the delivery procedure, methods of sampling, survey, transportation, storage, packing, weighing and final settlement procedures, as may be specified by the Relevant Authority from time to time. Any violation of such method will be dealt with by the Relevant Authority in the manner, as may be specified from time to time**.**

9.9 A seller of commodity shall deliver the quantity as per his net sale position in the expiring Contract during the period specified in the Rules and Regulations of the Exchange issued thereunder from time to time for the specified commodity, which should confirm to the quality specified by the Exchange in the Contract specification. In case of any failure to do so, such net sale position shall be closed out as per the Due date rate and the seller shall be required to pay the difference, as determined by the Clearing Corporation and penalty in addition thereto.

9.10 A buyer shall be required to lift delivery from the specified warehouse within the period prescribed by the Relevant Authority, as per the delivery order / delivery assigned to him. In case of his failure to do so, he shall be required to pay the warehouse charges, insurance charges and other expenses relating to

storage for the incremental period.

9.11 The Exchange may appoint a panel of surveyors or agencies including laboratories, for the purpose of quality and weighment /quality certification of commodities tendered through delivery orders / delivery.

9.12 In respect of Contracts for commodities the failure to give delivery of goods by the seller under the Delivery Order issued by him or the failure to take delivery of goods by the buyer under the Delivery Order assigned to him shall render such seller or buyer a defaulter and the Clearing Corporation shall forthwith square off all his outstanding positions in Contracts for all commodities / securities traded by him. The amount due from such defaulting seller or buyer, including the total financial loss, if any, in respect of all his outstanding Contracts squared off by the Clearing Corporation shall be recovered from his Clearing Member out of the defaulter's security deposits, Margins, receivables in the Contract for all commodities / securities, etc. standing to his credit. If after such adjustments, there is a shortfall, the said Clearing Member shall also be declared as a defaulter and shall be liable for such disciplinary action as the Relevant Authority may decide in the matter.

9.13 The Relevant Authority shall decide the inward and outward payment days in respect of Contracts, which are fulfilled by issue of delivery orders / delivery by the sellers.

9.14 The Relevant Authority shall have the power to extend the period of delivery or provide for a longer period of delivery in the Delivery Orders itself if in its opinion, such an extension of time has become necessary due to force majeure or labour strike or for any other reason as the Relevant Authority deems fit, the reasons for which shall be recorded and the Relevant Authority shall advise the Clearing Corporation of such exercise of power.

9.15 Both the Seller and the Buyer, for effecting the transaction and deliveries shall comply with the statutory requirements as applicable and in force from time to time.

9.16 Notwithstanding anything contained in Bye-Laws, the Exchange shall ensure good delivery.

10. SETTLEMENT GUARANTEE FUND

a. The Clearing Corporation shall establish and manage a "Core Settlement Guarantee Fund". "Core Settlement Guarantee Fund" means a fund established and maintained by Clearing Corporation to guarantee the settlement of trades executed on the platform of the Exchange in accordance with the framework laid down by SEBI.

b. The norms, procedures, terms and conditions governing the creation, maintenance and utilization of the Core Settlement Guarantee Fund shall be in accordance with the relevant provisions of the Bye-Laws of the Clearing Corporation.

i. **Contribution to and Deposits with Settlement Guarantee Fund**

The Exchange may contribute such amount to the Core Settlement Guarantee Fundas may be specified by the SEBI and/or as agreed between the Exchange and the Clearing Corporation.

1. The Exchange shall enter into suitable arrangement with the Clearing Corporation for the purpose of guaranteeing settlement of bonafide transactions executed on the platform of the Exchange by the Members of the regional stock Exchanges, provided the Exchange has entered into arrangements with such regional stock Exchanges and such payments from the Core Settlement Guarantee Fund is directed by SEBI.

2. The contribution made by the Exchange to the Core Settlement Guarantee Fund, shall be returned back to the Exchange in the following eventualities:
   a) Discontinuation of services of the Clearing Corporation.
   b) Discontinuation of a segment by the Exchange
   c) Discontinuation of activities as a stock Exchange
   d) Any other situations which according to the Exchange, renders the arrangement between the Exchange and the Clearing Corporation unviable.

