

BYE LAWS OF POWER EXCHANGE INDIA LIMITED

**(PXIL is going to launch its new trading platform, P-NEST, shortly.
These Bye Laws shall be applicable only subsequent to the launch of P-NEST
which shall be duly intimated by PXIL)**

These rules and the bye-laws, including the business rules have been approved by the Central Electricity Regulatory Commission. However, as observed by the Commission, notwithstanding the approval of the rules and bye-laws by the Commission, the persons enrolling themselves as members or clients of the power exchange or transacting trade on the power exchange shall do so after satisfying themselves of all the commercial aspects including the fees and charges leviable under the rules and bye-laws, uninfluenced by the fact that the Commission has approved them since these are the matters exclusively between the parties

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1 PRELIMINARY

1.1 These Bye Laws define, regulate and govern the rights, liability and obligations of the Members of Power Exchange India Limited (the 'Exchange'), inter-se amongst themselves and with Clients and to define terms and conditions of Trading in Contract (s) and rights and liabilities arising out of such Trading and to prescribe process of Clearing and Settlement of all rights, liabilities, obligations and have to be read along with Business Rules of the Exchange.

1.2 These Bye Laws shall be known as Bye Laws of Power Exchange India Limited.

1.3 These Bye Laws shall come into force on the date as the Board of the Exchange shall notify.

1.4 Any amendments in the Byelaws approved shall be made only with the prior approval of the CERC and CERC reserves its right to specify any condition or to modify any of the present stipulation, in the light of the experience gained and to meet the needs of the future.

1.5 In the event of any inconsistency between these Bye-laws and the Act or Applicable Law (s), the Act or Applicable Laws (s) shall prevail.

1.6 The titles of the clauses are only for convenience and may not be read as subject for the contents of clauses.

1.7 Words denoting singular shall include plural and vice versa. Words denoting masculine gender shall include feminine gender and vice versa.

2 JURISDICTION

Unless specifically mentioned otherwise in the Bye-laws of the Exchange, any matter arising out of or pertaining to these Bye-laws against or by the Exchange or where Exchange is party, shall be subject to jurisdiction of the Courts of Mumbai irrespective of the place of business of Member (s) or Client (s) and irrespective of the place from where the transaction is entered into.

Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined, and defined in any Applicable Laws, shall have the meanings respectively assigned to them therein.:

3 DEFINITIONS

The Definitions are over and above those provided in the Rules of The Exchange. For the context of these Bye Laws, the definitions are to be read in conjunction with definitions as provided in Rules.

3.1 Approved User

Approved User means any person (s) appointed by the Member to use the Trading System with the prior consent of the Exchange and shall include a Member, a Client of the Member or an Advisory Member and/or authorized representatives of any of them, provided that such Approved User possesses such qualification as may be Prescribed by the Exchange from time to time.

3.2 Approved Workstation

Approved Workstation refers to such workstation of a Member at a specific location comprising of computer terminal(s) and all associated equipment installed and connected to the Trading System and used by the Member for the purpose of market inquiry, execution of orders/trades/deals/transactions and settlement/ clearing of trades on the Trading System, and all other actions associated with trading and settlement on the Exchange Trading System.

3.3 Arbitrator

'Arbitrator' shall mean a sole arbitrator or a panel of arbitrators. 'Arbitration Act' shall mean the Arbitration and Conciliation Act, 1996 and includes any statutory modification, replacement or re-enactment thereof, for the time being in force

3.4 Final Settlement Obligations

Final Settlement Obligations means the obligations in terms of value and quantity of underlying units for all buy and sell transactions done by a Member or Client pursuant to Contracts effected on the Exchange.

3.5 Market Clearing Price

It is the price as determined as per the order matching rule specified for various Contracts by the Exchange from time to time.

3.6 Prescribed

Prescribed means as specified in Rules, Bye Laws and Business Rules or any Circulars issued from time to time by the Exchange.

3.7 Trading Day

Trading Day means any day other than days which are declared as holidays by the Exchange.

3.8 Trading Session

Trading Session means the period, as notified by the Exchange from time to time, during which bids and offers for purchase or sale underlying units of Contracts shall be permitted to be placed on the Exchange Trading System

3.9 Trading Member (TM):

Trading Member of the Exchange is one who can carry on Trading activities on his own account or on behalf of his Clients To amply clarify, the definition would include all categories of Members, including those who may also be carrying out Clearing and Settlement on the Exchange.

3.10 Clearing Member (CM):

Clearing member of the Exchange is one who can clear and settle the Contracts entered into on his own account or on behalf of others to the extent permitted by the Exchange. To amply clarify, the definition would include all categories of Members, including those who may also be entitled to carry out Trading on the Exchange, or the Clients as may be permitted by the Exchange.

3.11 Advisory Member (AM):

Advisory member of the Exchange is one who can provide Support Services.

4 MEMBERSHIP

4.1 EXCHANGE TO DEFINE

The Exchange may in terms of Rule 5 of the Rules of the Exchange define and admit more than one category of Members on such criteria and on such terms and conditions deemed proper by the Relevant Authority. The Relevant Authority may at its absolute discretion reject any application for admission without communicating the reasons thereof. All the provisions under the Rules, Byelaws, Business Rules and any Circulars of the Exchange shall apply to all Members or Member categories except to the extent specifically provided for herein.

4.2 PROFESSIONALISM

All Members shall observe professionalism with high standards of commercial behavior and principles of trade and shall adhere to the Rules, Bye-laws, Business Rules and any Circular of the Exchange and shall comply with such operational parameters, rulings, notices, directives, guidelines and instructions of the Relevant Authority as may be applicable.

4.3 CATEGORY OF THE MEMBERS

4.3.1 Members of specified Member categories shall alone be entitled for Trading Contracts on the Exchange. Such members shall be referred to as Trading Members in these Bye Laws.

4.3.2 Members of specified Member categories shall alone be entitled for Clearing and Settlement of Contracts on the Exchange. Such members shall be referred to as Clearing Members in these Bye Laws.

4.3.3 Members of specified Member categories shall alone be entitled for providing Support Services on the Exchange. Such members shall be referred to as Advisory Members in these Bye Laws.

4.3.4 The Relevant Authority may permit a Member or a Member Category subject to such terms and conditions as it may deem fit, to carry out Trading of Contracts and Clearing and Settlement of those Contracts on the Exchange and providing Support Services. In context of such Member (s) or Member category the term Member, wherever referred to in these Bye-laws, shall mean and include a Trading Member if referred in the context of Trading on the Exchange, shall mean and include a Clearing Member if referred in the context of Clearing and Settlement of Contracts on the Exchange and shall mean and include a Advisory Member referred to in the context of Support Services, unless specifically provided otherwise.

4.3.5 The Relevant Authority may permit a Member or a Member Category subject to such terms and conditions as it may deem fit, to carry out Clearing and Settlement of Contracts on behalf of other Members.

4.3.6 . The Relevant Authority may permit a Member or a Member Category subject to such terms and conditions as it may deem fit, to provide Support Services to its Clients or Members of the Exchange.

4.3.7 A Member shall not transact business directly or indirectly for another Member of the Exchange, unless permitted by the Exchange.

4.4 MEMBER SHALL PAY MONIES

As stipulated by the Exchange from time to time, the Member (s) shall pay:

- Margins
- Security Deposits
- Fines and penalties
- Transaction charges
- Any taxes and other levies
- Such other sums of money
- Any other fees / charges

to the Exchange.

4.5 MEMBERS SHALL COLLECT MONIES

As stipulated by the Exchange from time to time, Member (s) shall collect:

- Margins
- Security Deposits
- Fines and penalties
- Transaction charges
- Any taxes and other levies
- Such other sums of money
- Any other fees / charges

from their Client (s) or from other Members to the extent allowed by the Exchange.

4.6 CLIENT SHALL PAY MONIES

As stipulated by the Exchange from time to time, Client (s) shall pay:

- Margins
- Security Deposits
- Fines and penalties
- Transaction charges
- Any taxes and other levies
- Such other sums of money
- Any other fees / charges

to the Member (s) other than Advisory Member (s) or to the Exchange directly, as may be allowed by the Exchange.

4.7 CHANGE IN STATUS

The Member must inform the Exchange of any change in their status, constitution, operation and activities.

4.8 MEMBER LIABLE

4.8.1 Every Trading and/or Clearing Member is directly and wholly liable for due fulfillment of the Trading and / or Clearing and Settlement obligation of the Member under the Contracts as specified by the Exchange from time to time, whether such Contract be for the own account of such Member effecting it or for the account of any Client or other Member, if permitted by the Exchange, irrespective of the fact that such Contracts were done by Approved User of such Member.

4.8.2 Every Trading Member shall be responsible for all the actions, including Contracts, originating through his approved Trader Workstation or a given User ID with corresponding password accorded to him or Approved User.

4.8.3 The registration and approval of Members shall not in any way affect the jurisdiction of the Exchange on the concerned Member for the purposes of Rules, Bye-laws, Business Rules and any Circular of the Exchange.

4.8.4 A Trading Member trading on behalf of others on the Exchange shall enter into an agreement in the prescribed format with each of his Clients, before accepting or placing orders on such Client's behalf on the Exchange. Similarly, a Clearing Member who assumes Clearing and Settlement of Contracts on the Exchange on behalf of other Members, if permitted by the Exchange, shall also enter into an agreement in the prescribed format with each of such Members, before assuming Clearing and Settlement of Contracts on such Member's behalf on the Exchange. However, the Member's responsibility shall not in any way be reduced due to non-execution of agreement with Clients or Members, as the case may be.

4.9 Trading Members shall ensure that appropriate confirmed order instructions are obtained from Clients before placement of an order on the system and shall keep the relevant records.

4.10 Advisory Member providing Support Services to any of its Clients shall enter into an agreement in the prescribed format, with each of its clients before providing such services.

