

# The Stock Exchange Rules, 1950

[ *DRAFT RULES* ]

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Printed by Faredun R. Mehta, at the "SANJ VARTAMAN" Press,  
Peraj Building, British Hotel Lane, Apollo Street, Fort, Bombay,

and

Published under authority by P. J. Jeejeebhoy, Secretary,  
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THE STOCK EXCHANGE RULES,  
1950

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TITLE

1. This association hitherto called "The Native Share Title and Stock Brokers' Association" shall be also known under the name and style of "The Stock Exchange".

*New*

## RULES

357	Short Title of the Rules	2 (a) These rules shall be called "The Stock Exchange Rules, 1950."
	Operation	(b) These rules shall come into force on the day of _____, 1950.
new	Meaning	3 (a) In these rules unless there is something repugnant in the subject or context or inconsistent therewith the terms specified in sub-rules (b) to (m) shall be construed as indicated therein.
	Bargains, Contracts, Dealings and Transactions	(b) The terms "bargains", "contracts", "dealings" and "transactions" have one and the same meaning. (c) The term—
	Buyer	(i) "buyer" means a constituent who buys shares and securities through or from a member and includes a member when he is buying not on behalf of a constituent but on his own account as a principal;
	Seller	(ii) "seller" means a constituent who sells shares and securities through or to a member and includes a member when he is selling not on behalf of a constituent but on his own account as a principal.
	Buying and Selling Member	(d) The terms— (i) "buying member" and "selling member" mean the immediate contracting parties;
	Receiving and Delivering Member	(ii) "receiving member" and "delivering member" mean the members who respectively receive and give delivery of shares and securities. In the case of Cleared Shares and Cleared Securities the "receiving member" and the "delivering member" shall be the ultimate members receiving and delivering shares and securities through or as directed by the Clearing House. In the case of Non-Cleared Shares and Non-Cleared Securities

the "receiving member" and the "delivering member" shall be identical to the "buying member" and the "selling member" who are the immediate contracting parties.

(e) The term "Clearing Forms" includes Clearance Lists, **Clearing Forms** Delivery and Receive Orders, Statement Sheets, Balance Sheets, Claim Notes, Vouchers and other forms and documents used for Clearing House and other purposes as contained in Appendix Z.

(f) The term "Clearing Member Banks" includes **Clearing Member Banks** Banks, Trust Companies and other firms approved by the Governing Board for the purpose of giving and taking delivery of shares and securities and receiving and making payment through or as directed by the Clearing House on behalf of members and their constituents as referred to in rule 370.

(g) The term—

(i) "Cleared Shares" means shares bargains in which **Cleared Shares** are cleared and settled through the Clearing House as referred to in rule 323;

(ii) "Making-up Shares" means Cleared Shares **Making-up Shares** bargains in which are settled by the Process of Making-up Prices as referred to in rule 327;

(iii) "Slip Shares" means Cleared Shares bargains **Slip Shares** in which are settled by the Process of Slips as referred to in rule 327;

(iv) "Non-Cleared Shares" means shares bargains **Non-Cleared Shares** in which are settled outside the Clearing House by hand-delivery as referred to in rule 323.

(h) The term—

(i) "Cleared Securities" means securities bargains **Cleared Securities** in which are cleared and settled through the Clearing House as referred to in rule 323;

(ii) "Non-Cleared Securities" means securities **Non-Cleared Securities** bargains in which are settled outside the

Clearing House by hand-delivery as referred to in rule 323.

**Exchange**

(i) The term "Exchange" when used with reference to the administration of any rule means either the Governing Board or the President or a committee or the Secretary or any employee of the Exchange authorised to administer such rule.

(j) The term—

**Member**

(i) "member" includes a firm or partnership firm ;

**Member Carrying on business on the Exchange**

(ii) "member carrying on business on the exchange" includes a "put-through member" and a "representative member" as referred to in rule 169 ;

**Put-through Member**

(iii) "put-through member" means a member who puts all transactions through other member or members and does not enter into bargains on the floor of the Exchange in his own name as referred to in rule 173 ;

**Representative Member**

(iii) "representative member" means a member who works with another member and enters into bargains on the floor of the Exchange not in his own name but in the name of such other member as referred to in rule 172.

**Notice Board**

(k) The term "notice board" means the notice board of the Exchange.

**Prescribed Bank**

(l) The term "prescribed Bank" means a bank specified by the Governing Board with whom members maintain an account for the purpose of clearing operations as referred to in rule 372.

**Securities**

(m) The term "securities" includes securities, stocks and loans issued by the Government of India, States, Port Trusts, Municipalities and other public bodies, bearer shares and bearer debentures issued by joint stock companies and other instruments of a like nature governed by the Negotiable

Instruments Act, 1881, accompanied where necessary by the documents relating to and the instruments necessary for effecting and registering transfers in such securities.

(n) The term "shares" includes shares, stocks, **Shares** registered debentures and any rights, privileges, benefits or options to subscribe to or any other instruments issued by joint stock companies and other corporations accompanied where necessary by the documents relating to and the instruments necessary for effecting and registering transfers in such shares.

## CONSTITUTION AND OBJECTS

### Constitution

1(a)

4 (a) The Exchange shall be constituted of those persons who are and shall hereafter be duly admitted as members of the Exchange according to the rules for the time being in force and all such persons whether admitted as members of the Exchange before or after these rules come into force shall be deemed bound by the rules of the Exchange which are or shall hereafter be for the time being in force.

### Membership

1(b)

(b) The membership of the Exchange shall consist of such number of members as the Exchange in general meeting may from time to time determine.

### Objects

#### The Interests of Brokers, Dealers and the Public

2(a)

5 The Exchange is established—

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

### Buildings

2(b)

(ii) to erect, construct, extend and maintain in Bombay a suitable building to be used as a Brokers' Hall and for such other purposes of the Exchange as may be determined upon, such building to be for ever called "The Sir Dinshaw Petit Brokers' Exchange Hall", and to erect, construct and maintain such other building or buildings as may be considered necessary or desirable either for the purposes of the Exchange or for the use

of its members or for any other purpose and to alter, add to or remove any such building or buildings;

- |                 |  |  |              |
|-----------------|--|--|--------------|
| (iii)           | to acquire by purchase, taking on lease, or otherwise, any property movable or immovable and any rights or privileges necessary or convenient for the purpose of the Exchange and in particular any land, buildings, easements or safe deposit vaults; | <b>Acquisition of Property</b>             | 2(d)<br>2(e) |
| 2(d)            |  |  |              |
| (iv)            | to use the safe deposit vaults for purpose <sup>s</sup> of storage, gratuitously or otherwise letting on hire and otherwise disposing of safes, strong rooms and other receptacles for money, shares, securities and documents of all kinds;           | <b>Safe Deposit Vaults</b>                 | New          |
| <del>2(d)</del> |  |  |              |
| (v)             | to insure, manage, develop, sell, exchange, lease, or let under lease, sublet, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property of the Exchange;   | <b>Management and Disposal of Property</b> | 2(g)         |
| (vi)            | to borrow or raise any monies required for the purposes of the Exchange upon such terms and in such manner and with or without security as may be determined;  | <b>Borrowing of Monies</b>                 | 2(e)         |
| (vii)           | to invest or advance the monies of the Exchange not immediately required in or upon such security or without any security and at or without interest and in such other investments as may from time to time be determined upon;                        | <b>Investments</b>                         | 2(f)         |
| (viii)          | to make payments or disbursements out of the funds or other movable property of the Exchange for any of the purposes specified in these rules;   | <b>Payments and disbursements</b>          | 2(h)         |
| (ix)            | to subscribe or guarantee money for charitable or benevolent objects or for any public, general or useful object;  | <b>Subscriptions</b>                       | new          |
| (x)             | to establish and support or assist in the establishment and support of any Exchange funds, trusts and conveniences calculated  | <b>Funds and Trusts</b>                    | new          |



*new* **Clearing House and  
Banking and Stock  
Clearing Corporation**

to benefit members or ex-members or employees or ex-employees of the Exchange ~~or of members or ex-members~~ or the dependants or connections of any such persons and to grant pensions, gratuities and allowances and to make payment towards insurance, benefit and such other schemes;

(xi) to establish and maintain or to arrange or appoint agents to establish and maintain a Clearing House for the purpose of the trade, or a Bank or a Stock Holding and Clearing Corporation and to control and regulate the use and administration thereof;

*new* **Licenses and  
Privileges**

(xii) to enter into any arrangements with Government which may seem desirable and to obtain from Government any powers, rights, licences, privileges or concessions which it may be deemed fit and desirable to obtain;

*new* **Information and  
Publications**

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

*new* **Membership of  
other Bodies**

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

2 (i) **Incidental Powers**

(xv) to do all such other things as are incidental or conducive to the attainment of the above-objects or any of them.

## MEMBERSHIP AND NOMINATION

6 (a) The membership shall constitute a personal permission from the Exchange to exercise the rights and privileges attached thereto and except as provided in these rules shall not be transferable by the member or under legal proceedings against a member.

Membership a  
Personal Privilege

new  
(35)

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

Right of  
Membership  
Inalienable

35

(c) The right of membership shall be subject to the constitution and rules of the Exchange and may be forfeited, dealt with and disposed of by the Governing Board as provided in these rules.

Membership  
Subject to Rules

new  
(35)

7 (a) No member and no partner of any member shall engage himself as principal or employee in any business other than that of shares and securities and a member adjudged guilty of violating this rule shall be expelled by the Governing Board.

Stock Exchange  
Business only

7(a)

(b) Notwithstanding anything contained in sub-rule (a) a member may engage himself as principal or employee in the business of a general financial, insurance, bullion or exchange broker not involving personal liability and if a member ceases to carry on business on the Exchange the Governing Board may for reasons to be recorded in writing permit him to engage himself as principal or employee in any other business.

Other Business

(c) Nothing contained in sub-rule (a) shall apply to any person who has been admitted as a member of the Exchange prior to the 1st of March 1926.

Exception

7(c)

**Membership of  
Other Association**

8 (a) No member admitted on or after the 1st of March 1926 and no partner, agent or employee of a member shall become associated with or be a member of or subscriber to or shareholder or debentureholder in any other organisation, institution, association, company or corporation in India where dealings in shares and securities are carried on nor shall he be connected through a partner, agent or employee with such organisation, institution, association, company or corporation.

7(c)  
+25

**Membership of  
other Associations  
within Fifty Miles  
of Bombay**

(b) No member whether admitted before or after the 1st of March 1926 shall have any transactions either as broker or as principal with any member of any organisation, institution, association, company or corporation of the nature referred to in sub-rule (a) which is situated within a distance of fifty miles of the city of Bombay nor with any partner, agent or employee thereof.

172(a)

**Business Outside  
Business Hours or  
Outside the Floor of  
the Exchange**

(c) For the purpose of sub-rule (a) and (b) three or more members of the Exchange or their partners, agents or employees making any bid or offer or entering into any bargain, contract or transaction in shares and securities during business hours at any place other than the floor of the Exchange or before or after business hours or during holidays shall be deemed to be members of an association other than the Exchange.

Exp-25

**Companies Dealing  
in Shares**

(d) No member and no partner, agent or employee of a member shall be a director, agent or employee of a company whose principal business is that of dealing in shares and securities nor shall he allow his name to appear in whole or in part as a portion of the name of such company.

new

**Expulsion**

(e) A member adjudged guilty of violating the provisions of sub-rules (a) to (d) shall be expelled by the Governing Board.

25

**Right of  
Nomination**

9 (a) Subject to the provisions of these rules a member shall have the right of nomination which shall be personal and non-transferable.

36(a)

**Right of  
Nomination not to  
be Exercised by  
Former Member**

(b) The right of nomination shall not be exercised by a former member who has been expelled or who has ceased to be a member under any rule for the time being in force.

36(b)

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

Right of  
Nomination of  
Deceased or  
Defaulting Member

36(c)  
36(d)

(d) Unless otherwise provided in these rules when a right of membership is forfeited to or vests in the Exchange under any rule for the time being in force it shall belong absolutely to the Exchange free of all rights, claims or interest of such member or any person claiming through such member and the Governing Board shall be entitled to deal with or dispose of such right of membership as it may think fit.

Forfeited or  
Lapsed Right of  
Membership

38

10 (a) A member of not less than seven years' standing who desires to resign may nominate a person eligible under these rules for admission to membership of the Exchange as a candidate for admission in his place:

Nomination by  
Member

41(c)

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

11(c)

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

Nomination in  
case of Deceased  
Member

12(a)  
12(b)

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

Nomination in  
case of Defaulter

36(d)  
36(e)

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

Fresh Nomination

36(f)

**Form of  
Nomination**

10 (b)

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

**Notice of  
Nomination**

13 (a)

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

**Dues and Claims**

36 (a) (i)

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

**Dues of Exchange**

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

**Liabilities relating  
to Contracts**

(ii) such debts, liabilities, obligations and claims arising from contracts made by such member subject to these rules as shall have been admitted by the Governing Board.

**Allocation in  
Order of Priority**

38

15 When as provided in these rules the Governing Board has exercised the right of nomination in respect of a membership vesting in the Exchange the consideration received therefor shall be applied to the following purposes and in the following order of priority—

**Dues of Exchange**

(i) first—the payment of such subscriptions, debts, fines, fees, charges and other monies as shall have been determined by the Governing Board to be due to the Exchange or the Clearing House by the former member whose right of membership vests in the Exchange;

- (ii) second—the payment of such debts, liabilities, obligations and claims arising from contracts made by such former member subject to these rules as shall have been admitted by the Governing Board: provided that if the amount available be insufficient to pay and satisfy all such debts, liabilities, obligations and claims in full they shall be paid and satisfied *pro rata*; and **Liabilities relating to Contracts**
- (iii) third—the payment of the surplus if any to such former member if his right of membership has been forfeited to the Exchange solely on account of his failure to pay the dues enumerated in (i) above and in any other case to the funds of the Exchange: provided that when the surplus is to be paid to the funds of the Exchange the Exchange in general meeting may at its absolute discretion direct that such surplus be disposed of or applied in such other manner as it may deem fit. **Surplus**

## ELECTION OF NEW MEMBER

- 3 (a) **Eligibility** 16 No person shall be eligible for membership of the Exchange if—
- Nationality** (i) he be not an Indian subject;
- 4 **Age** (ii) he be less than eighteen years of age;
- 5 **Bankruptcy** (iii) he has been a bankrupt or if a receiving order in bankruptcy has been made against him or if he has been proved to be insolvent even though he shall have obtained his final discharge from an Insolvency Court;
- 6 **Composition with Creditors** (iv) he has compounded with his creditors unless he shall have paid sixteen annas in the Rupee;
- 7 (a) **Other Business** (v) he be engaged as principal or employee in any business other than that of shares and securities, or of a general financial, insurance, bullion or exchange broker not involving any personal liability, unless he shall undertake on admission to membership to sever his connection with such business;
- 7 (c) **Connections with Other Associations** (vi) he be associated with or a member of or subscriber to or shareholder or debentureholder in or directly or indirectly connected through a partner, agent or employee with any other organisation, institution, association, company or corporation in India where dealings in shares and securities are carried on or if he be a director, partner, agent or employee of a company whose principal business is that of dealing in shares and securities unless he shall undertake on admission to membership to sever all such association and connection;

- (vii) he has been previously refused admission to membership unless two or more years have elapsed since the date of such rejection. **Previous Rejection:** 17
- 17 A partnership firm or company as such shall not be eligible for membership of the Exchange. **Firms and Companies Ineligible** new
- 18 A Candidate for admission except a candidate applying for a membership vesting in the Exchange must obtain a nomination in the manner provided in these rules. **Nomination** 10 (a)
- 19 A candidate for admission must be recommended by two members none of whom should be a Member of the Governing Board. **Candidate to be Recommended** 8 (a)
- 20 An application for admission shall be in the form prescribed in Appendix A to these rules or in such other form as the Governing Board may from time to time prescribe and shall be signed by the candidate and his recommenders. **Form of Application** 9
- 21 A notice of each application for admission with the names of the recommenders shall be posted on the notice board for not less than fifteen days previous to the date of election. **Notice** 13 (a)
- 22 A member intending to object to the admission of a candidate shall communicate the ground of his objections to the Governing Board by letter within fourteen days of the posting of the notice of the application for admission. Any such communication shall be deemed privileged and confidential. **Objections** 13 (u)
- 23 It shall be deemed to be incumbent on any member who may know or who shall have received credible information of any fact or circumstance relating to such candidate or relating to his conduct or character which may render such candidate disqualified or unfit to be a member to report to the Governing Board accordingly. Any such report shall be deemed privileged and confidential. **Member's Duty to Report** new
- 24 After the expiry of the period prescribed for communicating objections to an application for admission the application together with all objections and reports relating to such application which may have been received shall be placed before the Governing Board. **Consideration Application** 14



15

**Inquiry**

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

16

**Election by Ballot**

26 The election of all new members shall be by ballot and a candidate shall be deemed duly elected if approved by a majority of not less than three-fourths of the Members present at a meeting of the Governing Board at which not less than one-half of all the Members of the Governing Board are present.

new

**Conditional Election**

27 The Governing Board in admitting a candidate to membership may make such admission subject to the condition that for such period not exceeding one year as it may determine the new member shall not enter into bargains on the floor of the Exchange in his own name.

17

**No Reason for Rejection of Candidate**

28 The Governing Board may in its absolute discretion decline to assign any reason for the rejection of an application for admission to membership.

23

**Admission under Misrepresentation**

29 The Governing Board shall expel a candidate admitted to membership if in its opinion he has in or at the time of his application for admission to membership or during the course of the inquiry made by the Governing Board preceding his admission—

- (i) made any wilful misrepresentation; or
- (ii) suppressed any material information required of him as to his character and antecedents; or
- (iii) has directly or indirectly given false particulars or information or made a false declaration.

18

**Intimation of Election**

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

T9(a)  
2.0

**Admission Fee**

31 A newly elected member shall immediately on receipt of intimation of his election pay such admission fee as may be

determined from time to time by the Exchange in general meeting which fee shall become the property of the Exchange:

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

32 A newly elected member (whether nominated for admission or not) shall on election pay such entrance fee as may be from time to time determined by the Exchange in general meeting.

Entrance Fee

New

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

Payment of Admission and Entrance Fee and Annual Subscription

19(9)

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

Certificate of Admission to Membership

19(4)

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

Notice of Admission

19(4)

## MEMBERSHIP DEPOSIT

8(c)

### Provision as to Deposit

35 (a) All members admitted on or after the 28th of June 1938 who are carrying on business on the Exchange excluding representative members but including those who are working in partnership and as put-through members shall when so directed by the Governing Board deposit a sum Rs.20,000 in cash or an approved Bank Deposit Receipt of that amount or Rs. 25,000 in approved shares (other than those having uncalled liability) and securities. However the son of a member shall not be required to make such deposit during the period he continues to be a partner with his father.

8(d)

### Deposits in the name of Bank

(b) Deposits of cash shall be lodged in an approved Bank and the shares and securities deposited shall also be transferred to the name of and lodged with an approved Bank. Such deposit shall be entirely at the risk of the depositing member but it shall be held by the Bank solely for and on account of the Exchange at the absolute discretion of the Exchange without any right whatever on the part of such member or those in his right to call in question the exercise of such discretion.

new

### Interest or Dividend on Deposit

(c) Any interest or dividend arising from the moneys or shares or securities deposited as provided in sub-rules (a) and (b) shall be paid over by the Bank to the member depositing them as and when received.

8(e)

### Letter of Declaration

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

8(f)

### Value of Deposit to be Maintained

37 The member providing deposit in the form of shares and securities shall always maintain the value thereof at not less than the sum of Rs. 25,000 by providing further cash or shares and securities to the satisfaction of the Governing Board which shall always determine the said value and whose valuation shall conclusively fix the amount of any deficiency to be from time to time made up.

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

**Suspension on  
Failure to  
Maintain Deposit**

8 (A)

39. A member may withdraw any cash, shares and securities provided by him after first depositing cash or other approved shares and securities as the case may be of sufficient value in lieu thereof.

**Change of  
Deposit**

8 (A)

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

**Conditions of  
other Deposit**

8 (A)

41. The deposit provided by a member shall be subject to lien for any sum due to the Exchange or the Clearing House by him or by the partnership of which he may be a member and for the due fulfilment of his engagements, obligations and liabilities or of the partnership of which he may be a member arising out of any dealings, transactions and contracts made subject to the rules of the Exchange or incidental thereto or anything done in pursuance thereof.

**Lien on Deposit**

8 (A)

42. On the termination of his membership or on his ceasing to carry on business on the Exchange or on his working as a representative member or on his death all deposit not applied under these rules shall at the cost of the member be repaid and retransferred either to him or as he shall direct or in the absence of such direction to his legal representatives.

**Return of Deposit**

8 (A)

## READMISSION TO MEMBERSHIP

- 135 (a) **Lapse of Membership Right** 43 A member's right of membership shall lapse to and vest in the Exchange immediately he is declared a defaulter.
- 135 (b) (2) **Nomination for Defaulter when Necessary** 44 A defaulter shall not be required to obtain a nomination before his readmission. But a defaulter in whose case the Governing Board has exercised the right of nomination shall not be readmitted unless he shall have secured a nomination on or before readmission.
- 142 **Notice to be Posted** 45 A notice of every application by a defaulter for readmission shall be posted on the notice board for at least fifteen days previous to his readmission.
- 143 **Objections to Readmission** 46 Any member intending to object to the readmission of the defaulter shall communicate the grounds of his objection to the Governing Board by a letter within fourteen days of the date of the posting of the notice of the application for readmission. All such objections shall be deemed privileged and confidential.
- 139 (a) **Re-admission of Defaulters** 47 (a) Upon an application for readmission by a defaulter the Defaulters' Committee shall investigate his conduct and accounts and no further proceedings shall be taken by the Governing Board with regard to his readmission until the report of the Defaulters' Committee shall have been submitted together with a statement as to the defaulter's estate signed by himself.
- 139 (a) **Investigation** (b) The attention of the Defaulters' Committee shall be directed—
- (i) to ascertain the total amount of the defaulter's business assets and balances at his bankers during the previous three months and the highest volume of purchases and sales separately on any day during the same period and the proportion of the total purchases and sales on his own account and on account of his constituents during that period;

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

(iii) to ascertain the conduct of the defaulter preceding and subsequent to his failure.

48 A defaulter shall not be eligible for readmission unless he has made a *bona fide* money payment of not less than six annas in the rupee of the amount of loss he has incurred and when his default is due to insolvency he shall not be eligible for readmission unless he has paid sixteen annas in the Rupee to the creditor members.

**Conditions of Eligibility for Readmission**

141

49 The Governing Board may subject to such conditions as it deems fit readmit only such defaulter who in its opinion—

**Who may be Re-admitted**

140(a)

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

(ii) has not been guilty of bad faith or breach of these rules;

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

(iv) has been irreproachable in his general conduct.

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

**Defaulter When not to be Readmitted**

140(d)

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

**Readmitted Defaulter Ineligible for Appointment as Office Bearer**

75

52 A member who has been declared a defaulter in accordance with the provisions of these rules shall at once cease to be a member of the Exchange and as such cease to enjoy any of the rights and privileges of membership but the rights of his creditor members against him shall remain unimpaired.

**Default**

120(a)

146

**Business with  
Defaulter  
Forbidden**

53 A member shall not share brokerage with or carry on business for or with or make any bargain on behalf of a defaulter before his re-admission to the Exchange provided that a member may with the sanction of the Governing Board share brokerage with or carry on business for a person who has been declared a defaulter on his being adjudicated an insolvent.

145

**Defaulter as Clerk**

54 A member may apply for the admission of a defaulter as his clerk in the Settling Room but no such clerk shall be allowed to enter the market to effect bargains as an authorised clerk.

## DEATH OR RESIGNATION OF MEMBER

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

Notice of  
Resignation

22

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

Objection

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

Acceptance or  
Refusal of  
Resignation

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

Intimation of  
Death of Member

MAU

57 When a member dies all subscriptions, debts, fines, fees, charges and other monies as shall have been determined by the Governing Board to be due by him to the Exchange or the Clearing House and all debts, liabilities, obligations and claims arising from contracts made by him subject to these rules as shall have been admitted by the Governing Board shall be paid and satisfied in full before his legal representatives or heirs or the persons mentioned in Appendix C are allowed to exercise the right of nomination.

Claims against  
Deceased Member

36 (g)

58 If the legal representatives of a deceased member or his heirs or the persons mentioned in Appendix C or any other person on his behalf do not or are unable to pay and satisfy his dues, debts, liabilities, obligations and claims as provided in these rules the Governing Board shall exercise the right of nomination in respect of such

Payment of  
Deceased Member's  
Obligations

36 (g)



membership and the consideration received therefor shall be applied in the manner provided in these rules.

243

**Continuance of  
Deceased Member's  
Business**

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

## MEMBERSHIP REGISTER, NOTICES AND DUES

60 A register of members shall be maintained by the Exchange in which shall be entered the names of the members and the dates of their admission and termination of membership by resignation, death, default or expulsion.

Register of  
Members

New

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

List of Members

248

62 (a) Every member shall register with the Exchange an address and subsequent changes thereof at which all communications addressed to him shall be delivered. The registered address of every member other than a member not carrying on business on the Exchange shall be in the vicinity of the Exchange. Any member not complying with this provision shall be debarred from claiming the protection of these rules.

Member's Address

New

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

Communications  
to Members

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

General Notice

250

64 Every member shall pay at such time or times and in such manner as the Governing Board shall direct such admission and entrance fees if any and annual subscription as may be from time to time determined by the Exchange in general meeting and such other fees and charges including charges for the use of equipment or facilities or for particular services or privileges granted as may be from time to time determined by the Governing Board.

Annual  
Subscription, Fees  
and Charges

21

**Liabilities of  
Past Members**

147

65 A member who shall for any reason cease to be a member of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies which at the time of his ceasing to be a member shall have been due by him to the Exchange or the Clearing House.

**Failure to Pay  
Subscription and  
Other Fees**

148

66 Save as otherwise provided in these rules if a member fails to pay his annual subscription, fees, charges or other monies which may be due by him to the Exchange within two months after notice in writing has been served upon him by the Exchange he may be suspended by the Governing Board until he makes payment and if within a further period of one year he fails to make such payment he may be expelled by the Governing Board.

## MEETINGS OF MEMBERS

67 The Annual General Meeting of the Exchange shall be held in the month of March in each year or as soon thereafter as may be practicable at such time and place as the Governing Board or the President may determine to transact the following business, namely—

Annual General Meeting

59 (c)  
61

- (i) to consider the preceding year's statement of income and expenditure and balance sheet; **Balance Sheet**
- (ii) to receive auditor's and other reports; **Auditor's Report**
- (iii) to appoint an auditor; and **Appointment of Auditor**
- (iv) to transact any other business specified in the notice convening the meeting or otherwise allowed by the chairman. **Other Business**

68 All meetings of the Exchange other than the Annual General Meeting shall be Extraordinary General Meetings and they may be called at any time by the Governing Board, or by the President, or in the event of the Governing Board not functioning by the Secretary on the written requisition of five or more members.

Extraordinary General Meeting

60 (A)

69 (a) If a written requisition for calling an Extraordinary General Meeting be submitted by not less than fiftyone members stating the objects of such meeting an Extraordinary General Meeting shall be called by the Governing Board or the President or in the event of the Governing Board not functioning by the Secretary within fifteen days of the receipt of such requisition failing which it may be called by any five of the requisitionists.

Requisition for Extraordinary General Meeting

60 (A)  
(c)

(b) No business shall be transacted at an extraordinary general meeting convened as provided in sub-rule (a) except that relating to the objects specified in the requisition to which the discussion shall be strictly confined.

Business at Meeting Called on Requisition

60 (c)

70 The Exchange in general meeting may from time to time decide, determine and sanction the following which matters shall be deemed to lie within its sole and exclusive

Sanction of General Meeting where Obligatory

jurisdiction and outside the purview of the Governing Board, namely—

- 63 } Trustees (i) appointment and removal of Trustees;
- 100 } Number of Members (ii) the maximum number of members of the Exchange;
- 20 } Admission, Entrance and Annual Fees (iii) the amount of the admission fee, entrance fee and annual subscription payable by members;
- 210 } (iv) acquisition, purchase, lease, sale, exchange, mortgage or other disposal absolute or conditional of the whole or part of any immovable property of the Exchange;
- 200 } Dealing with Immovable Property (v) payment, disbursement, disposal of or dealing with any funds or other movable property of the Exchange for contribution or payment towards a charitable or public purpose or for expenses other than the expenses necessary for carrying on the administration and business of the Exchange: provided a resolution for this purpose has been adopted at a general meeting called for the purpose at which a quorum of not less than one hundred members is present; and
- 200 } Dealing with Funds (vi) borrowing or raising of any monies required for the purposes of the Exchange upon such terms and in such manner and with or without security as may be determined: provided however that the Governing Board shall have the right to borrow money against and pledge all or any part of the shares and securities held by the Clearing House for the account of a defaulting member upto an amount not exceeding the value of such shares and securities at the ruling market price for the purpose of making payment to members in respect of such shares and securities.
- 200 } Borrowing
- 200 } (a) The Exchange in Extraordinary General Meeting may without derogating from the powers of the Governing
- 200 } Extraordinary General Meeting may make Rules

600(a)

Board in that behalf and subject in so far as may be necessary to the provisions of any statutory enactment for the time being in force from time to time make, add to, vary or rescind any rule or rules to carry out the objects of the Exchange.

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

Resolution How Passed

70(a)

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

Extraordinary General Meeting not to alter Governing Board Resolution

90(u)

73 All meetings of the Exchange shall be convened by notice specifying in particular or general terms the object thereof and such notice shall be posted on the notice board at least three days before the date appointed for the meeting.

Notice of Meetings

59(u)

74 No person other than a member of the Exchange except the legal or technical advisers of the Exchange and the officers and employees of the Exchange shall be entitled to be present at a general meeting of the Exchange. A member before taking his seat shall sign his name in the book provided for that purpose.

Who may be Present at Meetings

62(a)

75 The quorum for a general meeting of the Exchange shall be not less than twenty-five members present unless it is otherwise provided in any rule for the time being in force. If a fraction appears when determining a quorum under any rule it shall be counted as an integer. No business shall be transacted at any general meeting unless a quorum be present for the transaction of such business.

Quorum

62(u)

76 If within thirty minutes from the time appointed for the meeting the quorum required by any rule for the time being in force be not present the meeting if convened upon a requisition of members shall be dissolved; in any other case it shall stand adjourned at the same time and place to the same day in the next week or if such day be a holiday to the

No Quorum—Adjournment of Meeting

62(c)

next business day; and if at such adjourned meeting no such quorum be present within fifteen minutes of the time appointed for the meeting those members present shall constitute a quorum and may transact the business for which the meeting was called.

62(d) **Chairman of Meeting**

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

62(e) **Adjournment of Meeting**

78 The chairman may with the consent of the majority of the members attending a general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place; but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

62(f) **Decision by Majority**

79 Every question submitted to a general meeting shall be decided by a majority of the votes of the members present unless a specified majority is required by any rule for the time being in force: provided that if a fraction appears when so determining the specified majority it shall be counted as an integer.

62(g) **Voting**

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

the votes recorded for or against such resolution shall be necessary.

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

Poll

62(8)

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

Validity of Vote

62(12)

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

Casting Vote

62(10)

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

Voting by Proxy

62(11)

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

Suspended or  
Expelled Member  
and Defaulter Not  
to Vote

62(9)

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

Minutes

93



## TRUSTEES

### Appointment of Trustees

63

87 The Exchange in general meeting shall from time to time appoint such members being Indian nationals resident in the Bombay State as it deems fit as Trustees of the funds and properties of the Exchange and shall have power from time to time to remove such Trustees or one or more of them as it shall see occasion and to appoint another or others in the place of the Trustee or Trustees so removed.

### Number of Trustees

64

88 There shall be four Trustees of the Exchange. A Trustee shall continue in office till he dies or becomes insolvent or leaves Bombay city or is removed by the Exchange or withdraws from the trust reposed in him. Upon the happening of any of such events the Exchange in general meeting shall nominate and appoint a successor who shall thereupon be and become a Trustee in the room of such Trustee so dying, becoming insolvent, leaving Bombay or being removed from or relinquishing his trust as aforesaid.

### Functions

65, 66, 67

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

## AUDITOR

90 The Exchange in Annual General Meeting shall appoint an auditor and fix his annual remuneration. The auditor so appointed shall examine the accounts of the Exchange as well as the securities and other investments of the funds of the Exchange and all the necessary vouchers and papers and make his report which shall be submitted to the Annual General Meeting.

**Appointment and  
Duties of Auditor**

89

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

**Vacancy**

89

## ELECTION OF THE GOVERNING BOARD

70C9

### Election

92 (a) The Exchange shall in the month of March of every year in the manner hereinafter provided elect by ballot sixteen members of the Exchange to constitute the Governing Board of the Exchange.

71

### Retirement

(b) All the Members of the Governing Board for the time being shall retire on the 31st of March of every year but if for any reason an election does not take place in March or is decided to be invalid the Members of the Governing Board then in office shall continue in office until their successors are elected and shall proceed forthwith or as soon as may be practicable to fix a date for fresh election in accordance with the rules relating thereto.

70C8

### Office Bearers

93 The Governing Board shall at the first meeting after its election elect from its own body its President, Vice-President and Honorary Treasurer who shall be *ex officio* the President, Vice-President and Honorary Treasurer respectively of the Exchange.

70C9

### Notice of Election

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

74,75

### Eligibility

95 No member shall be eligible to be elected a Member of the Governing Board if—

#### Nationality

(i) he be not an Indian national;

#### Standing

(ii) he be a member of less than three years' standing immediately preceding the day of election;

#### Default

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

76

### Partners as Members

96 No more than one partner of a partnership firm may be a Member of the Governing Board at one and the same time.

97 All the retiring Members of the Governing Board shall be eligible for re-election.

Retiring Members

71

98 Any two members of the Exchange may propose candidates eligible for election to the Governing Board. Such proposals shall be in writing signed by the proposers and by the candidate in token of his willingness to stand for election and they shall reach the Exchange atleast fifteen clear days previous to the date of election.

Proposal of Candidates

72

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

Notice of Candidates

73

100 (a) Ballots shall be prepared with the names of the candidates in alphabetical order and each member voting shall make a mark opposite his choice for the Members of the Governing Board to be elected.

Ballots

new

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

Voting

78 (C)

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

Elected Candidates

new

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

Scrutineers

79

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

When Ballot Unnecessary

77

## VACANCIES IN THE GOVERNING BOARD

86

### Leave

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

### Vacancy

105 The office of a Member of the Governing Board shall *ipso facto* be vacated—

new

### Suspension of Payment

(i) if he suspends payment or is adjudicated an insolvent or if a petition be filed by him for winding up his affairs or those of his partnership firm or if he or his partnership firm compounds with creditors or is declared a defaulter;

new

### Unsound Mind

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

88 (a)

### Absence

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

88 (b)

### Death, Suspension or Expulsion

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

88 (c)

### Resignation

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

29

### Expulsion From Governing Board

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

107 If a casual vacancy arises in the Governing Board by reason of death, resignation, removal, expulsion or absence such vacancy shall be filled by election by ballot by members of the Exchange on a date fixed by the Governing Board not later than one month from the date of such vacancy.

Filling up of  
Casual Vacancies

88 (u)

108 (a) The surviving or continuing Members of the Governing Board notwithstanding any vacancy in their number may act until the vacancy shall have been filled up provided that such Members constitute a quorum.

Powers of  
Surviving Members

88 (u)

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

Limited Powers  
of Surviving  
Members

88 (u)

(c) In the event of all the Members of the Governing Board resigning all together such Members shall continue to hold office and exercise all the powers vested in them as Members of the Governing Board until the succeeding Governing Board shall have assumed office.

Resignation of  
All Members of the  
Governing Board

new

## POWERS OF THE GOVERNING BOARD

### Jurisdiction

22W

109 The Governing Board shall have complete jurisdiction over all members of the Exchange and shall have supervisory jurisdiction over any and all subjects and matters referred to all standing and other committees and may direct and control their action or proceedings at any stage thereof. The Governing Board shall have the absolute power and right to interpret the constitution and rules of the Exchange and subject always to such rules to decide all points, questions and disputes relating to Stock Exchange matters and relating to the conduct of members towards each other or towards third parties. Any interpretation or decision made by the Governing Board shall be final and conclusive.

### General Powers

90 (y)

110 The management of the business and the control of the Exchange, the regulation of the conduct of members, their agents and employees and the promotion of the welfare, objects and purposes of the Exchange and the management and control of the properties and funds of the Exchange and of its income and expenditure shall subject to these rules vest in the Governing Board and in the exercise of such powers it may from time to time adopt such rules and resolutions, issue such regulations, orders, notices and directions and take such decisions as it may deem appropriate. The Governing Board may in addition to the powers and authorities expressly conferred by any rule for the time being in force exercise all such powers and do all such acts and things as may be exercised or done by the Exchange in general meeting assembled and which are not expressly required to be so exercised and done and more particularly and in furtherance and not in limitation and without prejudice to the generality of the foregoing powers and to any power or authority impliedly or expressly conferred by any rule for the time being in force the Governing Board is specially authorised subject to any rule for the time being in force to exercise governmental, administrative, monitorial and regulatory powers in the sense of the provisions in that behalf contained in these rules.

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

- |   |  |            |
|---|--|------------|
| (i) to elect office bearers and appoint committees ;  | <b>Office Bearers</b>  | <i>new</i> |
| (ii) to fill casual vacancies in the Governing Board or in a standing or any other committee or of an auditor;  | <b>Casual Vacancies</b>                                      | <i>new</i> |
| (iii) to admit members by a special majority, expel and reinstate them by a special resolution and to control, warn, censure, fine and suspend them, withdraw all or any of their membership rights and declare their default;  | <b>Admission, Expulsion and Control of Members</b>           | <i>new</i> |
| (iv) to approve and regulate the formation and dissolution of partnerships and appointment of attorneys of members ;  | <b>Approval of Partnerships and Attorneys</b>                |            |
| (v) to approve, control, warn, censure, fine, suspend, expel and exercise supervision over partners, attorneys, agents, remisiers, authorised clerks and employees of members;  | <b>Approval and Control of Partners Agents and Employees</b> |            |
| (vi) to institute, conduct, prosecute, defend, compound or abandon all such actions, suits and proceedings civil or criminal by or against the Exchange or its employees or otherwise concerning the affairs of the Exchange as it may consider necessary and to compromise, compound, or allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Exchange or to submit to arbitration and to observe and perform the awards and to make, give, sign and execute all documents in that behalf; | <b>Legal Proceedings</b>                                     |            |
| (vii) to decide and to issue from time to time regulations, orders, notices and directions in respect of matters not provided for in these rules which shall be binding on members;   | <b>General Regulation</b>                                    |            |



**Review** (viii) to review, reconsider, modify or rescind its resolutions, regulations, orders, notices, directions and decisions; and

**General Power** (ix) generally to supervise and direct all matters affecting the interest of the Exchange.

**Administrative Powers** 112 In the exercise of its administrative powers the Governing Board shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities, namely—

**Fees and Charges** (i) to fix from time to time and collect in addition to the dues and charges provided for in these rules such other charges or fees to be paid by members including charges for the use of equipment or facilities or for any particular services or privileges granted;

**Borrowing** (ii) to borrow against and pledge all or any part of the shares and securities held by the Clearing House for the account of a defaulting member upto an amount not exceeding the value of such shares and securities at the ruling market price for the purpose of making payment to members in respect of such shares and securities and to borrow or raise with the consent of the Exchange in general meeting any monies required for the purpose of the Exchange upon such terms and in such manner and with or without security as may be determined;

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

**Dealing with Funds** (iv) to pay, disburse, dispose of or deal with any funds or other movable property of the Exchange for expenses necessary for carrying on the administration and business of the

Exchange and with the consent of the Exchange in general meeting for expenses other than such expenses and for contribution or payment towards a charitable or public purpose;

- (v) to invest and deal with any of the monies of the Exchange not immediately required for purposes thereof in houses and landed property with the consent of the Exchange in general meeting and in such securities of the Government of India or any State Government, Port Trust Bonds, Municipal Bonds, First Debentures of any reputable Joint Stock Company or such other securities authorised by law for investment of trust funds or by deposit at a fixed rate of interest or in current account with any reputable bank or joint stock company as it may determine and in such manner as it thinks fit and from time to time to vary or realise such investments; **Investments**
- (vi) to make and give releases and other discharges for moneys payable to the Exchange and for the claims and demands of the Exchange; **Releases**
- (vii) to appoint and at its discretion to suspend or remove such permanent, temporary or special employees and to determine their powers, duties and terms of remuneration, to establish, maintain or subscribe to for their benefit any Provident or Benefit Funds, pensions, gratuities, compensation or insurance schemes and to make and alter service and other rules and regulations in that behalf as it may from time to time think fit; and **Appointment of Employees**
- (viii) to instruct, control, manage and determine from time to time the remuneration of the Clearing House; **Management of Clearing House**

**Monitorial Powers**

113 In the exercise of its monitorial powers the Governing Board shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities, namely—

**Investigation**

(i) to investigate the dealings, business conduct and financial condition and examine the books, papers, documents and correspondence of members;

**Attendance and Declaration**

(ii) to call upon any member, his partners, attorneys, agents, remisiers, authorised clerks and employees to appear and testify before the Governing Board or the President and to make sworn declarations of the truth of any statements made before the Governing Board or the President;

**Information**

(iii) to call upon any member to furnish to the Governing Board or to the President books, papers, documents, correspondence, clearing forms prescribed in Appendix Z to these rules and statements in such form as the Governing Board may from time to time prescribe covering all information relating to dealings or transactions or contracts in any share or shares or security or securities entered into on his own account or on behalf of his constituents whenever such inquiry and examination are considered by the Governing Board in its sole discretion to be in the interest of just and equitable principles of trade or in the public interest or in the interest and welfare of the Exchange and its members or which the Governing Board deems relevant and material to any matter under investigation;

**Adjudication of Disputes**

(iv) to hear, investigate, arbitrate and adjudicate in and decide all questions and disputes affecting members, their partners, attorneys, agents, remisiers, authorised clerks, employees or constituents arising out of business done

on the Exchange and affecting their dealings, character and conduct towards each other or towards third parties;

- (v) to prescribe from time to time and impose penalties for violation of rules and for neglect or failure or refusal to comply with resolutions, regulations, orders, notices, directions or decisions of the Governing Board or the President or for any offence against the Exchange the penalty for which is not specifically prescribed; and **Imposition of Penalties**
- (vi) to enforce the rules of the Exchange and take cognisance of offences against them. **Enforcement of Rules**

**114** In the exercise of its regulatory powers the Governing Board shall be deemed empowered to do any of the following or similar acts or things or use any of the following or similar authorities, namely— **Regulatory Powers**

- (i) to determine from time to time the mode of and conditions subject to which the business of the Stock Exchange shall be transacted; **Regulation of Business**
- (ii) to determine and from time to time to alter the scale of charges for commission and brokerage on all transactions for the sale and purchase of shares and securities; **Brokerage Scale**
- (iii) to fix and from time to time to alter the unit of dealings in shares and securities; **Unit of Dealings**
- (iv) to provide from time to time such facilities as may be necessary for Stock Exchange business; **Stock Exchange Facilities**
- (v) to regulate admission to and the use of the floor of the Exchange, to approve or disapprove of any connection or means of communication with the floor and to exclude from attendance from time to time and for such period or periods as it shall think fit any member or any other person whose **Control of Floor of the Exchange**

attendance might in its opinion occasion disturbance in or hinder the conduct of business or prejudicially affect the interests, health or wellbeing of members or others having business on the floor;

**Holidays and  
Business Sessions**

- (vi) to fix and cancel Exchange holidays and to determine and from time to time alter the times and places of meetings for the transaction of ordinary business;

**Closure of Market**

- (vii) to close and from time to time extend the closure of the market by a special resolution and for reasons to be recorded in writing on days other than or in addition to holidays and to determine from time to time the conditions which shall be binding upon all members and persons dealing with or through them upon which all Stock Exchange transactions open at the time of such closing of the market shall be carried-over, extended or liquidated;

**Suspension of  
Short Selling,  
Buying-in and  
Selling-out and  
Fixation of Minima  
and Maxima**

- (viii) to suspend from time to time by a special resolution short selling, buying-in and selling-out and to fix from time to time by a special resolution minimum and/or maximum prices of any share or shares or security or securities;

**Annulment of  
Bargains**

- (ix) to annul by a special resolution a bargain in special circumstances in the manner set out in these rules;

**Settlement**

- (x) to prescribe and fix and from time to time to alter, vary and postpone the hours, dates, programmes and regulations in respect of any or all matters connected with the making, clearing, settling and closing-out of bargains, contracts, transactions or dealings in any share or shares or security or securities entered into on the Exchange;

(xi) to grant, refuse, suspend and by a special resolution withdraw and reinstate official quotations or admission to dealings or settlements in the market to any share or shares or security or securities or to new issues relating to such share or shares or security or securities and to make such conditions with reference thereto as it may deem desirable; and

**Official Quotation**

(xii) to deal with and supervise over all matters relating to the collection, record, dissemination and use of quotations and of market reports.