11. INVESTOR PROTECTION FUND

11.1 The Exchange shall establish and maintain an Investor Protection Fund to be held in trust by Multi Commodity Exchange Investor Protection Fund Trust (Trust).

11.2 In case of declaration of a Member as a defaulter, the Exchange shall publish a notice in newspapers in the manner specified by SEBI from time to time. The notice shall contain such particulars, including the particulars regarding a defaulter Member, and documents to be submitted by investors for processing their claim, as may be determined by the Relevant Authority from time to time.

11.3 A claim for compensation in respect of a default shall be made in such form and manner as specified by SEBI/Exchange from time to time. Any claim which is not made within the stipulated period shall be barred unless the concerned Committee of the Exchange otherwise determines. The claims lodged by an investor will be processed in accordance with procedures as may be laid down by the Exchange.

11.4 The Exchange shall ensure that once a Member has been declared defaulter, the claim(s) shall be placed before the relevant Committee for sanction and ratification. The relevant Committee's advice with respect to legitimate claims shall be sent to the Trust for disbursement of the amount.

11.5 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 Member of the Exchange, and

b) 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.

c) to provide monetary relief to investor during the course of pendency of proceedings, as per guidelines/circulars issued by SEBI from time to time.

11.6 Composition of Fund

The monies/amounts to be contributed by any person/entity/Exchange to the Investor Protection Fund (Trust) shall be in accordance with the provision/direction issued by SEBI or any other Relevant Authority from time to time.

11.7 Management of the Fund

The Trustees shall have entire control over the management of the Fund. The Trustees shall meet at regular intervals as defined under Trust deed.

11.8 Threshold limit of claim

The amount to be paid to the investor from Investor Protection Fund as may be approved by the Trust from time to time. The Trust shall disburse the compensation to the claimants as and when claims have been crystallised against the defaulter and admitted for payment by the Trust based on the recommendations, if any, of the relevant Committee and such compensation shall not be more than the maximum amount fixed for a single claim.

In case the claim amount is more than the maximum compensation limit under Investor Protection Fund or the amount sanctioned and ratified by the relevant Committee is less than the claim amount then the investor will be at liberty to prefer for Arbitration outside the Exchange mechanism/any other legal forum outside the Exchange mechanism for claim of the balance amount.

11.9 All the Investments of IPF Trust shall be in accordance with the Guidelines/Circulars issued by SEBI/the

Exchange/Relevant Authority from time to time, Trust Deed and the Rules made thereunder.

11.10 The Trust shall have the power to utilise the funds in accordance with the Guidelines/Circulars issued by SEBI/the Exchange/Relevant Authority from time to time, Trust Deed and the Rules made thereunder.

11.11 Cost / Expenses of the Administration of the Fund

All costs, charges and expenses necessary for attainment objectives of the Trust and incidental to the management and administration of the Trust in accordance with the Circulars/Direction/Guidelines issued by SEBI or any other Relevant Authority from time to time shall be paid out of this Fund.

11.12 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 Member declared as Defaulter for the same.

11.13 Unutilized 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 treated as per the provision laid down for the same by the SEBI/any other Relevant Authority.

11.14 Discretionary Nature of Fund

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

11.15 The Exchange may arrange to provide administrative assistance to the Trust to facilitate the processing and settlement of investor claims.

11.16 Investor Service Fund

The Exchange shall set up, Monitor and Utilize the Investor Services Fund in accordance with the terms and conditions prescribed by SEBI/Exchange/Relevant Authority from time to time.

12. RIGHTS AND LIABILITIES OF MEMBERS AND CONSTITUENTS

12.1 Members Not Bound to Accept Instructions and Orders of Constituents/Clients

A Member may not accept instructions or orders of constituents for purchase or sale of Contracts or commodities where circumstances appear to justify such non-acceptance or rejection on reasonable grounds.

12.2 Constituent in Default

a) A Member shall not transact business directly or indirectly or execute an order for a constituent or trading Member who to his knowledge is in default to another Member unless such constituent shall have made a satisfactory arrangement with the Member who is his creditor

b) On the application of a creditor Member who refers or has referred to Arbitration its claim against the defaulting constituent as provided in these Bye Laws, Rules and Business Rules, the Relevant Authority or any other duly Authorized Person in that behalf shall issue orders against any 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 trades/ transactions entered into subject to and in accordance with the Bye Laws, Rules and Business Rules of the Exchange, which monies, commodities and securities shall be than deposited with the Exchange/ Clearing Corporation.