4.11 Advisory Members shall ensure that appropriate confirmed order instructions are obtained from Clients before placement of an order on the system and shall maintain the relevant records.

4.12 The primary liability of the actions performed by the Advisory Member on the Exchange Trading System for its clients shall lie with the clients and the non execution of agreements shall not reduce their liability of the clients to any extent.

4.13 All Clearing Members shall maintain separate bank accounts to distinguish the (i) monies received from or on account of and monies paid to or on account of each of his Clients; and (ii) the monies received and paid on such member's own account. The monies

belonging to one Client shall not be utilised for meeting the obligations of the Trading Member or some other Client. In case of Members, who shall be permitted to carry out Clearing and Settlements on behalf of other Members, such Members shall maintain separate bank accounts to distinguish the monies received from or on account of and monies paid to or on account of each of the Members on whose behalf they would be carrying out Clearing and Settlement. The monies belonging to one Member shall not be utilised for meeting the obligations of any other Member.

4.14 A Member shall not transact business directly or indirectly for another Member or a Client who to his knowledge, is in default to another Member or the Exchange, as the case may be, unless permitted by the Exchange.

4.15 Whenever, it is so prescribed by the Exchange, that the Member (s) or Approved User (s) should have passed a certification program, the Member (s) or Approved User (s) should pass the relative program. In case of such Members, other than individuals or sole proprietorships, such certification program shall have to be passed by at least one of their directors/ partners / members of governing body or any full time employee of the Member. Relevant Authority shall have discretion to modify or waive this condition in general or for any specific Member (s) or User (s).

4.16 Member shall not disclose the information pertaining to their Clients to other Members of the Exchange or any other person except to the governmental, statutory, regulatory or legal authorities on a request made by these authorities in writing under relevant provisions of law or as may be required to be disclosed under the force of any applicable law or in any litigation or legal proceedings in which the Member is a party and disclosure of such information is necessary to defend or proof the case.

4.17 Provided that, Trading Members who shall carry out Clearing and Settlement through other Members may disclose the required information essential for such Clearing and Settlement activity to them.

4.18 MEMBERS AND APPROVED USERS

Members shall be entitled to appoint such numbers of Approved Users subject to such terms and conditions as may be prescribed by the Relevant Authority from time to time.

4.18.1 CONDITIONS FOR RECOGNITION OF APPROVED USERS:

Members shall submit an application to the Exchange to admit persons, including agents of the Member, as Approved User (s) with the Exchange. However in case of Members, who are individuals or sole proprietorships, the registered Member shall be deemed to be the Approved User. Members shall submit an application for recognition of persons as Approved User in the format specified by the Exchange. The Exchange shall have a right to

reject any application made.

No person shall be admitted as Approved User

i. who is under 21 years of age.

ii. against whom any disciplinary action has been taken by any Exchange or Regulator and the punishment imposed thereon is still in force, unless permitted by the Exchange.

4.18.2 The Exchange shall withdraw at any time any approval previously granted, or to suspend any Approved User temporarily from accessing the Trading System.

4.18.3 Each Approved User shall be given a unique identification number through which he shall have access to the Trading System. The same can be different for each Member category as may be specified by the Exchange from time to time.

4.18.4 An Approved User can access the Trading System through a password and the Members as well as its Approved Users shall maintain complete secrecy of their password. Any transaction done by use of password of any Approved User of the Member, shall be binding on such Member. A Member can get the password reset by the Exchange by a request in writing or electronically if permitted by the Exchange, in such form and manner as the Exchange may specify.

4.18.5 In case of Members, other than Members who are individuals or sole proprietorships, whenever an Approved User of the Member ceases to act as such or in any capacity with the Member or when a Member desires to change the User Id or cancel the authority given to its Approved User to operate the Trading System, he shall intimate the Exchange in writing or electronically if permitted by the Exchange, in such form and manner as the Exchange may specify, immediately on such cessation or on taking such action and obtain confirmation from the Exchange of having received such intimation, and of the disabling of the particular User ID by the Exchange. However the Member will continue to be liable for all rights and liabilities that may accrue or arise out of all the activities reported on the basis of such User Id up to a period of 24 hours after his obtaining a confirmation as above from the Exchange.

4.18.6 An Approved User, shall not access the Trading System through a different Member or by using a different User Id other than the one allotted to him.

4.18.7 An Approved User shall not attempt to aid in or access the Trading System from a location other than the Member's Approved Workstation unless the same is being accessed through web based interface as approved by the Exchange.

4.19 CONDUCT OF BUSINESS BY MEMBERS

4.19.1 OFFICE RELATED PROCEDURE

No Member shall carry on any activity connected with or pertaining to its operations as a

Member of the Exchange in any office or premises, if the full address of such office/premises has not been intimated to the Exchange with details of the activity proposed to be so carried on therein and the person in whose supervision and control it is to be so carried on.

4.19.2 SUPERVISION

Each office of a Member for activities on the Exchange, shall be under the supervision and control of the Member and of the personnel delegated with such authority and responsibility in this regard.

4.20 PROCEDURES TO BE FOLLOWED

4.20.1 Each Member shall establish, maintain, and enforce effective resources and procedures to conduct and supervise its business and the activities of its Approved Users, director/ partner / member of governing board, employees, and agents that are reasonably designed to achieve compliance of the Rules, Bye Laws, Business Rules and any Circular of the Exchange as well as that under the Act and the Relevant Laws.

4.20.2 A Member shall maintain such records and make available for inspection by the Exchange, the information related to his financial condition as Prescribed by the Exchange.

4.20.3 Members shall ensure that any person including the Approved User who commits the Members to a transaction has the necessary authority to do so and that such person or Approved User has the necessary skill for the purpose of such operations.

4.20.4 A Member shall not furnish any false or misleading information or advice with a view to inducing the Client to do business in Deals and which will enable the Member to gain thereby.

4.20.5 A Trading Member shall explain the Trading System and order matching process to the Client before accepting any orders from him.

4.20.6 All Trading Members shall provide their Clients with a copy of all and any Settlement Obligations statement as provided by the Exchange or as generated on the Trading System, if so desired by the Client. In case of Members, who shall be permitted to carry out Clearing and Settlements on behalf of other Members, such Members shall provide each of the Members on whose behalf they would be carrying out Clearing and Settlement with a copy of all and any Settlement Obligations statement as provided by the Exchange or as generated on the Trading System, if so desired by such Member.

5 TRADING SYSTEM, PROCEDURE & OTHER PARAMETERS

5.1 TRADING SYSTEM

5.1.1 The Exchange shall provide an Automated Trading System. Trading on the Exchange

shall be allowed only through Approved Workstation(s) and/or web based interface. A Member shall have a non-exclusive permission to use the Trading System as provided by the Exchange subject to such terms and conditions as the Relevant Authority may determine from time to time, and *inter alia*, subject to payment of such charges as may be specified from time to time.

5.1.2 A Member shall not have any title, rights or interest whatsoever with respect to the Trading System, its facilities, software and the information provided by or through the Trading System.

5.1.3 Each Member shall be provided with a unique identification number which shall be used to log on (sign on) to the Trading System.

5.1.4 Access to the Trading System may be withdrawn or restricted by the Relevant Authority at any time without assigning any reason and at its absolute discretion.

5.1.5 The Member shall, at their own cost, install, use and maintain such equipment and software as specified by the Exchange from time to time for the purpose of accessing the Trading System. The Exchange shall have the right to inspect such equipment and software at any time without giving any notice.

5.1.6 The Exchange shall build a Disaster recovery site and alternate Trading facility in case of emergency as required under Regulation 31 (vii) of the Power Market Regulations.

5.1.7 A Member shall not, itself or permit any other person(s) to:

a. use the software and/or web based interface provided by the Exchange for any purpose other than for the purpose and in the manner as approved and specified by the Exchange.

b. use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange, unless the same is being accessed through web based interface as approved by the Exchange.

c. copy, alter, modify or make available to any other person the software and/or web based interface provided by the Exchange. and

d. attempt directly or indirectly to de-compile, disassemble or reverse engineer the same.

e. violate any terms or conditions based on which the Exchange has permitted use of software procured from outside vendors and deployed by the Member

5.2 USE OF TRADING SYSTEM

5.2.1 A Member shall not, on his own or through any other persons on his behalf, publish, supply, show or make available to any other person or reprocess, retransmit, reverse engineer, store or use the facilities of the Trading System or the information provided by the Trading System except with the explicit approval of the Exchange.

5.2.2 No Member shall use or access the Trading System or related facilities through another Member or on behalf of another Member of the Exchange, unless the prior approval of the Exchange in writing is obtained in this regard.

5.3 TRADING DAYS

5.3.1 The Exchange shall operate on all days except holidays as the Exchange may declare from time to time. Provided that the Exchange shall carry out Trading for each day of the year for Day Ahead Market.

5.3.2 Notwithstanding clause 5.3.1 above, in exceptional circumstances and for reasons to be recorded in writing, the exchange may at any time:

a. alter or cancel any of the Exchange holidays fixed under these Bye-laws, the Rules and Business Rules;

b. keep the Automated Trading System (ATS) or any other trading system of the Exchange available for trading on any day notwithstanding that such day had earlier been declared as an exchange holiday;

c. close trading in any one or all Contracts on the ATS or any other trading system of the Exchange for one day;

Provided that the Exchange may, for the reasons to be recorded in writing, close the trading in any one or more or all Contracts on the ATS or any other trading system of the Exchange for a period not exceeding three trading days without the approval of the CERC.

5.3.3 The Relevant Authority will provide for opening, normal and closing sessions or any other sessions for Trading as may be notified and Relevant Authority may extend or reduce the period of Trading sessions by notifying Members as and when it deems fit and necessary or if required under any law or by any regulatory authority. Provided that prior intimation with sufficient notice would be given to all Members of any change in trading sessions timings.