**Market Quotations**

115 The Governing Board may by a special resolution and subject in so far as may be necessary to the provisions of any statutory enactment for the time being in force from time to time pass and bring into effect rules of the Exchange and make, add to, vary or rescind any such rule or rules. Such rules for the time being in force shall be binding on all members, their partners, attorneys, agents, remisiers, authorised clerks and employees and all persons claiming through or against them shall observe, conform to and be bound by such rules for the time being in force.

**Power to make Rules**

116 The Governing Board may by a special resolution waive or dispense with the strict enforcement or suspend the operation in part or in whole of any rule or rules and in regard to any person or persons, share or shares, security or securities or matter or matters.

**Suspension of Rules**

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

**Exchange Not to Alter Governing Board Resolutions**

118 (a) The Governing Board may subject to such conditions as it may think fit delegate such of its powers

**Delegation Powers**

(except the power to make, add to, vary and rescind rules) as it may from time to time determine to the President and to committees appointed out of its own Members and may likewise delegate the performance of such ministerial and administrative duties as it may deem expedient to the President or to committees composed of its own Members and/or members of the Exchange or to any officer of the Exchange.

**Review**

(b) A person affected by a decision of the President or a committee or officer of the Exchange acting under powers delegated by the Governing Board as provided in sub-rule (a) may require a review by the Governing Board within seven days after the decision has been rendered.

**Delegation of Powers in Emergency**

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

**Governing Board as Trustee**

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

**Indemnity to the Governing Board**

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

## MEETINGS OF THE GOVERNING BOARD

122 Ordinary meetings of the Governing Board may be called at any time by the President or the Secretary.

Ordinary Meeting

123 The President may at any time call a special meeting of the Governing Board. A special meeting shall be called by the Secretary within twentyfour hours of the receipt of a requisition to that effect signed by two or more Members of the Governing Board failing which it may be called by any two of the signatories.

Special Meeting

124 (a) A notice calling a special meeting shall state the business for which it is called. In case of urgency a special meeting may be called at less than twentyfour hours' notice and in case of emergency one hour's notice of a special meeting shall be deemed sufficient but the notice shall state the nature of the urgency or the emergency and the business for which it is called and no other business shall be transacted at such meeting.

Notice of Special Meeting

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

Business when Not to be Stated

125 (a) The quorum of the Governing Board shall be six Members present unless it is otherwise specially provided. If a fraction appears when determining the quorum under any rule such fraction shall be counted as an integer.

Quorum

(b) An interested Member of the Governing Board shall not be included when counting the quorum prescribed under these rules for dealing with the question in which the Member is interested.

Interested Member Not to be Included in Quorum

(c) If at a meeting called for the annulment of a bargain or for the prohibition of short selling or for the closure of the market or for the suspension of buying-in or

Co-option of Members for Making up a Quorum



selling-out as provided in these rules or for the consideration of any proposal or proposals which do not in the opinion of the President and for reasons to be recorded in writing admit of any delay a sufficient number of Members of the Governing Board be not present to constitute a quorum the Members present shall co-opt for the purpose of that business only from among the members of the Arbitration Committee (and failing that from amongst the members of the Defaulters' Committee and failing that from amongst the members of the Exchange) as many as are necessary to make up a quorum.

**President to  
Preside**

**126** The President of the Exchange shall preside at all meetings of the Governing Board and shall in case of an equality of votes have a casting vote in addition to the vote to which he is entitled as a Member.

**Voting**

**127** A Member of the Governing Board shall be entitled to take part in the proceedings but it shall not be competent to him to vote—

**Personal Interest**

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

**Member of  
Committee**

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

**Absence during  
Hearings**

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

**Majority**

**128 (a)** A decision on any question before the Governing Board shall be by an ordinary or special resolution unless

a specified majority is required by any rule for the time being in force. Any fraction that appears when determining the required majority shall be counted as an integer.

(b) An ordinary resolution of the Governing Board shall be adopted by the vote of the majority of the Members of the Governing Board present at an ordinary or special meeting. **Ordinary Resolution**

(c) The quorum for a special resolution of the Governing Board shall be one-half of the total number of the Members of the Governing Board and it shall be adopted at an ordinary or special meeting— **Special Resolution**

(i) by the vote of atleast two-thirds of the Members present when not less than three-fourths of the total number of the Members of the Governing Board are present; or

(ii) by the vote of atleast one-half of the total number of the Members of the Governing Board when less than three-fourths of the total number of the Members of the Governing Board are present.

129 An ordinary resolution in writing approved by not less than two-thirds of the total number of the Members of the Governing Board present in Bombay shall be as valid and effective as if it had been passed at a meeting of the Governing Board duly called and constituted. **Ordinary Resolution by Circular**

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

131 The Governing Board shall unless otherwise provided regulate and determine the manner and form in which its proceedings shall be conducted. Except as otherwise specially provided in these rules it may with the permission of the **Proceedings**

President consider and take action upon any matter at any ordinary or special meeting even though such matter has not been referred to in the notice of such meeting.

**Governing Board  
need not give  
Reasons**

132 Save as otherwise provided in these rules it shall not be necessary for the Governing Board to give any reason for or to record in its minutes the reasons or circumstances of any proceedings or decision and all proceedings and the information obtained in connection therewith shall be deemed confidential.

**Members and  
Others to Appear  
before Meetings if  
Required**

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

**Minutes**

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

**Correspondence**

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

## PRESIDENT AND VICE-PRESIDENT

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

**President to  
Preside**

137 The executive powers of the Exchange shall be vested in the President who shall direct the enforcement of the rules, have the care of all its interest and represent it officially in all public matters.

**Power**

138 The President shall be an *ex officio* member of any committee appointed by the Governing Board or the Exchange.

**Ex Officio Member  
of Committees**

139 The President may call the Annual and Extraordinary General Meetings of the Exchange and ordinary and special meetings of the Governing Board. He shall call Extraordinary General Meetings of the Exchange on the written request of not less than fiftyone members.

**Calling of  
Meetings**

140 The President shall be entitled to exercise any or all of the powers exercisable by the Governing Board whenever he is of the opinion that immediate action is necessary subject to his action being confirmed by the Governing Board within twenty-four hours.

**Special Power**

141 The President may assume and exercise all such powers and perform all such duties as may be delegated to him by the Governing Board from time to time as provided in these rules.

**Delegated Powers  
and Duties**

142 In the absence of the President or his inability to act the Vice-President shall assume all the functions and exercise all the powers and discharge all the duties of the President.

**Vice-President**

143 If there be no President or Vice-President or in the temporary absence or inability of both to act the Governing Board may choose from its own body an Acting President of the Exchange for the time being.

**Acting President**

## TREASURER

### **Subscriptions and Receipts**

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

### **Expenses and Accounts**

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

### **Financial Statement and Balance Sheet**

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

### **Delegation**

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

## SECRETARY

148 The Governing Board shall appoint a Secretary and if necessary an Assistant Secretary of the Exchange. For the purposes of these rules the term Secretary includes Assistant Secretary.

**Secretary and  
Assistant Secretary**

149 The Secretary or Assistant Secretary shall not be an active member of the Exchange.

**Secretary Not an  
Active Member**

150 The Secretary or Assistant Secretary shall not under the penalty of dismissal be a party to or concerned in any speculative dealing on the Exchange or with any member of the Exchange.

**Speculative  
Dealings Forbidden**

151 The Secretary shall be the Secretary of the Governing Board and shall be the Secretary of each standing and other committee unless an Honorary Secretary to such committee has been appointed.

**Functions**

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

**Secretary to  
Control Staff**

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

**Minutes**

154 The Secretary shall cause records to be maintained showing—

**Records**

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

**Register of  
Members**

(ii) the names of all partners and partnerships approved by the Governing Board and the

**Register of  
Partnerships**

admission to, alterations in and the dissolution of such partnerships with the relevant dates;

**Register of Attorneys**

- (iii) the names of all persons holding from members a power of attorney who have been approved and the dates on which such authority was granted and revoked;

**Register of Remisiers and Authorised Clerks**

- (vi) the names of all remisiers and authorised clerks employed by each member with the dates of admission and termination;

**List and Market Quotations**

- (v) the list of all shares and securities that are officially quoted or admitted to dealings and their day to day market quotations.

**List of Members**

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

**Daily Official List**

156 The Secretary shall issue a Daily Official List of Prices.

**Posting of Notices**

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

**Correspondence and Cheques**

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

**Members to Give Information**

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

## STANDING COMMITTEES

160 The Governing Board shall every year at the first meeting in April after its election appoint from among the members of the Exchange—

**Arbitration and Defaulters' Committees**

(i) an Arbitration Committee consisting of sixteen members; and

(ii) a Defaulters' Committee consisting of six members

and may from time to time increase or reduce the number of members of either Committee.

161 Each standing Committee shall immediately after its nomination elect from its own body its Chairman. The Committee may also elect from its own body an Honorary Secretary.

**Chairman and Honorary Secretary**

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

**Retiring Members**

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

**Retiring Members When to Continue in Office**

163 A Committee may from time to time determine its own quorum provided that such quorum shall not be less than one-third of the total number of the members of such Committee.

**Quorum**

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

**Voting**

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

**Proceedings**



**Leave**

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

**Removal of Member**

167 The Governing Board may for reasons to be recorded remove a member of a Committee from such Committee.

**Casual Vacancy**

168 If a casual vacancy arises in a Committee by reason of death, resignation, removal, expulsion or absence for a period exceeding four months such vacancy shall be filled by the appointment of a member of the Exchange by the Governing Board and the member so appointed shall retain office till the next appointment and shall be eligible for re-appointment.

**FIRM, REPRESENTATIVE AND PUT-THROUGH MEMBERS**

**169** A member carrying on business on the Exchange may be one— **Members carrying on Business on the Exchange**

- (i) who enters into bargains on the floor of the Exchange in his own name ; **Member**
- (ii) who works in partnership as provided in these rules and enters into bargains on the floor of the Exchange in the name of such partnership firm ; **Partnership Firm**
- (iii) who though not in partnership works in a firm name and enters into bargains on the floor of the Exchange in such firm name ; **Firm**
- (iv) who works as a representative member with some other member and enters into bargains on the floor of the Exchange not in his own name but in the name of such other member by whom he is so authorised ; **Representative Member**
- (v) who works as a put-through member not entering into bargains on the floor of the Exchange in his own name but putting all transactions through other member or members. **Put-Through Member**

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

**171** Wherever in these rules a member is referred to as entering into bargains on the floor of the Exchange in his own name that term shall include a member entering into such bargains in a firm or partnership firm name unless the context indicates otherwise. **Bargains in Own, Firm or Partnership Name**

**Representative Member**

172 (a) A representative member authorised by some other member shall enter into bargains on the floor of the Exchange only in the name of such other member. He shall not enter into bargains on the floor of the Exchange in his own name nor shall he be entitled to employ any authorised clerks.

**Authorising Member's Responsibility**

(b) A member authorising a representative member shall be responsible for all bargains entered into on the floor of the Exchange by such representative member whether in the name of the member by whom he is authorised or in his own or any other name.

**Representative Member may Issue Contracts**

(c) A representative member shall be entitled to issue to his constituents contracts in his own name.

**Put-Through Member**

173 (a) A put-through member who puts all transactions through other members shall not be entitled to enter into bargains on the floor of the Exchange in his own name nor shall he be entitled to employ any authorised clerks.

**Right and Responsibilities**

(b) A put-through member shall have the same rights and be subject to the same obligations and liabilities as any other member and in particular he shall be liable to members through whom he does such put-through business in respect of transactions put-through by him whether in the capacity of a principal, constituent or otherwise in the same manner as if he had entered into such transactions with them on the floor of the Exchange in his own name.

**Entering into Bargains on the Floor of the Exchange in One's Own Name**

174 Any member—

- (i) who has been newly admitted to the membership of the Exchange ; or
- (ii) who has ceased entering into bargains on the floor of the Exchange in his own name ; or
- (iii) who has been previously working in partnership with another member or as a representative or put-through member

and who desires to enter into bargains on the floor of the Exchange in his own name shall not be so entitled unless he first notifies the Exchange and a notice to that effect is posted on the notice board.

## PARTNERSHIPS

175 (a) No partnership shall be formed except—

**Who may form  
Partnership**

- (i) between two or more members of the Exchange ; or
- (ii) between a member of the Exchange and his son or sons or brother or brothers ; or
- (iii) between two or more members of the Exchange and their son or sons or brother or brothers ;

provided that a son or brother shall not be taken into partnership unless he is in all respects eligible for membership of the Exchange.

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

**Partner in  
one Firm only**

(c) No person who is not a member of the Exchange or who is not a son or brother of such member shall be admitted a member of any partnership firm and a member of the Exchange entering into partnership with any such person shall on proof thereof before the Governing Board and upon a resolution of the Governing Board to that effect cease to be a member of the Exchange.

**Partnerships with  
Non-Members  
Forbidden**

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

**Partnerships with  
Suspended Members  
Forbidden**

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

**Contingent  
Partnership**

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

**Partnership Interest  
not to be Assigned**

**Remuneration of Agents and Employees**

179 No agent or employee of a member shall be paid any remuneration other than a fixed salary. The salary shall not vary with the business though it may be supplemented by a reasonable bonus or a share of the commission on the business introduced by him in the manner provided in these rules.

**Governing Board Sole Judge of Partnership**

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

**Permission Necessary**

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

**Application for Permission**

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

**Information and Partnership Deed**

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

**Withdrawal of Permission**

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

**Changes in Partnership**

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

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

**Intimation in Prescribed Form**

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

**Notice of Formation of and Changes in Partnership**

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

**Register of Partnership**

187 No member shall conduct business under a firm name unless he shall have atleast one partner; a member who is a surviving or continuing partner of an existing firm or a surviving or continuing partner if admitted as a member may continue business in the name of the same firm.

**Fictitious Partnership and Names Forbidden**

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

**Misleading Names**

189 A partnership firm shall state on all correspondence relating to the transaction of business subject to these rules and on all contract notes—

**Names to be Printed**

(i) the name of the firm; and

(ii) the names of all partners therein.

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

**Liability of Member Partners**

191 During the continuance of any partnership the Governing Board may at any time inquire into the conduct

**Liability of Partners**

of a partner and hold him liable to discipline in the same manner and to the same extent as if he were a member of the Exchange.

**Joint and Several  
Liability**

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

**Bargains with  
Individual Partners**

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

**The Term  
"Member"  
includes  
Partnership Firm**

194 Whenever the word "member" appears in these rules it shall include a partnership firm unless the context indicates otherwise.

## CONSTITUTED ATTORNEYS

195 No member shall give a Power of Attorney to a person who is not a member to carry on or supervise his Stock Exchange business unless the person to whom he proposes to give such Power of Attorney is atleast eighteen years of age and in all other respects eligible for membership of the Exchange and is approved by the Governing Board.

**Power of  
Attorney**

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

**Appointment of  
Substitute**

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

**Registration of  
Power of Attorney**

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

**Member's  
Liability**



## REMISIERS

- Remisier** 199 A person who is engaged by a member primarily to solicit commission business in shares and securities officially quoted on the Exchange shall be called a remisier.
- Terms** 200 A member shall be entitled to employ remisiers for the purpose of his Stock Exchange business and to remunerate them with a share not exceeding forty per cent. of the brokerage charged to the principals they introduce.
- Permission Necessary** 201 No member shall employ any remisier without first having such appointment approved by the Governing Board.
- Ex-members as Remisiers** 202 A member may with the special consent of the Governing Board employ as his remisier a person who has ceased to be a member under any rule.
- Remisier Not to be Another's Employee** 203 A remisier may be an individual or firm but must not be in the employ of any individual or firm.
- Remisier to Act for one Member Only** 204 No person shall be registered as a remisier to more than one member.
- Application** 205 (a) A member desirous of employing a remisier shall apply for the permission of the Governing Board in such form as the Governing Board may from time to time prescribe. Such form shall be signed both by the member and the proposed remisier.
- Discharge Certificate** (b) An application by a member to employ a remisier who previously had been acting as a remisier or authorised clerk with another member must be accompanied by a discharge certificate from the former employer or employers. Such discharge certificate shall be in a form prescribed from time to time by the Governing Board and it shall show whether the remisier or authorised clerk left his former employer or employers clear of all debts and outstanding liabilities and whether his conduct while in that employment was satisfactory.

(c) When a discharge certificate is not attached to an application as required in sub-rule (b) the proposed remisier shall submit an explanation therefor and the Governing Board or the President shall then decide whether and on what conditions the requirement relating to the discharge certificate shall be waived.

Absence of  
Discharge  
Certificate

206 The Governing Board may refuse permission to a person desirous of working as remisier unless he gives an undertaking that he shall on registration as remisier forthwith sever his connection either as principal or as employee with a business other than that of shares and securities in which he may be engaged.

Remisier When  
Not to Engage in  
Other Business

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

Approval or  
Rejection of  
Application

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

Withdrawal  
of Permission

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

Termination

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

Register of  
Remisiers

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

Inspection of  
Register

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

Registration and  
Removal

211 (a) A remisier may be allowed admission to the floor of the Exchange on his employer paying such annual fee as may be from time to time prescribed by the Governing Board.

Admission to the  
Floor

**Admission  
During Good  
Behaviour**

(b) A remisier shall be admitted to the floor of the Exchange only during good behaviour and shall be bound to wear a distinctive badge and observe the rules of the Exchange.

**Grant, Refusal or  
Suspension of  
Admission**

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

**Remisier Not to  
Make Bargains**

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

**Remisier Not to  
Sign Contract Notes**

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

**Remisier Not to  
Advertise**

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

**Remisier's  
Personal Business**

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

**Sub-Agent**

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

**Remisiers Not to  
Share Brokerage  
with Constituents**

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

**Business for  
Remisier of  
Another Member**

218 (a) A member shall not transact business directly or indirectly for or with or execute an order for a remisier of another member without the written consent of such employing member.

(b) A member shall not share brokerage with a remisier employed by another member.

**Member Not to Share Brokerage with Another's Remisier**

219 (a) A remisier appointed under these rules shall in the absence of an agreement in writing to the contrary be deemed to have agreed to give a full and complete indemnity to the member with whom he is working for any loss which such member may incur by the default of the constituents (provided such constituents are not members of the Exchange) introduced by him in fulfilling their obligations.

**Indemnity to Members**

(b) In the event of any default by a constituent the amount due shall be paid forthwith to the employing member by the remisier introducing such defaulting constituent.

**Default by Constituents**

(c) If the remisier pays the amount due by the defaulting constituent then at his request and risk and cost and on his depositing a sufficient amount to cover the cost and expenses the employing member shall institute the necessary proceedings against the defaulting constituent for recovery of the dues.

**Proceedings at the Instance of Remisier**

(d) If the remisier fails to pay the amount due by the defaulting constituent introduced by him then at his risk and cost the member shall be entitled to take such proceedings against the defaulting constituent and/or make such settlement or compromise with him as he in his discretion deems advisable. The acceptance of a promissory note from the defaulting constituent for the whole or a part of the amount due from him shall not release the remisier from his liability to pay to the employing member the original amount due from the defaulting constituent; nor shall any settlement or compromise with the defaulting constituent diminish the liability of the remisier who shall pay to the employing member the unrealised balance of the original amount due from the defaulting constituent and the costs and expenses incurred in the course of realisation.

**Liability of Remisier**

(e) Any dispute between the remisier and the employing member in respect of any matter to which sub-rules (a) to (d) apply shall be referred to arbitration and decided in the manner provided in these rules for the arbitration of disputes other than between members. All other disputes between them shall also be referred to arbitration in the

**Arbitration**

same manner but if the remisier so desires such disputes may be with the permission of the Governing Board or the President referred to arbitration and decided in the manner provided in these rules for the arbitration of disputes between members.

**Deposit**

220 (a) When the employing member so requires a remisier shall on registration deposit with the Exchange a sum of atleast Rs. 5,000 in cash or in approved shares (other than those having uncalled liability) and securities or an approved Bank Deposit Receipt.

**Deposits in the Name of Bank**

(b) Deposits of cash and approved Bank Deposit Receipts shall be lodged in an approved Bank and the shares and securities deposited shall also be transferred to the name of and lodged with an approved Bank. Such deposit shall be entirely at the risk of the depositing remisier but it shall be held by the Bank solely for and on account of the Exchange without any right whatever on the part of such remisier or those in his right to call in question the exercise of such discretion.

**Interest or Dividend on Deposits**

(c) Any interest or dividend arising from the moneys or Bank Deposit Receipts or shares or securities so deposited shall be paid over by the Bank to the remisier depositing them as and when received.

**Letter of Declaration**

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

**Lien on Deposit**

222 A member for whom a remisier is working shall have a first charge on the deposit for the due fulfilment of his engagements, obligations or liabilities arising out of or incidental to any dealings, transactions and contracts made on his behalf or on behalf of his constituents subject to the rules of the Exchange or anything done in pursuance thereof.

**Return of Deposit**

223 On the termination of his employment or in the event of his death all deposit not applied under these rules shall at the cost of the remisier be repaid and transferred to him or as he shall direct or in the absence of such direction to his legal representatives.

## AUTHORISED CLERKS

224 A member carrying on business on the Exchange other than a representative or put-through member shall be entitled to appoint authorised clerks in his own exclusive employment for entering into bargains on the floor of the Exchange on behalf of such member.

Authorised Clerks

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

Number of Authorised Clerks

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

Remisier as Authorised Clerk

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

Alternate Authorised Clerks

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

Substitute Authorised Clerks

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

Substitute Authorised Clerks When Not Allowed

230 (a) The employing member shall pay to the Exchange such annual subscription as may be from time to time prescribed by the Governing Board in respect of authorised clerks employed by him.

Annual Subscription

(b) The employing member shall pay such extra fees for the appointment of alternate and substitute clerks as the Governing Board may from time to time prescribe

Extra Fees

but the annual subscription paid in respect of an authorised clerk for the year then current shall apply for that year to the alternate or substitute authorised clerk appointed in his place.

**Permission of  
Governing Board  
Necessary**

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

**Minor Ineligible**

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

**Suspended and  
Expelled Members**

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

**Application**

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

**Discharge  
Certificate**

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

**Absence of  
Discharge  
Certificate**

(c) When a discharge certificate is not attached to an application as required in sub-rule (b) the proposed authorised clerk shall submit an explanation therefor and the Governing Board or the President shall then decide whether and on what conditions the requirement relating to the discharge certificate shall be waived.

**Approval or  
Rejection of  
Application**

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

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

Withdrawal of  
Permission

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

Notice of  
Authorisation,  
Termination and  
Withdrawal

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

Register of  
Authorised Clerks

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

Registration and  
Removal

239 (a) An authorised clerk shall be allowed admission to the floor of the Exchange and no clerk not so authorised shall be so allowed.

Admission to the  
Floor

(b) An authorised clerk shall be admitted to the floor of the Exchange only during good behaviour and shall be bound to wear a distinctive badge and observe the rules of the Exchange.

Admission  
During Good  
Behaviour

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

Grant, Refusal  
or Suspension  
of Admission

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

Authorised Clerks  
to Make Bargains



**Member Liable  
for Bargains of  
Authorised Clerk**

241 A member shall be liable for all bargains made on the floor of the Exchange by any authorised clerk employed by him and he shall fulfil such bargains according to these rules in the same manner as if such bargains had been made personally by him.

**Liability of  
Employer to  
Continue Until  
Notice**

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

**Authorised Clerks  
Not to Sign Contract  
Notes**

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

**Members not  
Liable for  
Authorised Clerk's  
Borrowings**

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

**Business for  
Authorised Clerk of  
Another Member**

245 (a) A member shall not transact business directly or indirectly for or with or execute an order for an authorised clerk of another member without the written consent of such employing member.

**Sharing of  
Brokerage with  
Authorised Clerks**

(b) A member may share brokerage with an authorised clerk in his own exclusive employment (but not with a clerk of another member) as provided in the rules relating to sharing of brokerage. Such authorised clerk shall be deemed to be a remisier in respect of the business on which he shares brokerage and he shall have the same rights and obligations in respect of such business as a remisier has in accordance with the provisions of these rules.

## BUSINESS CONNECTIONS

246 Whenever it shall appear that a member has such a business connection with an individual, firm, corporation or association that he or it dominates the business of the member or controls the policy of such business or whereby the interest or good repute of the Exchange may suffer the Governing Board may require the discontinuance of such connection.

**Termination of  
Business  
Connection**

247 A member may share brokerage with his employee or with any other person as provided in the rules relating to sharing of brokerage. Such employee or other person shall be deemed to be a remisier in respect of the business on which he shares brokerage and he shall have the same rights and obligations in respect of such business as a remisier has in accordance with the provisions of these rules.

**Sharing of  
Brokerage**

248 No member shall without the written consent of the Governing Board first being obtained carry on business for or with or make any bargain on behalf of any member who has been suspended.

**Business for  
Suspended  
Member**

249 No member shall without the written consent of the Governing Board first being obtained transact business directly or indirectly for or with or execute an order for any member who has been expelled or declared a defaulter.

**Business for  
Defaulter or  
Expelled Member**

250 A member shall not transact speculative business directly or indirectly for or with an employee of the Exchange.

**Business for  
Exchange  
Employee**

**Business for  
Employee of  
Another Member**

251 A member shall not transact business directly or indirectly for or with or execute an order for an employee of another member without the written consent of such employing member.

## OFFENCES, PENALTIES AND SUSPENSION OF BUSINESS

252 If any member shall be adjudged by the Governing Board guilty of contravention, non-compliance, disobedience, disregard or wilful evasion of any of these rules or of any resolutions, regulations, orders, notices, directions or decisions or rulings of the Exchange or the Governing Board or the President or any committee or of any disreputable or fraudulent transactions or dealings with any person whether a member or not or of any conduct, proceeding or method of business which the Governing Board in its absolute discretion deems unbecoming a member of the Exchange or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of the Exchange or prejudicial to its objects the Governing Board may by a special resolution expel or by an ordinary resolution suspend or withdraw all or any of the membership rights of or fine, censure or warn the member concerned. Without in any way limiting the foregoing and without prejudice to any power or authority impliedly or expressly conferred by any rule for the time being in force the Governing Board shall by a special resolution expel any member for culpable conduct and may by a special resolution expel or by an ordinary resolution suspend and/or withdraw all or any of the membership rights of and/or fine and/or censure and/or warn any member for misconduct, unbusinesslike conduct and unprofessional conduct in the sense of the provisions in that behalf contained in these rules.

**Offences and  
Penalties**

253 A member shall be deemed guilty of culpable conduct in any of or in any event similar to the events following, namely—

**Culpable Conduct**

- (i) if in the opinion of the Governing Board he has been admitted under any wilful misrepresentation or by the suppression of any material information which may be required of him as to his character and antecedents or if he has either directly or

**Admission under  
Misrepresentation**

indirectly given false particulars or information or made a false declaration in or at the time of his application for admission to membership or during the course of the inquiry made by the Governing Board preceding his admission ;

**Right of  
Membership  
Charged**

- (ii) if he assigns, mortgages, pledges, hypothecates or charges his right of membership or any rights or privileges attached thereto or attempts to do so ;

**Other Business**

- (iii) if not being a member elected before the 1st of March 1926 he engages himself without the permission of the Governing Board either as principal or employee in any business other than that of shares and securities, or of a general financial, insurance, bullion or exchange broker not involving personal liability ;

**Membership of  
Other Associations  
in India**

- (iv) if not being a member elected before the 1st of March 1926 he becomes associated with or a member of or subscriber to or shareholder or debentureholder in or directly or indirectly connected through a partner, agent or employee with any other organisation, institution, association, company or corporation in India where dealings in shares and securities are carried on ;

**Membership of  
Other Associations  
in Bombay**

- (v) if he becomes associated with or a member of or subscriber to or shareholder or debenture holder in or directly or indirectly connected through a partner, agent or employee with any other organisation, institution, association company or corporation within a distance of fifty miles of the city of Bombay where dealings in shares and securities are carried on ;

**Connections with  
Companies Engaged  
in Share Business**

- (vi) if he becomes a director, agent or employee of a company whose principal business is that of shares and securities or allows his name to appear in whole or in part as a portion of the name of such company ;

- (vii) if he has entered into or is in partnership with any person who is not his son, brother or a member of the Exchange ; **Partnership with Non-Members**
- (viii) if he is convicted of a criminal offence or commits fraud or fraudulent act which in the opinion of the Governing Board renders him unfit to be a member ; **Fraud**
- (ix) if he buys or sells or offers to buy or sell prospective dividends or does option business ; **Business in Options and Dividends**
- (x) if without the permission of the Governing Board he does business on his own account or on account of a principal with or through a member during the period he is required by the Governing Board to suspend business on the Exchange ; **Business Without Permission When Under Suspension**
- (xi) if he makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers of purchase or sale of shares and securities for the purpose of upsetting the equilibrium of the market or bringing about a condition of demoralisation in which prices will not fairly reflect market value ; **Prejudicial Business**
- (xii) if he directly or indirectly participates in or knowingly manages or finances or has any interest (except brokerage) in a pool, syndicate joint account or any manipulative operation designed for the purpose of unfairly influencing the market price of any share or security by any means whatsoever. **Manipulative Operations**

254 A member shall be deemed guilty of misconduct in any of or in any event similar to the events following, namely— **Misconduct**

- (i) if in the opinion of the Governing Board he is guilty of dishonourable or disgraceful or disorderly or improper conduct on the **Improper Conduct**

Exchange or of wilfully obstructing the business of the Exchange ;

**Breach of Rules**

(ii) if he shields or assists or omits to report any member whom he has known to have committed a breach or evasion of any rule or of any resolution, regulation, order, notice or direction of the Governing Board or President or any committee ;

**Failure to Comply with Resolutions**

(iii) if he contravenes or refuses or fails to comply with or abide by any resolution, regulation, order, notice, direction, decision or ruling of the Governing Board or the President or of any committee or person authorised in that behalf under these rules ;

**Failure to Submit to or Abide by Arbitration**

(iv) if he fails or refuses to submit to arbitration or to abide by or carry out any award of the Governing Board or the Arbitration Committee arising out of a reference made under these rules ;

**Failure to Testify or Give Information**

(v) if he fails, neglects or refuses to submit to the Governing Board or to the President or to a committee authorised in that behalf such books, correspondence, documents and paper or any part thereof as may be required to be produced or to appear and testify before or cause any of his partners, attorneys, agents, remisiers, authorised clerks or employees to appear and testify before the Governing Board or the President or such committee ;

**Failure to Compare or Submit Accounts with Defaulter**

(vi) if he fails to compare his accounts with the Defaulters' Committee or to submit to it a statement of his accounts with a defaulter or a certificate that he has no such account or if he makes a false or misleading statement therein ;

**False or Misleading Returns**

(vii) if he makes any false or misleading statement in his clearing forms or in returns required

to be submitted to the Exchange or to the Clearing House under the provisions of these rules ;

(viii) if he or his agent brings before the Governing Board or the President or a committee or person authorised in that behalf a charge, complaint or dispute which in the opinion of the Governing Board is frivolous, vexatious or malicious ;

**Vexatious  
Complaints**

(ix) if he fails to pay his subscription, fees or any other money which may be due by him or any fine or penalty imposed upon him.

**Failure to Pay  
Dues and Fees**

255 A member shall be deemed guilty of unbusinesslike conduct in any of or in any event similar to the events following, namely—

**Unbusinesslike  
Conduct**

(i) if he transacts his own business or the business of his constituents in fictitious names ;

**Fictitious Names**

(ii) if he makes a fictitious transaction or gives an order for the purchase or sale of shares and securities the execution of which would involve no change of ownership or executes such an order with knowledge of its character ;

**Fictitious  
Dealings**

(iii) if he executes or causes to be executed the purchase of any share or security at successively higher prices or the sale of any share or security at successively lower prices for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such share or security or for the purpose of unduly or improperly influencing the market price of such shares or security or for the purpose of making a price which does not reflect the true state of the market in such share or security ;

**Misleading  
Activities**

(iv) if he directly or indirectly and in any manner whatsoever circulates or causes to be circulated rumours of a sensational character ;

**Rumours**



**Unwarrantable  
Business**

(v) if he engages in reckless or unwarrantable or unbusinesslike dealings in the market or effects purchases or sales for his constituent's account or for any account in which he is directly or indirectly interested which purchases or sales are excessive in view of his constituent's or his own means and financial resources or in view of the market for such share or security ;

**Compromise**

(vi) if he connives at a private failure of a member or accepts less than a full and *bonafide* money payment in settlement of a debt due by a member arising out of a transaction in shares and securities ;

**Dishonoured  
Cheque**

(vii) if he issues to any other member or to his constituent a cheque which is dishonoured on presentation for want of funds ;

**Failure to Carry  
out Transactions  
with Constituents**

(viii) if he fails in the opinion of the Governing Board to carry out his stock broking transactions with his constituents.

**Unprofessional  
Conduct**

256 A member shall be deemed guilty of unprofessional conduct in any of or in any event similar to the events following, namely—

**Street Dealing  
and Business  
Outside Business  
Hours**

(i) if he transacts business or makes a bid or offer during holidays (including Sundays) or outside business hours on a business day, or outside the floor of the Exchange save as provided in these rules, or calls out prices or makes bids or offers or deals in the street or at the entrance to or in the vicinity of the Stock Exchange ;

**Business in  
Shares Not  
Officially Quoted**

(ii) if he enters into bargains in shares and securities to which official quotation or admission to dealings has not been granted or in which permission to deal has not been given ;

**Business for  
Defaulting  
Constituent**

(iii) if he deals or transacts business directly or indirectly or executes an order for a

constituent who has within his knowledge failed to carry out his engagements relating to shares and securities and is in default to another member unless such constituent shall have made a satisfactory arrangement with the members who are his creditors ;

- (iv) if without first obtaining the consent of the **Business for an Insolvent** Governing Board he directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court ;
- (v) if without the special permission of the **Business for or with Suspended, Expelled and Defaulter Members** Governing Board he shares brokerage with or carries on business or makes any bargain for or with any member who has been suspended, expelled or declared a defaulter ;
- (vi) if he transacts any business or makes any **Business for Partners** bargain for and on behalf of a partner of a partnership firm ;
- (vii) if he transacts business directly or indirectly **Business for Employees of other Members** for or with or executes an order for a remisier, authorised clerk or employee of another member without the written consent of such employing member ;
- (viii) if he makes a speculative transaction in **Business for Exchange Employees** which an employee of the Exchange is directly or indirectly interested ;
- (ix) if in the purchase or sale of shares and **Business for or with Non-Member Broker** securities he shares brokerage with or transacts business as principal with or acts as a broker for or enters into any business with a non-member if such non-member be a member of or a partner, agent or employee of a member of any other association dealing

in shares and securities within a distance of fifty miles of the city of Bombay or if such non-member within that distance either acts as a broker or passes his own contracts or advertises as broker or dealer in share and security business or issues price lists or circulars respecting such business or permits such advertising or issue or is associated directly or indirectly with any company, association, firm or undertaking which so advertises or makes such issues ;

**Advertisements**

- (x) if he advertises for business purposes or issues regularly circulars or other business communications to persons other than his own constituents, members of the Exchange, Banks and Joint Stock Companies or publishes pamphlets, circulars or any other literature or report or information relating to the stock markets in the public prints with his name attached ;

**Solicits Business**

- (xi) if he or his agent or employee solicits business by communicating with any person unless such person has previously given express permission in writing for such communication;

**Brokerage Charge**

- (xii) if he wilfully deviates from or evades or attempts to evade the rules relating to charging and sharing of brokerage.

**Offences by Partners, Agents and Employees of Members**

257 The Governing Board may by an ordinary resolution expel or suspend and/or fine and/or censure and/or warn the partner of a member or his attorney, agent, remisier, authorised clerk or employee for any act or omission which if done or omitted by the member would subject him to the same penalties.

**Member's Responsibility for Partners, Agents and Employees**

258 A member shall be fully responsible for the acts and omissions of his partnership firm and of his partners, attorneys, agents, remisiers, authorised clerks and employees and if any such act or omission be held by the Governing Board to be one which if done or omitted by the member would subject

him to any of the penalties as provided in these rules then such member shall be liable therefor to the same penalty to the same extent as if such act or omission had been done or omitted by him personally.

259 If the Governing Board so permits a person may be represented by counsel, attorney, advocate or a duly authorised adviser or representative in any investigation or hearing before the Governing Board or any committee. **Legal Representation**

260 A member shall be entitled to be summoned before the Governing Board, informed of the nature of the accusation against him and afforded an opportunity for explanation by personal or other testimony before being expelled but in all cases the findings of the Governing Board shall be final and conclusive. **Hearing Before Expulsion**

261 The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or conjointly and the amount of fine and the period of suspension may be determined by an ordinary resolution of the Governing Board. The penalty of expulsion shall be inflicted only by a special resolution of the Governing Board. **Penalties How Imposed**

262 The Governing Board shall have the power to pre-determine the penalties, the period of any suspension, the withdrawal of particular membership rights and the amount of any fine that would be imposed on contravention, non-compliance, disobedience, disregard or wilful evasion of any rule or of any resolution, regulation, order, notice, direction, decision or ruling of the Exchange, the Governing Board or the President or any committee. **Pre-determination of Penalties**

263 The Governing Board in its discretion may in any case suspend a member in lieu of the penalty of expulsion or may withdraw all or any of the membership rights or impose a fine in lieu of the penalty of suspension or expulsion and may direct that the guilty member be censured or warned or may reduce or remit any such penalty on such terms and conditions as it deems fair and equitable. **Commutation**

264 The Governing Board may of its own motion or on appeal by the member concerned reconsider and may by **Reconsideration**

special resolution rescind, revoke or modify its resolution expelling or suspending any member and may by an ordinary resolution rescind, revoke or modify its resolution withdrawing all or any of the membership rights of or fining, censuring or warning any member.

**Failure to Pay  
Fines and  
Penalties**

265 If a member fails to pay any fine or penalty imposed upon him within fourteen days after notice in writing has been served upon him by the Exchange he may be suspended by the Governing Board until he makes payment and if within a further period of thirty days he fails to make such payment he may be expelled by the Governing Board.