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.

12.3 Closing-Out of Constituent's Account

a) The Relevant Authority may close-out open positions of a constituent or transfer his open positions to another Member under such circumstances as may be specified by the Relevant Authority from time to time.

b) When closing-out the account of a constituent, a trading Member / Clearing Member may close-out in the open market and any expense incurred or any loss arising there from 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 / Clearing Member is acting as a principal or on account of another constituent.

12.4 If a Member fails to complete the performance of a Contract by delivery or payment in accordance with the provisions of these Bye Laws, Rules and Business Rules the constituent shall, after giving notice in writing to the trading Member / Clearing Member and Relevant Authority, close-out such Contract through any other trading Member / Clearing Member of the Exchange or make an application to the Relevant Authority 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/ Clearing Member to the constituent. If closing-out or transfer has not been 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 / Clearing Member shall forfeit all further right of recourse against each other.

12.5 No Lien on Constituent's Commodities

If a 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 commodities /goods or the value thereof subject to payment or deduction of the amount if any due by him to the defaulter.

13. INVESTOR SERVICE CENTRE AND ARBITRATION

13.1 Definitions

1. "Arbitrator" shall mean a sole Arbitrator or a panel of Arbitrators.

2. "Act" shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force.

13.2 Investor Service Centre (ISC)

The Exchange shall set up Investor Service Centres in such places as may be necessary or identified by the SEBI from time to time, for the benefit of public / investors. The ISCs shall render such services as may be decided by the Exchange / SEBI from time to time to the Investors/Clients. The ISCs shall also provide facilities for receiving/ recording investor/ Client complaints, register the complaints and provide counselling service to the Investors/Clients. The ISCs shall act as facilitation desks to assist investors/Clients engaged in dispute resolution process by obtaining documents/details from the Exchange wherever so required for making application.

13.3 Investor Grievance: An investor/Client may submit his complaint/dispute against any Member of the Exchange through SCORES (SEBI Complaints Redress System) or through SMARTODR Portal or through E-mail or in writing to the Exchange. In case the matter does not get resolved within timelines as prescribed from time to time, the same shall be escalated to next level / conciliation as per circulars issued by the SEBI from time to time for redressal of the complaint/dispute.

13.4 Threshold limit for interim relief paid out of IPF in Stock Exchanges *(applicable for Complaints / Arbitration / Appellate Matters received on/before August 15, 2023)*

In case, the order is in favour of Client and the Member opts for Arbitration wherein the claim value admissible to the Client is not more than Rs. 20 lakhs (Rs.Twenty lakhs), the following steps shall be undertaken by the Stock Exchange:

a. In case the GRC order is in favour of the Client, then 50% of the admissible claim value or Rs. 2.00 lakhs (Rs. Two lakhs), whichever is less, shall be released to the Client from IPF of the Stock Exchange.
b. In case the Arbitration Award is in favour of the Client and the Member opts for appellate Arbitration, then a positive difference of, 50% of the amount mentioned in the Arbitration Award or Rs. 3.00 lakhs (Rs. Three lakhs), whichever is less, and the amount already released to the Client at clause (a) above, shall be released to the Client from IPF of the Stock Exchange.
c. In case the appellate Arbitration Award is in favour of the Client and the Member opts for making an application under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the appellate Arbitration Award, then a positive difference of, 75% of the amount mentioned in the appellate Arbitration Award or Rs. 5.00 lakhs (Rs. Five Lakhs), whichever is less, and the amount already released to the Client at clause (a) and (b) above, shall be released to the Client from IPF of the Stock Exchange.
d. Total amount released to the Client through the facility of interim relief from IPF in terms of this Circular shall not exceed Rs. 10.00 lakhs (Ten lakhs) in a financial year.