5.4 TRADING PARAMETERS

5.4.1 The Exchange shall from time to time specify various trading parameters relating to

Contracts.

5.4.2 The Exchange may specify from time to time the lot size, tick size, position limits, permitted price fluctuations, duration of Contracts permitted etc. subject to which orders can be placed for Contracts.

5.5 FAILURE OF MEMBER'S WORKSTATION

5.5.1 In the event of failure of Approved Workstation and / or the loss of access to the Trading System, the Exchange may at its discretion, upon a valid request from such Member, undertake on behalf of the Member, necessary functions which the Member is eligible subject to such terms and conditions which the Exchange may deem necessary. The Member shall be liable and accountable for the functions so executed by the Exchange on his behalf as if such functions were executed by him and shall indemnify the Exchange against any losses or costs incurred by the Exchange or any claims on the Exchange arising there from.

5.5.2 The Exchange shall provide its services on a best effort basis but shall not be liable for failure or malfunctioning of the Trading System or any other support systems or network for any reason and for any loss, damage, or other costs of any nature arising thereupon and/or in any way out of but not limited to:

- a. failure of telecom network or systems including failure of ancillary or associated systems, network environment or fluctuation of power, or other environmental conditions; or
- b. accident, transportation, neglect, misuse, errors, frauds of the Member or its Approved Users or the agents or any third party; or
- c. any fault in any attachments, system or equipments (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the Approved Workstation installation; or
- d. act of God, fire, flood, war, damage, act of violence, strikes, riots or any other similar occurrence or for any reason or events beyond the reasonable control of Exchange or any of its agencies; or
- e. any incidental, special or consequential damages.

5.6 SUSPENSION OF TRADING

The Exchange may at its discretion, at any time, suspend Trading on such conditions and in

such time and manner as the Exchange may prescribe in this regard. The Exchange may also revoke suspension of trading at any time. Provided that advance and sufficient notice would be given to all Members of any change in trading sessions timing.

5.7 EXTENSION OR POSTPONEMENT OF BY THE EXCHANGE

Notwithstanding anything to the contrary contained in these Bye-laws, Business Rules or any Circular of the Exchange, the Exchange may from time to time extend or postpone the time for performance of Contracts and / or all or any obligation thereunder or incidental thereto, whenever deemed fit and any exercise of such discretion shall be final and binding.

5.8 RESTRICTION ON MEMBER

The Exchange may, at any time restrict a Member conditionally or unconditionally, from dealing in Contracts on the Exchange.

5.9 LIABILITY FOR TRADES DONE ON THE SYSTEM

Liability for accuracy: The Trading Members shall be solely responsible for the accuracy of details of orders entered into the Trading System by him, an Approved User, Client or Advisory Member.

5.10 AMENDMENT OF CONTRACTS

Contracts generated on the system are irrevocable and locked in. The procedures and conditions for amendment or cancellation of orders/contracts if permitted would be as specified by the Exchange from time to time.

5.11 PRICE

Unless specified, prices quoted on the Exchange shall be exclusive of any taxes or levies as may be applicable under law and of any other charges as may be prescribed by the Exchange from time to time. .

5.12 MATCHING RULES

5.12.1 The Exchange shall specify from time to time the kinds of order books that shall be maintained on the system, the order matching algorithms and the matching rules and parameters that shall be followed therein for Contracts.

5.12.2 The Exchange may modify or change the matching algorithms relevant to any market or order books any time where it is necessary to do so either as Prescribed under the Applicable Laws or as per directions of the Commission.

5.12.3 Without prejudice to the generality of the above, the order matching rules would include determination of Market Clearing Price for settlement of Contracts in a manner or mode as may be prescribed by the Exchange.

5.13 ORDER VALIDATION

Orders entered into the Trading System shall be subject to various validation requirements as may be prescribed by the Exchange from time to time including trading parameters, turnover limits and other restrictions placed on Trading of Contracts. Members shall not enter any orders into the Trading System in contravention of the validation requirements.

5.14 CONTRACT NOTE

5.14.1 Trading Member shall issue Contract Notes to his Clients for trades executed on behalf of such Clients in such format, with all relevant details as required therein to be filled in and issued in such manner and within such time as Prescribed by the Exchange.

5.14.2 A Contract Note shall be signed by the Member or his Authorized Signatory.

5.14.3 The Contract Notes shall be numbered with unique running serial number which shall be reset only at the beginning of every financial year unless permitted by the Exchange specifically or by general notification. In case separate series are maintained in respect of different offices of the Member, then the office name or code shall be prefixed to the serial number.

5.15 Member Service Charge

5.15.1 All the orders entered on the Trading System shall be at prices exclusive of service charges.

5.15.2 The Members may charge service charges from their Clients at rates not exceeding such scale and as per terms and conditions as the Exchange or CERC (Power Market) Regulations, 2010, may from time to time prescribe.

Provided that the member service charge shall not include any charges levied by Power Exchange, transmission (open access) charges, other charges payable to National Load Despatch Centre/ Regional Load Despatch Centre / State Load despatch Centre, statutory taxes etc.

5.15.3 A Member may charge service charge separately to their Clients and this shall be indicated separately from the price, in the Contract Note.

5.15.4 The Advisory Member shall further settle the Member Service Charge on a periodic basis as provided under the CERC (Power Market) Regulations -2010, as amended from time to time and as stipulated in order dated 21.12.2011 in Petition No. 123/2011 (Suo Moto). The Member shall also submit a certificate to the Relevant Authority as per Annexure-1 at regular intervals.

5.16 RELATION WITH THE CLIENTS

5.16.1 Trading Member and Clients

5.16.1.1 Every Trading Member shall enter into an agreement with each of his Clients, in the Prescribed format, before conducting business on the Client's behalf on the Exchange. However the Member's responsibility in respect of transactions on behalf of a Client shall not in any way reduce due to non-execution of such agreement.

5.16.1.2 When establishing a relationship with a new Client, Trading Members must take reasonable steps to assess the background, genuineness, financial soundness of such person and his investment objectives. The Member shall obtain from all Clients an approved copy of their Board resolution or any such approvals / undertakings as may be required, permitting Trading in Contracts.

5.16.1.3 A Trading Member shall make the Client aware of the regulatory environment for business to be conducted, the precise nature of his liability for business to be conducted, including any limitations on that liability and the capacity in which the Member acts and the Clients' liability thereon and also the risk associated with the business.

5.16.1.4 The Trading Member shall provide to the Client, the Rules, Bye-laws, Business Rules and any Circular of the Exchange and there under any relevant manuals, notifications, any additions or amendments thereto issued by the Exchange from time to time.

5.16.1.5 The Trading Member shall bring to the notice of his Clients, any indictments, penalties etc. imposed on him by the Exchange or any other regulatory authority or other exchanges.

5.16.1.6 No Trading Member or person associated with such Trading Member shall guarantee a Client against a loss in any transactions effected by the Trading Member with or for such Client.

5.16.1.7 Trading Member may not accept instructions or orders of Clients for purchase or sale of Contracts where circumstances appear to justify such action or on reasonable grounds. Where such refusal is made, the same may be communicated to the Client.

5.16.2 Advisory Member and Clients.

5.16.2.1 Every Advisory Member shall enter into an agreement with each of his Clients, in the Prescribed format. However the Trading Member's responsibility and vice versa in respect of transactions facilitated by the Advisory Member shall not in any way reduce due to non-execution of such agreement.

5.16.2.2 The Advisory Member shall make the Client aware of the regulatory environment for business to be conducted, the precise nature of his liability for business to be conducted, including any limitations on that liability and the capacity in which the Advisory Member acts and the Clients' liability thereon and also the risk associated with the business.

5.16.2.3 The Advisory Member shall bring to the notice of his Clients, any indictments, penalties etc. imposed on him by the Exchange or any other regulatory authority or other exchanges.

5.17 COMPLAINT BY CLIENT

5.17.1 When a complaint has been lodged by a Client with the Exchange that a Member has failed to implement his Orders, the Relevant Authority would investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit.

5.17.2 The Member shall treat the information pertaining to the clients as confidential and shall not disclose the same to other Members of the Exchange or any other person except under circumstance allowed under these Bye Laws or as may be required under any Applicable Laws.

6 RISK MANAGEMENT

6.1 The Exchange shall constitute a Risk Management Committee (RMC), the constitution, duties, rights and functions of which shall be in lines with the Power Market Regulations and/or Applicable Laws as modified / altered by the Commission from time to time.

6.2 The Exchange shall adopt Risk Management practices as Prescribed by the Applicable Laws from time to time or as may be Prescribed by the Relevant Authority.

6.3 MARGIN REQUIREMENTS

6.3.1 The Exchange shall levy margins in the nature of initial margin, special margin, additional margins or any other type of margins as may be notified and/or deemed fit in its discretion based on prudent risk management principles and the same shall be binding upon the Members other than Advisory Member(s).

6.3.2 Subject to the provisions as contained in the Rules, Bye-laws, Business Rules and Circulars as may be in force, every Member shall in respect of Contracts to which he is a

party, deposit the stipulated margin if any, applicable with the Exchange, in the manner and to the extent specified by the Exchange. All margins payable by a Member shall be paid directly to the Exchange, unless otherwise directed by the Exchange and within such time as may be notified by the Exchange from time to time. The procedure for refund/adjustment of margins will be such as may be notified by the Exchange from time to time

6.3.3 On failure to deposit margins as required herein, the Exchange may withdraw or restrict the facility of the defaulting Member without prejudice to any other action which the Exchange may take under the Rules and/or Bye-Laws of the Exchange.

6.3.4 The Exchange may release the margins as may be specified from time to time.

6.3.5 Margins payable on behalf of the Client shall be collected by the Member from such respective Clients. However, the Member's responsibility other than the Advisory Member(s) shall not in any way be reduced due to non-collection of Margins' from Clients.