**Consequences of  
Suspension**

266 The suspension of a member shall have the following consequences, namely—

**Suspension of  
Membership Rights**

(i) the suspended member shall during the term of his suspension be deprived of and excluded from all the rights and privileges of membership including the right to attend or vote at any meeting of the Exchange but he may be proceeded against by the Governing Board for any offence committed by him either before or after his suspension and the Governing Board shall not be debarred from taking cognisance of and adjudicating on or dealing with any claim made against him by other members ;

**Rights of  
Creditors  
Unimpaired**

(ii) the suspension shall not affect the rights of the members who are creditors of the suspended member ;

**Fulfilment of  
Contracts**

(iii) the suspended member shall be bound to fulfil contracts outstanding at the time of his suspension ;

**Further Business  
Prohibited**

(iv) the suspended member shall not during the term of his suspension make any bargain on the floor of the Exchange or transact any business with or through a member provided that he may with the permission of the Governing Board close with or through a member the contracts outstanding at the time of his suspension ;

- (v) no member shall transact business for or with or share brokerage with a suspended member during the term of his suspension except with the previous permission of the Governing Board. **Members Not to Deal**

**267** The expulsion of a member shall have the following consequences, namely— **Consequences of Expulsion**

- (i) the expelled member shall forfeit to the Exchange his right of membership and all his rights and privileges as a member of the Exchange including any right to the use of or any claim upon or any interest in any property or funds of the Exchange but any liability of any such member to the Exchange or to any member of the Exchange shall continue and remain unaffected by his expulsion ; **Membership Rights Forfeited**
- (ii) the right of nomination shall vest in the Exchange and shall not be exercised by the expelled member ; **Lapse of Right of Nomination**
- (iii) the expulsion shall create a vacancy in any office or position held by the expelled member ; **Office Vacated**
- (iv) the expulsion shall not affect the rights of the members who are creditors of the expelled member ; **Rights of Creditors Unimpaired**
- (v) the expelled member shall be bound to fulfil contracts outstanding at the time of his expulsion and he may with the permission of the Governing Board close such outstanding contracts with or through a member ; **Fulfilment of Contracts**
- (vi) no member shall transact business for or with or share brokerage with the expelled member except with the previous permission of the Governing Board. **Members Not to Deal**

**268 (a)** The Governing Board or the President shall require a member to suspend his business when he fails to maintain or provide further deposit as prescribed in these **Suspension of Business**

rules and the Governing Board may by a special resolution require a member to suspend his business in part or in whole—

- |   |   |
|---|---|
| <b>Prejudicial Business</b>                         | (i) when in the opinion of the Governing Board he conducts his business in a manner prejudicial to the Exchange by making purchases or sales of shares or securities or offers to purchase or sell shares or securities for the purpose of upsetting the equilibrium of the market or bringing about a condition of demoralisation in which prices will not fairly reflect market values ; or |
| <b>Unwarrantable Business</b>                       | (ii) when in the opinion of the Governing Board he engages in unwarrantable business or effects purchases or sales for his constituent's account or for any account in which he is directly or indirectly interested which purchases or sales are excessive in view of his constituent's or his own means and financial resources or in view of the market for such share or security ; or    |
| <b>Unsatisfactory Financial Condition</b>           | (iii) when in the opinion of the Governing Board he is in such financial condition that he cannot be permitted to do business with safety to his creditors or the Exchange.   |
| <b>Removal or Suspension</b>                        | (b) The suspension of business under sub-rule (a) shall continue until the member has been allowed by the Governing Board to resume business on his paying the necessary amount by way of deposit, or on his doing such act or providing such thing as the Governing Board may by special resolution require within the time prescribed by such resolution.                                   |
| <b>Penalty for Contravention</b>                    | (c) A member who is required to suspend his business shall be expelled by the Governing Board if he acts in contravention of the provisions of this rule.   |
| <b>Notice of Penalty and Suspension of Business</b> | 269 Notice shall be given to the member concerned and to the members of the Exchange of the expulsion or suspension of or of the suspension of business by, a member or of any other penalty imposed upon him. The Governing Board  |

may in its absolute discretion and in such manner as it thinks fit notify or cause to be notified to the members of the Exchange or to the public that any member of the Stock Exchange who is named in such notification has been expelled, suspended, penalised or declared a defaulter or has suspended his business or ceased to be a member. No action or other proceedings shall in any circumstances be maintainable by such member against the Exchange or the Governing Board or any Member of the Governing Board or any officer or employee of the Exchange for the publication or circulation of such notification and the application for membership of the member concerned shall operate as licence and this rule shall operate as leave to any such person to print, publish or circulate such advertisement or notification and be pleadable accordingly.



## OFFICIAL QUOTATION

**Official Quotation and Admission to Dealings**      270 (a) Members shall not deal in securities and shares unless such securities and shares are officially quoted or admitted to dealings on the Exchange.

**Permission to Deal**      (b) Notwithstanding anything to the contrary contained in sub-rule (a) members are permitted unless expressly forbidden by the Governing Board to deal in any share or shares listed on other Stock Exchanges but such transactions shall not be deemed to fall within the purview of these rules nor shall they be recognised by the Governing Board.

**Official Quotation of Government Securities**      271 Securities issued by the Government of India, State Governments, Port Trusts, Municipalities and other public and semi-public bodies shall be entitled to an official quotation from the date of issue.

**Official Quotation of Shares**      272 The Governing Board may from time to time grant official quotation to shares and to securities other than those issued by the Government of India, State Governments, Port Trusts, Municipalities and other public and semi-public bodies.

**Admission to Dealings**      273 The Governing Board may in its discretion and prior to granting official quotation admit to dealings Coupons, Fractional Certificates, Letters of Renunciation or transferable Letters of Allotment, Acceptance or Application or options or other rights issued or other similar documents in respect of a company.

**Grant or Rejection of Official Quotation**      274 The Governing Board shall consider and may in its discretion grant subject to such terms as it may deem proper or defer or reject any application for official quotation of the shares or debentures of a company but no application shall be granted unless—

(i) there is adequate public interest in the company ;

(ii) the company is of sufficient magnitude and importance to justify an official quotation ; and

(iii) the listing conditions and requirements prescribed in these rules are complied with : provided however that the Governing Board may by a special resolution dispense with the strict enforcement of any or all of these conditions and requirements.

**275** No official quotation shall be given to the shares **Vendor's Shares** issued by a company to vendors and credited as fully or partly paid until six months after the date on which official quotation has been granted to shares of a like class or description issued to the general public. For the purpose of this provision shares issued as fully or partly paid to a person or persons or firm or corporation in consideration of the sale or transfer of property or business or in consideration of services rendered in the formation or promotion of the company shall be deemed vendor's shares.

**276** The listing fee payable by a company to the Exchange **Listing Fee** for the grant of an official quotation to its shares shall be determined by the Governing Board from time to time.

**277** Applications for official quotation shall be made to **Application for Official Quotation** the Exchange in writing by the company in such form or forms as the Governing Board may from time to time prescribe.

**278** A notice of any such listing application shall be **Notice of Listing Application** posted on the notice board for the information of members at least one week previous to the date of its consideration by the Governing Board.

**279** The company applying for official quotation shall **Documents and Information to be Furnished** furnish certified copies of documents and statements giving full and authentic information and particulars on such points and relating to such matters as the Governing Board may require. Without in any way prejudicing or restricting the generality of this requirement the Governing Board may require that the following be sent to the Exchange by the company, namely—

- (i) certified copies of its prospectus, Memorandum and Articles of Association and where there is a debenture issue of the Debenture Trust Deed ;
- (ii) certified copies of agreements if any relating to underwriting and issue of shares credited as fully or partly paid ;
- (iii) certified copies of Managing Agency or Managing Director's and similar other agreements ;
- (iv) certified copies of all material contracts, agreements, concessions and other similar documents ;
- (v) allotment sheets for purposes of inspection or copies thereof ;
- (vi) certified statements giving distinctive numbers of shares for which official quotation is desired, the number of shares allotted to vendors and their distinctive numbers, the number of shares offered to the public, the number of shares applied for by the public, the number of shares allotted to the public unconditionally pursuant to such applications and the basis and proportion of the allotment, the list of allottees and the number of shares applied for by and allotted to any applicant or applicants ;
- (vii) certified statement whether the unissued shares if any are vendor's shares or held in reserve for future issue ;
- (viii) certified statements showing the general distribution of shares of each class or kind amongst the shareholders of that class or kind and the names and holdings of large shareholders of each class or kind as on or about the date of application for official quotation.

280 The Governing Board may not grant official quotation to the shares of a company unless—

- Conditions  
Precedent to  
Official Quotation
- (i) the company shall have been registered under the Indian Companies Act and its prospectus filed with the Registrar of Joint Stock Companies in India ; Registration
- (ii) the subscription list inviting applications for shares from the public shall have been kept open for at least three days ; Public Subscription
- (iii) at least fifty per cent. of the issued capital whether such issue be the whole or part of the authorised capital shall have been offered to the public (excluding vendors) in equal proportion as to class or kind and allotted fairly and unconditionally ; Fair Allotment
- (iv) it shall have been established by the company to the satisfaction of the Governing Board that applications were invited from the public for a period of not less than three days for at least fifty per cent. of the shares issued, that the public did not apply for the entire fifty per cent. of the shares issued and that in consequence less than fifty per cent. of such shares was allotted to the public ; Full Allotment
- (v) the Memorandum and Articles of Association of the company shall exclude provisions which in any way restrict free dealings or which in the sole discretion of the Governing Board are undesirable or unreasonable and shall include such specific provisions as appear in Appendix H to these rules or such other provisions as the Governing Board may from time to time prescribe in addition to or in substitution thereof ; Memorandum and Articles of Association
- (vi) the Managing Agency and other service agreements shall exclude such provisions as are considered by the Governing Board to be Managing Agency and Other Agreements

or options, rights or privileges or benefits *pro rata* to the shareholders (except when the *pro rata* share is insignificantly small in which event the issue may be dealt with in a manner approved by the Exchange) in a form settled in consultation with the Exchange and approved by the Governing Board and shall close its transfer books for the purpose as from a date suitable to the Exchange ;

**Listing of  
Additional Shares,  
Stocks, etc.**

(xvi) the company shall make an application to the Exchange for official quotation of any new issue of shares, stocks, debentures, etc., except bonus shares identical in all respects to existing shares which shall be entitled to an official quotation from the date on which the transfer books of the company open for registration of transfers of such shares.

**Suspension of  
Official Quotation**

282 The Governing Board may by an ordinary resolution suspend at any time the official quotation granted to any security or securities or share or shares for such period or periods as it may determine. At the expiration of the period of suspension the Governing Board may reinstate such official quotation subject to such conditions as it deems fit.

**Withdrawal of  
Official Quotation  
on Redemption**

283 When redeemable or convertible preference shares are officially quoted the Governing Board may if necessary withdraw the official quotation at the time such shares are about to fall due for conversion or redemption unless extension of the date of conversion or redemption has been notified by the company.

**Withdrawal of  
Official Quotation  
on Liquidation**

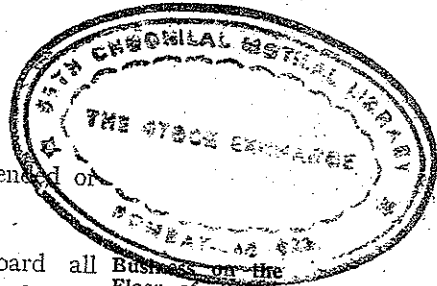
284 If any company be placed in final or provisional liquidation the Governing Board shall by an ordinary resolution withdraw the official quotation granted to its shares and debentures. The Governing Board may accept such evidence as it deems sufficient of such liquidation. Should any company placed in provisional liquidation be reinstated and desire an official quotation the Governing Board shall have the right of granting, refusing or deferring such application.

285 The Governing Board may by a special resolution and where deemed necessary after giving an opportunity to the company to explain withdraw the official quotation granted to its shares and debentures either for breach of or non-compliance with any of the listing conditions, or requirements or for any other reason whatsoever to be recorded in the minutes. **Withdrawal of Official Quotation**

286 The Governing Board may at its discretion by a special resolution readmit to official quotation the shares or debentures of a company whose official quotation has been previously withdrawn. **Readmission to Official Quotation**

## MARKET TRADING

- Business Days** 287 (a) The Stock Exchange shall be open on all days except on Sundays, all Bank holidays declared by the Government of Bombay under the Negotiable Instruments Act and such Exchange holidays as the Governing Board may consider it desirable to observe and determine at the beginning of the year: provided however that the Governing Board may from time to time cancel any of the Exchange holidays for a particular year.
- Exception** (b) Notwithstanding anything contained in sub-rule (a) the market shall be open for business on such "Moorat Day" and during such hours as the Governing Board may fix.
- Closure of Market** 288 The Governing Board may by a special resolution close the market on days other than or in addition to holidays. The President may at any time close the market for twenty-four hours whenever he is of the opinion that immediate action is necessary.
- Business Hours** 289 The market shall be open for business sessions during such business hours as appear in Appendix Y or such other hours as the Governing Board may from time to time prescribe in substitution thereof.
- Altering Business Hours** 290 The Governing Board or the President may alter, extend or curtail the business hours on any particular day.
- Opening and Closing of Market** 291 The opening and closing of the business hours of each session shall be announced by the ringing of a bell and a warning bell shall be rung fifteen minutes before the closing.
- Business Outside Business Hours Forbidden** 292 A member who makes any bid or offer or enters into any transaction on or outside the floor of the Exchange during holidays (including Sundays) or outside business hours on a business day may be fined, suspended or expelled by the Governing Board.
- Street Dealing Forbidden** 293 No calling out of prices or bids or offers or dealing in the street or at the entrance to or in the vicinity of the Stock Exchange shall be allowed and any member acting in



contravention of this provision may be fined, suspended or expelled by the Governing Board.

294 Save as permitted by the Governing Board all transactions shall be entered into on the floor of the Exchange. Any member acting in contravention of this provision may be fined, suspended or expelled by the Governing Board.

Business on the Floor of the Exchange

295 No person shall be admitted to the floor of the Exchange unless such requirements as the Governing Board may from time to time determine are complied with.

Admission to the Floor of the Exchange

296 A person shall be admitted to the floor of the Exchange only during good behaviour and shall be bound to observe the rules of the Exchange. The Governing Board may in its absolute discretion refuse admission to the floor to any person and may at any time suspend or terminate the right of admission of any such person without assigning any reason whatever.

Admission During Good Behaviour

297 A member shall be entitled to admission to the floor of the Exchange. An authorised clerk or remisier of a member may also be allowed admission on his being so registered. No other person (except employees of the Exchange) shall be admitted to the floor of the Exchange.

Who May be Admitted

298 A member who has been suspended or expelled or declared a defaulter and his authorised clerks and remisiers shall not be allowed admission to the floor of the Exchange.

Who May Not be Admitted

299 A visitor may be allowed to visit the floor of the Exchange with the permission of the President or an officer of the Exchange.

Visitors

300 (a) A member, his remisiers and authorised clerks shall wear distinctive badges to be obtained from the Exchange on payment of the prescribed fees. The badges shall be properly and prominently worn and kept in good condition and no person without such badge shall be admitted to the floor of the Exchange.

Badges

(b) A member shall notify the loss of a badge to the Exchange and another badge will be issued in its place on application by such member. In the case of an authorised

Loss of Badge



clerk or remisier the re-issue may be after the lapse of such time from the date of notice of loss and on such conditions and on payment of such fee as the Governing Board may from time to time determine.

**Penalty for Improper Use of Badge** (c) The Governing Board or the President shall expel or suspend an authorised clerk or remisier who transfers his badge to any person.

**Return of Badge** (d) A member who terminates or withdraws the authorisation of an authorised clerk or remisier shall return the badge to the Exchange on the date of such termination or withdrawal.

**Management on the Floor of the Exchange** 301 The management on the floor of the Exchange and the regulation of the entrances thereto shall be in the charge of the employees of the Exchange acting under the authority of the Secretary.

**Official Pads** 302 (a) Members and their authorised clerks shall be provided by the Exchange with distinctive official pads for noting down bargains made by them. The official pads shall be issued by the Exchange on payment of the prescribed charges and their use shall be subject to such conditions as the Governing Board may from time to time prescribe.

**All Bargains to be Noted in Official Pads** (b) A member or his authorised clerk who has struck a bargain in the market shall immediately note the particulars of the bargain and the name of the party on the official pad and no other pad shall be used.

**Responsibility for Use of Official Pads** (c) A member shall be responsible that the official pads issued to him and his authorised clerks are used for a proper purpose and that the conditions subject to which they have been issued are duly complied with.

**Improper Use of Official Pads** (d) The Governing Board shall expel or suspend an authorised clerk if he transfers his official pad to another person or uses it for an improper purpose or makes a breach of the conditions subject to which it has been issued.

**Official Pads to be Preserved** (e) The official pads shall be kept properly and in good condition and shall be preserved for at least four months.

as reckoned from the date on which new official pads are issued in their place.

303 (a) Members carrying on business on the Exchange other than representative and put-through members shall be entitled to make bargains in their own name on the floor of the Exchange. Representative members may make bargains but only on behalf of the member by whom they are so appointed. **Bargains by Members**

(b) An authorised clerk may make bargains on the floor of the Exchange only on behalf of his employer. He shall not make bargains either in his own name or in the name of any member other than his employer. An authorised clerk acting in violation of this provision shall be immediately suspended or expelled by the Governing Board or the President. **Bargains by Authorised Clerks**

(c) A remisier shall not make bargains on the floor of the Exchange either in his own name or on behalf of his employer or any other member. A remisier acting in violation of this provision shall be immediately suspended or expelled by the Governing Board or the President. **Remisiers Not to Make Bargains**

304 Trading that is the making of bargains and quotations in any share or security must take place at or adjacent to the post upon which the share or security is posted for trading. **Trading Posts**

305 The unit of trading in each share and security shall be for such number or for such amount as the Governing Board may from time to time specify and all bargains shall be in multiples of the trading unit unless an odd lot is stipulated. **Unit of Trading**

306 The recognised quotations shall be public bids and offers in lots of one trading unit or multiples thereof made on the floor of the Exchange during business hours on a business day. **Recognised Quotations**

307 Bids or offers shall be made at or in multiples of the minimum variations or spreads appearing in Appendix I to these rules or such other variations as the Governing Board may from time to time prescribe in substitution thereof. **Variation in Bids and Offers**

**Board Lot**

308 Any offer to buy or sell in the open market when no amount is named shall be open to acceptance up to such amount specified as a board lot in Appendix I or such other amount or quantity as the Governing Board may from time to time prescribe in substitution thereof.

**Quotations**

309 The prices of shares and securities shall be collected and recorded daily under the authority of the Secretary. No quotation shall be allowed for any bargain unless made regularly and in the open market and unless business in a marketable amount of the share or security has been done by actual purchase and sale at that rate. Quotations of special or odd lots shall be marked as such. A price having been marked shall not be expunged except by order of the President who may after calling for the name of the members who made the bargain and making the necessary inquiries withdraw a quotation which he considers inconsistent with the market value of the share or security or not the result of a bonafide bargain.

**Closing Prices**

310 The closing prices shall be made up daily under the authority of the Secretary. After the bell has been rung at the close of a session for transacting business a period of five minutes shall be allowed for sending in marking slips for transactions done before the ringing of the bell and not notified. Every disputed point with reference to the closing price shall be settled there and then and no further quotation will be permitted unless it can be satisfactorily shown that it has been intimated and accidentally omitted.

**Daily Official List**

311 A daily official list of prices shall be issued by the Exchange.

## MAKING OF BARGAINS

312 The Exchange does not recognise as parties to any bargain, transaction, dealing or contract in the market any parties other than its own members and every member is directly and primarily liable to every other member with whom he effects a bargain, transaction, dealing or contract for its due fulfilment in accordance with the rules and usages (not inconsistent with the rules) of the Exchange whether such bargain, transaction, dealing or contract be for account of the member effecting it or for account of a principal.

**Members Only  
Parties to Bargains**

313 All contracts made by a member with another member for the purchase or sale of shares and securities officially quoted or admitted to dealings on the Exchange shall in all cases be deemed made subject to the rules and usages (not inconsistent with the rules) of the Exchange which shall be a part of the terms and conditions of all such contracts and they shall be subject to the exercise by the Governing Board and the President of the powers with respect thereto vested in it or him by the rules of the Exchange.

**All Bargains  
Subject to Rules**

314 An application to annul a bargain on the Stock Exchange shall not be entertained by the Governing Board except upon a specific allegation of fraud or wilful misrepresentation or upon *prima facie* evidence of such material mistake in the bargain as in the judgment of the Governing Board renders the case fit for its adjudication. Such annulment shall be only by a special resolution of the Governing Board and a resolution so passed shall be final and shall come into force forthwith. If within fifteen minutes of the time fixed for the meeting at which the matter is proposed to be considered the required number of the Members of the Governing Board be not present the Members present shall co-opt from amongst the members of the Arbitration Committee (and failing that from amongst the members of the Defaulters' Committee and failing that from amongst the members of the Exchange) as many Members as are necessary to make up a quorum.

**Inviolability of  
Bargains**

**Business Placed  
Between  
Non-Members**

315 When a member has an order to buy and an order to sell the same share or security he may complete the transaction between the non-members concerned but before so completing he shall fairly and deliberately test the market to ascertain that there is no buyer at a higher nor a seller at a lower price than the one at which the bargain is proposed to be concluded.

**Put-Through  
Business**

316 When a member employs another member as an intermediary to put through his own transaction or that of a non-member such intermediary shall report the transaction to the member employing him at the same price as he dealt in the market and the employing member shall report the same price to the non-member in respect of the transaction done for him. In such cases whether the employing member does his own transaction or a non-member's and whether he enters into such transaction in his capacity as a member of the Exchange or as a constituent of the intermediary he shall be (irrespective of whether he works as a put-through member or otherwise) liable therefor in all respects in the same manner as if he had done the transaction in the ordinary course of business on the floor of the Exchange.

**Member as  
Principal**

317 When executing an order a member shall not buy or sell shares and securities directly or indirectly for his own account or for any account in which he has a direct or indirect interest except when he is obliged to close-out the account of his constituent under these rules or unless he has obtained the consent of his constituent thereto and provided that the price is fair and justified by the condition of the market.

**Carry-Over  
Transactions**

318 Carry-over transactions may be put through between two non-members but whether so put through or not the seller shall not be entitled to claim a return of the identical shares or securities delivered by him.

**Havalas**

319 (a) Contracts for crossing shares and securities that is for *Havala* confirmed by both members on behalf of a constituent at the rate agreed by signing the relevant entries in their transaction or contract books shall not be cancelled or modified by any subsequent default of the constituent but each shall be responsible to the other for due fulfilment of the contracts.

(b) When contracts in shares and securities are not confirmed and signed as provided in sub-rule (a) they can on subsequent default of a constituent be modified. In that event the prices binding on both the parties shall be the opening prices current in the market on the due date of settlement and in the case of Cleared Shares and Cleared Securities such modification may be made by one party serving on the other a notice in writing at any time before payment is made by the Clearing House on the due date of settlement.

**Modification of  
Havalas**

(c) When *Havalas* have been modified as provided in sub-rule (b) the resulting credit (if any) at the foot of the constituent's account with one member and the resulting debit (if any) at the foot of the constituent's account with the other member shall be offset against one another upto an amount not exceeding the difference between the modified *Havala* price and the respective contract prices. The member holding the credit shall on behalf of the constituent make such payment in adjustment to the other member and the constituent shall be entitled to claim only the balance remaining if any.

**Debits and Credits  
to be Offset**

(d) Contracts for *Havala* among members themselves in Making-up Shares and Cleared Securities shall be at the making-up price only and when such price is altered such *Havala* contracts shall be deemed to have been made at the altered making-up price.

**Havala among  
Members**

(e) A member shall not be bound to accept *Havala* on behalf of his constituent. Where a member accepts *Havala* on behalf of his constituent it shall be unless otherwise agreed upon by them in writing at the risk and on account of the constituent who shall be deemed to indemnify the members accepting such *Havala* against any loss suffered by any of them by reason of the default of the other. In the event of such default the amount in adjustment to be received from or paid to the constituent by a member shall be determined—

**Non-acceptance of  
Havala**

(i) at the altered making-up prices when the *Havala* is in respect of Making-up Shares and Cleared Securities; and

- (ii) at the hammer prices if any or the opening prices current in the market on the day following the date of settlement when the *Havala* is in respect of Slip Shares and Non-Cleared Shares and Non-Cleared Securities.

## BARGAINS IN THE MARKET

320 Bargains on the Exchange shall be subject to such **Terms** terms and conditions relating to delivery, payment and settlement as provided in the rules relating thereto and in the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder.

321 Option business and offers to buy or sell prospective **Option Business and Purchase or Sale of Dividends Prohibited** dividends are prohibited. Any member acting in violation of this rule shall be expelled by the Governing Board.

322 (a) All transactions and dealings in shares and **Dealings in Certain Shares and Securities Forbidden.** securities to which official quotation or admission to dealings has not been granted by the Governing Board are forbidden and a member who shall do business for or with a member or non-member for the purchase or sale of any such share or security shall be fined or suspended by the Governing Board.

(b) Notwithstanding anything contained in sub-rule **Exception:** (a) members are permitted unless expressly forbidden by the Governing Board to deal in any share or shares listed on other Stock Exchanges. Such transactions shall not be deemed to fall within the purview of these rules nor shall they be recognised by the Governing Board. In the absence of any stipulation such transactions shall be deemed to have been made subject to the rules and regulations of such other Stock Exchanges.

323 For purposes of settlement all shares and securities **Cleared and Non-Cleared Shares and Securities** that are officially quoted or admitted to dealings shall be divided into two groups, namely—

- (i) Cleared Shares and Cleared Securities which shall be cleared and settled through the Clearing House; and
- (ii) Non-Cleared (or Hand-Delivery) Shares and Non-Cleared (or Hand-Delivery) Securities which shall be settled outside the Clearing House.



**Prescribed Schedule** 324 The scheduled time and hour to be observed in connection with the clearing and settlement of bargains in Cleared and Non-Cleared Shares and Securities shall be according to the schedule prescribed in Appendix Y or such other schedule as the Governing Board may from time to time prescribe in modification or substitution thereof.

**Change in or Alteration of Settlement Procedure**

325 The Governing Board may at any time resolve and through a notice in that behalf posted on the notice board bring into effect in respect of any bargains entered into or to be entered into in any Cleared or Non-Cleared Share or Shares or Security or Securities any substitution of or any additions to, deletions from or variations, alterations or amendments in any settlement procedure or in any clearing process or in the forms prescribed therefor.

**Separate Cleared and Non-Cleared Lists**

326 The Governing Board shall from time to time specify the shares and securities that shall be included in the Cleared Shares List and the Cleared Securities List and may at any time add a share or security to or remove it from these Lists or transfer it from one List to another. All shares and securities not on the Cleared Shares List or the Cleared Securities List shall be deemed to be included in the Non-Cleared Shares List or the Non-Cleared Securities List.

**Settlement of Making-up and Slip Shares**

327 (a) For purposes of clearing Cleared Shares shall be divided into two groups, namely—

(i) Making-up Shares to be settled by the Process of Making-up Prices in the manner provided in these rules; and

(ii) Slip Shares to be settled by the Process of Slips in the manner provided in these rules.

**Settlement of Cleared Securities**

(b) All Cleared Securities shall be settled by the Process of Making-up Prices in the manner provided in these rules.

**Lists of Making-up and Slip Shares**

328 The Governing Board shall from time to time specify the Cleared Shares that shall be included in the Making-up Shares List and in the Slip Shares List. The Governing Board may at any time add a share to or remove it from either the

Making-up Shares List or the Slip Shares List or transfer it from one List to another.

329 It shall be competent to the Governing Board to order that all existing contracts in any Making-up Share or Shares shall be settled by the Process of Slips instead of by the Process of Making-up Prices and *vice versa*.

**Inter-Change of Processes**

330 (a) All bargains in Cleared Shares and Cleared Securities shall be deemed to be for the Clearing and the clearing and settlement of such bargains shall be effected through the Clearing House.

**Bargains in Cleared Shares and Cleared Securities**

(b) Notwithstanding anything contained in sub-rule (a) when bargains in Cleared Shares and Cleared Securities are in other than the prescribed trading unit such odd-lot bargains shall be deemed to be as if for Non-Cleared Shares and Non-Cleared Securities and settled as such outside the Clearing House.

**Odd-Lot Bargains**

331 All contracts for any Cleared Share or Shares or Cleared Security or Securities entered into during a Clearing that are outstanding on the last business day shall be performed by the actual delivery of or payment for the shares or securities specified therein unless in the case of Making-up Shares or Cleared Securities they are carried-over at the making-up prices to the next Clearing.

**Settlement of Bargains in Cleared Shares and Cleared Securities**

332 Except carry-over and unless otherwise permitted by the Governing Board no bargains made for a period beyond the current Clearing shall be recognised and all such bargains are forbidden :

**Bargains for the Clearing**

Provided that the parties may expressly stipulate at the time of the bargain to make delivery and payment otherwise than as hereinabove provided but for a period not longer than that specified for Non-Cleared Shares or Non-Cleared Securities. In case such a stipulation or other stipulations of a special character has or have been made the contract shall be deemed to be as if for a Non-Cleared Share or Non-Cleared Security and performed accordingly outside the Clearing House.

**Non-Delivery of Slip Shares by Agreement**

333 In the case of Slip Shares if the shares are not delivered and received through the Clearing House as the result of an agreement between the member who is to deliver and the member who is to receive such delivering and receiving members shall be deemed to have entered into a new contract on which they alone shall be liable and shall release all intermediate parties from all liabilities. Such new contract shall mature in the next Clearing.

**Extension or Postponement of Clearing**

334 Notwithstanding anything to the contrary contained in these rules the Governing Board may from time to time extend or postpone the various Clearing Days and the time for the performance of contracts in any Cleared Share or Shares or Cleared Security or Securities whenever in its opinion such action is called for in the public interest or by just and equitable principles of trade or when circumstances beyond the control of the contracting parties make such action desirable.

**Extension of Contracts by the President**

335 Notwithstanding anything to the contrary contained in these rules the President may in his discretion extend in any particular case the time for the performance of a contract in any Cleared Share or Shares or Cleared Security or Securities from any one Clearing to the ensuing Clearing.

**Delivery and Payment in Cleared Shares through the Clearing House**

336 (a) Unless otherwise stipulated when entering into the bargain or otherwise agreed by the parties to the contract a member shall make delivery and payment in respect of all bargains in Cleared Shares through or as directed by the Clearing House :

Provided however that any member who holds for account of his different constituents contracts both for sale and purchase in the same Clearing that offset each other shall be entitled to offset such contracts and in that case he shall be entitled to give and take delivery and payment outside the Clearing House.

**Delivery and Payment in Cleared Shares When Outside the Clearing House**

(b) It shall be competent to the Governing Board to order that delivery and/or payment in respect of all bargains entered into or to be entered into in any Cleared Share or Shares shall be effected outside the Clearing House.

337 Unless otherwise ordered by the Governing Board delivery and payment in respect of all bargains in Cleared Securities shall be effected outside the Clearing House.

**Delivery and Payment in Cleared Securities Outside the Clearing House**

338 If a member delivers shares or securities outside the Clearing House except when so required under the provisions of these rules or so directed by the Governing Board members making and accepting such delivery shall release all intermediate parties from all liabilities. The deliverer shall alone remain responsible to the receiver.

**Release of Intermediaries**

339 The rules relating to the Clearing House from time to time in force and the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder for the time being in force and posted on the notice board shall be a part of the terms and conditions of every contract which is cleared and settled through the Clearing House.

**Clearing House Rules form part of Contracts**

340 All bargains in Non-Cleared Shares and Non-Cleared Securities shall be settled by hand-delivery outside the Clearing House.

**Bargains in Non-Cleared Shares and Non-Cleared Securities**

341 (a) Save as otherwise provided in these rules bargains in Non-Cleared Shares entered into on a business day during any week shall be settled by hand-delivery in the following week in the manner provided in these rules.

**Settlement of Bargains in Non-Cleared Shares**

(b) Bargains in Non-Cleared Securities shall be for delivery and payment on or before the seventh day following the day of the bargain in the manner provided in these rules.

**Settlement of Bargains in Non-Cleared Securities**

(c) Notwithstanding anything contained in sub-rules (a) and (b) the parties to a contract in Non-Cleared Shares or Non-Cleared Securities may expressly stipulate at the time of the bargain to make delivery and payment otherwise than as hereinabove provided but for a period not longer than fifteen days from the date of the contract and in that event the contract shall be performed accordingly.

**Non-Cleared Bargains Subject to Stipulation**

342 Notwithstanding anything to the contrary contained in these rules the Governing Board may from time to time extend or postpone the time for performance of contracts

**Extension or Postponement of Non-Cleared Bargains**

in any Non-Cleared Share or Shares or Non-Cleared Security or Securities whenever in its opinion such action is called for in the public interest or by just and equitable principles of trade or when circumstances beyond the control of either or both of the contracting parties make such action desirable.

**Extension of  
Contract by the  
President**

343 Notwithstanding anything to the contrary contained in these rules the President may in his discretion extend in any particular case the time for the performance of a contract in any Non-Cleared Share or Shares or Non-Cleared Security or Securities by a period not exceeding fifteen days.

**Process of Tickets**

344 When buying-in or selling-out has been suspended and/or delivery postponed or in any other circumstances when the Governing Board in its discretion so determines it shall be competent to Governing Board to order that all bargains in any Cleared or Non-Cleared Share or Shares or Security or Securities shall be settled by the Process of Tickets in the manner provided in these rules instead of by the Process of Making-up Prices or Slips or by Hand-Delivery. In that event delivery and payment shall be made through or outside the Clearing House as the Governing Board directs.

**Special Clearance  
Sheets**

345 Whenever there is an emergency, corner or crisis or whenever it appears that purchases or sales of any Cleared or Non-Cleared Share or Shares or Security or Securities or offers to purchase such share or shares or security or securities are made for the purpose of inducing a false or artificial appearance of activity or upsetting the equilibrium of the market or bringing about a condition of demoralisation in which prices will not fairly reflect market values or whenever it is apprehended that business is being conducted in a manner prejudicial to the public interest or the interest of just and equitable principles of trade or the interest and welfare of the Exchange the Governing Board or the President may direct a member or members to submit to the President Special Clearance Sheets in the form contained in Appendix Z (Forms Nos. 30 to 35) or in such other form as may be from time to time prescribed. Members shall submit such special Clearance Sheets as instructed in the notice in that behalf posted on the notice board. The information contained in such sheets shall be deemed confidential. A member not conforming to the provisions of this rule shall be expelled.

346 (a) Whenever the Governing Board in its absolute discretion is of the opinion that a corner has been created in Cleared or Non-Cleared Share or Shares or Security or Securities or that a single interest or group has acquired such control of such share or shares or security or securities that the same cannot be obtained for delivery on existing contracts except at prices and on terms arbitrarily dictated by such interest or group the Governing Board may from time to time by a special resolution suspend the buying-in rule in such share or shares or security or securities. If within fifteen minutes of the time fixed for the meeting at which the matter is to be considered the required number of the Members of the Governing Board be not present the Members present shall co-opt from amongst the members of the Arbitration Committee (and failing that from amongst the members of the Defaulters' Committee and failing that from amongst the members of the Exchange) as many Members as are necessary to make up a quorum.

Corner

(b) On suspension of buying-in as provided in sub-rule (a) the Governing Board shall transfer the Cleared Shares or Cleared Securities in which buying-in is suspended from the Cleared to the Non-Cleared List. All further dealings in any share or shares or security or securities in which buying-in is suspended may be prohibited for such period or periods as the Governing Board may from time to time determine.

Prohibition of Dealings

(c) If the due dates of delivery and payment fall within the period of suspension of buying-in existing contracts in the share or shares or security or securities in which buying-in has been suspended shall be cleared and settled by the Process of Tickets as provided in these rules.

Contracts to be Cleared by Tickets.

347 (a) In a crisis or emergency or in the case of a panic or bear raid or of reckless heavy sales or when it appears that prices are unduly depressed or that a crisis is at hand or that a fair or normal market does not or may not exist the Governing Board in its absolute discretion may by a special resolution for such period or periods as it may from time to time determine—

Crisis

- (i) prohibit short selling in any Cleared Share or Shares or Cleared Security or Securities; and/or

(ii) fix minimum prices below which sale or purchase of any Cleared Share or Shares or Cleared Security or Securities shall not be made ; and/or

(iii) close the market in whole or in part ; and/or

(iv) prohibit further dealings in any Cleared Share or Shares or Cleared Security or Securities while allowing dealings in connection with existing contracts in such share or shares or security or securities subject to such restrictions as it may determine notwithstanding anything to the contrary contained in these rules.

If within fifteen minutes of the time fixed for the meeting at which the matter is proposed to be considered the required number of the Members of the Governing Board be not present the Members present shall co-opt from amongst the members of the Arbitration Committee (and failing that from amongst the members of the Defaulters' Committee and failing that from amongst the members of the Exchange) as many members as are necessary to make up a quorum.

**Suspension of  
Selling-out**

(b) If the due dates of delivery and payment fall within a period during which further dealings are prohibited or the market continues to be closed the Governing Board shall by a resolution suspend the selling-out rule in respect of all existing contracts in the Cleared Share or Shares or Cleared Security or Securities in question and shall likewise extend the time for payment of such share or shares or security or securities from Clearing to Clearing till such time the market reopens. The liabilities of intermediaries shall continue during the suspension of the selling-out rule. However the buying member shall be entitled to enforce delivery in any of such Clearings and for that purpose the Process of Tickets as provided in these rules shall apply.

**Fixing of Making-up  
Prices and  
Contango**

(c) When the Governing Board extends the time for payment in respect of any Cleared Share or Shares or Cleared Security or Securities it shall by a resolution—

- (i) fix from time to time the making-up prices for such share or shares or security or securities. For the first Clearing such making-up prices shall be slightly higher than the prices of such shares or securities prevailing in the market prior to the suspension of business. For each subsequent Clearing the Governing Board may reduce the making-up prices as it may deem fit in case of each share or security but in no case such reduction shall exceed 5 per cent. of the previous making-up prices. All contracts remaining unsettled at the end of each Clearing shall be carried-over to the following Clearing at such making-up prices. All accounts shall be adjusted at such making-up prices and the difference shall be payable on the Pay-in Day so fixed or extended for the Clearing ; and
- (ii) fix from Clearing to Clearing contango for such share or shares or security or securities determined on the basis of the ruling market rate of interest and the contango of the previous Clearing.

**348** If a member is declared a defaulter all members having **Defaulting Member** dealings with him in any Cleared or Non-Cleared Share or Shares or Security or Securities may square-up all outstanding contracts in accordance with the rules relating to default.

**349 (a)** On the death of a member having transactions **Deceased Member** outstanding in the market in any Cleared or Non-Cleared Share or Shares or Security or Securities the Governing Board may in its discretion give permission to his legal representatives to settle such transactions according to the terms thereof.

**(b)** In the event of permission not being applied for **Closing-out or Squaring-up** or granted as provided in sub-rule (a) members shall be notified accordingly and they shall close-out the outstanding transactions forthwith in the open market or square-up such transactions by reciprocal purchase or sale as the case may be at prices then current in the market. The loss if any on



such closing-out or squaring-up shall be claimed from the legal representatives of the deceased member. If the legal representatives of the deceased member fail to pay the amount claimed from them it will be as if such deceased member had been declared a defaulter and in that event the rules relating to default shall apply.

## COMPARISON OF BARGAINS

350 It shall be the duty of members with a view to preventing mistakes to compare each contract in the Settling Room on the business day following the one on which the bargain is made. But nothing in this provision shall be construed to justify a refusal by a party to compare a bargain at his office on the same day if so desired by the other party.

**Comparison of Contracts**

351 It shall be the duty of the seller to compare or to endeavour to compare each transaction and it shall be the duty of the buyer to investigate each transaction which has not been compared by the seller in due time.

**Seller's Duty**

352 A comparison of contracts shall be made by members or by the clerks of such members authorised in that behalf by signing the entries in the transaction or contract books.

**Transaction Books**

353 If the Governing Board so directs instead of comparing entries in transaction or contract books bargains shall be compared by means of Comparison Memos in the form appearing in Appendix J or in such other form as the Governing Board may from time to time prescribe. Such comparisons shall be made in accordance with the instructions contained in the notice in that behalf posted on the notice board.

**Comparison Memos**

354 If a member fails to compare his contracts in accordance with these provisions and if a difference which would have been discovered on such comparison is subsequently discovered the defaulting member shall not be entitled to call for performance of the contract except as it appears in the books of the other party to the transaction.

**Failure to Compare**

355 If a member or his clerk fails to attend in the Settling Room or leaves the Room without completing the comparison he shall be liable to pay such fine as the Governing Board may from time to time direct.

**Penalty**

356 If during comparison a dispute arises as to whether a bargain has been entered into or not or if a difference in the

**Discrepancies in Bargains**

respective contracts of the parties be discovered and if such dispute or difference be not immediately adjusted by mutual agreement the party intending to make a claim against the other must forthwith close-out the transaction in the open market by purchase or sale as the case may be so as to determine the amount of damages to be claimed and the dispute or difference shall then be referred to the Arbitration Committee for its adjudication.

## CLEARING HOUSE

357 There shall be a Clearing House under the control of the Governing Board which shall act as the common agent of the members for clearing contracts between members and for delivering shares and securities to and receiving shares and securities from the members and for receiving or paying any amounts payable to or payable by such members in connection with any of the contracts and to do all things necessary or proper for carrying out the foregoing purposes.

**Function of Clearing House**

358 The Clearing House shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any share, security, transfer deed or any other document passing through the Clearing House and the only obligation of the Clearing House in this matter shall be to facilitate the delivery and payment in respect of shares, securities, transfer deeds and any other documents between members.