13.5 The amount released to the investor/Client from IPF as per the admissible claim will be

replenished back to IPF from the deposit or collaterals or any other amounts, including the blocked amount of the Member available with the Exchange and the balance will be paid to the investor/Client in the following cases *(applicable for Complaints / Arbitration / Appellate Matters received on/before August 15, 2023)*:

a. The Member informs the Exchange, within 7 days from the date of signing of IGRP directions ascertaining the admissible claim amount, his intention to refer the matter to Arbitration and fails to refer the matter to Arbitration within the prescribed time limit i.e. three years.
b. The Member fails to inform the Exchange his intention to prefer an appeal before Appellate Arbitrators of the Exchange or court or intention to make a request u/s 33 of Arbitration and Conciliation Act, 1996 for rectification or correction of Award, against the Arbitral Award, within 7 days from the date of receipt of Award.
c. The Member informs the Exchange his intention to prefer an appeal before Appellate Arbitrators of the Exchange or court but fails to prefer the same within prescribed time limit (one month from date of receipt of Award in case of appellate Arbitration and three months from date of receipt of Award, in case of petition in court).For cases where request is made under Section 33 of Arbitration and Conciliation Act, 1996 for clarification or rectification of Award, the one month period in case of appeal and three months period in case of petition mentioned above will be from the date of receipt of the order passed by Arbitrator u/s 33 applications by the Member.
d. The matter is decided in favour of the investor/Client after conclusion of Arbitration or Appellate Arbitration, or court proceedings and the Member decides not to pursue the matter further.

13.6 Arbitration Subject to the Arbitration and Conciliation Act

The Arbitration proceedings as provided for by the provisions of these Byelaws and Regulations shall be subject to the provisions of the Act to the extent not provided for in these Byelaws or the Regulations.

The Regulatory Oversight Committee or such other Committee as prescribed by SEBI shall oversee the Arbitration Mechanism of the Exchange.

13.7 Reference to Arbitration

a. All claims, differences or disputes between the Members inter se and between Members and Constituents arising out of or in relation to dealings, Contracts and transactions made subject to the Bye- Laws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and Contracts have been entered into or not shall be submitted to Arbitration in accordance with the provisions of these Byelaws and Regulations that may be in force from time to time.

b. All claims, differences or disputes between the Members and Authorised Persons and between Authorised Persons and Constituents arising out of or in relation to dealings, Contracts and transactions made subject to the Byelaws, Rules and Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and Contracts have been entered into or not shall be submitted to Arbitration in accordance with the provisions of these Byelaws and Regulations that may be in force from time to time.

Provided however, in case of claims, differences and disputes to which Authorised Person is a party, the Member with whom such Authorised Person is associated shall be made a party to

the proceedings along with the Authorised Person. Explanation: For the purpose of these Byelaws, an Authorised Person will have the meaning assigned to the term in the Rules, Byelaws and Regulations of the Exchange.

c. The provisions of these Bye Laws shall become applicable to all claims, differences, disputes between the parties mentioned therein for all dealings, Contracts and transactions made subject to the Bye laws, Rules and Regulations of the Exchange provided such dealings, Contracts and transactions had been entered into between the parties mentioned therein prior or upto the date on which a Member was either declared a defaulter or expelled or has surrendered his Membership rights.

13.8 Provisions of these Byelaws and Regulations deemed to form part of all dealings, Contracts and transactions

In all dealings, Contracts and transactions, which are made or deemed to be made subject to the Byelaws, Rules and Regulations of the Exchange, the provisions relating to Arbitration as provided in the Rules, Byelaws and Regulations issued by the Exchange from time to time shall form and shall be deemed to form part of the dealings, Contracts and transactions and the parties shall be deemed to have entered into an Arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in Bye laws above shall be submitted to Arbitration as per the provisions of the Rules Byelaws and Regulations.

13.9 Jurisdiction

All parties to a reference to Arbitration under these Bye-laws and Business Rules and the persons claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of a competent court as provided in the Bye laws and Business Rules.

13.10 For the removal of doubts, it is clarified that the Exchange shall not be construed to be a party to the trades, Contracts and transactions referred to under these Bye-laws; and these Bye-laws shall not apply in case of claims, differences or disputes between the Exchange and a Member and no Arbitration shall lie between the Exchange and a Member.