6.3.6 In case of Members, who shall be permitted to carry out Clearing and Settlements on behalf of other Members, such Members shall collect the Margin from each of the Members on whose behalf they would be carrying out Clearing and Settlement. However, such Clearing Member's responsibility shall not in any way be reduced due to non-collection of Margins' from other Members

7 MARKET WATCH AND SURVEILLANCE

7.1 The Exchange shall set up a Surveillance Department and undertake other mechanism for day to day monitoring and surveillance as required under Regulation 58(iv) of the Power Market Regulations.

7.2 The Exchange may monitor the movement of prices and volume and also the trading pattern of Members to detect any manipulative or undesirable market practices. Members and Clients shall be bound by such directions as may be given by the Exchange in respect of any particular Contract or set of Contracts effected by the Member on the Exchange.

7.3 The Exchange shall constitute a Market Surveillance Committee the constitution, duties, rights and functions of which shall be in lines with the Power Market Regulations and/or Applicable Laws as modified / altered by the Commission from time to time.

7.4 The Exchange will generate reports to determine the obligations of the Members and their Clients, besides any other Report as may be deemed fit and required in the opinion of the Exchange. The Any and all obligation reports as specified in the Business Rules and any Circulars of the Exchange shall be made available to the Members to view their total obligations including that of their Clients in terms of volume and value of trades effected by them on the Exchange, i.e. the quantity of underlying unit to be delivered or taken delivery of and the payment to be made or received.

In case of Members, who shall be permitted to carry out Clearing and Settlements on behalf of other Members, such Members shall be made available their total obligations, which would be summation of the obligation of the Members on whose behalf they shall be carrying out Clearing and Settlement.

8 CLEARING AND SETTLEMENT OF CONTRACTS

8.1 JURISDICTION

8.1.1 All Contracts on the Exchange shall be deemed to have been entered into in the city of Mumbai irrespective of the place from where the orders pertaining to such Contracts were entered and irrespective of the place of business of the parties unless provided otherwise expressly by the Relevant Authority and all disputes wherein Exchange is party, the courts at Mumbai shall have the exclusive jurisdiction.

8.1.2 The Relevant Authority may, from time to time, specify Contracts as subject to a particular jurisdiction, having regard to the type or nature of the Contract and other relevant factors.

8.1.3 Subject to the provisions of the Act and Applicable Law (s) or any other provisions of law as may be applicable, all Contracts on the Exchange, shall be subject to and shall be governed by the Rules, Byelaws, Business Rules and any Circular of the Exchange.

8.1.4 The Relevant Authority may, in its discretion, approve admission of Contracts or defer, suspend, readmit, withdraw or reject admission of Contracts for Clearing and Settlement on the Exchange, subject to such terms as it deems fit.

8.1.5 The Exchange may stipulate different modes of settlement as may be deemed fit for Contracts.

8.1.6 Without prejudice to any other law for the time being in force and subject to the Rules, Bye-Laws, Business Rules and any Circular of the Exchange, the mutual rights and obligations between Members inter-se and between Members and their Clients shall be such as may be Prescribed by the Relevant Authority from time to time.

8.1.7 The Exchange shall clear and settle such Contracts as provided in these Bye-Laws, Business Rules and any Circular of the Exchange, and save as so provided, no other Contracts shall be cleared and settled.

8.1.8 Only those Members or Clients of the Exchange, who are permitted by the Exchange, shall clear and settle Contract on the Exchange in such manner and mode and subject to such terms and conditions and procedures as may be specified by the Exchange.

8.1.9 Without prejudice to the generality of the foregoing, the Relevant Authority may prescribe or specify, for adoption and use by the Members and other specified Clients any other services from time to time to facilitate smooth operation of the Clearing and Settlement on the Exchange.

8.1.10 The clearing and settlement would be carried out by Exchange or anybody/institution appointed by the Exchange from time to time and as per the Applicable Laws.

8.1.11 The Exchange shall act as a legal central counter party for all transactions in the contracts admitted on the exchange:

Provided that if the Exchange on an investigation concludes that either all or part of transactions in any contract are found to have been executed on the ATS in a fraudulent manner and / or are done as financial transactions with intention to defraud the Settlement Guarantee Fund, the the Exchange shall have discretion to withdraw itself as a legal central counter party to such transaction at any time:

Provided further that if the Exchange decides to exercise its discretion to withdraw itself as a legal central counter party to the transactions, either in full or in part, and/or either from both sides or single side of the transaction, it shall afford an opportunity of being heard to all the parties affected or likely to be affected and the decision taken by the the Exchange shall be final and binding on all the parties concerned, including the Clients.

Provided that the the Exchange shall only guarantee financial settlement of the contracts and not physical delivery.

8.2 OPERATIONAL PARAMETERS FOR CLEARING

8.2.1 The Relevant Authority may determine and announce from time to time operational parameters regarding Clearing and Settlement of Contracts through on the Exchange, which the Members shall adhere to.

8.2.2 The operational parameters may, inter alia, include:

- a. Limits allowed which may include clearing, exposure or any other limits with reference to net worth and capital adequacy norms of the Clearing Members;
- b. Clearing volumes and limits at which it will be incumbent for Members to intimate the exchange,
- c. Other matters which may affect smooth operation of clearing of Contracts keeping in view

larger interest of the public;

d. Determining functional details of the Clearing and Settlement system including the system design, user infrastructure and system operation;

8.3 CLEARING AND SETTLEMENT SERVICES

The Exchange shall provide the services of Clearing and Settlement of Contracts to the Members and/or Clients, as may be decided by the Exchange. However, if so deemed fit, the exchange may provide these services through a Clearing House, which may either be a division of the Exchange or be an agency appointed by the Exchange for the purpose as approved by CERC.

8.4 CLEARING BANK

8.4.1 The Exchange shall appoint one or more Clearing Bank(s) which shall act as a funds settling agency, for the collection of margin money and settlement of all Contracts entered into through the Exchange and for any other funds movement between Members and the Exchange and between Members inter-se or Members and Clients as may be directed by the Exchange from time to time.

8.4.2 The Exchange may specify from time to time the processes and operations that every Member and/or Client shall be required to follow for the participation, functioning and operations of the Clearing Banks and any such process shall be deemed to form part of the settlement process provided by the Exchange.

8.5 Mode of funds payment & receipt

8.5.1 The Clearing and Settlement of Contracts on the Exchange shall be during such time and such day as may be decided by the Relevant Authority from time to time. The Relevant Authority may, from time to time, specify such Clearing Time for different Contracts.

8.5.2 The Relevant Authority may declare a list of holidays in a calendar year and may from time to time alter or cancel any of the holidays fixed, or for reasons to be recorded, may suspend Clearing and Settlement operations on the Exchange on days other than or in addition to holidays.

8.5.3 Unless otherwise Prescribed for a Member, as on the time Prescribed by the Exchange or the Relevant Authority, Members or Clients, as applicable, shall have clear balance of funds in their settlement account to the extent of funds to be debited to his account and on the designated pay-in day, the Clearing Bank shall debit the Member's Settlement account to the extent of his funds obligation as per the instruction of the

Exchange.

8.5.4 On the designated pay-out day, unless otherwise Prescribed for a Member or Clients, as applicable, as on the time Prescribed by the Exchange or the Relevant Authority, the Clearing Bank shall credit the Settlement accounts of the Members or Clients, as applicable, who are due to receive funds, as per the instruction of the Exchange and subject to the Member or Clients, as applicable, fulfilling his obligations as such.

8.6 WITHHOLDING OF FUNDS

8.6.1 Notwithstanding anything contained herein the Exchange may withhold, for such period as may be decided from time to time, pay-out of funds including those constituting margins if,

- a. there are no adequate funds in the Settlement account of the Member or Clients, as applicable, to meet the funds pay-in obligation on the pay-in day; or
- b. the Member or Clients, as applicable, fails to meet the margin requirements; or
- c. the Member or Clients, as applicable, fails to fulfill any other obligation; or
- d. the Relevant Authority, otherwise deems fit.

8.6.2 The funds withheld shall be dealt with by the exchange at such time and manner as it may deem fit, including appropriation of withheld funds for fulfilling the obligations of the Member or Clients.

8.7 DEATH OF MEMBER

If a Member dies on or before the pay-in/pay-out day, the procedure to be followed for Clearing and Settlement shall be as Prescribed by the Exchange provided that with the permission of the Exchange, the heirs or legal representatives of such deceased Member or any other Member as the Exchange may approve, may receive and make payment on account of such deceased Member.

8.8 ROLE OF EXCHANGE AND DELIVERY

8.8.1 The role of the Exchange shall be confined to:

- i. Providing a trading platform for effecting Contracts.
- ii. Determination of value, volume and other monies of Contracts as per process put in place and to enable Clearing and Settlement thereof by receipt of payment from the buying Member and pay out of funds to the selling Member pursuant to Contracts effected on the

Exchange in accordance with these Bye-laws, Business Rules and any Circular of the Exchange in force.

iii. Unless specified in the Business Rules, the Exchange shall not be liable for the delivery of the underlying units of the Contract and only be liable for making payment.

8.9 Records for evidence

The record of the Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any other manner shall constitute the agreed and authentic record in relation to any Contracts cleared and settled on the Exchange. For the purposes of any disputes regarding Clearing and Settlement of Contracts, the records as maintained by the Exchange shall constitute valid evidence in any dispute or claim between the Clients and the Member or between the Members inter-se.

8.10 Inviolability of admitted contracts

8.10.1 All admitted contracts on the exchange subject to and in accordance with these Bye-laws, Business Rules and any Circular of the Exchange shall be in-violable and shall be Cleared and Settled in accordance with these Bye-laws, Business Rules and any Circular of the Exchange in force.

8.10.2 Notwithstanding anything contained in clause (1) above, the Exchange may, to protect the interest of members and for proper implementation of Bye-laws or in the interest of the market, suo moto annul Contract (s) at any time if the Relevant Authority is satisfied for reasons to be recorded in writing that such Contract (s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and the like.