**Liability of Clearing House**

359 No liability shall attach either to the Exchange or the Governing Board or to any Member of the Governing Board by reason of anything done or omitted to be done by the Clearing House in the course of its operations nor shall the Exchange or the Governing Board or any Member of the Governing Board be liable to answer in any way for the title, ownership, genuineness, regularity or validity of any shares, securities, transfer deeds or any other documents passing through the Clearing House nor shall any liability attach to the Exchange, the Governing Board or any Member of the Governing Board in any way in respect of such shares, securities, transfer deeds and any other documents.

**Liability of the Exchange**

360 No liability shall attach to any member of the Exchange for any delay on the part of the Clearing House in the course of its operations.

**Liability of Member**

361 (a) The Clearing House is entitled at its discretion to deliver shares and securities which it has received from a member or to instruct a member to give direct delivery of shares and securities which he has to deliver under the

**Clearing House to Deliver Shares at Discretion**

provisions of these rules to another member who is entitled under the provisions of these rules to receive delivery of shares and securities of a like kind.

**Privity of Contract**

(b) Members giving or receiving delivery as provided in sub-rule (a) shall be deemed notwithstanding that no direct contract exists between them to have made a contract with each other for all purposes of the settlement. The rights and liabilities of such members in relation to their immediate contracting parties shall not be deemed to be affected thereby except that the selling member who is the immediate contracting party of the receiving member shall be (unless he be himself the delivering member) released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving member and in regard to the loss and damages arising therefrom which shall be dealt with as provided in the rules relating to documents and registration of shares.

**Governing Board Trustees**

362 All sums of money paid into the Clearing House and all credits appearing in the books of the Clearing House on account of any member entitled thereto shall be held by the Governing Board on behalf of the Exchange as agents and in trust for such member. The making of such payment or credit entry shall be deemed and taken to be a payment or credit to such member. No other member shall be entitled to levy any attachment or execution thereon and neither the Exchange nor any member thereof nor any other person shall be deemed to have any right, title or interest in or to any such money or credit.

**Authority to Pledge**

363 When a member is declared a defaulter the Governing Board shall have the right to borrow money against and pledge all or any part of the shares or securities held by the Clearing House for the account of the defaulting member. The amount for which the shares or securities are so pledged shall not exceed their value at the ruling market price and it shall be paid to the members who delivered such shares or securities to the Clearing House in accordance with these rules.

**No Lien on Constituents' Shares and Securities**

364 When a member is declared a defaulter neither the Exchange nor the creditors of the defaulter shall be entitled to any lien on shares and securities delivered by him to the

Clearing House on account of his constituents. A constituent shall on proof that such shares and securities were so delivered be entitled to receive as the Governing Board or the President directs either such shares and securities or the value thereof which in the case of Making-up Shares and Cleared Securities shall be at the altered making-up price.

365 In respect of shares so specially designated by the Governing Board the Clearing House may act for its members in procuring sub-divided certificates or Split Receipts or Certified Transfer Deeds and may in such cases also issue its own Split Receipts and where the company agrees certify the Transfer Deeds.

**Sub-Division of  
Certificates, Split  
Receipts and  
Certified Transfer  
Deeds**

366 When the delivering member has a larger certificate than the amount of shares to be delivered or only one certificate representing shares conveyed by two or more transfer deeds the certificates may be deposited with the Clearing House. Thereupon the Clearing House shall at the depositor's risk forward them to the office of the company and either certify the transfer deeds to that effect or procure the sub-divided certificates, Split Receipts or certified Transfer Deeds from the Company.

**Sub-Division**

367 (a) In respect of shares so specially designated the Clearing House shall on a member depositing a certificate of large denomination issue its own Clearing House Split Receipts in the form contained in Appendix Z (Form No. 40) or in such other form as may be from time to time prescribed by the Governing Board.

**Clearing House  
Split Receipts**

(b) The delivering member shall pay to the Clearing House such fee as may be prescribed by the Governing Board from time to time for each Split Receipt issued over and above the charges payable to the company.

**Charges for Clearing  
House Split  
Receipts**

(c) Title to the Clearing House Split Receipts is transferable with the same effect as in the case of original certificates.

**Title to Clearing  
House Split Receipts**

(d) On the presentation and surrender of Clearing House Split Receipts the Clearing House shall deliver the new certificate or certificates or Split Receipts or certified Transfer

**Exchange of  
Clearing  
House Split Receipts**

Deeds issued by the company. When such Receipts are properly endorsed delivery shall be given to the persons specified in such endorsements and when the endorsements are in blank delivery shall be given to the holders thereof.

**No Responsibility in regard to Sub-division**

**368** The Exchange, the Clearing House and their officials shall not be liable or responsible for the due or accurate performance of any duties in connection with the issue of Split Receipts or certification of transfers nor for the verification of documents presented to them for sub-division or certification nor for any duties in connection with the transmission of certificates to the company nor for any loss arising from the certification of forged transfers or from issue of Clearing House Split Receipts or certification of transfers against forged certificates or forged transfers.

**Clearance by Members Only**

**369** Members only shall be entitled to clear or settle contracts through the Clearing House.

**Delivery and Payment through Clearing Member Banks**

**370 (a)** The Clearing House shall maintain a list of Banks, Trust Companies and other firms approved by the Governing Board (hereinafter briefly called Clearing Member Banks) which may act for members and their constituents in giving and taking delivery of shares, securities, transfer deeds and any other documents and in making and accepting payment for the same in the manner provided in these rules.

**Clearing Member Banks to Observe Rules**

**(b)** Clearing Member Banks must agree to abide by the rules relating to delivery, payment and the clearing and settlement of transactions through or as directed by the Clearing House and the resolutions, regulations, orders, notices, directions and decisions of the Governing Board or the President thereunder.

**Inclusion in or Removal from Approved List**

**(c)** The Governing Board may at its sole discretion from time to time add names to the list of Clearing Member Banks and remove names therefrom.

**Notices and Directions**

**371** All members shall comply with the resolutions, regulations, orders, notices, directions and decisions of the Governing Board in all matters connected with the operations of the Clearing House.

372 The Governing Board may from time to time prescribe the bank or banks with whom all members shall maintain an account for the purpose of clearing operations.

**Prescribed Bank**

373 A member may nominate two clearing clerks who shall be competent to sign on behalf of such member all Clearing Forms and transact all such business as is necessary to be transacted in all matters connected with the operations of the Clearing House.

**Member's Clearing Clerks**

374 A member who has to give or take delivery of shares, securities, transfer deeds or any other documents or to make or accept payments shall either attend personally in the Clearing House or be represented by his clearing clerk at the proper time and no member shall be entitled to demand delivery of shares, securities, transfer deeds or any other documents or payment outside the Clearing House.

**Attendance at Clearing House**

375 A member shall be allotted a Clearing Number which must appear on all forms used by the member in all matters connected with the operations of the Clearing House.

**Clearing Number**

376 All Clearing Forms (which term shall include Clearance Lists, Delivery and Receive Orders, Statement Sheets, Balance Sheets, Claim Notes, Vouchers and other forms and documents) used for the purpose of the Clearing House shall be in the form prescribed in Appendix Z or in such other form as the Governing Board may from time to time prescribe. Save as permitted no forms other than those supplied by the Clearing House shall be used.

**Clearing Forms to be Prescribed**

377 (a) All Clearing Forms shall be signed by a member or his clearing clerk.

**Signing of Clearing Forms**

(b) A member shall file with the Clearing House specimens of his own signature and specimens of the signatures of his clearing clerks. The specimen signature card shall be signed by the member and his clearing clerks in the presence of an officer of the Exchange or of the Clearing House.

**Specimen Signatures**

(c) When handing over shares and securities the Clearing House shall compare the signature appearing on the acknowledgment receipt with the specimen signature in its

**Comparison with Specimen Signatures when Necessary**



possession. In the case of any other clearing forms the Clearing House may make such comparison in its entire discretion but it shall be under no obligation to do so nor shall it in any manner incur any responsibility or be subject to any liability for having done or omitted to do so.

**Penalty**

**378** (a) The Governing Board or the President may impose upon any member such penalty as the Governing Board may from time to time prescribe in every case of failure by any member to comply with any rules or any resolutions, regulations, orders, notices, directions and decisions of the Governing Board or the President thereunder in connection with the clearing operations or for any error or omission or illegible entry in filling up any such form or other document required by the Clearing House in the course of its operations or for any delay in submitting any such form or document to the Clearing House.

**False or Misleading Statements**

(b) The Governing Board may fine, suspend or expel a member who makes any false or misleading statement in his Clearing Forms submitted under the provisions of these rules or of any resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder.

**Charges for Clearing Forms**

**379** The Governing Board shall from time to time prescribe the charges for the Clearing Forms to be supplied by the Clearing House.

**Charges for Clearing**

**380** The Governing Board shall from time to time prescribe the scale of charges for clearing and settling transactions through the Clearing House.

**Settlement of Accounts**

**381** The Clearing House shall periodically render bills for the fees, fines and other dues payable by members to the Exchange as well as the charges, fines and other dues payable on account of the business settled through the Clearing House and debit the amount payable by members to their accounts. All such bills shall be paid within a week of the date on which they are rendered.

**CLEARED SHARES—PROCESS OF MAKING-UP PRICES  
AND PROCESS OF SLIPS**

382 (a) For facility of clearing the Governing Board shall from time to time notify for Cleared Shares the First and Last Business Day for each Clearing and the various Clearing Days. The First Business Day of a Clearing so notified may precede by a day the Last Business Day of the preceding Clearing.

**Clearing and  
Clearing Days**

(b) The Governing Board may in special circumstances which shall be set out in the minutes at any time curtail, extend, alter or postpone from time to time to a future date or dates the entire Clearing or any or all of the various Clearing Days in respect of any or all of the Cleared Shares :

**Alteration of  
Clearing and  
Clearing Days**

Provided however that if in the case of Making-up Shares the Pay-in Day notified for any Clearing is postponed by a period beyond one week the Governing Board shall fix a contango payable by the purchaser to the seller for such Making-up Shares on the basis of the contango of the preceding Clearing.

383 (a) On the last Business Day of the Clearing the President or in his absence the Secretary shall fix making-up prices for Making-up Shares at which all accounts in such shares are to be temporarily adjusted and payment made or received.

**Making-up Prices**

(b) The Governing Board may when a member is declared a defaulter or in exceptional circumstances which shall be fully set out in the minutes alter the making-up prices which have been fixed. When the making-up price is so altered all accounts shall be re-adjusted and payment shall be made or received at the altered making-up price. In case of default however such re-adjustment of accounts shall be only between the parties having transactions with the defaulter.

**Alteration of  
Making-up  
Price**

384 (a) On Slip Day Seller's Clearance Slips (Form No. 14) for Slip Shares shall be passed. Such Slips shall be

**Seller's  
Clearance Slips**

in duplicate. There shall be one Slip for each kind of Slip Share and the member proposing to deliver shares shall make out such Slips at the contract price in respect of each transaction.

**Passing of Slips**

(b) The Slips shall be passed in the Settling Room at the scheduled hour prescribed in Appendix Y. They may be delivered at the office of the member receiving the shares before the scheduled hour. The member or one of his clerks shall be present in the Settling Room for the purpose of receiving Slips. The receiving member shall retain the original Slip if found correct and shall immediately return the duplicate duly signed to evidence the delivery and accuracy of the same to the member from whom it was received.

**Buying-in on Failure to Pass Slips**

(c) When Slips are not received on the Slip Day as provided in sub-rule (b) the buying member shall be entitled to buy-in the Slip Shares against the defaulting member in accordance with the rules relating to closing-out.

**Comparison of Accounts**

385 (a) On Comparison Day members shall compare their accounts with other members with whom they have outstanding bargains to be settled and shall adjust all accounts in respect of Making-up Shares at making-up prices at which payment of differences is to be made or received.

**Tally Memo**

(b) With a view to detecting errors members may give on Comparison Day to other members with whom they have bargains to be settled a Tally Memo (Form No. 4) showing the balance of different kinds of shares outstanding to be taken from them. A member to whom the Tally Memo is given shall retain it if it be correct and if an error be detected there shall be an adjustment by the parties concerned. If the number of shares shown in the Tally Memo does not agree with the number of shares shown in the Clearance List (Form No. 1) submitted to the Clearing House as hereinafter prescribed the member whose Clearance List does not agree shall be liable to pay the commission charges and the loss if any resulting from closing-out as provided in these rules.

**Delivery and Receive Orders**

386 On Clearance Day the Delivery Orders (Forms No. 5 and 15) and Receive Orders (Forms No. 6 and 16) showing the balance of the different kinds of Making-up Shares and

Slip Shares of which delivery is to be given or taken through the Clearing House shall be submitted to the Clearing House.

**387 (a)** The Delivery Orders and Receive Orders shall be deemed to be orders by a member to the Clearing House to deliver on his account each kind of Making-up Share as specified in Form No. 5 and each kind of Slip Share as specified in Form No. 15 and to credit him with the value thereof and to receive on his account each kind of Making-up Share as specified in Form No. 6 and each kind of Slip Share as specified in Form No. 16 and to debit his account with the value thereof.

**Orders by Members**

(b) The credits and debits referred to in sub-rule (a) shall be contingent upon actual delivery and receipt of the shares. The value in the case of Making-up Shares shall (subject to alteration of making-up prices as provided in these rules) be determined at the making-up price fixed for the Clearing and the value in the case of Slip Shares shall be the contract price noted in the Seller's Clearance Slips.

**Credit and Debit  
Contingent on  
Delivery and  
Receipt**

**388 (a)** The Making-up or Slip Shares to be delivered or received by Clearing Member Banks shall be entered in Bank Delivery Orders (Form No. 7) and Bank Receive Orders (Form No. 8).

**Clearing Member  
Banks**

(b) The receipt of payment or shares by the Clearing House from Clearing Member Banks shall be at the making-up price in the case of Making-up Shares and at the contract price in the case of Slip Shares. Such receipt shall be on condition that the payment for shares to be delivered to the Clearing Member Banks will be refunded to them and the shares received from Clearing Member Banks will be returned to them if the shares or the amount (as the case may be) are or is not received by the Clearing House on account of the members for whom such Clearing Member Banks Act.

**Contingent Delivery  
and Receipt**

(c) If a member secures special permission from the Exchange the Clearing House shall receive payment from or make payment to Clearing Member Banks for shares delivered to or received from them at a price other than the making-up price in the case of Making-up Shares and the contract price in the case of Slip Shares.

**Permission  
Necessary for  
Delivery and  
Payment at Special  
Price**

**389** On Delivery Day members who have to give delivery of Making-up Shares and Slip Shares as specified in Forms

**Delivery of Shares**

Nos. 5 and 15 respectively shall deliver to the Clearing House such shares in lots of trading unit together with the necessary transfer forms (also in lots of trading unit) duly signed and witnessed and showing on the reverse the name of the member delivering the shares.

**Share Particulars Form**

**390** The particulars of the Making-up Shares and Slip Shares to be delivered shall be entered in the Share Particulars Form (Form No. 9) and each kind of share shall be entered in a separate form. On presentation of such form duly filled in and specifying the number of shares, the name of the transferor and the distinctive number of each share a member shall be entitled to a receipt therefor.

**Credit in Respect of Shares to be Delivered**

**391 (a)** The account of a member delivering shares will be credited by the Clearing House with the sum to be paid to such member at the making-up price for Making-up shares and at the contract price for Slip Shares.

**Debit in Respect of Shares to be Received**

**(b)** The account of a member by whom shares are to be received shall be debited with the sum to be paid by such member at the making-up price for Making-up Shares and at the contract price for Slip Shares.

**Claim Notes for Differences**

**392 (a)** On Account Day members from whom money is due after temporary adjustment at making-up prices in respect of contracts in Making-up Shares shall give to the members to whom such money is due Claim Notes (Form No. 11) showing the difference claimed which is to be paid through the Clearing House.

**No Deductions**

**(b)** A member shall not be entitled to deduct from differences due by him to another member any sum due or claimed to be due from that member to him.

**Preferential Difference**

**(c)** A member who receives from another member during any Clearing a Claim Note representing a sum other than a difference due to him or to his constituent which is to be received by him on behalf and for the account of that constituent for that Clearing shall refund such sum if such other member be declared a defaulter within fifteen days after the Settlement Day and such refund shall be applied in liquidation of the claims of the creditors in accordance with these rules.

393 On Pay-in Day a member shall prepare and deliver to the Clearing House a Statement Sheet of Differences (Form No. 12), a Statement Sheet of Making-up Shares (Form No. 13), a Statement Sheet of Slip Shares (Form No. 17) and a Balance Sheet (Form No. 18).

**Statement Sheet  
and Balance Sheet**

394 The Statement Sheet of Differences (Form No. 12) shall contain a statement of all Claim Notes of differences issued and received by a member and all such Claim Notes received by such member shall accompany the Statement Sheet. The debit and credit totals shown in such Statement Sheet shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to his account with the Clearing House.

**Statement Sheet of  
Differences**

395 The Statement Sheet of Making-up Shares (Form No. 13) shall show on the debit side each kind of Making-up Share to be received and the sum to be paid therefor at the making-up price and on the credit side each kind of Making-up Share to be delivered and the amount to be received therefor at the making-up price. The debit and credit totals shown in such Statement Sheet shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to his account with the Clearing House.

**Statement Sheet of  
Making-up  
Shares**

396 The Statement Sheet of Slip Shares (Form No. 17) shall be accompanied by the Seller's Clearance Slips received and the duplicates of the Slips issued. Such Statement shall show on the debit side each Slip Share to be received, and the sum to be paid therefor at the contract price and on the credit side each Slip Share to be delivered and the amount to be received therefor at the contract price. The debit and credit totals shown in such Statement Sheet shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to his account with the Clearing House.

**Statement Sheet of  
Slip Shares**

397 The credit and debit totals in money ascertained and entered on the Statement Sheets and carried to the Balance Sheet for credit or debit as the case may be to the account of the member with the Clearing House shall be contingent upon actual delivery and receipt of the shares.

**Contingent Debits -  
and Credits**

- Payment for Shares Delivered or Received through Clearing Member Banks**      **398** The value of Making-up and Slip Shares to be delivered or received by Clearing Member Banks for a member as shown in Bank Delivery and Receive Orders (Forms Nos. 7 and 8) shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to the member's account with the Clearing House.
- Notice of Non-delivery and Non-payment**      **399** Each member shall send to the Clearing House on the Pay-in Day a Notice of Non-Delivery (Form No. 19) in respect of each failure to deliver Making-up and Slip Shares and a Notice of Non-Payment (Form No. 20) in respect of each failure to pay for Making-up and Slip Shares to be received. Such shares shall be bought-in and sold-out and subject to adjustment the making-up price of such Making-up Shares and the contract price of such Slip Shares shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to his account with the Clearing House.
- Non-Delivery of Slip Shares by Agreement**      **400** If the failure to deliver or to receive Slip Shares results from an agreement between the member who is to deliver and the member who is to receive the Slip Shares a Notice of Non-Delivery By Agreement (Form No. 21) shall be sent to the Clearing House on Pay-in Day. The agreed price of Slip Shares not so delivered and received shall be carried to the Balance Sheet (Form No. 18) to be debited or credited (as the case may be) to the member's account with the Clearing House.
- Cheque in respect of Debit Balance**      **401 (a)** When the balance as shown in the Balance Sheet (Form No. 18) lodged with the Clearing House in the manner provided in these rules is against a member he shall pay the balance to the Clearing House on Pay-in Day by a cheque drawn on the prescribed Bank or in cash as the Governing Board may from time to time direct.
- Draft in respect of Credit Balance**      **(b)** When the balance as shown in the Balance Sheet (Form No. 18) is in favour of a member he shall draw a crossed draft (Form No. 22) for the amount on the Clearing House made out to the order of the prescribed Bank and bearing the date of the Settlement Day. Such draft shall be lodged with the Clearing House on the Pay-in Day together with a pay-in-slip of the prescribed Bank.

402 (a) On the Pay-in Day a member who has entered into transactions in Cleared Shares shall send to the Clearing House a Stamp Duty Clearance List (Form No. 3) after completing it in accordance with the instructions contained in such form.

**Stamp Duty  
Clearance List**

(b) Each member shall pay to the Clearing House by a cheque drawn on the prescribed Bank or in cash as the Governing Board from time to time directs a sum equal to the amount of the stamp duty shown as payable in the Stamp Duty Clearance List.

**Payment of Stamp  
Duty**

403 (a) On the Settlement Day unless for special reasons it is otherwise ordered by the Governing Board the amount of the draft drawn by a member shall be paid to the prescribed Bank for the credit of the account of such member.

**Payment**

(b) Making-up and Slip Shares which are to be delivered to a member shall unless it is otherwise ordered by the Governing Board or unless there be a debit balance to his account be delivered to him by the Clearing House on application on the Settlement Day or as soon thereafter as practicable. The member taking delivery of shares from the Clearing House shall sign a receipt therefor in the form attached to the Clearing House Share Particulars Form (Form No. 10).

**Delivery of Shares**

404 (a) If a member fails to deliver on the Delivery Day the Making-up or Slip Shares deliverable by him such shares shall be bought-in by the Exchange in accordance with the rules relating to closing-out.

**Buying-in on  
Failure to Deliver**

(b) If a member fails to pay on the Pay-in Day for the Making-up and Slip Shares to be received by him such shares shall be sold-out by the Exchange in accordance with the rules relating to closing-out.

**Selling-out on  
Failure to Pay**

405 (a) When Making-up Shares are closed-out at a loss as a result of any discrepancy in the Delivery Orders (Form No. 5) and Receive Orders (Form No. 6) lodged by members with the Clearing House on the Clearance Day a Clearance List (Form No. 1) shall be lodged with the Clearing House on such day and before such hour as may be fixed in that behalf in a notice posted on the notice board.

**Clearance Lists  
in case of  
Discrepancy**



**Separate Clearance Lists**

(b) A separate Clearance List (Form No. 1) shall be made out for each kind of share and such List shall show the balance of shares delivery of which is to be given to or taken from each member. The difference between the totals on each side of such List shall represent the exact number of shares of which delivery if any had to be given or taken by the member through the Clearing House and shown as such in the Delivery Order (Form No. 5) or Receive Order (Form No. 6).

**Payment of Loss in case of Discrepancy**

(c) In the event of a discrepancy in the Delivery or Receive Order (Forms Nos. 5 and 6) when compared with the Clearance List (Form No. 1) the member concerned shall forthwith pay to the Clearing House the loss incurred as a result of the closing-out.

**Declaration of Default**

406 A member failing to deliver his Clearing Forms or to pay any sum due by him to the Clearing House on the Pay-in Day shall be declared a defaulter as provided in these rules:

**Transactions with Defaulter**

407 Members shall not omit from their Delivery and Receive Orders (Forms Nos. 5, 6, 15 and 16) any transaction entered into with a defaulter who has been so declared after the Last Business Day of the Clearing but before such forms have been lodged with the Clearing House.

**Separate Clearing Forms**

408 Members shall lodge with the Clearing House immediately on declaration of default separate Delivery and Receive Orders (Forms Nos. 5, 6, 15 and 16) showing all transactions outstanding with a defaulter who has been declared after the Clearing Forms have been lodged with the Clearing House but before the Pay-in Day.

**Defaulter's Creditors**

409 Members whose Statement Sheets of Differences (Form No. 12) show them to be creditors of a defaulter who has been declared after such statements have been lodged with the Clearing House shall forthwith pay to the Clearing House the amount of the Claim Notes received by them from the defaulter and included in such Statements.

**Defaulter's Debtors**

410 A member whose Statement Sheet of Differences (Form No. 12) shows him to be the debtor of a defaulter who has been declared after such statement has been lodged with

the Clearing House shall not be entitled to the return of the amount paid by him to the Clearing House in respect of the Claim Notes passed by him to the defaulter unless such member is a creditor of the defaulter for the following Clearing. If he is a creditor he shall be entitled to the return of such amount if his claim is equal to or greater than the amount paid and may prove for the balance against the estate of the defaulter. If the claim of the creditor member is less than the amount paid he shall be entitled to the amount claimed.

411 If a member dies on or before the Pay-in Day and after the Clearing House has received the Clearing Forms the procedure to be followed in clearing and settling the account of such member shall be the procedure prescribed in clearing and settling the account of a defaulter provided that the legal representatives of such deceased member or any other member whom the Governing Board approves may receive and deliver shares and make and receive payment on account of such deceased member.

**Death of Member  
During Clearing**

412 Whenever the Governing Board orders settlement of contracts in any Cleared Share or Shares by the Process of Slips instead of by the Process of Making-up Prices or *vice versa* a notice to that effect shall be posted on the notice board before the Settlement Day and thereupon that process shall apply.

**Notice of Settlement  
by Process of Slips  
instead of by  
Process of Making-  
up Prices and  
Vice Versa**

413 (a) Whenever the Governing Board orders delivery and payment to be made outside the Clearing House in respect of contracts in any Cleared Share or Shares a notice to that effect shall be posted on the notice board before the Delivery Day.

**Notice of Delivery  
and Payment  
Outside Clearing  
House in respect of  
Cleared Shares**

(b) The Clearing House shall hand over to the delivering members Clearing House Delivery Orders (Form No. 23) showing the number of shares to be delivered and the names of the members to whom deliveries are to be made.

**Clearing House  
Delivery Orders**

(c) The delivering member shall deliver shares according to the Clearing House Delivery Order to the receiving member on such settlement day and before such hour as may be prescribed in the notice in that behalf and the receiving member shall on the same day before such hour

**Payment Against  
Delivery**

similarly prescribed pay for them by a cheque crossed and marked "Payee's Account only" and drawn on the Fort Area (Bombay) office of a Bank which is a member of the Bankers' Clearing House, Bombay.

**Payment in Cash or  
Payment and  
Delivery through  
Banks**

(d) If the delivering member requires cash or if the delivering or receiving member or both desire to give delivery and/or make payment through the Fort Area (Bombay) office of a Scheduled Bank the procedure to be followed in that regard shall be the same as for Non-Cleared Shares prescribed in these rules.

**Non-Delivery by  
Agreement**

(e) If delivery and payment are not completed on the settlement day as the result of an agreement between the delivering and receiving members they shall be deemed to have entered into a new contract on which they alone shall be liable and thereupon all intermediate parties shall be released from all liabilities.

**Closing-Out**

(f) When shares are not delivered or payment not made on the settlement day the receiving or the delivering member as the case may be shall be entitled to close-out against the member in default in accordance with the rules relating to closing-out.

**Notice of Settlement  
by Process of  
Tickets**

414 Whenever the Governing Board orders settlement of contracts in respect of any Cleared Share or Shares by the Process of Tickets instead of by the Process of Making-up Prices or the Process of Slips a notice to that effect shall be posted on the notice board before the Settlement Day and thereupon the Process of Tickets as prescribed in these rules shall apply.

**NON-CLEARED SHARES—SETTLEMENT BY  
HAND-DELIVERY**

**415** Save as otherwise provided in these rules or otherwise stipulated when entering into the bargain or agreed by the parties to the contract all contracts for Non-Cleared Shares entered into on a business day during any week shall be settled by hand-delivery in the following week on the Hand-Delivery Settlement Day or Days which shall be a Thursday or such other day or days as may be from time to time prescribed by the Governing Board. If the Hand-Delivery Settlement Day falls on a holiday delivery and payment shall be made on the business day next following.

**Settlement of  
Contracts for  
Non-Cleared Shares  
by Hand-Delivery**

**416** The selling member shall deliver the Non-Cleared Shares to the buying member in the Settling Room in lots of trading unit together with the necessary transfer deeds (also in lots of trading unit) on the Hand-Delivery Settlement Day before the scheduled Delivery Hour prescribed in Appendix Y and the buying member shall pay for them on the same day before the scheduled Payment Hour also prescribed in Appendix Y.

**Delivery and  
Payment**

**417** The buying member shall accept any portion of a lot of Non-Cleared Shares contracted for if tendered in lots of trading unit on the Hand-Delivery Settlement Day before the Delivery Hour.

**Delivery in Part**

**418** In the settlement of all contracts for Non-Cleared Shares the delivering and receiving members shall be identical to the selling and buying members who are the immediate contracting parties.

**Delivering and  
Receiving Members  
same as Selling and  
Buying Members**

**419** The member who has bought Non-Cleared Shares shall make payment to the selling member by cheques drawn on the Fort Area (Bombay) office of a Bank which is a member of the Bankers' Clearing House, Bombay. Such cheques must be crossed and marked 'Payee's Account Only'.

**Payment by Cheque**

**420** If the receiving member desires to receive shares and make payment through a Bank he shall hand over to the

**Receive-and-Pay  
Order on Bank**

delivering member on the day previous to the settlement day a properly signed Receive-and-Pay Order on the Fort Area (Bombay) office of a Scheduled Bank and payment shall be made against delivery at the office of such Bank.

**Cash Payment**

421 If the delivering member requires cash in payment for shares sold he must give notice in writing to the receiving member to that effect on the day previous to the settlement day before the hour prescribed in Appendix Y. In that event payment shall be made against delivery of the shares in the Settling Room: Provided however the receiving member shall have the right or option of requiring the delivering member to accept payment at the Fort Area (Bombay) office of any Scheduled Bank and in that case he shall hand over to him a Receive-and-Pay Order as provided in these rules on the settlement day.

**Delivery Order on Bank**

422 If the delivering member desires to deliver shares through a bank he shall hand over to the receiving member on the day previous to the settlement day a properly signed Delivery Order on the Fort Area (Bombay) office of a Scheduled Bank. Delivery shall be made against payment by cash or by cheque at the office of such Bank but when the payment is by cheque the Bank may make delivery only after the cheque has been realised.

**Receive-and-Pay and Delivery Orders on Banks**

423 If the receiving and delivering members both desire to receive delivery and give delivery through the Fort Area (Bombay) office of a Scheduled Bank the Receive-and-Pay Order and Delivery Order shall be issued in favour of such Banks and in that event the delivering member's Bank shall deliver the shares and receive payment at the office of the receiving member's Bank.

**Buying-in**

424 (a) If the selling member fails to deliver Non-Cleared Shares on the settlement day the buying member shall be entitled to buy-in the same or the undelivered portion thereof in accordance with the rules relating to closing-out.

**Selling-out**

(b) If the buying member fails to take up or pay for the Non-Cleared Shares delivered on the settlement day the selling member shall be entitled to sell-out the same in accordance with the rules relating to closing-out.

**CLEARED SECURITIES—PROCESS OF  
MAKING-UP PRICES**

425 (a) For facility of clearing the Governing Board shall from time to time notify the First and Last Business Day for each Security Clearing and various Security Clearing Days. The First Business Day of a Security Clearing so notified may precede by a day the Last Business Day of the preceding Security Clearing.

**Security Clearing  
and Clearing Days**

(b) The Governing Board may in special circumstances which shall be set out in the minutes at any time curtail, extend, alter or postpone from time to time to a future date or dates the entire Security Clearing or any or all of the various Security Clearing Days in respect of any or all of the Cleared Securities.

**Alteration of  
Security Clearing  
and Clearing Days**

426 On the Last Business Day making-up prices for Cleared Securities shall be fixed in the same manner and subject to the same conditions as in the Process of Making-up Prices for Making-up Shares.

**Security Making-up  
Prices.**

427 On the Security Pay Day differences shall be paid and received on the temporary adjustment of accounts at making-up prices by passing Claim Notes (Form No. 11) and the same procedure shall be followed as that in the Process of Making-up Prices for Making-up Shares.

**Differences**

428 On the Security Clearance Day a member who has entered into transactions in Cleared Securities shall send Security Delivery Orders and Receive Orders (Forms Nos. 24 and 25) to the Clearing House showing in trading units the balance of securities delivery of which is to be given to or taken from members.

**Security Delivery  
and Receive Orders**

429 The Security Delivery Orders and Receive Orders (Forms Nos. 24 and 25) shall be accompanied by blank Clearing House Security Delivery and Receive Orders (Forms Nos. 26 and 27). Such blank orders each for one trading unit and containing serial numbers shall be issued by the Clearing

**Issue of Blank  
Clearing House  
Orders**

House and no other forms shall be used. Blank orders will not be issued on the Security Clearance Day after the scheduled hour prescribed in Appendix Y without imposing such penalty as may be from time to time prescribed by the Governing Board.

**Completed Clearing House Security Delivery and Receive Orders**

430 (a) On the Security Pay Day the Clearing House shall return the blank orders to the members who lodged them after filling in at its discretion the names of the members to whom deliveries are to be made and of those from whom securities are to be received.

**Contract for Clearing Purposes**

(b) The completed Clearing House Security Delivery and Receive Orders returned to members shall be deemed to be orders for the delivery and receipt of securities. Members so giving or receiving delivery shall be deemed notwithstanding that no direct contract exists between them to have made a contract with each other for all purposes of the clearing but the rights of such members in relation to their immediate contracting parties shall not be deemed to be affected thereby.

**Exchange of Orders**

431 (a) The receiving member shall hand over to the delivering member on the Security Pay Day as soon as practicable but not later than the scheduled hour prescribed in Appendix Y a Receive-and-Pay Order at the making-up price in exchange for the Delivery Order issued by the Clearing House.

**Closing-Out on Failure to Exchange Orders**

(b) The neglect or failure to exchange Orders shall constitute a default and the securities shall be closed-out in accordance with the rules relating to closing-out.

**Notice of Settlement by Process of Tickets**

432 Whenever the Governing Board orders settlement of contracts in respect of any Cleared Security or Securities by the Process of Tickets instead of by the Process of Making-up Prices a notice to that effect shall be posted on the notice board before the Security Pay Day and thereupon the Process of Tickets as prescribed in these rules shall apply.

**NON-CLEARED SECURITIES—PROCESS OF  
HAND-DELIVERY**

**433** Bargains for Non-Cleared Securities shall be settled by delivery and payment on any business day not later than the seventh day from the date of the bargain. The selling member shall give notice to the buying member that he proposes to give delivery on the following business day. The securities shall be so delivered before the scheduled hour prescribed in Appendix Y. If such business day be a Saturday delivery and payment shall be made on the business day next following.

**Settlement of Non-Cleared Securities**

**434 (a)** The buying member shall give to the selling member a Receive-and-Pay Order at the contract price on the day on which delivery and payment are to be made before the scheduled hour prescribed in Appendix Y.

**Issue of Receive-and-Pay Order**

**(b)** If the buying member fails to give a Receive-and-Pay Order in the manner prescribed the selling member shall be entitled to sell-out in accordance with the rules relating to closing-out.

**Selling-out**

**435** In the settlement of all contracts in Non-Cleared Securities the delivering and receiving members shall be identical to the selling and buying members who are the immediate contracting parties.

**Delivering and Receiving Members: Same as Selling and Buying Members**



## SHARES AND SECURITIES — PROCESS OF TICKETS

- Notice of Settlement by Process of Tickets** 436 The Governing Board may at any time direct that all contracts entered into or to be entered into in any Cleared or Non-Cleared Share or Shares or Security or Securities shall be cleared and settled by the Process of Tickets. A notice to that effect shall be posted on the notice board and the programme to be followed shall be specified in such notice or any further notice that may be from time to time posted on the notice board.
- Buyer's Tickets or Seller's Tickets** 437 The notice relating to the Process of Tickets shall state whether Buyer's Tickets or Seller's Tickets are to be issued.
- Buyer's Tickets** 438 When the Process of Tickets is by Buyer's Tickets (Form No. 28) such Tickets shall be issued by the member taking delivery. Such Issuer of Buyer's Tickets shall hand over the Ticket to the selling member. The Ticket shall pass from selling member to selling member until it reaches the ultimate selling member who shall thus be the Holder of Buyer's Tickets.
- Seller's Tickets** 439 When the Process of Tickets is by Seller's Tickets (Form No. 29) such Tickets shall be issued by the member giving delivery. Such Issuer of Seller's Ticket shall hand over the Ticket to the buying member. The Ticket shall be passed from buying member to buying member until it reaches the ultimate buying member who shall thus be the Holder of Seller's Tickets.
- Liabilities Attach in Succession** 440 When Buyer's or Seller's Tickets pass from party to party the liabilities under each contract between members *inter se* shall attach to each member in whose hands in succession the Ticket shall pass.
- Issue of Tickets** 441 On the Ticket Day specified in the notice relating to the Process of Tickets the Issuer of Tickets shall issue one Ticket for each unit of share or security to which the Ticket Process applies. The Ticket shall contain a serial

number to be given by the Clearing House on application, the date of issue, the name of the share or security, the name and the clearing number of the Issuer of Ticket and the name of the member to whom it is to be handed over by the Issuer.

442 The passing of Tickets shall commence on the Ticket Day at such hour as may be prescribed in the notice in that behalf and serial numbers for Tickets shall not be issued by the Clearing House if the request be made later than one hour after the time fixed for commencing the circulation of Tickets.

**Issue of Numbers  
for Tickets**

443 All Tickets shall be passed from member to member in the Settling Room on the Ticket Day. Each intermediate holder in succession to whom the Ticket is transmitted shall endorse thereon the name of his party and pass it on to him after taking a note of his name and the relative serial number on the Ticket. The Tickets shall be so circulated until they reach the ultimate party who shall retain it as the Holder of Tickets.

**Passing of Tickets**

444 If in the case of Buyer's Tickets the ultimate selling member and in the case of Seller's Tickets the ultimate buying member shall not have received a Ticket on the Ticket Day when the circulation of Tickets shall have ceased he shall apply to the Exchange to issue a Notice of Closing-out and hand it over to the member from whom the Ticket was required. Such notices shall pass from party to party and each intermediate member shall endorse thereon the name of the party to whom it is transmitted and pass it on to him.

**Notice of Closing-  
out on Non-Receipt  
of Tickets**

445 The member issuing the Notice of Closing-out shall be entitled to close-out against the defaulting party on the day fixed in the notice in that behalf in accordance with the rules relating to closing-out.

**Closing-out**

446 Accounts in respect of all contracts (including contracts in respect of which Tickets as well as Notices of Closing-out may not have been issued) to which the Ticket Process applies shall be temporarily adjusted at making-up prices and differences shall be paid and received by Claim Notes (Form No. 11) and the procedure for the purpose shall be the same as that prescribed in these rules for the Process of Making-up Prices.

**Making-up Prices  
and Differences**

**Delivery and Payment**

447 Delivery and payment at making-up prices in respect of contracts to which the Process of Tickets applies shall be either through or outside the Clearing House as may be directed in the notice relating to Process of Tickets.

**Delivery and Payment through Clearing House**

448 When delivery and payment are through the Clearing House the Holder of Tickets shall lodge the Tickets with the Clearing House. The Holders and Issuers of Tickets shall give and take delivery of shares and securities to or from the Clearing House and receive and make payment therefor at making-up prices from or to the Clearing House and the procedure for that purpose shall be the same as that prescribed in these rules for the Process of Making-up Prices.

**Closing-out**

449 If the Holder or Receiver of Tickets fails to give or take delivery or make or receive payment to or from the Clearing House the shares and securities shall be closed-out on the advice of the Clearing House in accordance with the rules relating to closing-out and the Holder or Issuer of Tickets who is in default shall be liable for any loss arising therefrom.

**Delivery and Payment Outside the Clearing House**

450 When delivery and payment are outside the Clearing House the Holder of Tickets shall notify the Issuer of Tickets on the day following the completion of circulation of Tickets. Thereupon delivery and payment at the making-up price shall be effected between them on the day specified in that behalf in the notice relating to Process of Tickets and the procedure for that purpose shall be the same as that prescribed in these rules for delivery and payment outside the Clearing House in respect of Cleared Shares.

**Closing-out**

451 If the Holder of Tickets fails to notify the Issuer of Tickets the Issuer shall close-out the shares or securities on the day fixed in the notice in that behalf without giving notice to the party in default in the manner provided in the rules relating to closing-out. If the Holder or Issuer of Tickets fails to give or take delivery or make or receive payment on the due date the shares or securities shall be closed-out in accordance with the rules relating to closing-out.

**Application of the Process of Tickets During Crisis**

452 If during a crisis when the market is closed and the selling-out rule is suspended buyers require delivery of shares the Governing Board shall direct that the Process of Buyer's

Tickets shall apply. In that event Buyer's Tickets shall be issued by the buying member proposing to take delivery and the procedure relating to the Process of Tickets provided in these rules shall apply subject to the following modifications, namely—

- (i) if the ultimate selling member fails to receive the Buyer's Ticket he shall not issue Notice of Selling-out ;
- (ii) If the buying member after issuing Buyer's Tickets fails to take up and pay for all or any of such shares or securities on the due date a penalty of 2 per cent. on the making-up price shall be imposed upon him irrespective of any other liability ; and
- (iii) if the Holder of Buyer's Tickets fails to give delivery on the due date the Issuer shall buy-in on the closing-out day fixed in the notice in that behalf even during the period the market continues to remain closed.

453 (a) During a corner when the market is closed and the buying-in rule suspended the Governing Board shall direct that the Process of Buyer's Tickets shall apply subject to the modifications hereinafter provided.

**Application of the Process of Tickets During Corners**

(b) The making-up prices at which all accounts are to be temporarily adjusted shall be the average (fractions being omitted where necessary) of the highest and lowest prices touched during the Clearing in the course of which the market is closed.

**Making-up Prices**

(c) On the day following the completion of circulation of Tickets the Holder of Tickets shall notify to the Issuer of Tickets the number of shares or securities that he proposes to deliver.

**Holder of Tickets to Notify**

(d) The Holder of Tickets shall deliver only such number of shares or securities of which he shall have given notice and he shall apportion such shares or securities to each Ticket at the time of delivery by endorsing thereon the name

**Apportionment to Tickets**

of the transferor and the distinctive numbers of the shares or securities.