13.11 Construction of References

For the purpose of the Arbitration and Conciliation Act, all claims, differences or disputes which are required to be submitted to Arbitration in accordance with the provisions of these Bye-Laws, Rules and Regulations, wherever the Arbitration and Conciliation Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorized the Relevant Authority to determine that issue.

13.12 Administrative Assistance

The parties shall be deemed to have arranged for administrative/ministerial assistance of the Relevant Authority in order to facilitate the conduct of the Arbitral Proceedings.

13.13 Members of the Exchange Liable for Transactions Executed on Trading System of Exchange

The provisions of these Bye-Laws shall become applicable to all claims, difference, disputes between the parties mentioned therein for all trades, Contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Exchange issued by the Exchange provided such trades, Contracts and transactions had been entered into between the parties mentioned therein up to and including the date on which the Member was either declared a defaulter or expelled or has surrendered his Exchange Membership.

13.14 Limitation Period for Reference to Arbitration

All claims, differences or disputes referred to in these Bye-Laws shall be submitted to Arbitration within the period as may be prescribed by SEBI from time to time.

13.15 Penalty on Failure to Submit to or Abide by Award in Arbitration

An Exchange Member, who fails or refuses to submit to or abide by or comply with any Award in Arbitration between Members of the Exchange or between an Exchange Member and a non-trading Member/Client, as may be provided in these Bye-Laws, Rules and Regulations shall be declared a defaulter or expelled by the Relevant Authority at its sole discretion, as is applicable.

13.16 Procedure for Appointment of Arbitrators

The procedure for appointment of a sole Arbitrator or panel of Arbitrators, in each case, by the Applicant and the Respondent, or the Exchange shall be as may be provided by the Exchange / SEBI from time to time.

13.17 Vacancy to the Office of the Arbitrator

At any time before the making of the Arbitral Award, if the office of the Arbitrator falls vacant for any reason whatsoever, including any vacancy due to the illness or death of the Arbitrator or termination of the mandate of the Arbitrator by the Relevant Authority for any other reason, the vacancy shall be filled in by the Relevant Authority by following the same procedure as specified by the Exchange for appointment of the Arbitrator.

13.18 Recorded Proceedings and Evidence

Unless otherwise agreed upon by the parties, any Arbitrator who has been appointed by the Relevant Authority to fill the vacancy of the office of the Arbitrator may rely on the proceedings and evidence recorded earlier or may conduct any hearing afresh for any hearing previously held.

13.19 Order or Ruling of Previous Arbitrator

An Order or ruling of the Arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated.

13.20 Disclosure By Persons Appointed as Arbitrators

Every person who is approached in connection with his possible appointment as an Arbitrator shall disclose to the relevant authority in writing any circumstances likely to give rise to justifiable doubts as to his independence and impartiality. If the person discloses any circumstances which in the opinion of the relevant authority are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be appointed as an Arbitrator.

An Arbitrator, from the time of his appointment and throughout the Arbitral Proceedings, shall, without delay, disclose to the Relevant Authority in writing any circumstances referred to in Byelaw above which have come to his knowledge after his appointment as an Arbitrator.

13.21 Termination of Mandate of the Arbitrator

The mandate of the GRC Member/ Arbitrator shall terminate if:

a) the Arbitrator withdraws from office for any reason; or

b) in the opinion of the Relevant Authority, the Arbitrator becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay including failure to make the Arbitral Award within the time period prescribed by the Relevant Authority. Such a decision of the Relevant Authority shall be final and binding on the parties; or

c) the mandate of the Arbitrator is terminated by the Relevant Authority upon receipt of written request for the termination of the mandate of the Arbitrator from both the parties to Arbitration; or

d) the Arbitrator discloses any circumstances referred to in these Bye-Laws which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality.

e) the Arbitral Proceedings are terminated as provided for herein.

13.22 Fees and Charges

The fees in Arbitration and the charges for submitting and regulating the proceedings of the reference shall be payable in advance and when there is failure, neglect or refusal on the part of a party or parties to pay accordingly the other party shall be responsible for making such payment in advance without prejudice however to his right if any to recover the same from such party or parties failing, neglecting or refusing to pay. It shall be a condition precedent to the hearing of any reference that the prescribed fees and charges shall have been paid in advance by the party or parties to the reference.