8.10.3 Any annulment made pursuant to the above, shall be final and binding upon the parties to Contract (s). In such an event, the Member shall be entitled to cancel the relevant contract (s) with its Clients. Further, the Clearing Member, who is carrying out Clearing and Settlement on behalf of other Members and shall also be entitled to cancel the relevant contract (s) with such Members, on whose behalf they are carrying out Clearing and Settlement of such Contract (s).

8.11 Statutory registration

All Members shall ensure that their respective Clients are registered with the Exchange and also with appropriate regulatory authorities if required. Members shall maintain records of all registrations in respect of each such Client and furnish the same to the Exchange as and when required. Members in Physical Market Segment shall also ensure that the ultimate Clients are grid connected entities. The Exchange may take such action including levy of

finances or disciplinary proceedings for non-maintenance of such records.

8.12 Indemnity

The Exchange shall not be liable for any activity of the Member or Client or any person acting in the name of the Member whether authorised or unauthorised including Contracts Cleared and Settled through the Exchange save and except as and to the extent provided in these Bye Laws, Business Rules and any Circulars of the Exchange.

8.13 Change in settlement procedure

The Exchange may at any time through a notice in that behalf, bring to effect in respect of all or any Contracts entered into or to be entered into, any substitution of or any additions to, deletions from, or variations, alterations, amendments in any clearing and settlement procedure or in any clearing process or in the time or the forms Prescribed therefore.

9 . DEFAULTS/FAILURE TO MEET OBLIGATIONS

9.1 A Member or Clients, as applicable, may be declared a defaulter by direction/circular/notification of the Relevant Authority if:

9.1.1 he is unable to fulfill his clearing or settlement obligations within such time limits as Prescribed by the Exchange / Clearing Corporation; or

9.1.2 he admits or discloses his inability to fulfill or discharge his duties, obligations and liabilities; or

9.1.3 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, Bye Laws and Business Rules of the Exchange / Clearing Corporation; or

9.1.4 he fails to pay any sum due to the Exchange / Clearing Corporation as the Relevant Authority may prescribe from time to time; or

9.1.5 he fails to pay or deliver all moneys, electricity or other related assets due to a member who has been declared a defaulter within such time of declaration of default of such member in such manner and to such person as the Power Exchange or Clearing Corporation may direct; or

9.1.6 he fails to abide by the arbitration award as laid down

under the Rules, Bye Laws and Business Rules; or

9.1.7 if he fails to pay the subscription to security deposit or any sum due as Prescribed by the Exchange from time to time; or

9.1.8 he fails to pay or deliver to the Settlement Guarantee Fund or any other fund set up by the Exchange in respect of amount used from it for the purpose of fulfilling settlement obligation on his behalf; or

9.1.9 under any other circumstances as may be decided by the relevant authority from time to time

9.2 The Exchange may define and specify events constituting defaults in obligations and the manner and mode of recovery therein and shall levy such penalties and initiate such other action as may be Prescribed from time to time.

9.3 In the event a Member fails to meet the obligations to the Exchange arising out of Clearing and Settlement operations of Contracts, the Relevant Authority may charge such interest, impose such penalties and/or fines and take such disciplinary action against the Member as it may deem fit and determine from time to time. Any such action as above shall not affect the obligations of the Member to the Exchange or any remedy to which the Exchange may be entitled under applicable law.

9.4 If he, being an individual and/ or Partnership firm, has been adjudicated as an insolvent or it, being a Company incorporated under the Companies Act, has been ordered to be wound up by a court of law in the petition filed by any of his creditors, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Exchange /Clearing Corporation

9.5 If he, being an individual and/ or Partnership firm, or it being a Company incorporated under the Companies Act, files a petition before a Court of law for adjudication of himself as an insolvent or for its winding up, as the case may be, he/ it shall ipso facto be declared a defaulter though he/ it may not have at the same time defaulted on any of his/ its obligations on the Exchange / Clearing Corporation.

9.6 MEMBER'S DUTY TO INFORM

A member shall be bound to notify the Exchange/Clearing Corporation immediately of any possibility of failure to discharge his liabilities in full.

9.7 DEFAULTER'S BOOKS AND DOCUMENTS

When a member has been declared a defaulter the Relevant Authority may take charge or call for details of his relevant books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the Relevant Authority.

9.8 LIST OF DEBTORS AND CREDITORS

The defaulter shall file with the relevant authority within such time of the declaration of his default as the relevant authority may direct, a written statement containing the complete list of his debtors and creditors and the sum owed by and to each.

9.9 DEFAULTER TO GIVE INFORMATION

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

9.10 INQUIRY

The Relevant Authority may conduct a inquiry into the accounts and dealings of the defaulter in the market and shall report anything improper, unbusiness like or unbecoming a member in connection therewith which may come to its knowledge.

9.11 DEFAULTER'S ASSETS

The relevant authority may call in and realise the security deposits in any form, margin money, other amounts lying to the credit of and securities deposited by the defaulter and recover all moneys, securities and other assets due, payable or deliverable to the defaulter by any other Member in respect of any deal or dealing made subject to the Bye-laws, Rules and Business Rules of the Exchange/Clearing Corporation and such assets shall vest ipso facto, on declaration of any member as a defaulter, in the Exchange for the benefit of and on account of the Exchange, Clearing Corporation, CERC, NLDC, SLDC, other Members / Clients of the defaulter, approved banks and any other persons as may be approved by the Relevant Authority.

9.12 PAYMENT TO RELEVANT AUTHORITY

9.12.1 The Members having open deals with the defaulter shall close

out such deals after declaration of default. Such closing out shall be in such manner as may be Prescribed by the Relevant Authority from time to time.

9.13 APPLICATION OF ASSETS

The application of the net assets remaining with the Exchange shall be dealt with as Prescribed by the Relevant Authority from time to time.

9.14 SOURCE OF FUNDS TO MEET THE DEFAULT

The Exchange or the Clearing Corporation may put to use those sources of funds as Prescribed by the Power Market Regulations from time to time

9.15 CONSEQUENCES OF DECLARATION AS DEFAULTER

A Member's right of membership shall lapse and vest with the Exchange immediately he is declared a defaulter. All his rights and privileges as a Member of the Exchange shall stand forfeited.

9.16 DISABLING OF A MEMBER ON DEFAULT

Any Member who fails to meet his obligations in accordance with the Final Settlement Obligations may without prejudice to any other right of the Exchange, be forthwith disabled from dealing through the Trading System until the Exchange or Relevant Authority may decide otherwise.

9.17 PENALTIES FOR DEFAULTS

In the event of a failure by the Member in meeting their respective financial or physical delivery obligations, the Exchange may use the margins deposited by the relevant Member to recover the loss. The settlement for the defaults would be in such manner and mode as may be prescribed by the Exchange from time to time. The Exchange shall be entitled to prescribe such penalties from time to time for such defaults.

9.18 PROCEEDINGS IN THE NAME OF DEFAULTER

The Relevant Authority shall be entitled to but not bound to take any proceedings in a court of law either in his own name or in the name of the defaulter as it may be advised for recovering any assets of the defaulter.

9.19 TERMS GOVERNING DEFAULT

The Relevant Authority may from time to time prescribe the terms governing defaults, the procedures pertaining to recovery, dealing with creditors of defaulters, inquiry procedures, vesting of assets of the defaulter with the Exchange and application thereof, appropriation of monies payable to the defaulter and distribution thereof, course of action after declaration of default, claims against defaulter and other related matters. The Relevant Authority may order necessary inspection of the records and books of accounts of the Member for the purpose.

10 RECORDS, ANNUAL ACCOUNTS & AUDIT

10.1 RECORDS

10.1.1 Every Member shall comply with and ensure compliance by all its directors/partners/Members of governing board, employees, and Authorized Users, of all relevant Statutes and Rules and Bye-Laws of the Exchange and guidelines/directives issued thereunder, and the requirements of and under any notifications, directives and guidelines issued by CERC, Central Government, State Government and/or any Regulatory Authority, statutory body or local authority or any body or authority acting under the authority or direction of the Central Government or State Government.

10.1.2 Every Member of the Exchange shall maintain the following records for a period as may be prescribed from time to time and make the same available for inspection by the Exchange.

- a. records relating to Trading and Clearing and Settlement on the Exchange either in hard form or non-tamperable soft/electronic form acceptable to and approved by the Exchange.
- b. record of all relevant particulars of persons, who are recognized as Approved Users by the Exchange including details of the user IDs allotted and periodic changes thereof from time to time .
- c. originals of all communications received and copies of all communications sent by such Member (including inter-office memo and communications) relating to its business as Member of the Exchange.
- d. all documents, all powers of attorney and other evidence of the granting of any discretionary authority in respect of any account and copies of resolutions (where such member is a Company) empowering an agent to act on behalf of a Member.
- e. all written agreements (or copies thereof) entered into by the Member relating to its business as Member of the Exchange, including agreements with respect to any Client pertaining to underlying units of the Contracts.

f. Agreements executed with the Clients including proofs of licenses/permits or title as may be required for Trading on the Exchange, relevant authorizations, account details, funds transfer details pertaining to such clients and records of trade notes issued to such Clients.

g. The Member shall retain all documentary evidence in support of 'Know Your Client' norms as may be stipulated by the Exchange or any regulatory authority and exercised in respect of all his Clients.

h. Records of all agreements and correspondence with the Clearing and Settlement agencies and Banks.

10.1.3 Records of the Transfer of funds from Clients' accounts to Members' account and vice versa shall be governed by the procedure (s) put in place by the Exchange and/or relevant Regulatory authority.

10.1.4 Members shall maintain separate ledger accounts for all his Clients and for himself and shall not mingle such accounts with the accounts in respect of any other exchange or transaction of any Contracts other than that of the Exchange.