**Delivery**

(e) When the Governing Board directs delivery and payment to be made through the Clearing House the Holder of Tickets shall deliver to the Clearing House together with the tickets all or such of the shares or securities as he can deliver within the time prescribed for delivery. When payment and delivery are directed to be made outside the Clearing House instead of attaching shares or securities Delivery Orders in favour of Issuers of Tickets shall be attached to the Tickets.

**Return of Tickets**

(f) If the Holder of Tickets has no shares or securities to deliver he shall return to the Issuer of Tickets the Tickets with the words "No Delivery" endorsed thereon. Such shares shall not be bought-in until the suspension of buying-in is removed.

**Payment**

(g) On the Pay-in Day specified in the notice relating to Process of Tickets payment to the Clearing House when payment and delivery are through the Clearing House and to the Holder of Tickets when payment and delivery are outside the Clearing House shall be made by the Issuer of Tickets at the making-up price in respect of such shares or securities as may be delivered by the Ticket Holder within the time prescribed.

**Selling-Out**

(h) If the issuer of Tickets fails to pay for such shares or securities such shares or securities shall be sold-out in accordance with the rules relating to closing-out on the advice of the Clearing House or at the instance of the Holder of Tickets as the case may be and the Issuer of Tickets shall be liable for the loss if any arising from such selling-out.

**Non-payment**

(i) If the issuer of Tickets fails to pay for the shares tendered at any time during the suspension of buying-in or following the removal of such suspension the shares shall be sold-out against him in accordance with the rules relating to closing-out.

**Non-Delivery**

(j) If the Holder of Tickets fails to give delivery the shares or securities in respect of which the Tickets passed

have been returned with the endorsement "No Delivery" marked thereon and which have not been subsequently delivered shall be bought-in in accordance with the rules relating to closing-out as soon as suspension of buying-in is removed and the liabilities of intermediaries shall continue during such suspension.

## SHARES—DELIVERY AND PAYMENT

- Place of Delivery and Payment** 454 The delivery of all documents and papers and the payment in respect of all contracts to which these rules apply whether made between members or between a member and non-member shall be within the city of Bombay and the parties shall be bound and deemed to give and take delivery in Bombay.
- Delivery in Trading Units** 455 (a) Unless otherwise stipulated when entering into the bargain or agreed by the parties to the contract certificates and transfer deeds delivered in settlement of contracts shall be for the exact amount of the trading unit or for two smaller amounts aggregating the trading unit and where the contract is for an odd lot for the exact amount of the odd lot or for smaller amounts aggregating the odd lot.
- Delivering Member to Pay Extra Stamp and Transfer Charges** (b) When smaller amounts than the trading unit or the odd lot are delivered as provided in sub-rule (a) the delivering member shall pay the additional stamp duty and transfer fees to consolidate the certificates into the trading unit or the exact amount of the odd lot as the case may be.
- Certified Transfers, Split Receipts and Allotment Letters to be in Trading Unit** (c) The provisions relating to trading units contained in sub-rules (a) and (b) shall also apply to certified Transfers, Split Receipts issued by the Clearing House, Split or Transfer or Transmission Receipts issued by companies and Allotment Letters delivered in settlement of contracts as provided in these rules.
- Documents when Good Delivery** 456 The Governing Board shall from time to time decide which documents shall be treated as good delivery when tendered in fulfilment of contracts to which these rules apply.
- Certificates when Bad Delivery** 457 A certificate or scrip shall not be good delivery—
- (i) if its circulation has been stopped by a notice on the notice board ;
  - (ii) if the common seal of the company be not affixed on the certificate ;

- (iii) if when the company's capital has been increased or decreased the certificate does not carry where the company so requires an endorsement of such increase or decrease either in the form of a rubber stamp on the face of the certificate or in the form of an attached slip issued by the company ;
- (iv) if there be any correction, erasure or alteration in the quantity of the shares, in the certificate number or the distinctive numbers of shares, in the last registered holder's name or in any material particulars appearing on the certificate unless initialled by a responsible officer of the company ;
- (v) if the certificate be torn through and through unless the separated portions are pasted together and initialled or rubber-stamped by the company provided the receiver may at his option accept such torn certificates with deduction for renewal fee ;
- (vi) if the certificate be badly torn so as to obliterate or render illegible the numbers, director's or other signature or any other material particulars or if it be written upon or damaged or mutilated by advertisements, printing or otherwise or if a material part of the certificate be torn out or cut off provided the cutting off of a part of the margin of the paper shall not be *ipso facto* bad.

458 A transfer deed shall not be good delivery—

- (i) if it be typed and not printed ;
- (ii) if special transfers are not used and special declarations not made when so insisted upon by the company ;
- (iii) if it be torn through in two or more parts or so mutilated as to tear and deface the signature of the transferor or witness or render such

**Transfer Deeds  
When Bad Delivery**



signature illegible or in any manner objectionable ;

- (iv) if erasures, overwriting, alteration or crossing out are not properly initialled by the transferor ;
- (v) if it be dated unless the deliverer agrees to pay the additional stamp duty charges ;
- (vi) if it be not attested in the manner required by the company ;
- (vii) if when signed under a power of attorney on behalf of any registered holder other than an incorporated company there is no endorsement on the transfer signed by the executant or a member or a Clearing Member Bank that the power has been duly registered or if there are no particulars of the date and number of registration when the endorsement is made by the executant ;
- (viii) if when signed under a power of attorney on behalf of any registered holder the power of attorney in question is conditional and not absolute ;
- (ix) if it be signed on behalf of a minor or lunatic unless accompanied by a certified copy of the relevant court order ;
- (x) if the person or firm signing the transfer has been adjudicated insolvent or if any insolvency petition has been filed against such person or firm unless the transfer is certified by the official assignee ;
- (xi) if it be signed by or on behalf of a company that has gone into liquidation or against which a petition for liquidation has been filed unless the transfer is certified by the liquidator ;

- (xii) if after signing a person has died or been declared lunatic unless the transfer bears a date previous to the date of such death or derangement:

Provided that it shall be no objection to a transfer deed that the signature of the registered shareholder appearing thereon differs from the name on the certificate in spelling or that all or any one or more of his initials are not contained in the signature or that the signature is illegible.

459 (a) Certified transfers shall constitute good delivery. **Certified Transfers  
Good Delivery**

(b) The certification on the transfer deed may be by the Clearing House or the company concerned. It shall state the distinctive numbers of the shares covered by the transfer deed and it shall also state in clear and definite terms that the certificate relating to such shares has been forwarded to or lodged with the company. Transfer deeds with any mode of conditional certification are not good delivery. **Mode of  
Certification**

(c) In the case of all certified transfers the full name, occupation and address of the transferor shall be mentioned in the body of the transfer as also the distinctive numbers of the shares; otherwise they shall not be good delivery. **Particulars to be  
Filled in in  
Transfers**

460 Split Receipts issued by the Clearing House and companies and *Pucca* Transfer or Transmission Receipts issued by companies complying with such conditions as the Governing Board may from time to time determine and duly discharged where necessary shall be accepted in lieu of certificates as good delivery for such period from the date of issue as the Governing Board or President may from time to time direct. **Split Receipts When  
Good Delivery**

461 (a) Allotment Letters shall be accepted in lieu of share certificates provided the Allotment Letters duly discharged by the allottee are tendered in the case of shares whose Allotment Letters do not call for further monies and are accepted by the company for registering transfers. **Allotment Letters  
When Good Delivery**

- Allotment Receipts** (b) Where allotment monies are called for in the Allotment Letters such Allotment Letters shall be accompanied by properly discharged Allotment Receipts.
- When Allotment Letters Cease to be Good Delivery** (c) Unless otherwise directed by the Governing Board or the President in particular cases Allotment Letters shall continue to be good delivery till the share certificates are issued by the company.
- Disputes relating to Good or Bad Delivery** 462 (a) If the documents be considered doubtful or defective by the member receiving delivery whether through or outside the Clearing House the defects shall be stated specifically on a memorandum and the documents returned to the delivering member on the very day on which delivery is received before the scheduled hour prescribed in Appendix Y; otherwise the receiving member shall have recourse against the delivering member only as provided in the rules relating to documents and registration of shares.
- Arbitration** (b) If the objection raised or defects pointed out by a receiving member be not accepted by the delivering member two or more members of the Arbitration Committee shall adjudicate in the dispute on the same day or as soon thereafter as possible. In such case it shall not be necessary to give to the parties the usual two days' notice of hearing.
- Delivery When Complete** (c) If the documents be held by the arbitrators to be in order the receiving member shall accept them as good delivery.
- Delivery When Not Complete** (d) If the documents be held by the arbitrators to be doubtful or defective they shall be returned to the delivering member and in that event delivery shall not be complete.
- Refund and Replacement** (e) When documents held by the arbitrators to be doubtful or defective have been delivered through the Clearing House the delivering member shall immediately (irrespective of whether he intends to proceed in appeal or not) refund to the receiving member their value at the then ruling market price. The delivering member shall then remove the doubt or rectify the defects or replace the documents within seven days of the decision of the

arbitrators or when an appeal has been preferred within seven days of the decision in appeal or within such further period or periods, as may be from time to time allowed by the Governing Board or the President. Failing removal of such doubt, rectification or replacement the receiving member shall be entitled to buy-in against him in accordance with the rules relating to closing-out.

463 Save as provided in these rules the receiving member shall not be entitled to deduct from the purchase price any sum due to or claimed by him from the delivering member. **No Other Deduction from Purchase Price**

464 Transfer stamp duties payable to Government and fees charged by a company for registering transfers of shares and known as transfer fees shall be paid by the buyer but where transfer deeds have been given in lots other than the trading unit the extra stamp duties and transfer fees to be paid as a result thereof shall be borne by the seller and paid by the delivering to the receiving member. **Transfer Stamp and Fees**

465 When a fee is charged by any company for a new certificate in lieu of an old one either worn out or incapable of carrying further endorsements the fee shall be payable by the buyer. **Renewal Fees**

## PARTLY PAID SHARES

### Stipulation Regarding Registration

466 (a) In all transactions for partly paid shares entered into subject to the stipulation that the buying member shall have the shares registered in the name of the transferee the delivering member shall deliver the necessary transfer forms to the receiving member within seven days from the day of sale. The transfer forms duly executed by the transferee shall be returned within seven days of the date of such delivery. Thereupon the delivering member shall request the Clearing House to lodge the shares with the company for transfer which shall be at the buyer's risk and cost and obtain payment from the receiving member against delivery to the Clearing House.

### Deposit and Selling -out on Failure to Return Executed Transfers

(b) If the duly executed transfer deeds be not returned before the due date as provided in sub-rule (a) the receiving member shall pay to the delivering member the price of the shares on the delivering member depositing the share certificates with the Clearing House. If within fifteen days of such payment and deposit the duly executed transfer deeds be not returned the delivering member shall be entitled to sell-out the shares against the receiving member in accordance with the rules relating to closing-out.

### Payment of Calls by Buyer

467 The buyer shall pay every call or contribution which becomes payable after delivery of the certificate and transfer. However the buyer shall not be obliged to pay such call or contribution if the company refuses to register the transfer on account of lien. In any other case if the buyer fails to make such payment and the seller is compelled to pay the same the seller shall be entitled to recover the same from the buyer notwithstanding that the buyer applied to the company to transfer the shares and that the directors of the company refused the transfer.

### Payment of Calls by Seller where Obligatory

468 If shares have been purchased on condition that they should be paid up in respect of a particular call (with interest or other charges if any) and the seller has not paid the same the buyer may claim from the seller the call money

so payable and the receiving member shall be entitled to set off such call money against the price payable to the delivering member.

469 (a) A seller of partly paid shares may previous to delivery pay any call made on the shares though the last day fixed for payment of such call may not have expired and the delivering member shall be entitled to claim the call money so paid from the receiving member and may add the same to the purchase price. **Payment of Calls by Seller where Optional**

(b) When the seller has paid a call before the expiry of the last day fixed for payment the extra stamp duties and transfer fees to be paid as a result thereof shall be borne by the seller and the receiving member may deduct the same from the purchase price. **Seller to Bear Extra Stamp and Transfer Charges**

470 Save as otherwise provided in these rules no member shall in respect of any bargain made by him on behalf of a constituent and as broker only be deemed personally liable or responsible in any way to any party for the payment of calls made by a company. **Member not liable for Calls**

## SHARES—DIVIDENDS, RIGHTS, ETC.

- Share Dividend and Rights**      471 The buyer shall be entitled to receive all interest, dividends, cash bonus, bonus issues, rights and other privileges which may appertain to shares bought cum interest, cum dividend, cum cash bonus, cum bonus, cum rights, etc. and the seller shall be entitled to receive all interest, dividends, cash bonus, bonus issues, rights and other privileges which may appertain to shares sold ex interest, ex dividend, ex cash bonus, ex bonus; ex rights, etc.
- Interest on Registered Debentures**      472 Bargains in registered debentures shall include the accrued interest in the price.
- Shares When Cum and Ex Dividend**      473 Unless otherwise directed by the Governing Board or the President all bargains in shares shall be ex interest, ex dividend and ex cash bonus from the day on which interest or dividend or cash bonus becomes payable that is the date on which the company commences paying the interest or dividend or cash bonus warrants. All bargains before that day whether the interest, dividend or cash bonus be known, recommended or declared or not shall be deemed to be cum interest, cum dividend and cum cash bonus.
- Cleared Shares When Cum and Ex Rights**      474 (a) All bargains in Cleared Shares shall be ex rights and ex bonus as from the day or as from the First Business Day of a Clearing fixed in that behalf by the Governing Board or the President. All transactions before that day or that First Business Day whether the rights or bonus be known, recommended or declared or not shall be deemed to be cum rights and cum bonus.
- Non-Cleared Shares When Cum and Ex Rights**      (b) Unless otherwise directed by the Governing Board or the President all bargains in Non-Cleared Shares shall be—
- (i) ex rights from the last day fixed by the company for the receipt of applications for rights; and

- (ii) ex bonus from the date of closure of the transfer books for the purpose of determining the names of shareholders entitled to the bonus issue or when the transfer books of the company are not to be so closed from the registration date fixed by the company for the purpose of determining such names.

All transactions before that day whether the rights or bonus be known, recommended or declared or not shall be deemed to be cum rights and cum bonus.

475 All bargains in registered debentures shall be ex interest as from the day on which the interest becomes payable and all bargains before that day shall be deemed to be cum interest.

**Debentures When  
Cum and Ex  
Interest**

476 (a) In respect of cum interest, cum dividend, cum bonus or cum rights bargains sellers shall be liable and members shall be personally responsible for the interest, dividend, bonus or rights on the shares (or registered debentures) sold through them when there is a period of less than six clear days (including holidays) between the date of delivery to the receiving member (either by the delivering member or by the Clearing House) and the last working day immediately preceding either—

**Members When  
Liable for Dividend  
or Rights**

- (i) the date of closure of the transfer books of the company for the purpose of determining the names of shareholders (or registered debentureholders) entitled to the interest, dividend, bonus, rights, etc.; or
- (ii) the registration date fixed by the company for the purpose of determining such names without closing its transfer books for the purpose.

(b) Members shall not be liable for interest, dividend, bonus or rights save as provided in sub-rule (a) but nothing contained therein shall affect the rights and obligations of buyers and transferors as between themselves in respect of such interest, dividend, bonus or rights.

**Rights and  
Obligations of  
Buyers and  
Transferors**



**Deduction from  
Purchase Price**

477 (a) When making payment in respect of a cum interest, cum dividend or cum cash bonus transaction the receiving member may deduct from the purchase price the interest, dividend or cash bonus recommended or declared to which the buyer is entitled provided the shares (or registered debentures) are delivered to the receiving member (either by the delivering member or by the Clearing House)—

- (i) on or after the date of closure of the transfer books for the purpose of determining the names of shareholders (or registered debentureholders) entitled to the interest, dividend or cash bonus; or
- (ii) after the registration date fixed by the company for determining such names without closing its transfer books for that purpose

**Members Responsible  
Adjustment for**

(b) If the actual interest, dividend or cash bonus subsequently declared or paid by the company be different from the amount deducted from the purchase price the difference shall be adjusted between the buyer and the seller on the day the interest, dividend or cash bonus is payable and the receiving and delivering members shall be personally responsible for effecting such adjustment.

**Amount When  
Guaranteed**

(c) When the amount of interest, dividend or cash bonus that may be deducted from the purchase price as provided in sub-rule (a) is not recommended or declared the seller shall be deemed to have guaranteed to the buyer the payment of such amount as may be paid by the company. The delivering and receiving members shall be personally responsible for such payment by the seller to the buyer.

**Amount When to be  
Paid**

(d) Save as provided in sub-rule (a) the amount of interest, dividend or cash bonus payable by the delivering member to the receiving member as provided in these rules shall be so paid on the date fixed by the company for payment of such interest, dividend or cash bonus.

**Claim within Three  
Months**

478 Any claim for interest, dividend or cash bonus that is not paid as provided in these rules shall be made within three months from the date on which it was payable by the company and members shall not be personally responsible thereafter.

479 (a) In the case of a cum rights transaction when the buyer is entitled to new shares issued in right of old the receiving member shall unless otherwise ordered by the Governing Board or the President specially claim them in writing from the delivering member on or before the second day preceding the last day fixed for the receipt of applications by the company.

**Applications for Rights**

(b) Notwithstanding what is contained in sub-rule (a) if the seller be in possession of the new shares he shall be responsible for them to the buyer if claimed by the buyer on the day following the last day fixed for the receipt of applications by the company. Should the seller not be in possession of the new shares he shall be bound to render every assistance to the buyer in tracing them.

**Seller's Liability and Duty**

480 Rights shall be settled by letters of renunciation when such letters are issued by the company. When proper letters of renunciation are delivered or tendered to the receiving member on or before the second day preceding the last day fixed for the receipt of applications by the company or before such other day as may be fixed by the Governing Board or the President the delivering member shall be relieved of all further liability in respect of all such rights. A member shall not be bound to accept letters of renunciation not tendered within the prescribed time.

**Letters of Renunciation**

481 If the settlement of claims to rights be not made by letters of renunciation by reason of the failure of the delivering member to deliver such letters within the prescribed time the seller shall be responsible for obtaining the rights and the buyer shall not be under any obligation to pay for them in advance. Such rights shall be handed over to the receiving member by the delivering member who shall also pay any extra expense of transfer which shall be borne by the seller.

**Non-Delivery of Letters of Renunciation**

482 (a) When letters of renunciation are not issued all payments as and when required by the company in respect of rights are to be advanced to the seller by the buyer.

**Payment in respect of Rights**

(b) The amount in respect of rights shall be paid by the receiving member to the delivering member in sufficient time for the amount to be paid to the company and the

**Seller Trustee for the Buyer**

receiving member may demand a receipt for the same. However the delivering and receiving members shall not be personally responsible and the seller shall be deemed a trustee for the buyer in respect of such payments.

**Buyer to Bear  
Transfer Expenses**

(c) When letters of renunciation are not issued by the company the expenses of transferring the rights into the name of the buyer shall be borne by the buyer.

**Temporary  
Settlement**

483 (a) When in regard to a cum rights bargain the delivering and receiving members are personally responsible under these rules for delivery of such rights by the seller to the buyer the Governing Board or the President may fix an amount to be deducted from the purchase money of the old shares and direct that it be retained as deposit either by the receiving member or with the Clearing House.

**Payment of Deposit**

(c) The deposit retained by the receiving member or the Clearing House representing the balance due on the contract shall be paid when the delivering member delivers the rights at any time on or before the day fixed by the Governing Board or the President for the settlement of rights.

**Buying-in of Rights**

(c) If the delivering member fails to deliver the rights within the prescribed time the receiving member shall be entitled to buy-in the rights against him in accordance with the rules relating to closing-out.

## SHARES—DOCUMENTS AND REGISTRATION

484 (a) The member who receives payment against delivery of all the necessary documents shall not be personally responsible to the member to whom the same are delivered for their title, genuineness, regularity and validity and for their being free from any lien on account of any debt or liability of the transferor unless the documents are lodged with the company for registration by or on behalf of the buyer or any subsequent buyer—

**Members When  
Liable for Defective  
Documents**

- (i) on or before the twentyfirst day after the date on which the shares are delivered to the receiving member (either by the delivering member or by the Clearing House) ; or
- (ii) if the transfer books of the company are closed on such twentyfirst day on or before the day immediately following the date on which the transfer books reopen thereafter.

(b) If the documents are not lodged within the period prescribed in sub-rule (a) then except in the case of fraud or bad faith on the part of the delivering member the liability of the delivering member to both the receiving member and the buyer as also the liability of the receiving member to the buyer (that is his constituent) shall cease in all respects.

**Members When Not  
Liable**

(c) Nothing contained in sub-rules (a) and (b) shall affect the liability of the seller (which term shall in cases where a delivering member has dealt on his own account as a principal include such member) who receives payment against the delivery of the documents in any action at law or in any other proceedings and the member who delivered the documents shall be bound to render every assistance to the buyer in any proceedings he may take against such seller.

**Liability of Seller**

485 Documents shall be deemed to be doubtful and not actually defective in their title, genuineness, regularity or validity within the meaning of these rules if—

**Doubtful but Not  
Actually Defective  
Documents**

- (i) they are suspected of having been forged or reported to be stolen or have passed into police custody unless the fact that they are forged or stolen property is established to the satisfaction of the Governing Board or proved in a court of law;
- (ii) an attachment, prohibitory, restraint or similar order has been served on the company prohibiting it from registering transfer of such shares unless an application for setting aside such order has been finally rejected by the proper authority;
- (iii) the company declines to register the transfer of such shares ostensibly in compliance with the provisions of some general or special legislation which is not applicable to other shares of the same issue until the legal point has been decided.

In all such cases the delivering member shall be bound to render every assistance to the receiving member and the buyer in the proceedings taken for establishing the title, genuineness, regularity or validity of the documents: and if the documents have been lodged with the company within the prescribed period from the receipt thereof as provided in these rules the delivering member shall bear the cost and expenses of such proceedings and shall also place such amount (if any) in deposit with the Exchange as the Governing Board on the application of the receiving member directs.

**Intimation relating  
to Defective  
Documents**

486 (a) When documents have been lodged with the company within the prescribed period from the receipt thereof as provided in these rules and found to be actually defective as to their title, genuineness, regularity or validity or subject to a lien on account of any debt or liability of the transferor the receiving member shall give intimation in writing to the delivering member as soon as the objection comes to his knowledge.

**Rectification or  
Replacement**

(b) The delivering member shall within fifteen days from the date of the intimation of the objection or such further

period or periods as the Governing Board may by a special resolution from time to time allow rectify the irregularity or establish the title, genuineness or validity of the documents or release them from lien or deliver other regular, genuine and valid documents.

(c) If the delivering member fails to rectify the irregularity or establish the title, genuineness or validity of the documents or release them from lien or deliver other regular, genuine and valid documents as provided in sub-rule (b) the receiving member shall claim from the delivering member refund of their value at the then ruling market price. **Refund of Monies.**

(d) When refund is claimed either the defective documents shall be returned to the delivering member or when the documents are impounded the buyer shall execute in favour of the delivering member and at the delivering member's expense a Power of Attorney to ensure return of the impounded documents to the delivering member if and when they are released. **Documents to be Returned on Refund.**

(e) A refund of monies relating to defective documents shall not operate as cancellation of the contract and if the delivering member within fifteen days from the date of such refund or such further period or periods as the Governing Board or President may from time to time allow rectifies the irregularity or establishes the title, genuineness and validity of the documents or releases them from lien or delivers to the receiving member other regular, genuine and valid documents the receiving member shall be bound to accept such documents in fulfilment of the original contract and return the monies refunded to him. **Rectification or Replacement after Refund**

(f) If the delivering member fails to make refund of monies or to complete delivery within the prescribed period the receiving member shall be entitled to buy-in the shares against him in accordance with the rules relating to closing-out. **Buying-in**

(g) If the delivering member fails to pay the loss and damages if any arising from buying-in as provided in sub-rule (f) he shall be liable to be declared a defaulter. In the event of the defective documents having passed through the Clearing House the Clearing House shall assess such loss and damages *pro rata* against the original contracting parties with whom **Apportionment of Loss and Damages.**

such defaulter had outstanding sale transactions in such shares as shown in his Clearing Forms. Each such party shall pay the amount of loss and damages to the receiving member through the Clearing House on receipt of notice of the amount of such assessment. If a contracting party fails to pay his share of the *pro rata* loss and damages he shall be declared a defaulter and thereupon the procedure to be followed shall be the same as if he were the delivering member who has been declared a defaulter. This procedure shall be repeated as many times as may be necessary in relation to each succeeding party in interest until the loss and damages are fully recovered.

**Sale not Conditional  
on Transfer**

487 Except when a company declines to register a transfer on the ground that the shares are subject to a lien or that a call due on such shares has not been paid a sale of shares is not conditional on the company transferring the shares into the name of the buyer. On the sale of shares the only obligation on the seller and the delivering member is to tender documents that are good delivery and they shall not be deemed to guarantee that the company will transfer the shares into the name of the buyer nor shall they incur any liability by reason of the refusal of the company to do so.

**Member not Liable  
to Attend to  
Registration of  
Transfers**

488 A member shall not be deemed under any obligation to attend to the transfer of shares and the registration thereof in the name of the buyer. If a member attends to such work in the ordinary course or at the request or desire or by the consent of the buyer he shall be deemed to be the agent of the buyer in the matter and shall not be responsible for loss in transit or for the company's refusal to transfer nor be under any other liability or obligation other than that specifically provided in these rules.

**Fresh Transfer on  
Refusal of Company**

489 When a company objects to a transferee and refuses to register a transfer on the ground of such objection the transferor shall on request and on the original transfer being presented to him for cancellation of his signature sign a fresh transfer.

**Company in  
Liquidation**

490 (a) If a company be wound up at the date of the contract or between the date of the contract and the due date of payment the receiving member shall pay to the delivering

member the purchase money and the seller shall be entitled to recover from the buyer any contribution or call required to be paid even though the liquidator refuses to consent to the transfer.

(b) If on the winding up of a company the buyer cannot get the shares transferred to his name the seller shall if required to do so by the buyer and at the buyer's cost arrange for the assignment of the transferor's title to and the rights in the shares to the buyer and for the execution of a Power of Attorney in favour of the buyer to enable him to recover any return of capital and dividends becoming payable after the date of the contract in respect of the shares bought. **Seller to Assign Title**

491 When a transfer has been accepted by the company and the share certificate or an official receipt in the form of a *Pucca* Transfer Receipt or Transmission Receipt or such other receipt has been issued by the company concerned neither the delivering member nor the receiving member shall be personally responsible to the buyer for any subsequent dispute as to title, ownership, genuineness, regularity and validity of the documents unless bad faith or fraud be proved against such member. But nothing herein contained shall affect the liability of the transferor or of the actual seller who may have received payment against delivery of shares in any action at law or in any other proceedings. The provisions herein shall apply only to the rights and obligations of members. **Dispute after Registration**



## SECURITIES—DELIVERY AND PAYMENT

**Place of Delivery and Payment** 492 The delivery of all documents and papers and the payment in respect of all contracts in securities to which these rules apply whether made between members or between a member and a non-member shall be within the city of Bombay and the parties shall be bound to give and take delivery and payment in Bombay.

**Receive-and-Pay Orders** 493 The Receive-and-Pay Orders for securities shall be properly signed and drawn either on the Fort Area (Bombay) office of a Scheduled Bank or of the receiving member himself.

**Place of Delivery When Receiving Party a Scheduled Bank** 494 (a) If the receiving party named in the Receive-and-Pay Order be the Fort Area (Bombay) office of a Scheduled Bank the holder of the Receive-and-Pay Order whether a Scheduled Bank or a member shall deliver the securities at such office on the due date of delivery before the scheduled hour prescribed in Appendix Y and payment shall be made at such office by the receiving Scheduled Bank within one hour of such delivery.

**Place of Delivery When Delivering but not Receiving Party a Scheduled Bank** (b) If the receiving party named in the Receive-and-Pay Order be a member and the holder of the Order a Scheduled Bank the Scheduled Bank shall have the right or option to require payment and delivery to be made at its office if situated within the Fort Area of Bombay. In the event of the Scheduled Bank exercising this right or option it shall make out a statement showing the amount due plus the accrued interest where payable and present the same together with the Receive-and-Pay Order at the office of the receiving member. Thereupon the receiving member must make payment of the amount involved at the Fort Area (Bombay) office of the Scheduled Bank not later than an hour after the receipt of the statement.

**Place of Delivery When Delivering and Receiving Party not Scheduled Banks** (c) If the receiving party named in the Receive-and-Pay Order as well as the holder of the Order be members the holder shall either—

- (i) deliver the securities to the receiving member against payment in cash in the Settling Room; or
- (ii) hand over to the receiving member before the scheduled hour prescribed in Appendix Y a Delivery Order on the Fort Area (Bombay) office of a Scheduled Bank in which event payment shall be made at such office of the Scheduled Bank delivering the securities.

495 A party who has to deliver the securities sold shall accept a cheque in payment thereof if tendered during clearing hours but all intermediate parties shall be released from all liability if the securities are actually delivered before the cheque is honoured.

**When Cheques  
Release  
Intermediaries**

496 (a) Failing delivery or payment on the due date the securities may be closed-out against the defaulting member in accordance with the rules relating to closing-out.

**Closing-out**

(b) When securities (other than bearer debentures of joint stock companies) are tendered before the actual exercise of the right to buy-in as provided in these rules the buyer shall not be liable and the buying member shall not be required to pay the interest accrued after the day on which the delivery should have been made.

**Tender before  
Buying-in**

(c) When payment in respect of securities (other than bearer debentures of joint stock companies) is tendered before the actual exercise of the right to sell-out as provided in these rules the seller shall be entitled and the selling member shall have the right to claim either the interest accrued upto the day of actual payment or the interest at bank rate for the days between the day on which payment should have been made and the day of actual payment whichever of the two is higher.

**Tender before  
Selling-out**

497 Bargains in bearer debentures of joint stock companies shall be deemed to include the accrued interest in the price. Bargains in all other securities shall be deemed not to include the accrued interest in the price and such bargains shall be subject to the accrued or accruing interest being accounted for between buyer and seller.

**Accrued Interest**

**Payment of  
Accrued Interest**

498 When the accrued interest is not deemed to be included in the bargain price the seller shall be entitled to receive from the buyer the interest accrued to the day of payment subject to deduction of income-tax and the receiving member shall pay such amount to the delivering member.

**Delivery in  
Promissory Notes**

499 When securities have been issued in the form of Promissory Notes delivery shall be in Promissory Notes transferable by endorsement unless there is a condition in the contract for delivery of stock or bearer bonds.

**Delivery of Bearer  
Securities**

500 The buyer of bearer securities shall be entitled to receive from the seller and the delivering member shall deliver to the receiving member bearer certificates with coupon sheets attached. Such certificates shall not be good delivery without the coupon due for encashment unless the transaction has been made ex coupon or unless the full interest due without deduction of income-tax is paid in lieu of the missing coupon.

**Renewal Fees**

501 The buyer is entitled to claim from the seller and the delivering member shall pay to the receiving member the amount of the renewal fees when there are less than three blank cages for endorsement on the back of the Promissory Note or when there are six or less than six half-yearly interest columns blank or when there are more than two enfacements for payment of interest.

**Promissory Notes  
When Not Good  
Delivery**

502 The buyer is entitled to refuse and the receiving member may not accept Promissory Notes and pay for them—

- (i) if there is a cross endorsement ; or
- (ii) if interest is left undrawn for more than one year ; or
- (iii) if the Promissory Notes tendered are of lesser denomination than Rs. 500 ; or
- (iv) if interest is not payable in Bombay ; or
- (v) if interest payable on or after the due date of payment of the purchase price is drawn by the seller:

503 (a) The buyer is entitled to refuse and the receiving member may not pay for securities unless all endorsements on the back of the Promissory Note are valid, regular and in proper form but he shall pay for such portion of the securities as may be in order. **Payment Against Documents**

(b) When securities not in order are returned as provided in sub-rule (a) they shall not be bought-in until seven days within which period the delivering member shall put the securities in order or replace them by other Promissory Notes that are valid, regular and in proper form. The buyer is not liable and the receiving member shall not be required to pay the accrued interest (where payable) after the day on which the delivery should have been made. **Rectification or Replacement**

(c) If the delivering member fails to put the securities in order or replace them within the prescribed period of seven days as provided in sub-rule (b) the receiving member shall be entitled to buy-in such securities in accordance with the rules relating to closing-out. **Buying-in**

504 Members shall not be in any manner personally responsible for the title, ownership, genuineness, regularity and validity of securities delivered in respect of contracts to which these rules apply but nothing herein contained shall affect the rights and obligations of the buyers and the sellers (which terms shall when the receiving and delivering members have dealt on their own account as principals include such members) as between themselves in any action at law or in any other proceedings. **Member not Liable for Doubtful or Defective Documents**

## CLOSING-OUT OF SHARES AND SECURITIES

### Closing-out

505 (a) Shares and securities may be closed-out by buying-in or selling-out against the defaulting party on his failure to comply with the provisions of any rule relating to delivery, payment and settlement of bargains or on any failure to carry out the conditions subject to which a bargain has been made.

### Closing-out When Effected

(b) Without prejudice to the generality of the provisions contained in sub-rule (a) closing-out may be effected against the defaulting party in accordance with these rules if on the due date—

- (i) the delivering member fails to deliver shares or securities ; or
- (ii) the receiving member fails to make payment for shares or securities ; or
- (iii) the selling member fails to issue Seller's Clearance Slip for Slip Shares ; or
- (iv) Receive-and-Pay Orders for Cleared Securities are not exchanged for Clearing House Delivery Orders ; or
- (v) the receiving member fails to issue a Receive-and-Pay Order for securities ; or
- (vi) the ultimate party fails to receive the Ticket when the ordinary Process of Tickets applies ; or
- (vii) the Issuer of Tickets fails to receive notice from the Holder of Tickets intimating that he is the Holder ; or
- (viii) the buying member fails to return the completed transfer deed when partly paid shares have been sold subject to such stipulation ; or

- (ix) the delivering member fails to remove the defects tainting any documents delivered by him or fails to replace such defective documents; or
- (x) the delivering member fails to deliver the rights or bonus issue so deliverable under these rules on a cum rights or cum bonus transaction.

**506 (a)** A member shall be entitled to make an application to the Exchange for closing-out shares or securities against the defaulting member either on the day of failure or on any day thereafter but not later than—

**Application for Closing-out**

- (i) the second business day following the date of failure in case of Cleared Shares and Cleared and Non-Cleared Securities;
- (ii) the second business day following the Slip Day in case of failure to deliver Seller's Clearance Slips;
- (iii) the second business day following the Hand-Delivery Settlement Day in case of failure to deliver Non-Cleared Shares; and
- (iv) the fifteenth day following the date of failure in all other cases.

(b) Notwithstanding anything contained in sub-rule (a) when buying-in on failure to deliver Seller's Clearance Slips or Non-Cleared Shares has not been effected as provided therein the failure to deliver shall be deemed to have resulted from an agreement between the parties to the contract. In that event the contract shall be deemed to have been postponed to the following Clearing or Hand-Delivery Settlement Day and it may be so postponed from time to time provided that—

**Extension of Time in case of Slip and Non-Cleared Shares**

- (i) in the case of Slip Shares such postponement is not beyond the sixth Clearing as reckoned from the Clearing in which the Slip was originally due to be issued; and

- (ii) in the case of Non-Cleared Shares not beyond the twelfth Hand-Delivery Settlement Day as reckoned from the Settlement Day on which the delivery was originally due.

**Forfeiture of Right of Recourse** 507 If closing-out be not effected in the manner provided in these rules within the prescribed period the party entitled to close-out and the defaulting party shall forfeit all right of recourse against each other.

**Notice of Closing-out** 508 When an application for closing-out is lodged by a member a notice in writing giving intimation of the proposed closing-out shall be given by the Exchange to the member in default and the shares or securities shall then be closed-out on the following day.

**Re-transmission of Notice** 509 (a) Where necessary notices of closing-out bearing serial numbers shall be issued by the Exchange in lots of trading unit. Such notices shall be passed in the Settling Room from defaulting member to defaulting member and the passing of such notices shall commence on such day and at such hour as may be fixed in that behalf by a notice on the notice board. Each intermediate defaulting member in succession to whom the notice of closing-out is transmitted shall endorse thereon the name of his party and pass it on to him after taking a note of his name and the relative serial number of the notice. Such notices shall be so circulated until they reach the original defaulting member or upto such time as may be fixed by the President or in his absence by the Secretary.

**Automatic Closing-out** (b) The closing-out of a contract pursuant to the provision contained in sub-rule (a) shall be for the account and liability of each succeeding party to whom the notice is transmitted and such closing-out shall automatically close-out all contracts with respect to which such retransmitted notice has been passed.

**Notice of Closing-out When Not Necessary** 510 No notice of closing-out shall be necessary and shares and securities shall be closed-out against the defaulting member—

- (i) on the advice of the Clearing House on the Settlement Day if a member fails to pay within

the prescribed time for the shares or securities that are to be received by him or to deliver the shares or securities that are to be delivered by him in accordance with the clearing forms lodged by him with the Clearing House ;

- (ii) on application on the Security Pay Day if Receive-and-Pay Orders for Securities are not exchanged for Clearing House Delivery Orders on that day ;
- (iii) on the day prescribed in the notice in that behalf if so advised by the Issuer of Tickets who has not received notice from the Holder of Tickets intimating that he is the Holder.

In such cases no notice of closing-out shall be given to the defaulting member but a notice shall be posted on the notice board showing the total quantity of each kind of share or security to be closed-out.

511 If the defaulting member tenders compliance with the provisions of any rule relating to delivery, payment and settlement of contracts or the conditions subject to which the bargain has been made at any time prior to the actual exercise by the other member of his right to close-out such other member shall accept the same and fulfil his obligations.

**Tender before  
Closing-out**

512 (a) Save as otherwise provided in these rules closing-out by buying-in or selling-out shall be effected in the open market under the authority of the Secretary : but when shares or securities of the same kind are to be bought-in as well as sold-out closing-out may be effected by adjusting the one against the other at the average closing-out rate for such shares and securities recorded on that day or if there has been no closing-out at the opening market rate on that day. In the case of a defaulter or whenever the Governing Board or the President so directs instead of closing-out in the open market closing-out may be effected by inviting tenders or by any other method which is deemed desirable by the Governing Board or the President.

**Closing-out How  
Effected**



**Bids and Offers**

(b) Members other than those against whom the closing-out is effected may make a bid or offer during such closing-out. The Governing Board or the President shall be at liberty in its or his sole discretion to refuse any bid or offer given.

**Postponement by President**

513 When during closing-out there is no seller or buyer of shares or securities at a price which on a reference the President deems reasonable or when on a reference to the President it appears to him that such shares or securities are not obtainable or saleable in the open market the closing-out shall be postponed to the following day and shall be so postponed from day to day until a seller or buyer be found.

**Non-Cleared Share When Squared-up instead of Being Bought-in**

514 When in spite of continuous efforts a Non-Cleared Share cannot be bought-in and when the Governing Board is satisfied that such share cannot be obtained except at an arbitrary price the Governing Board may by a special resolution determine a price (which shall not be less than the highest price touched at any time during the preceding twelve months) at which the outstanding contract in such Non-Cleared Share shall be squared-up. Thereupon the defaulting party shall pay to the party entitled to buy-in the difference between the contract price and the squaring-up price.

**Postponement by the Governing Board**

515 The Governing Board may defer closing-out in any particular case if in its opinion a fair market to close-out is not available or if it determines that the default is due to the existence of a special situation but no such deferment shall relieve the party in default of any resulting damages or free the intermediate parties of their liabilities.

**Suspension of Closing-out**

516 The Governing Board may by a special resolution suspend the closing-out of any share or shares or security or securities when circumstances appear in its view to make such suspension desirable in the general interest. If within fifteen minutes of the time fixed for the meeting at which the matter is to be considered the required number of the Members of the Governing Board be not present the Members present shall co-opt from amongst the members of the Arbitration Committee (and failing that from the members of the

Defaulters' Committee and failing that from the members of the Exchange) as many members as are necessary to make up a quorum.

**517** Shares and securities bought-in and not delivered on the next business day may be again bought-in for immediate delivery without further notice and any loss and damages resulting therefrom shall be paid by the member causing such further buying-in.

**Shares and Securities Bought-in but Undelivered**

**518** Shares and securities sold-out and not paid for on the next business day may be again sold-out for immediate payment without further notice and any loss and damage resulting therefrom shall be paid by the member causing such further selling-out.

**Shares and Securities Sold-out but not Paid for**

**519** Members against whom the closing-out takes place shall pay commission at the rate of one-half the official scale of brokerage prescribed under these rules.

**Charges for Closing-out**

**520 (a)** When shares and securities are closed-out on the application of a member the member at whose instance the closing-out is effected shall within two days of the closing-out give intimation to the member in default and claim the loss and damages if any arising therefrom.

**Closing-out at the Instance of a Member**

**(b)** When notices of closing-out have been retransmitted as provided in these rules intimations of the closing-out and the claim for damages shall be immediately given by each party to the succeeding party in whose name the notice of closing-out has been endorsed. Statements of money differences and damages if any shall also be rendered immediately and the claims duly settled.

**Claims in Case of Retransmitted Notices of Closing-out**

**(c)** The party against whom the closing-out is effected shall notwithstanding that he is in default be entitled to the difference or profit which may arise from the closing-out against him.

**Defaulting Party Entitled to Profit**

**521** If there is a loss when shares or securities are closed-out on the advice of the Clearing House as a result of any discrepancy in the clearing forms lodged with the Clearing House by a member it shall be paid forthwith to the Clearing House by the member responsible for the discrepancy.