Provided that, in case of failure, neglect or refusal on the part of a Member who has been declared a defaulter against whom a reference to Arbitration has been filed, to pay the Arbitration fees, the Relevant Authority may take steps to make such payment and recover the same from the assets of defaulter Member. Provided further, that in case of failure, neglect or refusal on the part of a Member, against whom a reference to Arbitration has been filed, to pay the Arbitration fees, the Exchange shall debit the same from the security deposits/assets of the Member.

13.23 Appearance in Arbitral Proceedings by Counsel, Attorney or Advocate

In Arbitral Proceedings where both the parties are Members, the parties shall not be permitted to appear through counsel, attorney or advocate but where one of the parties is a Constituent/Client, and then such Constituent/Client shall be permitted to appear through counsel, attorney or advocate. If the Constituent/Client chooses to appear through counsel, attorney or advocate, then the Member shall be granted a similar privilege.

13.24 Set-off and Counter Claim

On a reference to Arbitration by one party, the other party or parties shall be entitled to claim a set-off or make a counter claim against the former party, provided such set–off or counter claim arises out of or relates to trades, Contracts and transactions made subject to the Bye-Laws, Rules and Regulations of the Exchange and subject to Arbitration as provided herein, and provided further such set-off or counter claim is presented, together with full particulars, at or before the first hearing of the reference but not afterwards unless specifically permitted by the Arbitral Tribunal.

13.25 Adjournment, if any, shall be granted by the Arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing

13.26 Interim Arbitral Award and Interim Measures

The Arbitrator is empowered to make an interim Arbitral Award and/or provide interim measures of protection. An Arbitrator may require a party to provide appropriate security in connection with an interim Award and/or measures.

13.27 Time for Completion of Arbitration

The Arbitrator(s) shall conclude the Arbitration reference within the time period as specified by SEBI from time to time by issuance of an Arbitral Award.

13.28 Arbitrator's Award

Every Award shall be made in writing and shall be signed by the Arbitrator(s). The Award shall state the reasons upon which it is based, unless-

(a) the parties have agreed that no reasons are to be given; or

(b) the Award is on terms agreed between the parties.

The Award shall state its date and the place of Arbitration, and the Award shall be deemed to have been made at that place.

13.29 Award to Classify Award Amount

Whether the Award is interim or otherwise, the Arbitral Tribunal shall clearly specify as to whether the amount awarded relate to a transaction executed on trading system of the Exchange, or to any order / instruction to buy or sell a Contract or to the money paid /deposited with the exchange member in respect of any order / instruction to buy or sell the Contract or for any reason other than those specified herein.

13.30 Award to Adjudge Interest

Where an Award is for the payment of money, the Arbitral Tribunal may adjudge in the Award the interest to be paid on the principal sum adjudged for any period prior to the institution of the Arbitration proceedings and may also adjudge the additional interest on such principal sum for the period from the date of the institution of the Arbitration proceedings to the date of the Award and also the interest on the aggregate sum so adjudged at such rate from the date of the Award to the date of payment. The rate of interest that may be stipulated in the Award shall be the Bank Rate simple interest from time to time, plus penal interest not exceeding 4% p.a.

13.31 Publication of Award

After the Award is made, a signed copy of the Award shall be delivered to each party.

13.32 Award Binding on Parties and Their Representatives

The parties to the reference shall in all matters abide by and forthwith carry into effect the Award of the Arbitral Tribunal which shall be final and binding on the parties and their respective representatives, notwithstanding the death of or legal disability occurring to any party before or after the making of the Award and such death or legal disability shall not operate as a revocation of the reference or Award or shall not affect the rights under the Award of the Awardee in any manner whatsoever. The Code of Conduct as specified by SEBI or the Exchange shall be applicable to Arbitrators.

13.33 Correction and Clarification on Award

d. Within such days, as may be specified in the Rules and Regulations of the Exchange, from the receipt of the Arbitral Award, any party to an Arbitration agreement, with notice to the other party, may request the Arbitral Tribunal to correct any computational error, any arithmetical error, any clerical or typographical error or any other error of a similar nature occurring in the Award.