10.1.5 Members shall intimate the Exchange the place where the records are kept including records of their Branch offices if any, and make available such records for audit/inspection by the Exchange or any person authorized by the Exchange or by a Regulatory Authority.

10.1.6 Members shall submit audited annual accounts statement for each financial year in the mode and manner stipulated by the Exchange.

10.2 INSPECTION

10.2.1 Where it appears to the Exchange so to do, it may appoint one or more Persons/entity as inspecting authority to undertake inspection of books of accounts, other records and documents of the Members for any of the purposes specified these Byelaws, Business Rules and any Circulars of the Exchange.

10.2.2 The purposes of inspection as above shall be as follows, namely:

- a. to ensure that the books of accounts and other books are being maintained in the manner required;
- b. to ensure that provisions of the Act and Applicable Laws pertaining to trading on the Exchange is being complied with;
- c. to ensure that various provisions of Bye-laws and Rules and any directions or instructions issued there under are being complied with;

d. to investigate into the complaints received from Clients, other Members of the Exchange or any other person on any matter having a bearing on the activities of the Member;

e. to investigate suo-moto, for any reason where circumstances so warrant an inspection into the affairs of the Member in public interest;

f. to comply with any of the directives issued in this behalf by any regulating authority including Government of India or respective State Governments.

10.2.3 Exchange officials or the inspecting authority who is directed by the Exchange to undertake the inspection, shall undertake the inspection and the Member against whom an inspection is being carried out shall be bound to co-operate with such inspecting authority and the Members shall produce provide all the records, documents and books of accounts in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said inspection authority may require.

10.2.4 The Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerized data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant.

10.2.5 The inspecting authority, in the course of inspection shall be entitled to examine or record statements of the Member or any partner, director, officer and employee of the Member or of any associate of such Member, as the case may be.

10.2.6 The inspecting authority shall be entitled to examine the records relating to the Member's financial affairs held with its bankers or any other agency, which the inspecting authority may find it relevant.

10.2.7 SUBMISSION OF REPORT

i. The inspecting authority shall, as soon as possible submit an inspection report to the Exchange.

ii. The Exchange shall after consideration of the inspection report communicate the findings to the Member to give him an opportunity of being heard before any action is taken by the Exchange on the findings of the inspecting authority.

iii. On receipt of the explanation, if any, from the Member the Exchange may call upon Member to take such measures as the Exchange may deem fit in public interest.

iv. Notwithstanding anything contained in regulation, where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving an opportunity of being heard.

v. Notwithstanding anything contained in any of the Regulations, the Exchange may at its discretion disseminate to regulatory authorities or to the general public, any information including information relating to any trades, dealings, settlement of dealings, accounting, disciplinary action initiated/taken against Members and/or other matters relevant for enforcement or regulatory purposes.

11 SETTLEMENT GUARANTEE FUND

11.1 The Exchange may maintain Settlement Guarantee Fund(s), either separately or jointly, in respect of different Trading Segment(s) for such purposes, as may be Prescribed by the Relevant Authority from time to time

11.2 The Exchange shall constitute a SGF Management Committee with adequate representation from the Members of the Exchange. This Committee shall be responsible for overseeing the management and investment of Settlement Guarantee Fund as stipulated by the commission / regulatory authorities from time to time.

11.3 The Relevant Authority may prescribe from time to time the norms, procedures, terms and conditions governing the settlement guarantee fund which may inter- alia, specify the amount of deposit or the contribution to be made by the Members to the said fund, the mode and manner of deposits and contributions to be made and the terms and conditions of repayment of deposit or withdrawal of contribution, purpose and manner of utilization of the fund, charges for utilization, penalties and disciplinary actions for non-performance or violation thereof.

11.4 Contribution to and Deposits With Settlement Guarantee Fund

11.4.1 Each member or Client, as applicable, shall be required to contribute to and provide a deposit, as may be determined by the Relevant Authority from time to time, to the relevant Settlement Guarantee Fund. The Settlement Guarantee Fund shall be held by the Exchange. The money in the Settlement Guarantee Fund shall be applied in the manner, as may be Prescribed by the Relevant Authority from time to time.

11.4.2 Save as may be expressly provided by the Exchange under the norms and terms governing the Settlement Fund, the said fund shall not be utilized for any other purpose.

11.5 Form of Contribution or Deposit

The Relevant Authority may, in its discretion, permit a Member or Client, as applicable, to contribute to or provide the deposit to be maintained with the Settlement Guarantee Fund, in the form of either cash, fixed deposit receipts, guarantees or in such other form or method and subject to such terms and conditions, as may be specified by the Relevant Authority from time to time.

11.6 Replacement of Deposit

By giving a suitable notice to the Clearing Corporation or the Exchange and subject to such conditions, as may be specified by the Relevant Authority from time to time. A Member or Client, as applicable, may withdraw fixed deposit receipts or guarantees given to the Clearing Corporation or the Exchange, representing his contribution or deposit towards the Settlement Guarantee Fund, provided that the Member or Client, as applicable, has, simultaneously with such withdrawal, deposited cash, fixed deposit receipts or guarantees with the Clearing Corporation or the Exchange or made contribution through such other mode, as may be approved by the Relevant Authority from time to time, to meet his required contribution or deposit. In the event of the Clearing Member failing to meet the obligations to the Exchange arising out of the Clearing and Settlement of Contracts as provided in these Bye-laws, Business Rules and any Circular of the Exchange, the Relevant Authority may utilize the Settlement Guarantee Fund and other monies to the extent necessary to fulfill the obligation in such order and under such terms and conditions as the Relevant Authority may specify from time to time. In such cases precedence would be given to the payment of transmission charges, scheduling and system operating charges.

11.7 Investment of Settlement Guarantee Fund

Funds in the Settlement Guarantee Fund may be invested in such approved securities and/or other avenues of investments, as may be provided for in the Applicable Laws from time to time

11.8 Liability of Exchange

The Exchange liability shall be limited to the extent as Prescribed by the Applicable Laws. The Exchange shall not be liable for obligations of the Member towards another Member in deals to which the Exchange is not party, or for obligations of a Member towards a Client and losses in connection therefrom.

11.9 Administration and Utilization of Settlement Guarantee Fund

The Settlement Guarantee Fund may be utilised for such purposes, as may be prescribed by the Relevant Authority from time to time.

11.10 Utilization for Failure to Meet Obligations

Whenever a Member or Client, as applicable, fails to meet his settlement obligations to the Clearing Corporation or the Exchange, the Exchange may utilise the Settlement Guarantee Fund and other monies lying to the credit of the member or Client, as applicable, to the extent necessary to fulfill his obligations under such terms and conditions, as the Relevant Authority or the Applicable Laws may specify from time to time

11.11 Utilisation in Case of Declaration of Defaulter

11.11.1 In the event a member or Client, as applicable, is declared a defaulter and the member or Client, as applicable, fails to meet the clearing and settlement obligations, the Power Exchange or the clearing corporation shall give precedence to those payments as may be prescribed by the Applicable Laws from time to time.

11.12 If the cumulative amount under all the above heads is not sufficient, the balance obligations shall be assessed against all the Members in the same proportion as their total contribution and deposit and the Members shall be required to contribute or deposit the deficient amount in the Settlement Guarantee Fund within such time, as the Relevant Authority may specify in this behalf from time to time

11.13 Obligation to Bring in Additional Contribution or Deposit

11.13.1 If a pro-rata charge is made against a the actual contribution or deposit, of a Member or Client, as applicable, and as a consequence, the remaining contribution and deposit of a Member or Client, as applicable, towards the Settlement Guarantee Fund falls below his required contribution and deposit, the member or Client, as applicable, shall contribute or deposit towards the shortfall in the Settlement Guarantee Fund within such time as the Relevant Authority may specify.

11.13.2 Where any Member or Client, as applicable, who is required to contribute or deposit, fails to do so, the Relevant Authority may charge such rate of interest on the shortfall, as it may determine from time to time and also take suitable disciplinary action, including imposition of fines and penalties against the member. Any disciplinary action which the Relevant Authority may take pursuant to the above provisions or for whatever reasons, shall not affect the obligations of the Member or Client, as applicable, to the Clearing Corporation or the Exchange or any remedy to which the Clearing Corporation or the Exchange may be entitled to under these Bye-laws and Regulations and the applicable laws.

11.13.3 The Relevant Authority may also specify such additional contribution or deposit that shall have to be provided towards the Settlement Fund from time to time. Failure by a Member or Client, as applicable, to provide such additional contribution when called for shall entitle the Relevant Authority to levy penalty or interest on such defaulting Member or Client,

as applicable, besides initiating any disciplinary action as the Exchange may deem fit. Any disciplinary action as above taken by the Exchange/Relevant Authority shall not affect the obligations of the Member or Client, as applicable, to the Exchange or any remedy to which the Exchange may be entitled under Law.

11.14 Allocation of the Contribution or Deposit

Contribution and deposit of each Member or Client, as applicable, towards the Settlement Guarantee Fund shall be allocated by the Clearing Corporation or the Exchange among the various segments of trading, which are designated as such by the Clearing Corporation or the Exchange and in which the Member or Client, as applicable, may participate, in such proportion as the Clearing Corporation or the Exchange may decide from time to time. The Clearing Corporation or the Exchange shall retain the right to utilise the fund allocated to a particular segment of trading to the satisfaction of losses or liabilities of the Clearing Corporation or the Exchange, incidental to the operation of that segment or for any other segment, as may be decided by the Clearing Corporation or the Exchange at its discretion

11.15 Limitation of Liability

The Settlement Guarantee Fund of the Exchange shall not be available for obligations of a non-Clearing Member, obligations of a Member to a non-Clearing Member, obligations of a Member to another Member of the Exchange towards transactions to which the Exchange is not a central counter-party or where the Exchange withdraws as a central counter-party on account of fraud or fraudulent transactions as provided in the relevant Bye-Laws and Business Rules from time to time or obligations to a Client by an Exchange Member, and to losses, damages, or injuries arising there from or in connection therewith or incidental thereto.