**Loss on Closing-out on Advice of Clearing House on account of Discrepancy**

**Difference Arising  
From Closing-out  
on Advice of  
Clearing House on  
account of Failure  
to give or take  
Delivery**

**522 (a)** When shares or securities are closed-out on the advice of the Clearing House on account of a member failing to give or take delivery of all or any of the shares or securities according to the clearing forms lodged by him with the Clearing House the resulting difference due by such member if any shall be paid by him forthwith to the Clearing House and the difference due to such member if any shall be credited to his account by the Clearing House.

**Closing-out Against  
Defaulter**

**(b)** When shares or securities are closed-out as provided in sub-rule (a) and the member concerned is declared a defaulter the difference arising from closing-out shall be recovered from or distributed amongst the parties with whom such defaulter had transactions in the manner provided in the rules relating to default.

**Penalty for Failure  
to Give or Take  
Delivery of Shares  
or Securities to or  
from the Clearing  
House**

**523** When shares or securities are closed-out on the advice of the Clearing House on account of a member failing to give or take delivery of all or any of the shares or securities according to the clearing forms lodged by him with the Clearing House the Governing Board may in its discretion impose on such member a penalty not exceeding 2 per cent. of the market value of such shares or securities. Such penalty shall be in addition to any loss such member may suffer on account of such shares or securities being closed-out and shall be in addition to the commission chargeable in that behalf.

**Defaulter if Closing  
-out Loss and  
Damage Not Paid**

**524** If any member against whom a transaction is closed-out under these rules fails to make payment of the money difference between the contract price or the making-up price (as the case may be) and the closing-out price and of the damages if any within twentyfour hours of receiving notice thereof he shall be declared a defaulter.

## DEFAULT

525 A member shall be publicly declared a defaulter under the direction of the Governing Board or of the President or in the absence of the President by any two Members of the Governing Board or the Secretary in any of the following events, namely—

### Declaration of Default

- (i) if he makes default in or fails or is unable to meet or fulfil or discharge in whole or in part his engagements, obligations, liabilities or dues in relation to the Exchange, the Clearing House or another member ; or
- (ii) if he admits or discloses his inability to meet or fulfil or discharge in whole or in part his engagements, obligations, liabilities or dues in relation to the Exchange, the Clearing House or another member ; or
- (iii) if he is adjudicated an insolvent although he be not at the same time a defaulter on the Stock Exchange ; or
- (iv) if he fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against him under these rules ; or
- (v) if he fails to pass Claim Notes to members (provided that fact is reported to the Exchange by the member not receiving the Claim Note before the Pay-in-Day fixed for that Clearing) or to pay any sum due to the Clearing House or to submit or deliver to the Clearing House on the due date the Delivery and Receive Orders, Statement Sheets of Differences and Shares, Balance Sheet and such other Clearing Forms as the Governing Board may from time to time determine

provided that in any such case the declaration of default may be delayed if deemed proper upto but not beyond the Settlement Day fixed for that Clearing ; or

(vi) if he fails to pay or deliver to the Defaulters' Committee all monies, shares, securities and other assets due to a member who has been declared a defaulter within such time of the declaration of default of such member as the Governing Board or the President may direct.

**Failure to fulfil  
Obligations to  
Non-Members**

526 The Governing Board may order a member to be declared a defaulter if he fails to fulfil his engagements or to meet his obligations or liabilities to a non-member arising out of a Stock Exchange transaction.

**Private Intimation  
of Inability to  
Fulfil Engagements**

527 When a member gives private intimation to his creditors of his inability to fulfil his engagements his creditors who are members shall not make any compromise with such member but shall immediately notify the Exchange whereupon the Governing Board may suspend the member giving such private intimation to his creditors or declare him a defaulter.

**Private Failure**

528 In case the Governing Board shall obtain knowledge of the private failure of any member it may forthwith suspend such member or declare him a defaulter.

**Member's Duty  
to Inform**

529 Any member becoming cognisant of the failure or compromise of another member shall be bound to notify that fact to the Exchange immediately.

**Compromise  
Forbidden**

530 (a) Any member guilty of making a compromise with another member or accepting from him a payment on account or anything less than a full and *bona fide* money payment in settlement of a debt arising out of a transaction in shares or securities shall be suspended for a period of not less than one year.

**Money, Shares or  
Securities Received  
in Compromise  
When to be  
Returned**

(b) Any member compromising with or accepting payment on account or in any form other than a full and *bona fide* money payment from any other member shall in the event of such other member being declared a defaulter within

six months from the date of such compromise or payment be liable at the discretion of the Governing Board to pay to the Defaulters' Committee for the benefit and on account of the creditor members any money, shares or securities received from the defaulter at the time of and subsequent to such compromise or payment. Such money, shares and securities shall be applied to liquidate the claims of members who have become creditors of the defaulter subsequent to the date of such compromise or payment.

531 On a member being declared a defaulter a notice to that effect shall be posted forthwith on the notice board.

**Notice of  
Declaration of  
Default**

532 When a member has been declared a defaulter the Defaulter's Committee shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the Defaulters' Committee.

**Defaulter's Books  
and Documents**

533 The defaulter shall file with the Defaulters' Committee within such time of the declaration of his default as the Governing Board or the President may direct a written statement containing a complete list of his debtors and creditors and the sum owing by and to each.

**List of Debtors and  
Creditors**

534 The defaulter shall submit to the Defaulters' Committee such statement of accounts, information and particulars of his affairs as the Defaulters' Committee may from time to time require and if so desired shall appear before the Committee at its meetings held in connection with his default.

**Defaulter to give  
Information**

535 The Defaulters' Committee shall enter into a strict inquiry into the accounts and dealings of the defaulter in the market and shall report to the Governing Board anything improper, unbusinesslike or unbecoming a member in connection therewith which may come to its knowledge.

**Inquiry**

536 The Defaulters' Committee shall call in and realise the security money, shares and securities deposited by the defaulter and recover all monies, shares, securities and other assets due, payable or deliverable to the defaulter by any

**Defaulters' Assets**

other member in respect of any transaction or dealing made subject to these rules and such assets shall vest in the Defaulters' Committee for the benefit and on account of the creditor members.

**Payment to Defaulters' Committee**

537 All monies, shares, securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to the Defaulters' Committee within such time of the declaration of default as the Governing Board or President may direct. A member violating this provision shall be declared a defaulter.

**Fraudulent Preference**

538 A member who shall have received a difference on an account or shall have received any consideration in any transaction prior to the date fixed for settling such account or transaction shall in the event of the member from whom he received such difference or consideration being declared a defaulter refund the same to the Defaulters' Committee for the benefit and on account of the creditor members. Any member who shall have paid or given such difference or consideration to any other member prior to such settlement day shall again pay or give the same to the Defaulters' Committee for the benefit and on account of the creditor members in the event of the default of such other member.

**Preferential Difference**

539 A member who receives from another member during any Clearing a Claim Note representing a sum other than a difference due to him or due to his constituent (which amount is to be received by him on behalf and for the account of that constituent for that Clearing) shall refund such sum if such other member be declared a defaulter within fifteen days after the Settlement Day. Such refund shall be made to the Defaulters' Committee for the benefit and on account of the creditor members and it shall be applied in liquidation of the claims of such creditors of the defaulter whose claims are admitted in accordance with these rules.

**Distribution**

540 The Defaulters' Committee shall at the risk and cost of the creditor members pay all assets received in the course of realisation into such bank and/or keep them in such names as the Governing Board may from time to time direct and shall distribute the same as soon as possible *pro rata* upto sixteen annas in the rupee but without interest among

the creditor members whose claims are admitted in accordance with these rules.

541 On a member being declared a defaulter the Governing Board shall fix hammer prices on the basis of the prices recorded in the closing-out if any against the defaulter and/or the average of the prices ruling in the market within half an hour of its opening after the declaration of default. The making-up prices in respect of the current Clearing in which the member was declared a defaulter shall be either confirmed or altered by the Governing Board keeping in view the hammer prices.

**Confirmed or Altered Making-up Prices and Hammer Prices**

542 (a) Members having transactions with the defaulter in the current Clearing in which his default was declared shall adjust their accounts in Making-up Shares and Cleared Securities at the confirmed or altered making-up prices and in Slip Shares at the hammer prices.

**Adjustment at Confirmed or Altered Making-up Prices and Hammer Prices**

(b) Members having open transactions with the defaulter in Cleared Shares and Cleared Securities in the ensuing Clearing following the one in which his default was declared shall be deemed to have squared-up such transactions at the hammer prices.

**Squaring-up at Hammer Prices**

(c) Members having open transactions with the defaulter in Non-Cleared Shares and Non-Cleared Securities shall close-out such transactions in the open market immediately after the declaration of default.

**Closing-Out in Open Market**

543 Members having transactions with the defaulter shall adjust their accounts with the defaulter at the confirmed or altered making-up prices, hammer prices and closing-out prices as provided in these rules. The difference arising from such adjustment shall as the case may be either claimed from the defaulter or paid to the Defaulters' Committee for the benefit of members who are creditors of the defaulter.

**Adjustment of Accounts with Defaulter**

544 Within such time of the declaration of default as the Governing Board or President may direct every member carrying on business on the Exchange shall according as he may be required to do either compare with the Defaulters' Committee his accounts with the defaulter duly adjusted

**Claim Against Defaulter**



and made up as provided in these rules or furnish a statement of such accounts with the defaulter in such form or forms as the Governing Board may prescribe or render a certificate that he has no such account.

**Delay in Comparison or Submission of Accounts**

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

**Penalty for Failure to Compare or Submit Account**

546 The Governing Board may fine, suspend or expel any member who fails to compare his accounts or submit a statement of his accounts with the defaulter or a certificate that he has no such account within the prescribed time.

**Misleading Statement**

547 The Governing Board may fine, suspend or expel a member if it is satisfied that any comparison statement or certificate relating to a defaulter sent by such member was false or misleading.

**Accounts of Defaulters' Committee**

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

**Report**

549 The Defaulters' Committee shall every six months present a report to the Governing Board relating to the affairs of a defaulter and shall show the assets realised, the liabilities discharged and dividends given.

**Inspection of Accounts**

550 All accounts kept by the Defaulters' Committee in accordance with these rules shall be open to inspection by any creditor member.

**Scale of Charges**

551 The scale of charges to be paid to the Exchange on the assets collected shall be 5 per cent. on the first Rs. 5,000 collected or part thereof and 2 per cent. on any sum in excess of Rs. 5,000 or such other scale as the Governing Board may from time to time determine.

**552** The Defaulters' Committee shall apply the net assets remaining in its hands after defraying all such costs, charges and expenses as are allowable under these rules in satisfying first the claims of the Exchange and the Clearing House and then rateably such admitted claims of members against the defaulter arising out of contracts entered into in the market in accordance with the provisions of these rules.

**Application of Assets**

**553** The Defaulters' Committee shall not entertain any claim against a defaulter—

**Certain Claims Not to be Entertained**

- (i) which arises out of a contract in shares and securities not officially quoted or admitted to dealing on the Exchange or not made subject to these rules;
- (ii) which arises out of a contract in respect of which comparison has not been made by signing the entries in the transaction or contract books or by passing Comparison Memos as provided in these rules or when there has been no comparison if a contract note in respect of such contract has not been rendered as provided in these rules and receipt therefor obtained either on the duplicate or on the counterpart of such contract note or in a peon book;
- (iii) which arises from bargains not settled by delivery and payment within the time prescribed by these rules;
- (iv) which arises from any arrangement for settlement of claims in lieu of *bonafide* money payment in full on the day when such claims become due;
- (v) which arises from any outstanding balance or any outstanding difference upon previous transactions which has not been claimed at the proper time and in the manner provided in these rules;

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

(vii) which is not filed with the Defaulters' Committee within such time of the date of declaration of default as may be prescribed by the Governing Board.

**Claim Against Defaulting Representative Member**

554 The Defaulters' Committee shall entertain the claim of a member against a defaulter in respect of loss incurred by him by reason of the failure of the constituents introduced by such defaulter to fulfil their obligations arising out of transactions in shares and securities officially quoted or admitted to dealings on the Exchange and made subject to these rules provided the defaulter was duly registered as a representative member working with such creditor member.

**Differences Due**

555 Any difference due to or from a defaulter in the current Clearing shall be allowed to be set off against that due in the subsequent Clearing.

**Claims of Defaulters' Committee**

556 A claim of one defaulter whose estate is represented by the Defaulters' Committee against another defaulter shall not have any priority over the claims of other creditor members but shall rank with other claims.

**Assignment of Claims on Defaulters' Estate**

557 A member being a creditor of a defaulter shall not sell, assign or pledge his claim on the estate of such defaulter without the consent of the Governing Board.

**Proceedings in Name of Defaulter**

558 The Defaulters' Committee with the consent of the members who are creditors of a defaulter shall be entitled to take any proceedings in a court of law either in its own name or in the name of the defaulter as it may be advised for recovering any assets of the defaulter.

**Payment to Defaulters' Committee**

559 If any member takes any proceedings in a court of law against a defaulter whether during the period of his default or subsequent to his readmission to enforce any claim against the defaulter's estate arising out of any transaction or dealing in the market made subject to these rules before he was declared a defaulter and obtains a decree and recovers any sum of money thereon he shall pay such amount or any

portion thereof as may be fixed by the Governing Board to the Defaulters' Committee for the benefit and on account of the creditor members having claims against such defaulter.

**560** A notice of the intention of the Defaulters' Committee to declare a dividend shall be posted on the notice board not less than seven days before such declaration. **General Notice of Dividend**

**561** On the expiry of the notice relating to declaration of dividend a separate notice shall be given to those creditor members who do not maintain an account with the Clearing House. **Separate Notice**

**562** Dividends declared shall be paid into the Clearing House account of each creditor member. **Payment of Dividend**

**563** If any dividend which has been declared on claims admitted by the Defaulters' Committee but which the member entitled (except in the case of a member who shall have died) has failed or neglected to claim remains with the Defaulters' Committee unclaimed for more than one year or where after paying a final dividend any assets of the defaulter remain unclaimed or undistributed the same shall be dealt with or disposed of by the Governing Board on behalf of the creditor members. **Unclaimed Dividend**

**564** If a member who is creditor of a defaulter be dead the dividend due to such member shall be paid to his legal representatives or heirs even when the right of nomination has been exercised in respect of such deceased creditor member. But if such deceased creditor be himself a defaulter the dividend due shall be paid to the Defaulters' Committee for the benefit and on account of the creditor members. **Deceased Creditors**

## BROKERAGE AND CONTRACT NOTES

**Obligation to Charge Brokerage**

565 Save as may be provided in these rules brokerage shall be charged and collected upon the execution of all orders for non-members in respect of purchase or sale or carry-over of shares and securities. Such brokerage shall be at rates not exceeding the official scale prescribed in Appendix K or such other official scale in substitution thereof as the Governing Board may from time to time prescribe.

**Evasion of Brokerage Rules**

566 A member shall not act as a principal for the purpose of evading the rules relating to brokerage or adopt any other procedure for a like purpose.

**Unusual Carry-over Rates**

567 A member shall not for the purpose of evasion enter into any agreement or arrangement with a non-member whereby special and unusual rates for carry-over are given with intent to give special or unusual advantage to such non-member for the purpose of securing his business.

**Brokerage in case of Compulsory Carry-Over**

568 A member may charge brokerage not exceeding one-half of the official scale prescribed on a transaction compulsorily carried-over from Clearing to Clearing in accordance with the provisions of these rules.

**Brokerage on Calls**

569 A member buying shares and prepaying calls thereon may charge brokerage on the purchase price with the amount of such calls added.

**Brokerage on Bargains Between Non-Members**

570 A member may charge brokerage to more than one constituent on a transaction carried through directly between two non-members provided it is stated in the contract note that the bargain has been made between non-members.

**No Brokerage in Cases of Charity**

571 A member may relinquish the whole or a part of his brokerage in cases of charity.

**Net Prices for Members of Other Stock Exchanges**

572 A member may deal at net prices for members of other Stock Exchanges in respect of whom business is permitted under the provisions of these rules.

573 Provisions relating to brokerage contained in these rules do not apply or lay down any restrictions as to dealings between members.

**Brokerage Rules  
Not Applicable to  
Dealings Between  
Members**

574 (a) A member may share brokerage in accordance with sub-rule (b) with a remisier, authorised clerk or employee in his own exclusive employment. He may similarly share brokerage with any other person provided such person—

**With Whom  
Brokerage may be  
Shared**

- (i) is not one for or with whom members are forbidden to do business under these rules ;
- (ii) is not a remisier, authorised clerk or employee in the employment of another member ;
- (iii) does not advertise in the public press or in any other manner that he is acting as a broker ;
- (iv) does not act as a broker within a distance of fifty miles of the city of Bombay ;
- (v) does not pass contracts in his own name or issue price lists or pamphlets or circulars in respect of business in shares and securities if working within a distance of fifty miles of the city of Bombay ;
- (vi) does not issue price lists or pamphlets or circulars in respect of business in shares and securities to other than his own constituents if acting as a broker beyond the distance of fifty miles from the city of Bombay.

(b) When sharing brokerage as provided in sub-rule (a) a member shall not pay the remisier, authorised clerk, employee or other person a share exceeding forty per cent. of the brokerage charged to the constituent introduced by him.

**Percentage Share of  
Brokerage**

(c) A remisier, authorised clerk, employee or other person sharing brokerage shall not make any allowance, rebate or return of such brokerage directly or indirectly to the constituent introduced by him or to any other person or agent.

**Rebate or Return  
Disallowed**

**Indemnity**

(d) In the absence of an agreement in writing to the contrary a remisier, authorised clerk, employee or other person sharing brokerage shall be deemed to have agreed to give a full and complete indemnity to the member with whom he shares brokerage for any loss which such member may incur by the default of the constituent (provided such constituent is not a member of the Exchange) introduced by him in fulfilling his obligations.

**Default by Constituents**

(e) In the event of any default by a constituent the amount due shall be paid forthwith to the member by the remisier, authorised clerk, employee or other person introducing the defaulting constituent.

**Liability of Remisier, Authorised Clerk, Employee or Other Person**

(f) If the remisier, authorised clerk, employee or other person fails to pay the amount due by the defaulting constituent introduced by him then at his risk and cost the member shall be entitled to take such proceedings against the defaulting constituent and/or make such settlement or compromise with him as he in his discretion deems advisable. The acceptance of a promissory note from the defaulting constituent for the whole or part of the amount due from him shall not release the remisier, authorised clerk, employee or other person from his liability to pay to the member the original amount due from the defaulting constituent; nor shall any settlement or compromise with the defaulting member diminish the liability of the remisier, authorised clerk, employee or other person who shall pay to the member the unrealised balance of the original amount due from the defaulting constituent and the costs and expenses incurred in the course of realisation.

**Arbitration**

(g) Any dispute between a member and a remisier, authorised clerk, employee or other person sharing brokerage with him in respect of any matter to which sub-rules (d), (e) and (f) apply shall be referred to arbitration and decided in the manner provided in these rules for the arbitration of disputes other than between members. All other disputes between them shall also be referred to arbitration in the same manner but if the remisier, authorised clerk, employee or other person sharing brokerage so desires such disputes may be with the permission of the Governing Board or the President:

referred to arbitration and decided in the manner provided in these rules for the arbitration of disputes between members.

**575** Members may at their option render contract notes to non-members in respect of every bargain made for such non-member's account stating the price at which the bargain has been made. Such contract notes may be in Form No. 1 prescribed in Appendix L annexed to these rules or in such other form as the Governing Board may from time to time prescribe.

**Contract Notes**

**576** In cases where a member employs another member as an intermediary to put-through the business of a non-member he may pay the intermediary a share of the brokerage charged to the non-member. The contract note shall state that business has been put-through a member acting as an intermediary with whom the brokerage charged has been divided.

**Contracts when Business Put through Intermediary**

**577** In cases where a member is buying for himself the shares or securities of his constituent or selling his own shares or securities to his constituent as provided in these rules the contract notes may be in Form No. 2 prescribed in Appendix L annexed to these rules or in such other form as the Governing Board may from time to time prescribe.

**Contracts by Members as Principals**

**578** Carry-over contract notes may be in one of the forms No. 1 or No. 2 (as the case may be) prescribed in Appendix L.

**Carry-Over Contracts**

**579** A contract note shall be signed by a member or by his partner or constituted attorney.

**Signing of Contract Notes**

**580** In the case of a partnership firm recognised under these rules every contract shall be signed only in the name of the firm and no contract note shall be issued in the name of an individual partner of the firm.

**Contract Notes Issued by Partnership Firms**

**581** A representative member working with another member shall be entitled to issue to his constituents contracts in his own name.

**Contract Notes Issued by Representative Member**

**582** A contract note referred to in any of the provisions of these rules shall be deemed to mean and include a contract and shall have the same significance as a contract.

**Contract and Contract Notes Identical**



**RIGHTS AND LIABILITIES OF MEMBERS  
AND CONSTITUENTS**

**All Bargains  
Subject to Rules**

**583** All contracts made by a member for or with a non-member for the purchase or sale of shares and securities officially quoted or admitted to dealings on the Exchange shall in all cases be deemed made subject to the rules and usages (not inconsistent with the rules) of the Exchange which shall be a part of the terms and conditions of all such contracts and they shall be subject to the exercise by the Governing Board and the President of the powers with respect thereto vested in it or him by the rules of the Exchange. In the case of disputes arising in respect of such contracts the parties concerned shall be deemed to have acknowledged that such contracts have been entered into and are to be performed within the city of Bombay.

**Constituent to  
Indemnify**

**584** Every member entering into any contract for the purchase or sale of any share or security or doing any act in relation thereto on the instructions of any buyer or seller (hereinafter called constituent) and on such constituent's account or request shall be entitled to be indemnified by such constituent as an agent acting on behalf of his principal.

**Constituent to  
Deliver Shares and  
Securities Sold**

**585 (a)** A constituent shall deliver to the member any share or security which the member having sold for him is liable to deliver and such delivery by the constituent to the member must be made in Bombay in time to enable the member to comply with the provisions of the rules relating to such delivery and of the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder.

**Delivery by Non-  
resident  
Constituent**

**(b)** If the constituent resides outside Bombay and requests the member to take delivery of the documents outside Bombay and the member complies with the constituent's request the delivery shall be deemed to be complete only when the documents are actually received in Bombay notwithstanding that the constituent may deliver the documents to some branch office or agent of the member

or of the member's bank. The constituent shall be bound to deliver the documents to any such branch office or agent in time so that in the ordinary course of business the documents may reach Bombay within the due date of delivery and the delivery shall not be deemed to be complete until they have so reached Bombay. If sent by post the delivery shall be deemed to be complete on the day when the documents reach the member at Bombay.

**586** A constituent shall pay to the member all sums which the member is liable to pay on behalf of such constituent. The payment must be made in Bombay at least one business day previous to the date on which the member is required to make payment in compliance with the provisions of the rules relating to such payment and of the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder.

**Constituent to  
Make Payment**

**587** A constituent who fails to give delivery or make payment as provided in these rules shall forthwith pay any loss or damages which the member may sustain as a result or on account of such failure.

**Constituent's  
Failure to Deliver  
or to Pay**

**588** If the constituent does not reside within the city of Bombay and requests the member to give him delivery of the documents outside Bombay and the member complies with the constituent's request the delivery shall be deemed to be complete as soon as the member delivers the documents to his own or the constituent's bankers or agents at Bombay. Such banker or agent shall be deemed to receive the documents for and on behalf of the constituent. The contracts shall be deemed to be performed on the due date if the member has within the due date delivered the documents to, or drawn against them through the banker or agent at Bombay or posted the same at Bombay addressed to the constituent.

**Delivery to Non-  
resident Constituent**

**589 (a)** Whenever and so often as a constituent is indebted to a member all shares, securities and other assets from time to time lodged with the member by such constituent or held by the member for and on behalf of such constituent and any cash lying to the credit of such constituent with the member shall be subject to the lien of such member for any general balance of account or margin or other monies that

**Broker's Lien**

may be due at any time by such constituent singly or jointly with another or others to such member in respect of any business done subject to the rules of the Exchange and shall be deemed a general security for payment to such member of all such monies (including interest, commission, brokerage and other expense) as may be due by such constituent in such manner.

**Right to Sell**

(b) A member entitled to lien or security as provided in sub-rule (a) shall be at liberty to sell, pledge or borrow money against such shares, securities and assets in such manner, on such terms and at such time as he may deem advisable and may pay to himself or to any other any such money due from such constituent in respect of business done subject to the rules of the Exchange.

**Member When to Close-out Constituent's Account**

590 (a) On the failure of a constituent to pay the loss or damages sustained on closing-out effected against him by the member or to pay differences in due time in conformity with the provisions of these rules and of the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder the member may close-out his account either forthwith or at any time thereafter in his discretion during the time such constituent is in default.

**Closure of Market During Default**

(b) If the market be closed at the time of or subsequent to default the member may close-out against the defaulting constituent on or after the re-opening of the market for dealings in such share or shares or security or securities either for the Clearing or for Hand-Delivery. In the case of Cleared Shares and Cleared Securities the delivery in respect of such closing-out may be on the Settlement Day of the ensuing Clearing.

**Notice of and Payment on Closing-out**

(c) When the defaulting constituent's account is closed-out as provided in sub-rules (a) and (b) the member shall immediately send notice of such closing-out to his constituent and any balance due on such closing-out shall be immediately payable by the defaulting constituent to the member.

**Death of Constituent**

591 A member may forthwith or at the earliest practicable date close-out all open transactions on account of a constituent who has died and the balance due on such closing-out shall be

payable on the ensuing due date of payment in respect of such contracts.

**592** A member may forthwith or at the earliest practicable date close-out all open transactions on account of a constituent who becomes bankrupt or insolvent or makes or attempts to make a composition with his creditors or with any of them or who shall have given any admission or intimation or indication of the fact that he will be unable to fulfil his obligations and the balance on such closing-out shall be payable on the ensuing due date of payment in respect of such contracts.

**Closing-out in case of Bankrupt**

**593** When closing-out the account of a constituent under the provisions of these rules a member may assume or take over such transactions to his own account or to the account of other constituents at the market prices prevailing on that day or he may close-out in the open market. Any expense incurred or any loss arising therefrom shall be borne by the constituent.

**Closing-out of Constituent's Account How Effected**

**594** In respect of transactions relating to the purchase of Slip or Non-Cleared Shares the constituent requiring delivery by not later than a particular Clearing or a particular Hand-Delivery Settlement Day shall inform the member accordingly in time to enable him if necessary to exercise the right of buying-in as provided in these rules.

**Prior Notice by Constituent**

**595** If a member fails to complete the performance of a contract by delivery or payment in accordance with the provisions of these rules and of the resolutions, regulations, notices, directions and decisions of the Governing Board or the President thereunder the constituent shall by giving notice in writing to the member close-out such contract within fifteen days from the date of default and any loss or damages sustained as a result of such closing-out shall be immediately payable by the defaulting member to the constituent. If closing-out be not effected as provided herein the constituent and the member shall forfeit all right of recourse against each other.

**Closing-Out by Constituent on Failure to Perform a Contract**

**596 (a)** If a member be declared a defaulter or fail to pay the loss or damages sustained on closing-out effected against him by the constituent or to pay differences due by

**Constituent When to Close-out Account**

him to his constituent on the day following the due date for such payment on the Exchange such constituent may by giving notice in writing close-out all outstanding contracts either forthwith or at any time thereafter in his discretion during the time such member is in default.

**Closure of Market  
During Default**

(b) If the market be closed at the time of or subsequent to default the constituent may close-out against the defaulting member on or after the re-opening of the market for dealings in such share or shares or security or securities either for the Clearing or for Hand-Delivery. In the case of Making-up Shares and Cleared Securities the delivery in respect of such closing-out may be on the Settlement Day of the ensuing Clearing.

**Notice of and  
Payment on  
Closing-out**

(c) When the defaulting member's account is closed-out as provided in sub-rules (a) and (b) the constituent shall immediately send notice of such closing-out to the member and any balance due on such closing-out shall be payable immediately by the defaulting member to his constituent.

**No Lien on  
Constituent's  
Shares**

597 If a member be declared a defaulter after delivering shares to the Clearing House on account of his constituent the constituent shall be entitled to claim and on offering satisfactory proof receive from the Clearing House according as the Governing Board or the President directs either the shares or the value thereof at the ruling market price.

**Complaint by  
Constituent**

598 When a complaint has been lodged by a constituent with the Governing Board that any member has failed to implement his stock broking transactions the Governing Board shall at once take steps to verify the complaint and having so done—

- (i) may suspend the member for such period as it may deem fit ;
- (ii) may within a fortnight after date of suspension obtain a statement of the affairs of the member and a report on the whole circumstances of the case unless within that period satisfactory proof of the settlement of the debt or debts shall have been produced ; and

(iii) may thereafter suspend or expel such member should no satisfactory proof of settlement be forthcoming.

599 It is not obligatory for a member to attend to the transfer of the shares and the registration thereof in the name of the constituent. But if he attends to such work in the ordinary course or at the request or desire or by the consent of the constituent he shall be deemed to be the agent of the constituent in the matter and shall not incur any responsibility for loss in transit or for the company's refusal to transfer nor be under any other liability or obligation other than that specifically provided in these rules. The stamp duty, transfer fees and other charges payable and all expenses such as postage incurred by the member shall be borne by the constituent.

Member not Liable  
to attend to  
Registration of  
Transfer

## ARBITRATION BETWEEN MEMBERS

Reference to  
Arbitration

600 (a) All claims, differences and disputes between members—

(i) as to whether a bargain has been entered into in the market or not; or

(ii) arising out of or in relation to any bargains, dealings, transactions or contracts made subject to these rules or with reference to anything incidental thereto or anything to be done in pursuance thereof; or

(iii) in relation to any other matter whatsoever touching Stock Exchange affairs

shall be referred to the Arbitration Committee in accordance with the provisions of these rules.

Legal Proceedings  
with Permission of  
the Governing  
Board

(b) In respect of any claim, difference or dispute of the nature referred in sub-rule (a) no member shall commence legal proceedings against another without the permission of the Governing Board. If a member institutes such proceedings without permission and recovers any money or other relief he shall hold the same in trust for the Exchange and shall pay the same to the Exchange to be dealt with in the manner directed by the Governing Board.

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

601 A member who fails or refuses to submit to or abide by or carry out any award in arbitration between members as provided in these rules shall be suspended or expelled by the Governing Board.

Fresh Reference on  
Non-compliance  
with Award When  
Allowed

602 Whenever an award directs that certain acts or things be done by the parties to the reference and a party fails to comply with such direction the other party may make a fresh reference for a further award for determining the amount of damages or compensation payable by reason of such failure.

Late Claims Barred

603 The Arbitration Committee shall not take cognisance of any claim, difference or dispute which shall

not be referred to it within three months of the date when it arose.

604 The Governing Board may, for special reasons extend the time in which a reference for arbitration or an appeal against any award of the arbitrators or the Arbitration Committee may be made whether the time for making the same has expired or not. **Extension of Time**

605 The Arbitration Committee or the Governing Board may decline to hear a reference or an appeal or may dismiss any reference or appeal at any time during the proceedings and refer the parties to their remedies at law and it shall so refer them upon the joint request of the parties. **Remedies at Law**

606 The parties desiring to make a reference to arbitration or proceed in appeal shall pay such fees as appear in Appendix M or such other fees as the Governing Board may from time to time fix in substitution thereof. **Arbitration Fees**

607 Whenever a claim, difference or dispute which under these rules must be referred to the Arbitration Committee arises between members any member who is a party to such claim, difference or dispute may apply to the Arbitration Committee to inquire into and arbitrate in the dispute. **Application for Arbitration**

608 Whenever a reference is made to the Arbitration Committee it shall be heard by two of its members acting as arbitrators in regard to such reference. **Arbitrators**

609 Save as otherwise provided not less than two days' notice of the time and place appointed for the hearing shall be given to both the parties to the reference. **Notice**

610 If both the parties to the reference are present at the appointed time and place the arbitrators shall proceed to hear the reference and to give the award. **Both Parties Present**

611 If the party against whom the reference is filed is not present at the appointed time and place the arbitrators may hear and decide the reference *ex parte* and if the party filing the reference is not present the arbitrators may dismiss the reference summarily. **Ex Parte Decision and Summary Disposal**



**Disagreement  
Between  
Arbitrators**

612 If the arbitrators hearing a reference are not agreed as to the award to be made they shall refer the reference or such part thereof in respect of which they cannot agree to a third member of the Arbitration Committee and the three members shall then together arbitrate in the reference and the award of any two of them shall be deemed the award in arbitration.

**Appeal to  
Arbitration  
Committee**

613 A party to a reference who is dissatisfied with any award of the arbitrators may appeal to the Arbitration Committee against such award within seven days of the receipt by him of such award.

**Deposit and  
Statement of  
Objections**

614 (a) The party appealing to the Arbitration Committee shall state in writing the objections to the award of the arbitrators and shall unless exempted in whole or in part by the Governing Board or the President deposit with the Exchange in cash the full amount ordered to be paid or the shares or securities or the value at the ruling market price of such shares or securities ordered to be delivered in the award.

**Deposit Certificate**

(b) A certificate from the Exchange showing that the deposit if any as required by sub-rule (a) has been lodged shall be attached to the appeal and the Arbitration Committee shall not entertain an appeal to which such certificate is not annexed.

**Hearing of Appeal**

615 When the deposit certificate is annexed to the appeal the Arbitration Committee shall itself proceed to hear the appeal and arbitrate in the reference.

**Certain Members  
May not Vote**

616 The members of the Arbitration Committee who have made any award against which an appeal is made to the Committee may attend the meetings of the Committee at which the appeal is heard but shall not be entitled to vote.

**Award of  
Arbitration  
Committee  
When Final**

617 The award of the Arbitration Committee in a reference shall be final and shall be deemed binding on the parties to the reference if the sum involved in dispute is less than one thousand Rupees.

**Appeal to the  
Governing Board**

618 If the sum involved in dispute is one thousand Rupees or more the party dissatisfied with the award of the Arbitration

Committee may appeal to the Governing Board against such award within seven days of the receipt by him of such award.

619 (a) The party appealing to the Governing Board shall state in writing the objections to the award of the Arbitration Committee and shall unless exempted in whole or in part by the Governing Board or the President deposit with the Exchange in cash the full amount ordered to be paid or the shares or securities or the value at the ruling market price of such shares or securities ordered to be delivered in the award.

**Written Objections  
and Certificate**

(b) A certificate from the Exchange showing that the deposit if any as required by sub-rule (a) has been lodged shall be attached to the appeal and the Governing Board shall not entertain an appeal to which such certificate is not annexed.

**Deposit Certificate**

620 When the deposit certificate is annexed to the appeal the Governing Board shall proceed to hear the appeal and the decision of the Governing Board shall be deemed final and binding on the parties to the appeal.

**Decision of the  
Governing Board  
Final**

621 A party to a reference who is a member of the Arbitration Committee or the Governing Board shall not attend any meeting of the Arbitration Committee or of the Governing Board at which an inquiry into the reference is made or at which an appeal is heard.

**Members Interested  
not to Attend**

622 It shall be no objection to an award of the Arbitration Committee or of the Governing Board that the meeting at which a reference was inquired into or an appeal was heard was adjourned from time to time or that the inquiry was not completed or that the appeal was not finally heard at one meeting.

**Adjourned Meetings**

623 It shall be no objection to an award of the Arbitration Committee or of the Governing Board that the composition of the Arbitration Committee or the Governing Board changed during the inquiry or appeal :

**Change in  
Composition**

Provided however that no member of the Arbitration Committee or of the Governing Board as the case may be who shall not have been present at every meeting at which inquiry into the reference was made or appeal was heard shall participate in giving the final decision.

**Summary Dismissal** 624 If a party to a reference who has appealed against any award to the Arbitration Committee or to the Governing Board be not present at the time fixed for hearing the appeal the Arbitration Committee or the Governing Board as the case may be may dismiss the appeal summarily.

**Appeal *Ex Parte*** 625 If a party to a reference in whose favour an award has been made be not present at the time fixed for hearing the appeal against such award by the Arbitration Committee or the Governing Board the Arbitration Committee or the Governing Board may proceed to hear the appeal *ex parte*.

**Rehearing  
*Ex Parte*  
Award** 626 On sufficient cause being shown the Arbitration Committee may set aside an *ex parte* award made by the arbitrators or the Arbitration Committee and the Governing Board may similarly set aside any *ex parte* award and in any such case the Arbitration Committee or the Governing Board may direct that the reference or the appeal be again enquired into or heard.

**Remission of Award** 627 The Governing Board in its discretion may within fifteen days of an award remit the award or any matter referred to arbitration to the arbitrators or the Arbitration Committee upon such terms as it thinks fit and thereupon the arbitrators or the Arbitration Committee shall reconsider the matter and either confirm or revise the previous decision.

**Assessor** 628 If in the opinion of the arbitrators or the Arbitration Committee a reference raises difficult or doubtful questions of law a request may be made to the Governing Board or the President for the appointment of an assessor and thereupon the Governing Board or the President may appoint counsel or advocate or attorney or any other suitable person to act as such assessor on such remuneration as is deemed proper. An assessor may be appointed in the same manner when an appeal is being heard by the Governing Board. The remuneration of such assessor shall be paid by the parties to the reference as directed in the award. If so desired the assessor shall be present throughout the further hearing of the reference and shall tender advice on all matters of law, evidence, practice or procedure and the arbitrators, the Arbitration Committee or the Governing Board (as the case may be) shall be at liberty to accept or reject such advice.

629 During a hearing the parties to the reference may with the permission of the Arbitration Committee or the Governing Board appear by counsel, attorney, advocate or a duly authorised adviser or representative. Where one party is so permitted a similar privilege shall be afforded to the other party or parties.

**Legal Advisers**

630 (a) Notwithstanding anything to the contrary contained in these rules, in special cases when the permission of the Governing Board or the President has been previously obtained a complaint by a non-member against a member or any claim, difference or dispute between a non-member and a member may be referred at the instance of the non-member to arbitration in accordance with the rules relating to arbitration between members and thereupon the member concerned shall submit to such arbitration.

**Complaint by  
Non-member**

(b) The Governing Board or the President may in its or his sole discretion grant or refuse permission applied for as provided in sub-rule (a) and an application for this purpose shall not be considered unless the non-member first signs and submits the Form of Reference prescribed in Appendix N to these rules.

**Form of  
Reference**

## ARBITRATION OTHER THAN BETWEEN MEMBERS

### Reference to Arbitration

631 All claims (whether admitted or not), differences and disputes—

- (i) between a member and a non-member or non-members (the terms "non-member" and "non-members" shall include a remisier, authorised clerk or employee or any other person with whom the member shares brokerage); or
- (ii) between a remisier, authorised clerk or employee or any other person with whom a member shares brokerage and a non-member or non-members

arising out of or relating to dealings, transactions and contracts made subject to these rules or with reference to anything incidental thereto or in pursuance thereof or relating to their construction, fulfilment or validity or relating to the rights, obligations and liabilities of remisiers, authorised clerks, employees or any other persons with whom members share brokerage in relation to such dealings, transactions and contracts shall be referred to and decided by arbitration in accordance with the provisions of these rules. All dealings, transactions and contracts of a date subsequent to the date of any dealings, transactions and contracts subject to arbitration as provided above shall be similarly referred to arbitration and on the same terms and conditions as aforesaid and in respect thereof any question whether such dealings, transactions and contracts have been entered into or not shall also be referred to and decided by arbitration in accordance with the provisions of these rules.

### Fresh Reference on Annulment of Award

632 If in any case an award given under the provisions of these rules is set aside by the Court the matter shall be again referred to arbitration and the claims, differences and disputes shall be decided by arbitration only.

**633** Whenever an award made under the provisions of these rules directs that a certain act or thing be done by the parties to the reference and such parties fail to comply with the award the other parties may make a fresh reference for a further award for determining the amount of damages or compensation payable by reason of such failure.

**Reference  
Regarding Terms  
of Award**

**634** All dealings, transactions and contracts which are subject to these rules shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of Bombay.

**Operation of  
Contracts**

**635 (a)** The death of any party entitled to make a reference under the provisions of these rules shall not discharge the right of any other party similarly entitled or of the legal representatives of the deceased to refer to arbitration under these rules any claim, difference or dispute and in such event such right shall be exercisable by or against the legal representatives of the deceased.

**Death Before  
Reference to  
Arbitration**

**(b)** Where a party to an arbitration dies during the pendency of the reference before a final award is made and published the authority of the arbitrators, umpire or Appellate Tribunal shall not be thereby revoked but the proceedings shall be continued by or against the legal representatives of the deceased.

**Death During  
Reference to  
Arbitration**

**(c)** For purposes of sub-rules (a) and (b) the term "Legal Representatives" means a person who in law represents the estate of the deceased party and includes any person who intermeddles with the estate of such deceased party and where a party acts in a representative character the person on whom the estate devolves on the death of the party so acting.

**Meaning of "Legal  
Representatives"**

**636** A non-member party to a reference shall enjoy all the rights and privileges and shall be subject to all the obligations of members under the provisions of the rules relating to arbitration other than between members.

**Rights and  
Obligations of  
Non-members**

**637 (a)** In respect of all claims, differences and disputes required to be referred to arbitration under these rules each party shall appoint a disinterested member of the Exchange as an arbitrator.

**Appointment of  
Arbitrators**

**Appointment of Arbitrators by Parties Jointly or by Partnership Firm**

(b) When the claim is against or the difference or dispute with two or more parties (other than a remisier, authorised clerk, employee or any other person with whom a member shares brokerage) jointly or in the alternative or against or with a partnership firm such parties or partners (as the case may be) shall concur in the appointment of one arbitrator and failing such concurrence they shall be deemed to have failed to make an appointment as required in sub-rule (a).