A party, with notice to the other party, may request the Arbitral Tribunal to give

a clarification on any specific point or part of the Award.

e. If the Arbitrator(s) considers the request made under these Bye-Laws to be justified, it shall make the correction or give the interpretation in terms of the Act and the interpretation shall form part of the Award.

f. The Arbitrator(s) may on its own correct the errors of the type indicated in sub-clause (i) of the above Bye-Law within timelines as prescribed from time to time of making the Award. An intimation of such correction shall be given to the parties in case the correction is made after delivering an uncorrected copy of the Award to the parties and corrected copies of the Award shall be given to the parties.

g. A party, with notice to the other party, may request the Arbitral Tribunal within such number of days from the date of receipt of the Award as may be specified in the relevant Rules and Regulations of the Exchange in force, from time to time, to make an additional Award as to the claims presented in the Arbitral Proceedings, but omitted from the Arbitral Award.

13.34 If the Arbitral Tribunal finds the request made under above Bye-Law to be justified, it shall make the additional Arbitral Award within such number of days as may be specified in the relevant Rules and Regulations of the Exchange in force from time to time, from the date of receipt of such request.

13.35 Honoring of Arbitral Awards

The Exchange shall on receipt of an Arbitral Award /appellate Arbitral Award against an Exchange Member follow such procedure as may be prescribed by SEBI or as may be provided in the relevant Rules and Regulations of the Exchange in force, from time to time, with respect to honouring of the Award.

13.36 Implementation of Arbitral Award

Notwithstanding anything contained jn the Bye-laws, in cases where the Arbitral Award or appellate Arbitral Award is passed against a trading Member and/or its Authorised Person and in favour of a Constituent, the Exchange shall debit from the deposits or other monies of the trading Member lying with the Exchange, the amount of Award payable to the Awardee together with interest payable, if any, till the date of debit and keep aside the said amount in a separate account to be dealt with in such manner as mentioned in these Bye Laws.

Provided that, where the Award is for the delivery of securities, the Exchange may consider the closing price of such securities on the Exchange as on the date of the Award or such other date the Relevant Authority may specify to be reasonable, stating reasons for arriving at the value of such securities and Award amount.

13.37 Payment of Debited Amount to Constituents

Arbitral Award:- Where the Trading Member chooses not to prefer an appeal under these Bye-Law within the time permissible there under, the amount debited under these Bye-Laws shall be paid, to the Awardee, together with the interest if so directed in the Award.
Appellate Arbitral Award: - Where an appeal is preferred by the Trading Member under these Bye-Law and the appellate Arbitral Tribunal makes an appellate Arbitral Award against the Trading Member the Exchange shall pay the awarded amount to the Awardee from the amount debited under these Bye Laws subject to the following:-
a) where no application is made by the Trading Member under Section 34 of the Act to

challenge such Arbitral Award within the limitation period for making such application;

b) where an application to a court to set aside such appellate Arbitral Award under the Act, having been made, it has been refused by such Court;

c) where an application to a court to set aside such appellate Arbitral Award under Section 34 of the Act having been made, but where no stay has been granted by such Court within a period of three months from the date on which the party making that application had received the appellate Arbitral Award;

13.38 Appellate Arbitration

1. Any party aggrieved by an Arbitral Award made under these Bye-laws shall have a right of appeal, in terms of the following:
   (a) A party aggrieved by an Arbitral Award may appeal against such Award to the appellate panel of Arbitrators to be constituted by the Exchange within one month from the date of receipt of Arbitral Award.
   (b) Such constitution of appellate panel of Arbitrators shall be completed by the Exchange within the time prescribed by SEBI from time to time, from the date of receipt of the appeal with complete documents and applicable fees.

2. The Exchange shall thereupon constitute an appellate panel consisting of three Arbitrators who shall be different from the ones who passed the Arbitral Award appealed against.

   The appeal shall be disposed of by issuance of Appellate Arbitral Award within such time as may be prescribed by SEBI from time to time from the date of appointment of appellate panel of Arbitrators

   The Relevant Authority as prescribed by SEBI from time to time, may, on an application by either party or the Arbitrator(s) and for sufficient cause to be recorded in writing, extend the time for making of Arbitral Award as may be prescribed by SEBI from time to time.