12 Grievance Redressal and Dispute Resolution

12.1 Grievance Redressal

12.1.1 The exchange shall ensure that every grievance received is duly noted and maintained in a register maintained for this purpose.

12.1.2 All such grievances shall be disclosed by the exchange on its website within a short period of time stipulated by the Relevant Authority.

12.1.3 Grievances reported by the Members/clients would be attended to as Prescribed by the Relevant Authority from time to time.

12.1.4 If the grievance is not satisfactorily resolved, it may be referred for arbitration as may be Prescribed in these Bye Laws. The status of the grievance redressal, the mechanism followed and the outcome shall be updated on the website of the exchange from time to time.

12.2 Dispute Resolution

12.2.1 All claims, differences or disputes between the Members inter se and between Members and Clients arising out of or in relation to Contracts executed or reported on the Exchange and made subject to and in accordance with the Bye-Laws, Business Rules and any Circular of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto shall be submitted to arbitration in accordance with the provisions of these Bye laws.

12.2.2 All disputes, differences or claims between the Members and Clients and Members inter say shall be referred to the arbitration machinery set up by the Exchange.

12.2.3 Provided however that the Relevant Authority may satisfy itself that the above referred claims, differences or disputes arise out of or in relation to Contracts executed or reported on the Exchange and are in accordance with and subject to these Byelaws, Business Rules and any Circular of the Exchange and are referable to Arbitration.

12.2.4 The provisions of clause (12.2.1) above shall become applicable to all claims, differences, disputes between the parties mentioned therein for all Contracts made subject to and in accordance with the Bye laws, Business Rules and any Circular of the Exchange provided such Contracts had been entered into between the parties mentioned therein prior or to the date on which the Member was either declared a defaulter or expelled or had surrendered his Membership.

12.3 PROVISIONS OF THESE BYE LAWS DEEMED TO FORM PART OF ALL CONTRACTS

In all Contracts, which are made or deemed to be made subject to these Bye laws Business Rules and any Circular of the Exchange, the provisions relating to arbitration as provided in these Bye laws shall form and shall be deemed to form part of the Contracts and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred shall be submitted to arbitration as per the provisions of these Bye Laws.

12.4 POWER OF THE RELEVANT AUTHORITY TO PRESCRIBE REGULATIONS

12.4.1 The Relevant Authority may, from time to time prescribe period within which any

dispute referred in clause 12.2 can be referred to arbitration proceedings and procedures for the appointment and arbitration proceedings to be followed in general.

12.4.2 In particular, and without prejudice to the generality of the clause 12.4.1, such procedure may, inter alia, provide for the following:

- a. the forms to be used;
- b. the fees to be paid;
- c. the mode, manner and time period for submission of all pleadings by both the parties;
- d. matters relating to requests from the parties for amending or supplementing the pleadings; and
- e. the consequences upon failure to submit such pleadings by the parties.

12.4.3 The procedure to be followed by the arbitrator in conducting the arbitral proceedings. In particular, and without prejudice to the generality of the foregoing power, such procedure may, inter alia, provide for:

- a. adjournment of hearings; and
- b. terms and conditions subject to which the arbitrator may appoint experts to report on specific issues and the procedure to be followed in arbitral proceedings upon such an appointment.

12.4.4 Different set of arbitration procedures for different claims, differences or disputes after taking into consideration such circumstances and facts as the Relevant Authority may deem fit, which circumstances and facts may include the value of the subject matter and the persons who are involved as parties to such claims, differences or disputes.

12.4.5 Creation of seats of arbitration for different regions or prescribing geographical locations for conducting arbitration and prescribing the courts which shall have jurisdiction for the purpose of the Arbitration and Conciliation Act, 1996.

12.4.6 The claims, differences or disputes which may be referred to a sole arbitrator and the claims, differences or disputes which may be referred to a panel of arbitrators.

12.4.7 The procedure for selection of persons eligible to act as arbitrators.

12.4.8 The procedure for appointment of arbitrator.

12.4.9 The terms, conditions and qualifications subject to which any arbitrator may be appointed.

12.4.10 Determination of the number of arbitrators in the case of a panel of arbitrators, subject to the condition that where any claim, difference or dispute is heard and determined by Panel of Arbitrators, the number of arbitrators of such a panel shall not be an even

number.

12.4.11 The time period within which a substitute arbitrator has to be appointed in case the office of the arbitrator falls vacant for any reason whatsoever.

12.4.12 The matters to be disclosed by any person who is approached in connection with his possible appointment as an arbitrator.

12.4.13 The procedure to be adopted by the parties for challenging an arbitrator.

12.4.14 The claims, differences or disputes which may be decided by the arbitrator without a hearing unless either party in writing requests the Relevant Authority for a hearing and the time period within which such a request shall be made.

12.4.15 The claims, differences or disputes which, may be decided by the arbitrator only by hearing the parties unless both the parties jointly waive the right to such hearing and the time period within which such a waiver shall be made.

12.4.16 The place of arbitration for each reference and the places where the arbitrator can meet for consultation, for hearing witnesses, experts, or the parties, or for inspection of documents, goods or other property.

12.4.17 The making of the arbitral award including the manner in which a decision is to be taken in the case of panel of arbitrators and the form and contents of the arbitral award.

12.4.18 The term arbitral award shall also include an arbitral award on agreed terms. Prescriptions as to the contents of the arbitral award may include provisions for costs and where the arbitral award is for the payment of money, may include interest payable on principal sum due.

12.4.19 The amount of deposit or supplementary deposit, as the case may be, as an advance for the costs, which it expects, will be incurred in respect of the claim, difference or dispute. Provided where a counter-claim is submitted to the arbitrator, a separate amount of deposit for the counter-claim may also be prescribed.

12.4.20 The administrative assistance, which the Exchange may render in order to facilitate the conduct of arbitral proceedings and costs relating thereto.

12.4.21 All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.

12.4.22 Any other matter which in the opinion of the Relevant Authority is required to be dealt with in the Regulations to facilitate arbitration.

12.4.23 The Relevant Authority from time to time may amend, modify, alter, repeal, or add to the provisions of the procedures.

12.5 Termination of mandate of the arbitrator

The mandate of the arbitrator shall terminate if:

- a. The arbitrator withdraws from office for any reason; or
- b. In the opinion of the Relevant Authority, the arbitrator becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay including failure to make the arbitral award within the time period Prescribed by the Relevant Authority. Such a decision of the Relevant Authority shall be final and binding on the parties; or
- c. The mandate of the arbitrator is terminated by the Relevant Authority upon receipt of written request for the termination of the mandate of the arbitrator from both the parties to arbitration; or
- d. The arbitrator discloses any circumstances which in the opinion of the Relevant Authority are likely to give rise to justifiable doubts as to his independence and impartiality.
- e. The arbitral proceedings are terminated as provided for herein.

12.6 SUPPLYING OF VACANCY TO THE OFFICE OF THE ARBITRATOR

At any time before the making of the arbitral award should the office of the arbitrator fall vacant for any reason whatsoever including any vacancy due to the illness or death of the arbitrator or termination of the mandate of the arbitrator by the Relevant Authority or otherwise, the vacancy shall be supplied by the Relevant Authority by following the same procedure as Prescribed by it for appointment of the arbitrator.

12.7 CONSIDERATION OF RECORDED PROCEEDINGS AND EVIDENCE

Unless otherwise agreed by parties, any arbitrator who has been appointed by the Relevant Authority to supply a vacancy to the office of the arbitrator may repeat any hearings previously held.

12.8 ORDER OR RULING OF PREVIOUS ARBITRATOR NOT INVALID

An order or ruling of the arbitrator made prior to the termination of his mandate shall not be invalid solely because his mandate has been terminated. Provided that when the termination has been effected pursuant to clause (11.8)(d), the order or ruling of the arbitrator made prior to termination of his mandate shall become invalid unless otherwise

agreed upon by the parties.

12.9 INTERIM ARBITRAL AWARD AND INTERIM MEASURES ORDERED BY THE ARBITRATOR

The arbitrator may be empowered to make an interim arbitral award as well as to provide interim measures of protection.

12.10 APPEARANCE IN ARBITRAL PROCEEDINGS BY COUNSEL, ATTORNEY OR ADVOCATE

In arbitral proceedings where both the parties are Members, the parties shall not be permitted to appear by counsel, attorney or advocate but where one of the parties is a Client, then the Client shall be permitted to appear by counsel, attorney or advocate. If the Client chooses to appear by counsel, attorney or advocate, then the Member shall be granted a similar privilege.

12.11 ADJOURNEMENT

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bona-fide reasons to be recorded in writing.

12.12 TIME FOR COMPLETION OF ARBITRATION

The Relevant Authority shall prescribe time period with which arbitrators shall make the arbitral award normally and may extend such period.

12.13 DATE OF ENTERING REFERENCE

For the purposes of these byelaws, the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has held the first hearing.

12.14 ARBITRATION PROCEEDINGS SUBJECT TO THE PROVISIONS OF THE ACT

The arbitration proceedings as provided for by the provisions of these Bye Laws and Rules shall be subject to the provisions of the Arbitration Act to the extent not provided for in these Bye Laws and Rules.

12.15 CONSTRUCTION OF REFERENCES

For the purposes of section 2(6) of the Arbitration Act, in all claims, differences or disputes

which are required to be submitted to arbitration as per the provisions of these Bye Laws and Rules, wherever Part 1 of the Arbitration Act leaves the parties free to determine a certain issue, the parties shall be deemed to have authorised the Relevant Authority to determine that issue.

12.16 ADMINISTRATIVE ASSISTANCE

For the purpose of section 6 of the Arbitration Act, in all claims, differences or disputes which are required to be submitted to arbitration as per the provisions of these Bye Laws and Rules or hereunder, the parties shall be deemed to have arranged for administrative assistance of the Relevant Authority in order to facilitate the conduct of the arbitral proceedings.