**Appointment of Arbitrator by Remisier, Authorised Clerk, Employee or Person Sharing Brokerage**

(c) When a remisier, authorised clerk or employee or any other person with whom a member shares brokerage is joined in the reference he shall separately from the other parties appoint one arbitrator.

**Appointment of Arbitrators by the Governing Board or President**

638 On payment in advance of the minimum fees as prescribed in these rules by any party to a claim, difference or dispute the Governing Board or the President shall appoint an arbitrator or arbitrators (having power to appoint an umpire) in any of the events following, namely—

- (i) if after one party has appointed an arbitrator ready and willing to act there is failure, neglect or refusal on the part of the other party or parties to appoint an arbitrator or arbitrators (ready and willing to act) within seven days of notice of that appointment; or
- (ii) if the arbitrators appointed do not within the time (or extended time) prescribed by these rules either make an award or appoint an umpire; or
- (iii) if death occurs or there is failure, neglect, refusal or incapacity to act on the part of any one or more or all of the arbitrators before an award is made by them.

**Award by Arbitrators**

639 The arbitrators shall make a unanimous award within four months after entering on the reference or after having been called upon to act by notice in writing from any party or within such extended time as may be fixed by the arbitrators with the consent of the parties to the reference.

640 The arbitrators appointed by the parties or by the Governing Board or the President shall have the power to appoint a disinterested member of the Exchange as an umpire at any time within four months after entering upon the reference and they shall do so if and when they differ as to their award.

Appointment of  
Umpire

641 The Governing Board or the President may appoint an umpire—

Appointment of  
Umpire by the  
Governing Board or  
President

- (i) if from any cause the arbitrators appointed fail within the time (or extended time) prescribed in these rules either to make an award or to appoint or to concur in the appointment of an umpire as provided in these rules; or
- (ii) if from any cause the umpire fails to make his award within the time (or extended time) prescribed by these rules; or
- (iii) if the umpire dies, fails, neglects, refuses or becomes incapable of acting at any time before making his award.

642 The umpire shall forthwith enter on the reference in lieu of the arbitrators if the arbitrators—

Umpire When to  
Hear Reference

- (i) allow the time (or extended time) prescribed by these rules for making an award to expire without making an award; or
- (ii) deliver to any party to the reference or to the umpire a notice in writing stating that they cannot agree (Form No. 9 in Appendix P).

643 The umpire shall make his award within two months after entering on the reference or within such extended time as he may fix with the consent of the parties to the reference.

Award by Umpire

644 The award of the arbitrators or the umpire shall be final and binding on the parties to the reference and the persons claiming under them subject to the right of appeal to the Governing Board within ten days from the publication

Appeal



of the award when the subject matter of the reference exceeds in value ten thousand Rupees.

- Appeal Application and Certificate of Deposit** 645 The party desiring to appeal to the Governing Board shall submit an application to the Governing Board stating the objections to the award of the arbitrators or the umpire and shall unless exempted in whole or in part by the Governing Board deposit with the Exchange in cash the full amount to be paid or the shares or securities or the value at the ruling market price of such shares or securities to be delivered as ordered in the award. A certificate from the Exchange that the deposit if any has been duly lodged shall be annexed to the application and the Governing Board shall not consider an application to which such certificate is not annexed.
- Appellate Tribunal** 646 On an application for appeal being filed the Governing Board shall appoint out of its own number an Appellate Tribunal consisting of five disinterested members and shall name one of such members as the chairman of the Tribunal.
- Award by Appellate Tribunal** 647 The Appellate Tribunal shall make its award unanimously or by a majority within two months of entering on the reference or within such extended time as it may fix with the consent of the parties to the reference.
- Appointment of Members of Appellate Tribunal** 648 The Governing Board may appoint a member or members of the Appellate Tribunal—
- (i) if from any cause the Appellate Tribunal fails to make its award within the time (or extended time) prescribed by these rules; or
  - (ii) if death occurs or there is failure, neglect, refusal or incapacity to act on the part of any one or more or all of the members of the Appellate Tribunal before it makes its award.
- Award Final** 649 The award of the Appellate Tribunal shall be final and binding on the parties to the reference and the persons claiming under them.
- Remission of Award** 650 On an application by any party to the reference or on its own initiative the Governing Board in its discretion may within ten days of the making and publication of the award remit the award or any matter referred to arbitration to the arbitrators or umpire or Appellate Tribunal for

reconsideration upon such terms as it thinks fit and fix the time within which such reconsidered decision shall be submitted to the Governing Board. An award so remitted shall be of no effect on the failure of the arbitrators, umpire or Appellate Tribunal to reconsider it and submit the decision within the time fixed. In such event the Governing Board may appoint from amongst the disinterested members of the Exchange arbitrators or umpire or from out of its own number an Appellate Tribunal (as the case may be) who shall forthwith enter on the reference and give the award within two months thereafter.

651 The parties to the reference shall in all things abide by and forthwith carry into effect the award of the arbitrators, umpire or Appellate Tribunal which shall be binding on the parties and their respective representatives notwithstanding the death of any party before or after the making of the award and such death shall not operate as a revocation of the reference.

**Award Binding on Parties and their Representatives**

652 The arbitrators, umpire and members of the Appellate Tribunal appointed under these rules shall in all cases at the time of appointment be members of the Exchange.

**Appointment from Members of the Exchange Only.**

653 No Members of the Governing Board having an interest in the particular matter which is the subject of a reference shall vote on the question of the appointment of arbitrators, umpire or members of the Appellate Tribunal and no member of the Exchange having an interest in the particular matter which is the subject of a reference shall be competent to act as an arbitrator, umpire or member of the Appellate Tribunal. The Governing Board shall be the sole judge whether a member is interested or otherwise within the meaning of this rule.

**Disinterested Members**

654 The forms to be used in connection with a reference to arbitration under the provisions of these rules shall be such as appear in Appendix P to these rules or such other forms as the Governing Board may from time to time prescribe in addition thereto or in substitution thereof.

**Forms**

655 In every case when a claim, difference or dispute required to be referred to arbitration under these rules has arisen any of the parties concerned may submit to the Exchange an application for arbitration (Form No. 1).

**Application for Arbitration**

**Nomination and  
Notice of  
Appointment**

**656** An application for arbitration shall be accompanied by—

- (i) a duly completed form of nomination (Form No. 3) appointing an arbitrator;
- (ii) duly completed notice or notices of appointment (Form No. 4) calling upon the other party or parties to appoint an arbitrator or arbitrators; and
- (iii) a concise statement of the case in triplicate.

**Reply to Arbitration  
Application and  
Counterclaim**

**657** On receipt of an application for arbitration the Exchange shall forward the notice or notices of appointment together with a copy of the statement of the case to the other party or parties to the claim, difference or dispute. The other party or parties shall within the time prescribed by these rules forward to the Exchange a reply to the application (Form No. 2) accompanied by —

- (i) the duly completed form or forms of nomination (Form No. 3) appointing an arbitrator or arbitrators;
- (ii) a statement in triplicate of the case in answer; and
- (iii) a statement in triplicate of the counterclaim if any.

**Reply to  
Counterclaim**

**658** A copy of the statement of the case in answer and of the counterclaim if any shall be forwarded by the Exchange to the party lodging the application for arbitration who shall submit his reply to the counterclaim if any.

**Application for  
Appeal and Deposit  
Certificate**

**659** Any party to a reference appealing to the Governing Board against the award of the arbitrators or umpire shall within the time prescribed by these rules forward to the Exchange an application for appeal (Form No. 5) duly completed and accompanied by the certificate of deposit as required by these rules.

**Decision on Written  
Statements or by  
Hearings**

**660** A reference may be decided by the arbitrators, umpire or Appellate Tribunal on the written statements of the parties. However any party may require of the arbitrators, umpire or Appellate Tribunal that he be given a hearing. In

that event he shall be so heard and the other party or parties shall have a similar privilege.

661 The arbitrators, umpire or Appellate Tribunal may proceed with the reference notwithstanding any failure to file a written statement within due time and may also proceed with the reference in the absence of any or all the parties who being entitled to appear fail, neglect or refuse to attend at the appointed time or place. Before proceeding with the hearing the arbitrators, umpire or Appellate Tribunal shall satisfy themselves that the notice of hearing was duly posted or dispatched or published in time in the manner provided in these rules.

**Proceedings**

662 The arbitrators, umpire or Appellate Tribunal shall give notice (Form No. 11) to the parties of the date, time and place fixed for each hearing. In arranging the hearings the time within which the award is required to be made or the umpire appointed and the time necessary to enable the parties to attend the hearing if they so desire shall be taken into consideration.

**Notice of Hearings**

663 The arbitrators, umpire or Appellate Tribunal may adjourn the hearings from time to time upon the application of any party or at his or their own instance.

**Adjournment of Hearings**

664 During a hearing the parties to the reference may with the permission of the arbitrators, umpire or Appellate Tribunal appear by counsel, attorney, advocate or a duly authorised adviser or representative. Where one party is so permitted a similar privilege shall be afforded to the other party or parties.

**Legal Advisers**

665 The parties to the reference and any witness on their behalf shall—

**Duties of Parties and Witnesses**

- (i) submit to be examined by the arbitrators, umpire or Appellate Tribunal on oath or affirmation in relation to the matter in dispute;
- (ii) produce before the arbitrators, umpire or Appellate Tribunal all books, deeds, papers, accounts, writings and documents in their possession or power which may be required or called for; and

(iii) generally do all other things which during the pendency of the reference the arbitrators, umpire or Appellate Tribunal may require.

**Penalty for Obstruction**

666 The parties to a reference shall do all acts necessary to enable the arbitrators, umpire or Appellate Tribunal to make a just award and shall not wilfully do or cause or allow to be done any act to delay or to prevent the arbitrators, umpire or Appellate Tribunal from making an award and if any party shall do or cause or allow to be done any such act that party shall pay the other party or parties such costs as are deemed reasonable by the arbitrators, umpire or Appellate Tribunal.

**Umpire How Appointed**

667 When appointing an umpire the arbitrators shall complete the form of appointment (Form No. 6) before the due date. If they fail to concur in such appointment an intimation (Form No. 7) to that effect shall be given to the Exchange whereupon the Governing Board or the President shall appoint an umpire. The umpire shall communicate to the Exchange his acceptance (Form No. 8) of such appointment.

**Intimations Regarding Substitute and Other Appointments**

668 The parties to a reference, any arbitrator or arbitrators or umpire or member or members of the Appellate Tribunal may give an intimation to the Exchange whenever circumstances arise in which the Governing Board or the President may appoint (Form No. 10) an arbitrator or arbitrators or umpire or member or members of the Appellate Tribunal but the Governing Board or the President may make such appointment as provided in these rules irrespective of whether such an intimation has been received or not.

**Consideration of Recorded Proceedings and Evidence**

669 If the time prescribed by these rules for making an award has been allowed by the arbitrators, umpire or Appellate Tribunal to expire without making an award or if death occurs or there is failure, neglect, refusal or incapacity to act on the part of an arbitrator or arbitrators or umpire or member or members of the Appellate Tribunal the substitute or other arbitrator or arbitrators or umpire or member or members of the Appellate Tribunal shall be at liberty to act upon the record of the proceedings as then existing and on the evidence if any then taken in the reference or to commence the reference *de novo*.

**670** The umpire may hear the arbitrators or may call for a written statement from each of them. The umpire shall hear the parties to the reference if any of them writes that he desires to be so heard and in that event the other party or parties shall have a similar privilege.

Umpire Entitled to Hear Arbitrators and Parties

**671** The Appellate Tribunal may hear the arbitrators and/or the umpire or may call for a written statement from the arbitrators and/or the umpire. The Appellate Tribunal shall hear the parties to the reference if any of them writes that he desires to be so heard and in that event the other party or parties shall have a similar privilege.

Appellate Tribunal Entitled to Hear Arbitrators, Umpire and Parties

**672** The arbitrators, umpire or Appellate Tribunal may—

Powers of Arbitrators, Umpire and Appellate Tribunal

- (i) retain or return any or all of the books, documents or papers produced in any proceedings and may direct at any time that the books, documents or papers produced be returned to the parties or any of them on such terms and conditions as may in the absolute discretion of the arbitrators, umpire or Appellate Tribunal be deemed proper ;
- (ii) administer oath or affirmation to the parties or witnesses appearing and giving evidence ;
- (iii) admit such evidence only as may in the absolute discretion of the arbitrators, umpire or Appellate Tribunal be deemed proper ;
- (iv) administer to any party to the reference such interrogatories as may in the opinion of the arbitrators, umpire or Appellate Tribunal be necessary ;
- (v) make an interim award ;
- (vi) make any award conditional or in the alternative ;
- (vii) correct in an award any clerical mistake or error arising from any accidental slip or omission.

**673** The arbitrators, umpire or Appellate Tribunal may with the permission of the Governing Board or the President

Assessor

at any time or times before making the final award consult and adopt the advice of counsel, attorney or advocate upon any question of law, evidence, practice or procedure arising in the course of the reference. The remuneration of such counsel, attorney or advocate shall be paid in advance by the parties to the reference and it shall be borne by them in the proportion stated in the award.

**Reference to Court of Law**

**674** No reference shall be made by the arbitrators, umpire or Appellate Tribunal to any court of law on any matter arising out of or relating to any reference without first obtaining the permission of the Governing Board.

**Publication of Award**

**675** After making the award the arbitrators, umpire or members of the Appellate Tribunal or where the award is not unanimous the majority concurring in the award shall sign such award and a notice shall be given to the parties of the making and signing thereof.

**Filing of Award**

**676** The arbitrators, umpire or Appellate Tribunal shall at the request of any party to the reference or any person claiming under such party or if so directed by the Court and upon payment of the fees and charges due in respect of the reference and award and of the costs and charges of filing the award cause the award or a signed copy of it together with any depositions and documents which may have been taken and proved before the arbitrators, umpire or Appellate Tribunal to be filed in Court.

**Fees and Charges**

**677** The fees in arbitration and the charges for submitting and regulating the proceedings of the reference shall be such as are prescribed in Appendix O or such other fees and charges as the Governing Board may from time to time prescribe in modification thereof or substitution therefor. All fees and charges 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 to the Exchange by the party or parties to the reference. The Exchange shall collect all such fees and charges and pay

them to the arbitrators, umpire and members of the Appellate Tribunal as prescribed in Appendix O provided always that no larger sum shall be paid than actually collected.

678 The costs of reference and award, including costs, charges, fees and other expenses shall be in the discretion of the arbitrators, umpire or Appellate Tribunal who may decide and direct in the award to and by whom, in what manner and in what proportion such costs, charges, fees and other expenses or any part thereof shall be borne and paid by the parties and may tax and settle the amount to be so paid or any part thereof. Failing any direction in the award the costs, charges, fees and other expenses shall be borne by the parties to the reference in equal proportion. A party refusing to carry out an award shall pay the costs between attorney and client in connection with the filing of the award in the Court and its enforcement unless the Court otherwise directs.

**Costs**

679 Unless the Governing Board or the President specifically permits no person other than the Secretary or an employee or employees of the Exchange acting under his authority shall be present to assist the arbitrators, umpire or Appellate Tribunal in a ministerial or any other capacity during the hearing or determination of a reference under the provisions of these rules.

**Ministerial Assistance**

680 The Secretary or an employee or employees of the Exchange acting under his authority shall—

**Ministerial Duties**

- (i) receive applications for arbitration, references and communications addressed by the parties before or during the course of arbitration or otherwise in relation thereto;
- (ii) receive payment of all costs, charges, fees and other expenses;
- (iii) communicate to parties the orders and directions of the arbitrators, umpire and Appellate Tribunal;
- (iv) record all documents and papers relating to the reference except such as the parties are allowed to retain;



(v) maintain a register of references; and

(vi) generally do all such things and take all such steps as may be necessary to assist the arbitrators, umpire and Appellate Tribunal in the execution of their functions.

**Notice and  
Communications  
How to be Served**

681 Notices and communications to a member or non-member shall be served at his ordinary business address and/or at his ordinary place of residence and/or at his last known address in any one or more or all of the following ways, namely—

(i) by delivering it by hand;

(ii) by sending it by registered post;

(iii) by sending it under certificate of posting;

(iv) by sending it by express delivery post;

(v) by sending it by telegram;

(vi) by affixing it on the door at the last known business or residential address;

(vii) by its oral communication to the party in the presence of a third person;

(viii) by advertising it at least once in any daily newspaper published in Bombay;

(ix) by a notice posted on the notice board if no address be known.

**Service by Hand  
Delivery When  
Complete**

682 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.

**Service by Post or  
Telegram When  
Complete**

683 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 would in the ordinary course of post or telegram have been delivered. The 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.

684 In no case shall any refusal to take delivery of the notice or communication affect the validity of its service. **Refusal to Accept Delivery Does not Affect Service**

685 A notice or communication published in a newspaper or posted on the notice board shall be deemed to have been served on the party on the day on which it is published or posted. If any notice or communication required to be given by posting on the notice board be not so posted but advertised atleast once in any daily newspaper published in Bombay it shall be deemed to have been duly served on the party concerned. **Service by Advertisement or by Notice on Notice Board When Complete**

686 No party shall bring or prosecute any suit or proceedings whatever against the Exchange, the Governing Board, the President, the Secretary or any employee or employees of the Exchange acting under his authority, or against the arbitrators, umpire, Appellate Tribunal or any member or members thereof for or in respect of any matter or thing purporting to be done under these rules nor any suit or proceeding (save for the enforcement of the award) against the other party or parties to the reference. **Indemnity**

## APPENDICES TO THE RULES

### APPENDIX A

#### Admission Application Form

(Rule 20)

The Secretary,  
The Stock Exchange,  
Bombay.

Sir,

Please acquaint the Governing Board that I am desirous of being admitted a member of the Exchange upon the terms of and under and subject in all respects to the rules of the Exchange which now are or hereafter may be for the time being in force.

I have read the rules of the Exchange.

I solemnly declare—

- (i) that I am an Indian subject ;
- (ii) that I am a member of \_\_\_\_\_ but undertake to sever my connection with that institution immediately on election ;
- (iii) that I am not, nor if admitted as a member of the Exchange shall I during the time I remain a member be, associated with, or a member of, or subscriber to, or a shareholder or debenture holder in, or directly or indirectly connected through a partner, agent or employee with any other organisation, association, company or corporation in India where dealings in shares and securities are carried on, nor am I, nor if admitted as a member of the Exchange shall I during the time I remain a member be, a director, partner, agent or employee of a company whose business is that of dealing in shares and securities ;

(iv) that if admitted a member of the Exchange I shall not without the permission of the Governing Board enter into or remain or be engaged directly or indirectly either as principal or employee in any business other than that of shares and securities, or of a general financial, insurance, bullion or exchange broker not involving personal liability, during the time I remain a member of the Exchange.

Full name

Age

Address

Occupation

Reasons for giving up the present business

Date

Yours faithfully,

We recommend  
as a fit and proper person to be admitted a member of the Exchange.

Signatures of two members

{ \_\_\_\_\_  
\_\_\_\_\_

APPENDIX B

Nomination Form No. 1

(Rule 12)

Address

The Secretary,  
The Stock Exchange,  
Bombay.

Sir,

I, \_\_\_\_\_, a member of the Stock Exchange,  
hereby nominate \_\_\_\_\_ as my successor and  
I hereby tender the resignation of my membership in his favour.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

Yours faithfully,

(Witness)

(Signature of Nominator)

(Witness)

(Signature of Nominee)

Nomination Form No. 2

(Rule 12)

Address

The Secretary,  
The Stock Exchange,  
Bombay.

Sir,

We, the undersigned near relatives of  
legal representatives of \_\_\_\_\_  
deceased, until \_\_\_\_\_ a member of the Stock Exchange,  
hereby nominate \_\_\_\_\_ as his successor.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

Yours faithfully,

(Witness)

(Signatures of Nominators)

(Witness)

(Signature of Nominee)

## APPENDIX C

**Instructions for the guidance of the Governing Board admitting****successor to deceased member under Rule 10 (b)**

In dealing with any application under Rule 10 (b) the Governing Board shall so far as practicable be guided by the following instructions :

- (i) if there be a widow and sons preference shall be given to any person recommended by the widow and all the sons who are of age and the guardian of the minor sons (if any) if such person is otherwise qualified to be admitted as a member ;
- (ii) if there be no widow preference shall be given to any person who is recommended by all the sons who are of age and the guardian of minor sons (if any) if such person is otherwise qualified to be admitted as a member ;
- (iii) if there be a widow but no sons who are of age preference shall be given to any person recommended by the widow if such person is otherwise qualified to be admitted as a member ;
- (iv) if there be no widow or sons preference shall be given to any person who is recommended by the daughters if such person is otherwise qualified to be admitted as a member ;
- (v) if there be no widow, sons or daughters preference shall be given to any person recommended by the parents if such person is otherwise qualified to be admitted as a member ;
- (vi) in any other event the Governing Board shall subject to the rules of the Exchange relating to the qualifications of candidates have absolute discretion to make the nomination in favour of any person it may think fit.

APPENDIX D

Form of Letter Intimating Election

(Rule 30)

The Stock Exchange, Bombay

Date

To,

Sir,

I am directed to inform you that you are elected a member of the Stock Exchange under the terms of and subject in all respects to the rules of the Exchange which now are and hereafter may be in force. Upon your paying the Admission Fee\* of Rs. , the Entrance Fee\* of Rs. and annual subscription of Rs. as well as placing a deposit\* of Rs. within one month of the receipt of this intimation, a further intimation will be sent to you giving the date from which you may exercise the rights and privileges of membership.

Yours faithfully,

Secretary.

\* Strike out if not applicable.

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APPENDIX E

Certificate of Admission

( Rule 34 (a) )

The Stock Exchange, Bombay

No.

Certified that

has this day been admitted a member of the Stock Exchange, Bombay, according to the rules of the Exchange and that he is from this day entitled to exercise all the rights and privileges and is subject to all the liabilities of such membership and that he is and will be hereafter bound by the rules of the Exchange which now are or may hereafter be for the time being in force.

As witness our hands this                      day of                      19 .

President

Secretary.



## APPENDIX F

## Member's Deposit Declaration Form No. 1

(Rule 36)

The Governing Board,  
The Stock Exchange,  
Bombay.

Gentlemen,

Having been admitted a member of the Stock Exchange, Bombay, and having handed to you in terms of the rules thereof to be deposited in (Name of Bank) in the name of the Exchange the sum of Rs. 20,000 and/or having transferred to the (Name of Bank) the shares and securities mentioned below, I hereby declare and agree that the said deposit and any cash, stock, shares or other securities that may be added to or substituted for the said deposit by arrangement with you are to be held for you and on your account by the said Bank(s) at your absolute discretion without any right whatever on the part of myself or those in my right to call in question the exercise of such discretion on any ground whatever so that you may at your absolute discretion as aforesaid apply and pay the same or the proceeds thereof (in case you shall as you shall be fully entitled to do sell the same) or cause the same to be applied and paid to or for behoof of any members of the Stock Exchange, Bombay, to whom I or any partnership of which I may be a partner may be indebted under a claim or claims arising from any contracts made subject to the rules of the Exchange during the continuance of my membership of the Exchange. If on the completion of all transactions entered into before the termination of my membership or my ceasing to do business on the Exchange the said deposit or proceeds thereof shall not have been required for payment of my or my said partnership liabilities as above provided the same or any balance thereof then remaining will be returned to me and a receipt signed by me that whatever cash, stock, shares or other securities or balance thereof is so returned to me is all to which I am entitled in terms hereof shall be final and conclusive and bar inquiry of any kind at the instance of myself or any one in my right in respect thereof.

Yours faithfully,

(Signature of member placing the deposit)

*Shares and securities above referred to :*

## Remisier's Deposit Declaration Form No. 2

(Rule 221)

The Governing Board,  
The Stock Exchange,  
Bombay.

Gentlemen,

Having been registered as a remisier to a member of the Stock Exchange, Bombay, and having handed to you in terms of the rules thereof to be deposited in (Name of Bank) in the name of the Exchange the sum of Rs. and/or having transferred to the

(Name of Bank) the shares and securities mentioned below, I hereby declare and agree that the said deposit and any cash, stock, shares or other securities that may be added to or substituted for the said deposit by arrangement with you are to be held for you and on your account by the said Bank(s) at your absolute discretion without any right whatever on the part of myself or those in my right to call in question the exercise of such discretion on any ground whatever so that you may at your absolute discretion as aforesaid apply and pay the same or the proceeds thereof (in case you shall as you shall be fully entitled to do sell the same) or cause the same to be applied and paid to or for behoof of the said to whom I may be indebted as provided in Stock Exchange Rule 219 or under any claim or claims arising from any contracts for or with me or at my instance made subject to the rules of the Exchange during the time I continue my registration as a remisier to the said

If on the completion of all transactions entered into before the termination of my registration the said deposit or proceeds thereof shall not have been required for payment of my liabilities as above provided the same or any balance thereof then remaining will be returned to me and a receipt signed by me that whatever cash, stock, shares or other securities or balance thereof is so returned to me is all to which I am entitled in terms hereof shall be final and conclusive and bar inquiry of any kind at the instance of myself or any one in my right in respect thereof.

Yours faithfully,

(Signature of remisier placing the deposit)

*Shares and securities above referred to :*

APPENDIX G

Partnership Form

(Rule 182)

Address

Date

The Secretary,  
The Stock Exchange,  
Bombay.

Sir,

Please acquaint the Governing Board that we the undersigned desire to do Stock Exchange business in partnership under the name and style of . In the event of our application being approved by the Governing Board we shall work in partnership from the day of , 19 and we each and all of us undertake to hold ourselves jointly and severally responsible in respect of all acts and dealings of the firm entered into by any one of us in that name.

Yours faithfully,

Full names of Partners

- |    |             |
|----|-------------|
| 1. | (Signature) |
| 2. | ( " )       |
| 3. | ( " )       |
| 4. | ( " )       |

## APPENDIX H

Listing Requirements relating to Articles of Association and  
Managing Agency Agreement

(Rule 280 (v) and (vi) )

(a) The Articles of Association of a company shall comply with the following provisions, namely—

- (i) that a common form of transfer shall be used ;
- (ii) that fully paid shares shall be free from all lien and in the case of partly paid shares a company may have lien only for all monies called or payable at a fixed time in respect of such shares ;
- (iii) that dividend rights attached to different classes of shares shall not be unreasonably disproportionate ;
- (iv) that calls paid in advance shall not be entitled to dividend or to participate in the profits of the company ;
- (v) that there shall be no forfeiture of unclaimed dividends ;
- (vi) that on winding up of the company the loss of capital or the surplus remaining after repayment of capital shall be distributed amongst the shareholders (other than Preference shareholders) in proportion to the capital subscribed ;
- (vii) that all shareholders (irrespective of the class to which they belong) shall be entitled to receive notice of, attend and speak at all the general meetings of the company ;
- (viii) that voting rights attached to different classes of shares (other than Preference shares) shall not be disproportionate in relation to the paid up capital ;
- (ix) that the Preference shareholders shall have voting right proportionate to the capital subscribed at least—
  - (a) when the dividend on Preference shares has been passed over or has remained in arrears for more than six months in respect of any financial year of the company ;
  - (b) when any resolution affecting the rights, privileges or interests of Preference shareholders is proposed ;
  - (c) when any resolution relating to the winding up of the company is proposed ;

- (x) that debentures with the right to vote at general meetings of the company or to allotment of or conversion into shares shall not be issued except with the sanction of the company in general meeting ;
- (xi) that option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting ;
- (xii) that remuneration by way of percentage of profits or a share in the general profits of the company shall not be given to any person except with the sanction of the company in general meeting ;
- (xiii) that the borrowing powers of the directors shall be limited to a reasonable amount not exceeding the issued capital *plus* reserves of the company ;
- (xiv) that when the requisite quorum of the Board of Directors cannot be formed because of some of the directors being disqualified from voting or for any other reason, the following contracts or arrangements shall be dealt with solely by the company in general meeting, namely :
  - (a) the underwriting or subscription of shares or debentures of the company ;
  - (b) the purchase or sale of shares or debentures of any other company ;
  - (c) the sale of the principal products of the company ; and
  - (d) the purchase of the principal raw materials or stores used by the company.

(b) The Managing Agency Agreement shall comply with the following provisions, namely—

- (i) that the remuneration payable to the Managing Agents shall be a reasonable percentage of the company's net annual profits (as defined in Section 87C(3) of the Indian Companies Act) subject if necessary to a reasonable minimum ;
- (ii) that on winding up of the company the Managing Agents shall not be entitled to any compensation unless the shareholders receive back in full the amount of capital credited to them as paid up ;

- (iii) that the Managing Agents shall not be entitled to charge any commission for guaranteeing loans or any borrowing by the company ;
- (iv) that the Managing Agents shall not be entitled to make any assignment of the managing agency agreement and the rights thereunder to any person except with the previous sanction of the company in general meeting ;
- (v) that there shall be no provision that the appointment of Managing Agents shall not be terminated or that they shall continue in office until the remuneration, loans and all other monies due to them are paid by the company ;
- (vi) that there shall be no provision creating in favour of the Managing Agents a lien on the books of the company or a charge on its assets ;
- (vii) that the Managing Agents shall not be entitled to lend or invest the monies of the company except with the previous sanction of the directors ;
- (viii) that no cash credit account shall be opened by the Managing Agents without the previous sanction of the directors specifying the Bank or Banks with whom the cash credit account is to be opened and the limit of such accounts ;
- (ix) that no pledge or hypothecation, mortgage, charge or lien over any goods and properties of the company moveable or immoveable shall be created by the Managing Agents without the previous sanction of the directors ;
- (x) that no loans shall be taken by the Managing Agents from any party not authorised in that behalf by the directors nor beyond the limit or limits fixed in that behalf by the directors ;
- (xi) that the Managing Agents shall not be entitled to buy or sell the company's immoveable property and moveable capital assets beyond a reasonable limit without the previous sanction of the directors.

(c) The Governing Board will take exception to any provision contained in the Memorandum and Articles of Association of a company or its Managing Agency Agreement which may be deemed undesirable or unreasonable in the case of a public company and may require inclusion of specific provisions deemed to be desirable and necessary.

## APPENDIX I

## Bid and Offer Variations and Board Lot

(Rules 307 and 308)

(a) Bids or offers shall be made at the following minimum variation spreads or multiples thereof:

2 as.	when market price does not exceed Rs. 25
4 as.	when market price is between Rs. 25 and Rs. 200
8 as.	when market price is between Rs. 200 and Rs. 500
Re. 1/4 as.	when market price is over Rs. 500

1/32 of 1 per cent. in securities of the Government of India, State Governments, Debentures and Stock of Port Trusts, Municipal Corporations and such other securities.

(b) Board Lot .. .. . Rs. 10,000

**APPENDIX J**  
**Comparison Memo**  
**(Rule 353)**

To, \_\_\_\_\_ No. \_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Selling Member's Name)  
Purchases made on \_\_\_\_\_, 19\_\_\_\_ for \_\_\_\_\_ Clearing \_\_\_\_\_

Quantity	Shares BOUGHT from You	Rate	Quantity	Shares BOUGHT from You	Rate

Cl. No. \_\_\_\_\_  
 \_\_\_\_\_  
 (Buying Member's Signature)  
 \_\_\_\_\_  
 Received Comparison Memo No. \_\_\_\_\_ from \_\_\_\_\_ Cl. No. \_\_\_\_\_  
 \_\_\_\_\_  
 (Buying Member's Name)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Selling Member's Signature)



**APPENDIX K**  
**Brokerage Scale**  
(Rule 565)

(a) Brokerage shall be charged at rates not exceeding the following scale :

- (i) There shall be a minimum charge of one Rupee on each transaction.
- (ii) On debentures of railways and debentures of joint stock companies generally ..  $\frac{1}{2}$  per cent. on stock
- (iii) On the contract price of shares of joint stock companies when such price does not exceed
- |                                    | Rs.   | 10  | Rs. | 0 | 2  | per share |
|------------------------------------|---|-----|-----|---|----|-----------|
| Exceeds Rs. 10 but does not exceed | Rs.   | 25  | Rs. | 0 | 4  | ” ”       |
| ” ” 25 ” ”                         | ”   | 50  | ”   | 0 | 8  | ” ”       |
| ” ” 50 ” ”                         | ”   | 75  | ”   | 0 | 12 | ” ”       |
| ” ” 75 ” ”                         | ”   | 100 | ”   | 1 | 0  | ” ”       |
| ” ” 100 ” ”                        | ”   | 250 | ”   | 1 | 4  | ” ”       |
| ” ” 250 ” ”                        | ”   | 300 | ”   | 1 | 8  | ” ”       |
| ” ” 300 ” ”                        | ”   | 400 | ”   | 2 | 0  | ” ”       |
| ” ” 400                            | eight annas for every Hundred Rupees (or part thereof) per share. |     |     |   |    |           |

- (iv) Securities of the Government of India and State Governments face value of Rs. 25,000 or over.  
 $\frac{1}{16}$  per centum on stock of the face value under Rs. 25,000.
- (v) Debentures and stock of Port Trusts, Municipal Corporations and other securities  $\frac{1}{8}$  per centum on stock.
- (vi) The scale prescribed in (i) to (v) above shall not apply to underwriting or the placing of new issues.

(b) The scale of brokerage for negotiation of loans shall be as under :

- (i) Subject to a maximum of  $\frac{3}{4}\%$  a member may charge as brokerage at rates not exceeding  $\frac{1}{16}\%$  per month on the amount of the loan against securities of joint stock companies.
- (ii) Subject to a maximum of  $\frac{3}{16}\%$  a member may charge as brokerage at rates not exceeding  $\frac{1}{64}\%$  per month on the amount of the loan against securities of the Government of India, State Governments, debentures and stock of Port Trusts, Municipal Corporations and such other securities.

**APPENDIX L**

**Contract Note Form No. 1**  
(Rule 575)

Name of Member/Firm  
Name(s) of the Proprietor/Partners (if any)

No.

To, Sir(s),

*I/We have this day done by your order and on your account for Ready Delivery the following transactions :—*

Payment to be made on or before the _____, 19__ .		Shares to be delivered on or before the _____, 19__ .	
Quantity	Kind of Share or Security <b>BOUGHT</b> for you	Quantity	Kind of Share or Security <b>SOLD</b> for you
	Rate		Rate

This contract is made subject to the Rules and Regulations of the Stock Exchange, Bombay.  
This contract has been wholly made and entered into and is to be performed within the City of Bombay.  
This is a net contract. Brokerage is included in the price.  
In the event of any claim, difference or dispute arising between you and me/us, out of this transaction the matter shall be referred to arbitration as provided in the Rules and Regulations of the Stock Exchange, Bombay.

Yours faithfully,

Bombay, \_\_\_\_\_ 19\_\_ . \_\_\_\_\_ Member(s) of the Stock Exchange, Bombay.  
[P.T.O.]

## Contract Note Form No. 1—(Contd.)

(Reverse)

631 All claims (whether admitted or not), differences and disputes—

- (i) between a member and a non-member or non-members (the terms "non-member" and "non-members" shall include a remisier, authorised clerk or employee or any other person with whom the member shares brokerage); or
- (ii) between a remisier, authorised clerk or employee or any other person with whom a member shares brokerage and a non-member or non-members

arising out of or relating to dealings, transactions and contracts made subject to these rules or with reference to anything incidental thereto or in pursuance thereof or relating to their construction, fulfilment or validity or relating to the rights, obligations and liabilities of remisier, authorised clerks, employees or any other persons with whom members share brokerage in relation to such dealings, transactions and contracts shall be referred to and decided by arbitration in accordance with the provisions of these rules. All dealings, transactions and contracts of a date subsequent to the date of any dealings, transactions and contracts subject to arbitration as provided above shall be similarly referred to arbitration and on the same terms and conditions as aforesaid and in respect thereof any question whether such dealings, transactions and contracts have been entered into or not shall also be referred to and decided by arbitration in accordance with the provisions of these rules.

637 (a) In respect of all claims, differences and disputes required to be referred to arbitration under these rules each party shall appoint a disinterested member of the Exchange as an arbitrator.

(b) When the claim is against or the difference or dispute with two or more parties (other than a remisier, authorised clerk, employee or any other person with whom a member shares brokerage) jointly or in the alternative or against or with a partnership firm such parties or partners (as the case may be) shall concur in the appointment of one arbitrator and failing such concurrence they shall be deemed to have failed to make an appointment as required in sub-rule (a).

(c) When a remisier, authorised clerk or employee or any other person with whom a member shares brokerage is joined in the reference he shall separately from the other parties appoint one arbitrator.

**Contract Note Form No. 2**  
(Rule 577)

Name of Member/Firm  
Name(s) of the Proprietor/Partners (if any)  
To,

No.

Sir(s),  
I/We have this day entered into the following Ready Delivery transactions with you:—

Payment to be made on or before the _____, 19__ .		Shares to be delivered on or before the _____, 19__ .	
Quantity	Kind of Share or Security SOLD to you	Quantity	Kind of Share or Security BOUGHT from you

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This contract is made subject to the Rules and Regulations of the Stock Exchange, Bombay.  
This contract has been wholly made and entered into and is to be performed within the City of Bombay.  
In the event of any claim, difference or dispute arising between you and me/us out of this transaction the matter shall be referred to arbitration as provided in the Rules and Regulations of the Stock Exchange, Bombay.

Yours faithfully,

Bombay, 19\_\_ . Member(s) of the Stock Exchange, Bombay.  
[P.T.O.]

## Contract Note Form No. 2—(Contd.)

(Reverse)

631 All claims (whether admitted or not), differences and disputes—

(i) between a member and a non-member or non-members (the terms "non-member" and "non-members" shall include a remisier, authorised clerk or employee or any other person with whom the member shares brokerage); or

(ii) between a remisier, authorised clerk or employee or any other person with whom a member shares brokerage and a non-member or non-members.

arising out of or relating to dealings, transactions and contracts made subject to these rules or with reference to anything incidental thereto or in pursuance thereof or relating to their construction, fulfilment or validity or relating to the rights, obligations and liabilities of remisiers, authorised clerks, employees or any other persons with whom members share brokerage in relation to such dealings, transactions and contracts shall be referred to and decided by arbitration in accordance with the provisions of these rules. All dealings, transactions and contracts of a date subsequent to the date of any dealings, transactions and contracts subject to arbitration as provided above shall be similarly referred to arbitration and on the same terms and conditions as aforesaid and in respect thereof any question whether such dealings, transactions and contracts have been entered into or not shall also be referred to and decided by arbitration in accordance with the provisions of these rules.

637 (a) In respect of all claims, differences and disputes required to be referred to arbitration under these rules each party shall appoint a disinterested member of the Exchange as an arbitrator.

(b) When the claim is against or the difference or dispute with two or more parties (other than a remisier, authorised clerk, employee or any other person with whom a member shares brokerage) jointly or in the alternative or against or with a partnership firm such parties or partners (as the case may be) shall concur in the appointment of one arbitrator and failing such concurrence they shall be deemed to have failed to make an appointment as required in sub-rule (a).

(c) When a remisier, authorised clerk or employee or any other person with whom a member shares brokerage is joined in the reference he shall separately from the other parties appoint one arbitrator.

## APPENDIX M

## Fees for Arbitration between Members

(Rule 606)

The following fees shall be charged for arbitration between members:

Rule	Fees
607 Application for arbitration .. .. .	As. 8
613 Appeal to the Arbitration Committee .. ..	Rs. 2
618 Appeal to the Governing Board .. .. .	Rs. 5
626 Re-hearing of <i>ex-parte</i> award .. .. .	Rs. 5

APPENDIX N  
Form of Reference by Non-member  
( Rule 630 (b) )

Agreement  
Stamp

To,  
The Governing Board and Arbitration Committee:  
The Stock Exchange,  
Bombay.

In the matter of a claim, difference, dispute or complaint between

and

Gentlemen,

I/We do hereby consent to refer this matter to you and I/we undertake to be bound by the said reference and to abide by and forthwith to carry into effect your award, resolution or decision in this matter and I/we further undertake not to institute, prosecute or cause or procure to be instituted or prosecuted or take any part in proceedings, either civil or criminal, in respect of the matter submitted. And I/we consent that the Arbitration Committee and the Governing Board may proceed in accordance with the rules of procedure relating to arbitration between members of the Exchange and I/we undertake to be bound by the same; also that the arbitrators or the Arbitration Committee or the Governing Board may proceed *ex parte* after notice and that it shall be no objection that the members of the Arbitration Committee or the Governing Board present vary during the inquiry or appeal or that any of them may not have heard the whole of the evidence or appeal; and also that any award or resolution of the Arbitration Committee or the Governing Board signed by the Chairman for the time being shall be conclusive that the same was duly made or passed and that the reference was conducted in accordance with the rules of the Exchange relating to arbitration in disputes. And I/we hereby agree that this letter shall be deemed to be a reference to arbitration within the meaning of the Indian Arbitration Act, 1940, or any statutory modification thereof.

Dated the            day of            , 19   .

Yours faithfully,

(Signature of party)

## APPENDIX O

## Fees and Charges for Arbitration other than between Members

(Rule 677)

(a) The party initiating a reference shall—

- (i) pay to the Exchange a submission charge of Rs. 5 ;
- (ii) deposit a sum of Rs. 30 towards the cost of stamp paper for the award.