3. Any party aggrieved by the Award/ Appellate Arbitral Award may file an application to the Court of competent jurisdiction to challenge the appellate Award in accordance with Section 34 of the Act.

13.39 Service by Hand Delivery When Complete

A notice or communication served by hand shall be deemed to have been received by the party on the production of a certificate to that effect signed by the person delivering the notice or communication and the same shall constitute due and proper service of notice.

13.40 Service by Post or Telegram When Complete

A notice or communication served by post or telegram shall be deemed to have been received by the party at the time when the same, in the ordinary course of post or telegram, has been delivered. Production of a letter of confirmation from the post office or of the post office receipt for the registered letter or telegram or of a certificate of posting shall in all cases be conclusive proof of the posting or dispatch of such notice or communication and shall constitute due and proper service of notice.

13.41 Service by Advertisement or by Notice on Notice Board When Complete

A notice or communication published in a newspaper or posted on the notice board of the Exchange or displayed on the Trading System of the Exchange or on the Website of the Exchange shall be deemed to have been served on the party on the day on which it is published or posted or so displayed.

13.42 Refusal to Accept Delivery Does Not Affect Service

Any refusal to take delivery of the notice or communication shall, in no case affect the validity of its service.

13.43 Indemnity

No party shall bring or prosecute any suit or proceedings whatever against the Exchange, the Relevant Authority, or any employee or employees of the Exchange acting under his authority or against the Arbitrators for or in respect of any matter or thing done or purported to have been done under these Bye-Laws and Regulations nor any suit or proceedings (save for the enforcement of the Award) against the other party or parties to the reference**.**

13.44 Secretarial Duties

The Exchange shall render secretarial assistance including the following -

a. maintain a register of references in physical or electronic mode
b. Register of references rejected in physical or electronic mode.
c. Receive all applications for Arbitration, references and communications addressed by the parties before or during the course of Arbitration or otherwise in relation thereto;
d. receive payment of all costs, charges, fees and other expenses;
e. give notices of hearing and all other notices to be given to the parties before or during the course of the Arbitration or otherwise in relation thereto
f. communicate to parties all orders and directions of the Arbitrator.
g. receive and record all documents and papers relating to the reference and keep in custody all such documents and papers except such as the parties are allowed to retain; for such period as may be specified by the Relevant Authority from time to time.
h. publish the Award on behalf of the Arbitrator.
i. to enter the Award and any changes therein in the register of references
j. generally do all such things and take all such steps as may be necessary to assist the Arbitrator in the execution of their functions
k. to maintain a register of Appeals and make necessary entries therein in physical or electronic mode.

14. SAVING CLAUSE

a. Nothing contained in the Rules, Bye-laws and Regulations (New Rules, Bye-laws and Regulations) shall affect the Rules, Bye-laws and Regulations (Old Rules, Bye-laws and Regulations) which were in force and operation prior to New Rules, Bye-laws and Regulations came into force in relation to any deals and/or Contracts, rights and obligations accrued and arisen, action/s, decision/s, disciplinary proceedings initiated, pending, decided or any proceedings pending and/or decided etc. thereunder and all such matters shall continue to be governed under the Old Rules, Bye-laws and Regulations.

b. All dealings and/or Contract entered into and/or executed after New Rules, Bye-laws and Regulations come into force and all matters including rights, duties, obligations, actions proceedings arising pursuant thereto shall be subject to and be governed in accordance with New Rules, Bye-laws and Regulations of the Exchange and circulars/directions issued by Exchange/Relevant Authority from time to time.

c. **Power To Provide Clarification**

In case of any difficulty in implementing the provisions of Old Rules, Bye-laws and Regulations or New Rules, Bye-laws and Regulations or in case of a conflict between Old Rules, Bye-laws Regulations and New Rules, Bye-laws and Regulations, the Exchange has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.

d. **Reference to provisions of Old Rules, Bye-laws and Regulation**

On New Rules, Bye-laws and Regulations coming into force, any reference to the provisions of old Rules, Bye-laws and Regulations may be construed to refer to the corresponding provision as provided in the New Rules, Bye-laws and Regulations unless the context requires otherwise.