(b) The following arbitration and appeal fees shall be payable in advance :

- (i) Arbitration fee per meeting per arbitrator—
  - when the amount involved does not exceed Rs. 500 .. Rs. 10
  - when the amount involved exceeds Rs. 500 .. .. Rs. 25
- (ii) Arbitration fee for the Umpire when he is called in by the arbitrators to be borne by the arbitrators in equal shares—
  - when the amount involved does not exceed Rs. 500 .. Rs. 10
  - when the amount involved exceeds Rs. 500 .. .. Rs. 25
- (iii) Arbitration fee for the Umpire for each sitting to be paid by each party—
  - when the amount involved does not exceed Rs. 500 .. Rs. 10
  - when the amount involved exceeds Rs. 500 .. .. Rs. 25
- (iv) Appeal fee to be paid to the Exchange by the appellant Rs. 100
- (v) Arbitration fee for each meeting for each member of the Appellate Tribunal to be paid by each party .. .. Rs. 25



**APPENDIX P**  
**Arbitration Application Form**  
 Form No. 1  
 (Rule 655)

From, (1)

To,  
 The Secretary,  
 The Stock Exchange,  
 Bombay.

Sir,

As claims, disputes and differences within the meaning of the Stock Exchange Rules have arisen and are now depending between me/us and (2) I/we hereby apply for adjudication of the same by arbitration.

I/We enclose—

- (a) the Form of Nomination (3) duly completed;
- (b) the Notice(s) of Appointment (4) duly completed;
- (c) a Statement of the Case (5) in triplicate; and
- (d) a sum of Rs. 45/60 (6), being the submission fee of Rs. 5, the arbitration fee of Rs. 10/25 (6) for the first hearing and deposit of Rs. 30 towards the cost of stamp paper for the award.

I/We enclose as per list annexed (7) all the documents and papers relating to the reference in my/our power or possession.  
undertake to produce

Dated the                      day of                      , 19                      .

Yours faithfully,

(Signature of applicant)

- 
- (1) Here the applicant should insert his full name and address.
  - (2) Here insert the name and address of the other party or parties.
  - (3) The Form of Nomination (Form No. 3) should be duly completed.
  - (4) The Notice(s) of Appointment (Form No. 4) should be duly completed.
  - (5) The Statement of the Case in triplicate should give full particulars of all the facts and contentions and should be accompanied by complete statement of accounts also in triplicate.
  - (6) The total sum will be Rs. 45 and the arbitration fee Rs. 10 if the amount in dispute does not exceed Rs. 500; and Rs. 60 and Rs. 25 respectively in all other cases.
  - (7) Strike out whichever is not applicable.

## Reply to Arbitration Application

Form No. 2

(Rule 657)

From, (1)

To,

The Secretary,

The Stock Exchange,

Bombay.

Sir,

In connection with the application for arbitration submitted by (2)

I/we return herewith—

- (a) the Form of Nomination (3) duly completed;
- (b) a Statement of the Case in Answer (4) in triplicate;
- (c) a Statement of my/our Counterclaim (5) in triplicate; and
- (d) a sum of Rs. 10/25(6) being the arbitration fee for the first hearing.

I/We enclose as per list annexed (7) all the documents and papers relating  
undertake to produce  
 to the reference in my/our power or possession.

Dated the            day of            , 19    .

Yours faithfully,

(Signature of party)

- 
- (1) Here the party replying should insert his full name and address.
  - (2) Here insert the name and address of the applicant.
  - (3) The Form of Nomination (No. 3) should be duly completed.
  - (4) The Statement of the Case in Answer in triplicate should give full particulars of all the facts and contentions and should be accompanied by complete statement of accounts also in triplicate.
  - (5) The Statement of Counterclaim should be in triplicate and should comply with the same conditions as stated in (4) above.
  - (6) The arbitration fee per hearing is Rs. 10 if the amount in dispute does not exceed Rs. 500 and Rs. 25 in all other cases.
  - (7) Strike out whichever is not applicable.

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Form No. 3

Form of Nomination

(Rules 656 and 657)

WHEREAS it is provided in the Rules of the Stock Exchange, Bombay, that all claims (whether admitted or not), disputes and differences between parties arising out of or in relation to any dealings, transactions and contracts made subject thereto shall be referred to arbitration

AND WHEREAS claims, disputes and differences within the meaning of the said Rules have arisen and are now depending between me/us and  
(1)

NOW THEREFORE in pursuance of the said Rules I/we (2)  
do hereby nominate and appoint  
(3) a member of the said Exchange  
to be the arbitrator on my/our behalf.

As witness my/our hand(s) this                      day of                      , 19   .

(Signature of party making the appointment)

- 
- (1) Here insert the name and address of the other party or parties.
  - (2) Here the party making the appointment should insert his/their name.
  - (3) Here insert the name of the member of the Exchange who is appointed as an arbitrator.

Notice of Appointment

Form No. 4

(Rule 656)

From, (1)

To, (2)

Sir(s),

I/We hereby give you notice that I/we have this day appointed (3) a member of the Stock Exchange, Bombay, to be the Arbitrator on my behalf to settle by arbitration in pursuance of the rules of the said Exchange the claims, disputes and differences that are now depending between us.

AND I/we hereby require you within seven days from the service of this notice on you to name an arbitrator to act on your behalf in the matter of the said claims, disputes and differences failing which an arbitrator will be appointed on your behalf by the Governing Board or the President of the said Exchange as provided in the rules.

Dated the            day of            , 19   .

Yours faithfully,

(Signature of party giving the notice)

- 
- (1) Here the party giving the notice should insert his full name and address.  
(2) Here insert the full name and address of the party or parties to whom the notice is to be given.  
(3) Here insert the name of the arbitrator appointed by the party giving the notice.

## Application for Appeal

Form No. 5

(Rule 659)

From, (1)

To,

The Governing Board,  
The Stock Exchange,  
Bombay.

In the Matter of an Arbitration between

(2)

and

(2)

Sirs,

Pursuant to the rules of the Stock Exchange, Bombay, I/we do hereby appeal against the award given by (3) in the matter noted above.

I/We enclose—

- (a) a Statement of the Grounds of Appeal (4) ;
- (b) the submission fee of Rs. 100 ;
- (c) the fees for the first hearing amounting to Rs. 125.

I/We also enclose the Certificate of Deposit (5) from the Exchange and hereby authorise you to hand over the whole or such part of the deposit as will equal the order made in the award given by the Appellate Tribunal to (6) the party in the above matter in whose favour the award is made if the said Tribunal decides the appeal against me/us.

Dated the            day of            , 19    .

Yours faithfully,

(Signature of the appellant)

- 
- (1) Here the appellant should insert his full name, occupation and address.
  - (2) Here insert the names of the parties to the reference.
  - (3) Here mention the names of the arbitrators or the Umpire against whose award the appeal is lodged.
  - (4) The Statement of the Grounds of Appeal should state in full the grounds on which the appellant relies. Six copies of the Statement should be sent.
  - (5) Attach certificate issued by the Exchange on deposit of the amount, shares or securities as decided in the award of the arbitrators or Umpire.
  - (6) Here insert the name of the other party.

239

Form of Appointment of Umpire

Form No. 6

(Rule 667)

In the Matter of an Arbitration between

and

We the undersigned \_\_\_\_\_ and \_\_\_\_\_  
the arbitrators duly  
appointed in the above matter hereby in conformity with the submission  
under the rules of the Stock Exchange, Bombay, under which we are acting  
nominate and appoint  
a member of the said Exchange to be the Umpire in the said matter.

As witness our hands this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

(Signatures of both Arbitrators)

240

Notice of Failure to Appoint Umpire

Form No. 7

(Rule 667)

To,

The Secretary,

The Stock Exchange,

Bombay.

In the Matter of an Arbitration between

and

Sir,

We the undersigned

and

the Arbitrators duly

appointed in the above matter hereby in conformity with the submission under the rules of the Stock Exchange, Bombay, under which we are acting inform you that we are unable to agree upon the appointment of an Umpire as required in the said Rules.

Dated the            day of

19 .

(Signatures of both Arbitrators)

241

Form of Acceptance by Umpire

[App. P]

Form No. 8

(Rule 667)

In the Matter of an Arbitration between

and

\*WHEREAS

and

the arbitrators appointed in the above matter have appointed the undersigned to be the Umpire in the said matter.

\*WHEREAS

, President,

the Stock Exchange, Bombay, has appointed the undersigned to be the Umpire in the above matter.

NOW THEREFORE I the undersigned accept the appointment and agree to be the Umpire in the said matter.

As witness my hands this      day of      , 19      .

(Signature of Umpire)

---

\* Strike out the paragraph which is not applicable.



242

**Arbitrators' Notice on Failure to Agree**

[App. P]

**Form No. 9**

(Rule 642)

In the Matter of an Arbitration between

and

We the undersigned the arbitrators duly appointed in the above matter hereby give notice that we are unable to agree upon an award in the above matter and that the Umpire herein is now at liberty to enter on the reference in lieu of us and proceed to hear and determine the matters referred.

Dated the            day of            , 19    .

(Signatures of both Arbitrators)

Form of Appointment of Arbitrators or Umpire by the President [App. P]

Form No. 10

(Rule 668)

In the Matter of an Arbitration between

and

\*WHEREAS by an instrument in writing dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ (Name of party or parties) has/have duly appointed \_\_\_\_\_ of \_\_\_\_\_ to be an arbitrator(s) in the above matter AND WHEREAS \_\_\_\_\_ has/have failed to appoint arbitrator(s) as provided in the rules of the Stock Exchange, Bombay.

\*WHEREAS by instruments in writing dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ and the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ and \_\_\_\_\_ (Names of parties) have duly appointed \_\_\_\_\_ and \_\_\_\_\_ to be arbitrators in the above matter AND WHEREAS the said arbitrators have failed ~~to make their award~~ to appoint an Umpire as provided in the rules of the Stock Exchange, Bombay.

NOW THEREFORE in pursuance of the said rules I, \_\_\_\_\_, President, the Stock Exchange, Bombay, do appoint \_\_\_\_\_ a member (s) of the said Exchange to be an Arbitrator(s)/Umpire in the above matter.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

President

\* Strike out the paragraph which is not applicable.

244

Notice of Hearing

[App. P]

Form No. 11

(Rule 662)

In the Matter of an Arbitration between

and

WHEREAS the                      day of                      , 19                      at  
the hour of                      at                      (Name of Place)  
has been appointed by the Arbitrators/Umpire/Appellate Tribunal for  
proceeding in the above reference.

NOW THEREFORE take notice that each party is required to present  
himself in person or by a duly authorised representative at the said meeting  
with the necessary books and documents.

AND take further notice that in case any party absents himself the  
Arbitrators/Umpire/Appellate Tribunal shall at their (his) discretion proceed  
with the reference *ex parte*.

Dated the                      day of                      , 19                      .

Secretary

## APPENDIX Y

## Time Schedule

(Rules 289 and 324)

## (a) Market Hours :

<i>Rule</i>	<i>Scheduled Hour</i>
289	
For Cleared Shares—	
Monday to Friday.. .. .	12 Noon to 2 p. m.
Saturday (except Saturdays following the Last Business Day of the Clearing) .. .. .	12 Noon to 1 p. m.
For Non-Cleared Shares—	
Monday to Friday.. .. .	11 a. m. to 5 p. m.
Saturday .. .. .	11 a. m. to 2 p. m.
For Cleared and Non-Cleared Securities	
Monday to Friday.. .. .	10-30 a. m. to 5-30 p. m.
Saturday .. .. .	10-30 a. m. to 2 p. m.

## (b) For Cleared Shares :

<i>Rule</i>	<i>Scheduled Hour</i>
	<i>Before</i>
384(b) Passing of Slips (Form No. 14) ..	1 p. m. on Slip Day
386 Submission of Delivery and Receive Orders (Forms Nos. 5, 6, 15 & 16) ..	4 p. m. on Clearance Day
389 Delivery of Shares .. .. .	4 p. m. on Delivery Day
388(a) Submission of	
Bank Delivery Orders (Form No. 7) .. .. .	4 p. m. on Delivery Day
Bank Receive Orders (Form No. 8) .. .. .	4 p. m. on Pay-in Day

[App. Y]

393	Submission of Statement Sheet of Differences (Form No. 12) .. .. .	} 5 p. m. on Pay-in Day
	Statement Sheet of Making-up Shares (Form No. 13) .. .. .	
	Statement Sheet of Slip Shares (Form No. 17) .. .. .	
	Balance Sheet (Form No. 18) .. .. .	
399	Notice of Non-Delivery (Form No. 19) .. .. .	
	Notice of Non-payment (Form No. 20) .. .. .	
400	Notice of Non-Delivery by Agree- ment (Form No. 21) .. .. .	
401(a)	Payment by cheque .. .. .	
401(b)	Submission of Drafts (Form No. 22)	
402(a)	Submission of Stamp Duty Clearance List (Form No. 3).. .. .	
402(b)	Payment of Stamp Duty by cheque }	
462(b)	Return of doubtful or defective documents .. .. .	4 p. m. on Settlement Day

## (c) For Non-Cleared Shares :

<i>Rule</i>	<i>Scheduled Hour</i>
	<i>Before</i>
416 Delivery of Shares	2 p. m. on Hand-Delivery Settlement Day
416 Payment for Shares delivered	5 p. m. on Hand-Delivery Settlement Day
421 Intimation by delivering member to receiving member regarding payment in cash against delivery	3 p. m. on day previous to Hand-Delivery Settlement Day
462 (a) Return of doubtful or defective documents	4 p. m. on Hand-Delivery Settlement Day

[ App. Y ]

*(d) For Cleared Securities :*

<i>Rule</i>	<i>Scheduled Hour</i>
	<i>Before</i>
428      Submission of Security Delivery and Receive Orders (Forms Nos. 24 and 25)	3 p. m. on Security Clearance Day
429      Issue by Clearing House of Blank Clearing House Delivery and Receive Orders (Forms Nos. 26 and 27)	1 p. m. on Security Clearance Day
431 (a)    Passing of Receive-and-Pay Order in exchange for Clearing House Delivery Order	11 a. m. on Security Pay Day
494 (c)(ii) Passing of Delivery Order	11 a. m. on Security Pay Day
494 (a)    Delivery of Securities	12-30 p. m. on Security Pay Day

*(e) For Non-Cleared Securities :*

<i>Rule</i>	<i>Scheduled Hour</i>
	<i>Before</i>
433      Delivery of Securities	12-30 p. m. on the day the Receive and Pay Order is issued
434 (a)    Issue of Receive-and-Pay Order by buying member to selling member	10 a. m. on the day notified by selling member to buying member according to Rule 433 or before 5-30 p.m. on the previous day
494 (c)(ii) Passing of Delivery Order	10-30 a. m. on the due date of delivery
494 (a)    Delivery of Securities	12-30 p. m. on the due date of delivery

**A P P E N D I X Z**  
**CLEARING FORMS**

(Rule 376)

**Clearance List**

**Form No. 1**

(Rule 405)

Bombay, \_\_\_\_\_, 19\_\_\_\_

To, \_\_\_\_\_  
**THE STOCK EXCHANGE CLEARING HOUSE**

Clearance List showing the Outstanding Transactions of \_\_\_\_\_  
(Name of Member)

for \_\_\_\_\_ Clearing \_\_\_\_\_  
Cl. No. \_\_\_\_\_ (Signature of Member)

Name of Share		Member's Name		Clearing No.		Bought		Sold		Member's Name		Clearing No.		Sold	





Stamp Duty Clearance List  
Form No. 3

[ App. Z ]

To, (Rule 402 (a)) Stamp Duty Rs. \_\_\_\_\_  
THE STOCK EXCHANGE CLEARING HOUSE

Name of Member \_\_\_\_\_ Cl. No. \_\_\_\_\_

\_\_\_\_\_ Clearing

Name of Share	OUTSTANDING LIST		CROSSED-OUT LIST		Total No. of shares bought and sold	Making-up Price	Valuation			
	Total No. of shares bought	Total No. of shares sold	Total No. of shares bought	Total No. of shares sold			Rs.	as.	ps.	

I/We hereby solemnly declare that the above list contains a complete and true statement of my/our transactions, and that it includes all the transactions required to be submitted to the clearing house in accordance with the rules/by-laws of the association. I/We further declare that no transaction relating to the purchase or sale on my/our own behalf or on behalf of a principal for which an exemption is claimed under Article 5 or Article 43 in Schedule I to Indian Stamp Act, 1899, in its application to the Province of Bombay, as the case may be, is omitted.

Bombay, \_\_\_\_\_, 19 \_\_\_\_\_

\_\_\_\_\_  
(Signature of Member)

Total ..			
Debit Total of Statement Sheet of Slip Shares ..			
Credit Total of Statement Sheet of Slip Shares ..			
Debit Total of Slip Shares (Crossed-out) .. ..			
Credit Total of Slip Shares (Crossed-out) .. ..			

**TOTAL ..** \_\_\_\_\_

Stamp Duty Rs. \_\_\_\_\_

**INSTRUCTIONS**

- (i) Stamp Duty is payable through the Clearing House in respect of all outstanding and crossed-out transactions done in the market, required to be submitted to the Clearing House in accordance with the rules.
- (ii) The Stamp Duty Clearance List together with the stamp duty paid will be forwarded to the Stamp Office which will return the List duly stamped after verification for retransmission to the member concerned.

**Tally Memo**

[App. Z]

**Form No. 4**  
**(Rule 385 (b))**

Name of Member \_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Name of Delivering Member)

Please note that I/we have to receive the undermentioned shares from you for the \_\_\_\_\_ Clearing.

No. of Shares	Name of Share	No. of Shares	Name of Share

251

Cl. No. \_\_\_\_\_  
(Signature of Receiving Member)

**Delivery Order (Making-up Shares)**

[App. Z]

(Red Ink)

**Form No. 5**

(Rule 386)

Bombay,

, 19 .

To,

**THE STOCK EXCHANGE CLEARING HOUSE**

The undersigned will DELIVER the following Making-up Shares in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Delivering Member)

Name of Share	No. of shares to Deliver	Name of Share	No. of shares to Deliver

*N.B.*—Figure in brackets indicates the unit of trading.  
\* The Clearing House will accept certificates of large denominations for sub-division.

253

Receive Order (Making-up Shares)

[App. Z]

Form No. 6

(Rule 386)

Bombay, \_\_\_\_\_, 19 ..

To,

THE STOCK EXCHANGE CLEARING HOUSE

The undersigned will RECEIVE the following Making-up Shares  
in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Receiving Member)

Name of Share	No. of shares to receive	Name of Share	No. of shares to receive

N.B.—Figure in brackets indicates the unit of trading.

\*The Clearing House will accept certificates of large denomination for sub-division.

(Red Ink)

Bank Delivery Order

Form No. 7

(Rule 388 (a) )

[App. Z]

To, THE STOCK EXCHANGE CLEARING HOUSE,  
BOMBAY, 19 . . . . .

THE STOCK EXCHANGE CLEARING HOUSE  
Bombay, 19 . . . . .

Dear Sirs,  
Please receive from \_\_\_\_\_  
(Name of Clearing Member Bank)  
the undermentioned shares on or before \_\_\_\_\_  
, 19 \_\_\_\_\_ for \_\_\_\_\_  
Clearing and pay \_\_\_\_\_  
them the amount mentioned below on the Settlement  
Day to the debit of my/our account.

To, \_\_\_\_\_  
(Name of Clearing Member Bank)  
In consideration of your having delivered to this  
Clearing House the undermentioned Shares on account  
of Member Broker \_\_\_\_\_  
Cl. No. \_\_\_\_\_  
this voucher (duly endorsed by you) if presented to the  
Clearing House on the \_\_\_\_\_, 19 \_\_\_\_\_ will be  
exchanged for our Pay Slip for the amount specified  
hereunder. The shares will be returned, should the  
amount be not received by the Clearing House on  
account of the said member broker.

Yours faithfully,

Rs. \_\_\_\_\_

For The Stock Exchange Clearing House,

(Signature of Member)

Cl. No. \_\_\_\_\_

No. in Words	Name of Share	Rate	Amount Rs. as. ps.

No. in Words	Name of Share	Rate	Amount Rs. as. ps.

Bank Receive Order

Form No. 8

(Rule 388 (a) )

[App. Z]

To, THE STOCK EXCHANGE CLEARING HOUSE, BOMBAY.

To, THE STOCK EXCHANGE CLEARING HOUSE, BOMBAY, 19

Dear Sir, Please deliver to the undermentioned shares (after receipt of the amount mentioned below) on or before 19 for my/our account.

In consideration of your having paid the sum of Rupees to this Clearing House on account of Member Broker (Name of Clearing Member Bank) Cl. No. this voucher (duly endorsed by you) if presented to the Clearing House on the 19 will be exchanged for the undermentioned shares. The amount will be refunded, should the shares be not received by the Clearing House on account of the said member broker.

Yours faithfully,

Cl. No. (Signature of Member)

Rs. For The Stock Exchange Clearing House,

Table with columns: No. in Words, Name of Share, Rate, Amount Rs. as. ps.

**Share Particulars Form**  
**Form No. 9**  
 (Rule 390)

[App. Z]

No.

Bombay, \_\_\_\_\_, 19 \_\_\_\_

**THE STOCK EXCHANGE CLEARING HOUSE**

To, \_\_\_\_\_  
 The undersigned delivers the following shares with duly signed and witnessed transfer deeds  
 in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_ (Signature of Delivering Member)

Name of Share \_\_\_\_\_

No. of Shares	Transferor's Name	Distinctive Numbers			

256

\_\_\_\_\_  
 Receiving Clerk

THE STOCK EXCHANGE CLEARING HOUSE  
 Bombay, \_\_\_\_\_, 19 \_\_\_\_

RECEIVED from \_\_\_\_\_ Cl. No. \_\_\_\_\_ shares and transfer deeds  
 (Name of Delivering Member)

as enumerated in his/their Share Particulars Form No. \_\_\_\_\_

For The Stock Exchange Clearing House

\_\_\_\_\_  
 Receiving Clerk

Clearing House Share Particulars Form

Form No. 10  
(Rule 403 (b) )

No.

Bombay, , 19

THE STOCK EXCHANGE CLEARING HOUSE

To, \_\_\_\_\_ Cl. No. \_\_\_\_\_

(Name of Receiving Member)

Name of Share \_\_\_\_\_ Clearing

Seller's Name	No.	Distinctive Numbers

257

Entered by \_\_\_\_\_



Received from the Stock Exchange Clearing House shares with signed Transfer Deeds as enumerated in  
Clearing House Share Particulars Form No. \_\_\_\_\_  
Bombay, , 19

\_\_\_\_\_  
(Signature of Receiving Member)



**Claim Note**  
**Form No. 11**  
**(Rule 392 (a) )**

Bombay, . . . . . , 19 . . . . .

CLAIM NOTE NO. \_\_\_\_\_

To,

THE STOCK EXCHANGE CLEARING HOUSE

On account of the undersigned please pay to

\_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Name of Member Receiving Payment)

in

Clearing.

**Rs.** \_\_\_\_\_

Cl. No. \_\_\_\_\_

Bombay, . . . . . , 19 . . . . .

CLAIM NOTE NO. \_\_\_\_\_

To,

THE STOCK EXCHANGE CLEARING HOUSE

On account of the undersigned please pay to

\_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Name of Member Receiving Payment)

in

Clearing.

**Rs.** \_\_\_\_\_

Cl. No. \_\_\_\_\_  
(Signature of Member Making Payment)

**Statement Sheet of Differences**

**Form No. 12**

**(Rule 398)**

**Bombay,** \_\_\_\_\_, 19\_\_\_

**THE STOCK EXCHANGE CLEARING HOUSE**

Statement Sheet of Differences of \_\_\_\_\_

(Name of Member)

for \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_

\_\_\_\_\_ (Signature of Member)

(Note : All Claim Notes (Form No. 11) received from members for amounts due from them should accompany this Sheet.)

Names of members receiving payment	Pay on my account Rs. _____ as. _____ ps.	Names of members making payment	Clearing No.	Receive on my account Rs. _____ as. _____ ps.
Total Debit Rs... Carried forward to the Balance Sheet (Form No. 18)		Total Credit Rs... Carried forward to the Balance Sheet (Form No. 18)		

Claim Notes checked by \_\_\_\_\_

(1)

(2)

Castings checked by \_\_\_\_\_

(1)

(2)

Claim Notes checked by \_\_\_\_\_

(1)

(2)

260

Statement Sheet of Making-up Shares

Form No. 13

(Rule 393)

Bombay, , 19 .

To, THE STOCK EXCHANGE CLEARING HOUSE

Statement Sheet of Making-up Shares of \_\_\_\_\_ (Name of Member)

in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_ (Signature of Member)

No. of Shares	Making-up Price	Amount Due from me		Name of Share	No. of Shares	Making-up Price	Amount Due to me	
		Rs.	as. ps.				Rs.	as. ps.
Total Debit Rs. Carried forward to the Balance Sheet (Form No. 18)				Total Credit Rs. Carried forward to the Balance Sheet (Form No. 18)				

Seller's Clearance Slip  
Form No. 14  
(Rule 384 (a) )

Member \_\_\_\_\_ Date \_\_\_\_\_, 19 \_\_\_\_  
Quantity \_\_\_\_\_ Share \_\_\_\_\_ Clearing \_\_\_\_\_  
Rate \_\_\_\_\_ Amount Rs. \_\_\_\_\_

Form No. 14 (Red Ink) ORIGINAL

SELLER'S CLEARANCE SLIP No. \_\_\_\_\_

Bombay, \_\_\_\_\_, 19 \_\_\_\_

To, THE STOCK EXCHANGE CLEARING HOUSE  
Please Deliver on account of the undersigned to

\_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Name of Receiving Member)

\_\_\_\_\_ Shares \_\_\_\_\_  
(Quantity) (Name of Share)

@ \_\_\_\_\_ Total Value Rs. \_\_\_\_\_  
(Contract Price)

in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_  
\_\_\_\_\_  
(Signature of Delivering Member)

Form No. 14 (Black Ink) DUPLICATE

SELLER'S CLEARANCE SLIP No. \_\_\_\_\_

Bombay, \_\_\_\_\_, 19 \_\_\_\_

To, THE STOCK EXCHANGE CLEARING HOUSE  
Please Deliver on account of the undersigned to

\_\_\_\_\_ Cl. No. \_\_\_\_\_  
(Name of Receiving Member)

\_\_\_\_\_ Shares \_\_\_\_\_  
(Quantity) (Name of Share)

@ \_\_\_\_\_ Total Value Rs. \_\_\_\_\_  
(Contract Price)

in \_\_\_\_\_ Clearing.

Confirmed

\_\_\_\_\_  
(Signature of Receiving Member)

\_\_\_\_\_  
(Signature of Delivering member)

(Red Ink)

**Delivery Order (Slip Shares)**  
**Form No. 15**  
 (Rule 386)

Bombay, \_\_\_\_\_, 19 .

To, **THE STOCK EXCHANGE CLEARING HOUSE**

The undersigned will DELIVER the following Slip Shares in \_\_\_\_\_  
 Clearing as per Statement Sheet of Slip Shares dated \_\_\_\_\_, 19 .  
 Clearing No. \_\_\_\_\_

(Signature of Delivering Member)

Name of Share	No. of Shares to Deliver	Name of Share	No. of Shares to Deliver	Name of Share	No. of Shares to Deliver
Section :—1		Section :—		Section :—	
		Section :—			
Section :—		Section :—		Section :—	

*N. B.*—Figure in brackets indicates the unit of trading.

\*The Clearing House will accept certificates of large denominations for sub-division.

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**Receive Order (Slip Shares)**  
**Form No. 16**  
(Rule 386)

To, \_\_\_\_\_, Bombay, \_\_\_\_\_, 19 .

**THE STOCK EXCHANGE CLEARING HOUSE**

The undersigned will RECEIVE the following Slip Shares in \_\_\_\_\_  
Clearing as per Statement Sheet of Slip Shares dated \_\_\_\_\_, 19  
Clearing No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Receiving Member)

Name of Share	No. of Shares to Receive	Name of Share	No. of Shares to Receive	Name of Share	No. of Shares to Receive
Section :—1		Section :—		Section :—	
		Section :—			
Section :—		Section :—		Section :—	

*N. B.*—Figure in brackets indicates the unit of trading.

\*The Clearing House will accept certificates of large denominations for sub-division.

**Statement Sheet of Slip Shares**  
**Form No. 17**  
**(Rule 393)**

Bombay, . . . . ., 19 . . . . .

To, THE STOCK EXCHANGE CLEARING HOUSE

Statement Sheet of Slip Shares of \_\_\_\_\_  
 (Name of Member)

for \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_ (Signature of Member)

(Note : Please enter on this Sheet only those transactions for which Slips have been passed.)

Receive from	Cl. No.	No. of Shares	Shares Bought	Value Rs. as ps.	Deliver to	Slip No.	No. of Shares	Shares Sold	Value Rs. as ps.
This Total DEBIT is contingent on all the above Shares being delivered to me/us,					This Total CREDIT is contingent on all the above Shares being delivered by me/us,				
Total DEBIT Rs. Carried forward to the Balance Sheet (Form No. 18)					Total CREDIT Rs. Carried forward to the Balance Sheet (Form No. 18)				

265

**Balance Sheet**  
**Form No. 18**  
(Rule 393)

Bombay, , 19 .

To, **THE STOCK EXCHANGE CLEARING HOUSE**

Balance Sheet of \_\_\_\_\_  
(Name of Member)

for \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_  
(Signature of Member)

	DEBIT				CREDIT		
	Rs.	as.	ps.		Rs.	as.	ps.
Total Debit of Form No. 17				Total Credit of Form No. 17			
Total Debit of Form No. 12				Total Credit of Form No. 12			
Total Debit of Form No. 13				Total Credit of Form No. 13			
<b>*Total DEBIT Rs...</b>				<b>*Total CREDIT Rs...</b>			
Balance payable by the Clearing House Rs...				Balance payable to the Clearing House Rs...			
<b>Total Rs...</b>				<b>Total Rs...</b>			
<b>*Total DEBIT as above Rs.</b>				<b>*Total CREDIT as above Rs.</b>			
Amount paid to Clearing Member Banks against shares delivered by them as per Form No. 7				Amount received from Clearing Member Banks against shares delivered to them as per Form No. 8			
Value of shares not delivered to the Clearing House as per Form No. 19				Value of shares not received from the Clearing House as per Form No. 20			
Value of shares not delivered by agreement as per Form No. 21				Value of shares not received by agreement as per Form No. 21			
<b>Total Rs...</b>				<b>Total Rs...</b>			
Balance being the amount of DRAFT sent herewith Rs...				Balance being the amount of CHEQUE sent herewith Rs...			
<b>Total Rs...</b>				<b>Total Rs...</b>			

B/F Checked by  
Castings Checked by



266

(Red Ink)

Notice of Non-Delivery

Form No. 19

(Rule 399)

Bombay,

, 19 .

To,

THE STOCK EXCHANGE CLEARING HOUSE

I/We have failed to deliver this day the following Shares as per Delivery Order dated \_\_\_\_\_, 19 \_\_\_\_\_ in \_\_\_\_\_ Clearing and therefore instruct you to **DEBIT** my/our account with the value as provided in the Stock Exchange rules.

\_\_\_\_\_  
(Quantity) Shares \_\_\_\_\_  
(Name of Share)

@ \_\_\_\_\_ Rs. \_\_\_\_\_  
(Making-up/Contract Price) (Total Value of Shares)

Cl. No. \_\_\_\_\_  
(Signature of Delivering Member)

267

Notice of Non-Payment

Form No. 20

(Rule 399)

Bombay, , 19 .

To,

THE STOCK EXCHANGE CLEARING HOUSE

I/We have failed to pay this day for the following Shares as per Receive  
Order dated , 19 in \_\_\_\_\_ Clearing  
and therefore instruct you to **CREDIT** my/our account with the value as  
provided in the Stock Exchange rules.

\_\_\_\_\_  
Shares \_\_\_\_\_  
(Quantity) (Name of Share)

@ \_\_\_\_\_ Rs. \_\_\_\_\_  
(Making-up/Contract Price) (Total Value of Shares)

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Receiving Member)

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Notice of Non-Delivery by Agreement

Form No. 21

(Rule 400)

To, \_\_\_\_\_ Bombay, \_\_\_\_\_, 19 \_\_\_\_\_

THE STOCK EXCHANGE CLEARING HOUSE

\_\_\_\_\_ Clearing No. \_\_\_\_\_  
(Name of Delivering Member)

has/have agreed to deliver subject to Stock Exchange rules the following  
shares in \_\_\_\_\_ Clearing and \_\_\_\_\_  
(Name of Receiving Member)

Cl. No. \_\_\_\_\_ has/have agreed to receive the same.

\_\_\_\_\_ Shares \_\_\_\_\_  
(Quantity) (Name of Share)

@ \_\_\_\_\_ Rs. \_\_\_\_\_  
(Agreed Price) (Total Value of Shares)

Please **DEBIT** my/our account with the value as stated above.

\_\_\_\_\_  
(Signature of Delivering Member)

Please **CREDIT** my/our account with the value as stated above.

\_\_\_\_\_  
(Signature of Receiving Member)

Draft

Form No. 22  
(Rule 401 (b) )

No.                      /                      /                       
To,                                                                                                                              ,  
Bombay,                     , 19                      .  
**THE STOCK EXCHANGE CLEARING HOUSE**  
*On demand please pay to the Order of the*

269

*(Name of Prescribed Bank)*

for the Credit of                     

the sum of                      Rupees

\_\_\_\_\_

Rs.                     

*(Signature of Member)*



**For THE STOCK EXCHANGE CLEARING HOUSE,**

Accepted



No.                     

                     19

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rs.

270

Clearing House Delivery Order

Form No. 23

(Rule 413 (b) )

THE STOCK EXCHANGE CLEARING HOUSE

To, Bombay, , 19

\_\_\_\_\_

(Name of Receiving Member)

Dear Sir/s,

Please receive \_\_\_\_\_ shares \_\_\_\_\_

(No. of Shares)

(Name of Share)

from \_\_\_\_\_

(Name of Delivering Member)

@ Rs. \_\_\_\_\_ / the Making-up Price fixed by The Stock Exchange.

For The Stock Exchange Clearing House,

\_\_\_\_\_

271

(Red Ink)

**Security Delivery Order**

**Form No. 24**

(Rule 429)

Bombay, \_\_\_\_\_, 19

To,

**THE STOCK EXCHANGE CLEARING HOUSE**

The undersigned will DELIVER the following Cleared Securities  
in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Delivering Member)

Name of Security	No. of Units to Deliver	Name of Security	No. of Units to Deliver

272

Security Receive Order

Form No. 25

(Rule 429)

Bombay,

, 19

To,

THE STOCK EXCHANGE CLEARING HOUSE

The undersigned will RECEIVE the following Cleared Securities  
in \_\_\_\_\_ Clearing.

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Receiving Member)

Name of Security	No. of Units to Receive	Name of Security	No. of Units to Receive

273

(Red Ink)                      **Clearing House Security Delivery Order**  
**Form No. 26**  
(Rule 429)

No. \_\_\_\_\_

\_\_\_\_\_ Clearing  
To, .

**THE STOCK EXCHANGE CLEARING HOUSE**

\_\_\_\_\_  
(Name of Clearing Member Bank or Party actually delivering the securities)

will deliver on account of the undersigned at the making-up price fixed by the  
Exchange

\_\_\_\_\_ for Rs. 25,000 face value.  
(Name of Security)

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Delivering Member)

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**CLEARING HOUSE ORDER**

Please deliver to

Name of Member \_\_\_\_\_

Cl. No. \_\_\_\_\_

*For The Stock Exchange Clearing House,*



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**Clearing House Security Receive Order**

**Form No. 27**

(Rule 429)

No. \_\_\_\_\_

To, \_\_\_\_\_ Clearing  
**THE STOCK EXCHANGE CLEARING HOUSE**

\_\_\_\_\_  
(Name of Clearing Member Bank or Party actually receiving the securities)

will receive on account of the undersigned at the making-up price fixed by the  
Exchange

\_\_\_\_\_ for Rs. 25,000 face value.  
(Name of Security)

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Receiving Member)

**CLEARING HOUSE ORDER**

Please receive from

Name of Member \_\_\_\_\_

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
For The Stock Exchange Clearing House,

**Buyer's Ticket**  
**Form No. 28**  
**(Rule 438)**

Names of Members to whom the Ticket is passed in succession		
1	2	3

Ticket No. \_\_\_\_\_

(Name of Share)

**RECEIVING MEMBER :—**

(Name of Member issuing the Ticket)

Cl. No. \_\_\_\_\_

**DELIVERING MEMBER :—**

(Name of Member retaining the Ticket)

Cl. No. \_\_\_\_\_

**Seller's Ticket**  
**Form No. 29**  
**(Rule 439)**

Names of Members to whom the Ticket is passed in succession

1	2	3

Ticket No. \_\_\_\_\_

(Name of Share)

**DELIVERING MEMBER :—**

(Name of Member issuing  
the Ticket)

Cl. No. \_\_\_\_\_

**RECEIVING MEMBER :—**

(Name of Member retaining  
the Ticket)

Cl. No. \_\_\_\_\_





**Special Clearance Sheet**  
**Form No. 32**  
 (Rule 345)

Bombay, \_\_\_\_\_, 19 \_\_\_\_

**THE STOCK EXCHANGE CLEARING HOUSE**

To, \_\_\_\_\_  
 Special Clearance Sheet of \_\_\_\_\_

(Name of Member)

Cl. No. \_\_\_\_\_  
 Name of Share \_\_\_\_\_  
 (Signature of Member)

279

No. of Shares Bought	Constituent's Name	No. of Shares Sold	Constituent's Name ♦	Transferor's Name	Distinctive Nos. of Shares

**Note: 1.** When a purchase or sale is on the member's own account, the word "Self" should be inserted in the "Constituent's Name" column.  
**2.** When shares are sold short, the words "Short Sales" should be inserted in the "Distinctive Nos. of Shares" column.

**Special Clearance Sheet**  
**Form No. 33**  
 (Rule 345)

Bombay, \_\_\_\_\_, 19 ..

To, **THE STOCK EXCHANGE CLEARING HOUSE**

Special Clearance Sheet of \_\_\_\_\_  
 (Name of Member)

Cl. No. \_\_\_\_\_  
 (Signature of Member)

Name of Share \_\_\_\_\_

Column No. 1	Total number of shares to be taken delivery of from the market according to Clearance List Form No. 1 ..	Total number of shares to be delivered into the market according to Clearance List Form No. 1 ..	Column No. 2
Column No. 3	Total sales of the Member on his own account and on behalf of his constituents ..	Total purchases by the Member on his own account and on behalf of his constituents ..	Column No. 4
Cols. 1+3 TOTAL..		Cols. 2+4 TOTAL..	

(Note: The total of Columns Nos. 1 and 3 should equal the total of Columns Nos. 2 and 4.)

Column No. 5	Total number of shares sold excluding short sales..  (Note: The distinctive numbers of these shares should be furnished in Share Particulars Form No. 9)
Column No. 6	Total number of shares sold short .. ..
Column No. 7	Total sales (that is, total of Columns Nos. 5 and 6)..  (Note: The total appearing in this Column should tally with that in Column No. 3)

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**Special Clearance Sheet**

**Form No. 34**

(Rule 345)

Bombay, \_\_\_\_\_, 19 \_\_\_\_

To, **THE STOCK EXCHANGE CLEARING HOUSE**

I/We have sold and bought today the following shares against the outstanding transactions of my/our constituents.

Cl. No. \_\_\_\_\_  
 \_\_\_\_\_  
 (Signature of Member)

Name of Share \_\_\_\_\_

Particulars of \_\_\_\_\_ shares in all sold today against the  
 (Total No.)  
 outstanding purchases of constituents :

Quantity	Constituent No.	Name of Buying Member	Cl. No. of Buying Member
Total			

Particulars of \_\_\_\_\_ shares in all bought today against the  
 (Total No.)  
 outstanding sales of constituents. The distinctive numbers of these shares are given in Special Clearance Sheet No. 35 for cancellation :

Quantity	Constituent No.	Name of Selling Member	Cl. No. of Selling Member
Total			

- N.B. : 1.** Particulars of transactions not done in the market but put through directly between two constituents should be included in this Form. In that event the buying Constituent's No. should appear in the "Name of Buying Member" column and the selling Constituent's No. should appear in the "Name of Selling Member" column.
- 2.** If a new purchase has been made the word "Delivery" (and not a new Constituent's No.) should be inserted in the "Constituent No." column.



Special Clearance Sheet  
Form No. 35  
(Rule 345)

Bombay, \_\_\_\_\_, 19 .

THE STOCK EXCHANGE CLEARING HOUSE

To, \_\_\_\_\_  
As stated in Special Clearance Sheet No. 34 the undersigned has/have bought today \_\_\_\_\_ shares in all  
(Total No.)  
crossing-out the outstanding sales other than short sales. The distinctive numbers of the following shares registered  
with you may be cancelled as these shares do not remain to be delivered in the Clearing against the outstanding sales.

Cl. No. \_\_\_\_\_

\_\_\_\_\_  
(Signature of Member)

Name of Share \_\_\_\_\_

282

Distinctive Numbers

Distinctive Numbers			

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Clearing House Split Receipt

Form No. 40

(Rule 367 (a) )

THE STOCK EXCHANGE CLEARING HOUSE

Bombay,

, 19 .

THIS RECEIPT, issued to \_\_\_\_\_

represents \_\_\_\_\_ Cl. No. \_\_\_\_\_,  
\_\_\_\_\_ Ord./Defd./Pref. Share(s)  
numbered \_\_\_\_\_ ( inclusive )  
standing in the name(s) of

\_\_\_\_\_  
\_\_\_\_\_

in the Books of the \_\_\_\_\_

The original Share Certificate/Transfer Receipt/Allotment Letter No. \_\_\_\_\_

is lodged with the said Company for sub-division.

For The Stock Exchange Clearing House

\_\_\_\_\_

This Split Receipt is available for three months only from the date of issue, subsequent to which period the share-holder's signature may be insisted upon.

( P. T. O. )

( To be printed on the reverse of the Split Receipt )

Signature \_\_\_\_\_

Member, The Stock Exchange, Bombay