12.17 JURISDICTION

All parties to a reference to arbitration under these Bye Laws and Rules and the persons, if any, claiming under them, shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai or any other court as may be Prescribed by the Relevant Authority for the purpose of giving effect to the provisions of the Arbitration Act.

13 MISCELLANEOUS

13.1 CONTRACT PERFORMANCE

Performance of Contract will be as stipulated by Exchange in Business Rules from time to time

13.2 The Relevant Authority shall be empowered to impose such restrictions on transactions in Contracts as the Relevant Authority in its judgment deems advisable in the interest of maintaining a fair and orderly market for underlying units of the Contract or if it otherwise deems advisable in the interest of Contract and public interest. During the effectiveness of such restrictions, no Member shall, for any account in which it has an interest or for the account of any Clients, engage in any transaction in contravention of such restrictions.

13.3 Save as otherwise specifically provided in the Bye Laws Prescribed by the Relevant Authority regarding Clearing and Settlement system, in promoting, facilitating, assisting, regulating, managing and operating the Exchange, the Exchange should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing in underlying units of the Contract or any matter connected therewith shall lie against the Exchange or any authorised person (s) acting for the Exchange.

13.4 Any failure to observe or comply with any requirement of the Bye Laws /Business Rules / any Circular of the Exchange, or Rules / Regulations under the Act, where applicable, may be dealt with appropriately by the Relevant Authority.

13.5 Members have an obligation as the Members of the Exchange to inform the Relevant Authority of the Exchange about fraudulent and unfair trade practices and other such information/practices as may be construed as being detrimental to the efficient operations of the Exchange and as may be required under the Law or under Bye-laws, Business Rules and any Circular of the Exchange.

13.6 No claim, suit, prosecution or other legal proceedings shall lie against the Exchange, any authorised person(s) acting for the Exchange, its directors, employees and agents in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to the Exchange under any law or delegated legislation for the time being in force.

13.7 Save as otherwise specifically provided in these Bye Laws, the Exchange, its directors, employees, authorized persons and agents while performing functions of regulating, promoting, facilitating, assisting, operating or performing any function under Bye laws, Business Rules and any Circulars of the Exchange, shall not be deemed to have incurred any liability and accordingly no claim or recourse shall lie against the Exchange, their directors, employees, authorized persons or agents.

13.8 All contracts subject to Rules, Bye Laws and Business Rules

All Contracts shall be made subject to and in accordance with the Bye Laws, Business Rules and any Circular of the Exchange and this shall be a part of the terms and conditions of all such Contracts and the Contracts shall be subject to the exercise by the Relevant Authority of the powers with respect thereto vested in it by these Bye Laws and Rules.

13.9 Modifications

Subject to the provisions of the Act and Applicable Laws and also subject to approval of CERC, the Exchange shall have right to modify, substitute or alter these Bye-laws at any time if deemed appropriate by the Exchange in the interest of regulation of the market.

13.10 Indemnification

13.10.1 The clearance/curtailment advice by the National Load Despatch Centre shall not be binding and the Central Transmission Utility, National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres shall not have any financial liability on account of inability, for any reason whatsoever, to achieve the complete matching between the advice of the National Load Despatch Centre and the final schedules.

13.10.2 The Power Exchange(s), including its Buyers and Sellers, shall keep each of the National Load Despatch Centre /Regional/State Load Despatch Centres indemnified at all times and shall undertake to indemnify, defend and save the National Load Despatch

Centre / Regional/State Load Despatch Centres and hold them harmless from any and all damages, losses, claims and actions, including those relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the transactions.

13.11 Settlement of UI Dues

Any shortage or excess delivery of electricity from the total schedule including schedule for contracts traded on exchange by the grid connected entity shall be settled by such entity under UI mechanism as per the procedure laid down by the Commission or any other applicable settlement system as may be prescribed by the State Commissions.”

13.12 Measures to meet emergencies

If in the opinion of the Relevant Authority of Exchange, an emergency exists or has arisen or is likely to occur or if in its opinion the conditions are such as to make free Trading in underlying units of the Contracts extremely difficult, the Relevant Authority of Exchange may by a resolution take such action as it deems fit for stabilizing the market. Any power exercised by the Relevant Authority under this provision shall be subject to directions, if any, issued by the Regulatory Authority.

13.13 Whistle Blowing Policy

The Members of the Exchange shall be entitled to report to the Commission either by letter or email, of any unscrupulous activity, wrongdoing or violation of law, as may come to their knowledge.

13.14 Insider Trading Policy

A person having non-public price sensitive information relating to generator outage, plant maintenance or such other price sensitive information shall not transact on the Power Exchange and Other Exchanges unless such information has been submitted to LDC

13.15 Notice or communication

These refer to any such intimation that can be served at the ordinary business address and/or ordinary place of residence and/or last known address/e-mail address/ address of the Trading System of the Member in any one or more of the following ways:

- by post
- by registered post
- under certificate of posting

- by speed post / courier services.
- by telegram
- by affixing it on the door at the last known business or residential address
- by advertising it in at least one prominent daily newspaper having
- circulation in the area where the last known business or residential address of Member/Respondent/Addressee is situated
- by electronic mail or fax
- by hand delivery
- by telecast on the Trader Workstation of the Member
- any other mode notified by the Exchange

Any communication sent by the Exchange to any party shall be deemed to have been properly delivered or served, even if such communication is returned to the Exchange as unclaimed/ refused/ undelivered, if the same was sent to the ordinary business address/e-mail address and/ or ordinary place of residence and/ or last known address of the party, in any one or more of the ways mentioned.

14. EXIT SCHEME

A. In the event of withdrawal or cancellation of registration by CERC

In the event the power exchange's registration is withdrawal or cancelled by the CERC under Regulation 37 of CERC (Power Market) Regulation ,2010(PM Regulation) or otherwise, in such eventuality, the Power Exchange shall take the following steps, in compliance with the PM Regulations, or as may otherwise be directed by the Commission:

I. The Exchange will, soon as practicable after the orders of the CERC withdrawing or cancelling the registration ,of Power Exchange as the case may be(CERE Order), Issue a public notification (Notification) in not than less than two national English daily newspaper, including one economic newspaper and one local vernacular newspaper, reproducing the relevant extracts from the CERC Order and further providing a notice period of not less than one month (Notice)to its clients and its members to wind up and close their transactions and affairs on/with the power Exchange.

II. Upon issue of the notification, no new contracts, transactions or trades shall be accepted by the Power Exchange and all contracts, transactions or trades entered into prior to such notification (Prior Contracts) shall remain valid and binding and shall be completed as per their respective term and in accordance with the then current Business Rules, Bye Laws and Rules of the Exchange. For the limited purpose of completing the Prior Contracts, the trading calendars and other transaction related circulars, as may have been circulated by the Power Exchange prior to the Notification, shall continue to be effective during the period of the Notice till such time the Prior Contracts are completed, as above. For all other

purposes, the trading calendars and other transaction related circulars, has may have been circulated by the Power Exchange prior to the notification, shall cease to have effect. The performance of the Prior Contracts shall be dealt with as under:

- (i) The clearing and settlement of the Prior Contracts shall continue in accordance with the then current Business Rules, Bye Laws and Rules and Circulars issued by the Exchange;
- (ii) The Power Exchange shall continue to collect the required margin for the settlement of the prior Contracts in accordance with the Regulations 40 of the PM Regulation and in accordance with the then current Business Rules, Bye Laws and Rules and Circulars issued by the Exchange;
- (iii) Any settlement liability that may arise on the Power Exchange under any Prior Contract, upon the withdrawal or cancellation of registration of the Power Exchange shall, subject to the provision of the Electricity Act,2003 and the Regulation made thereunder and the then current Business Rules, Bye Laws and Rules of the Exchange, be met out of the Settlement Guarantee Fund which will be utilized to the extent necessary to meet any loss or liability accruing to the Exchange on account of such cancellation or withdrawal of registration.

III. Upon issue of the Notification, all Members that are not engaged in any Prior Contract, shall automatically cease to be Members and their accounts shall be settled in accordance with the provisions of the Exit Scheme.

IV. Upon completion of obligations under the Prior Contracts, the Business Rules, Bye Laws and Rules of the Exchange shall cease to be in operation and all Members shall cease to be Members.

V. The Power Exchange shall, in consultation with its statutory auditors, Internal Auditors and such other external experts, such as legal experts, as the Board of Directors of the Power Exchange may deem necessary, determine the quantum of Claims (as defined below) against the Power Exchange, if any, that cannot be settled by the Settlement Guarantee Fund as envisaged in clause II (iii) above, and the Power Exchange shall thereafter, set aside adequate funds for settlement of such Claims as and when they may crystallize or become due. For avoidance of doubts, the expression Claims shall mean and include claims whether asserted or unasserted, outstanding claims including claims pertaining to pending arbitration cases and arbitration awards, contingent claims, potential claims, unresolved investor complaints / grievances and such other claims as may be reasonably determine by the Power Exchange, as above, and as may be required in terms

of the PM Regulation. Any amounts that may remain in the Settlement Guarantee Fund, Security Deposit or such other sums received from Members shall be distributed by the Power Exchange in accordance with the Bye Laws of the Power Exchange applicable at the relevant time. For the avoidance of doubts, nothing herein shall be deemed to be read to mean that the Power Exchange shall assume any obligations greater than to be required to be assumed under the provisions of the PM Regulations.

VI. The Power Exchange shall endeavor to settle all Claims within the Notice period and in any event, no later than 6 months thereafter, subject to resolution of dispute on any Claims that may be pending.

B. In the event of a merger, amalgamation, re-organisation or other corporate restructuring

In the event of a merger, amalgamation, re-organisation or other corporate restructuring of the Power Exchange that results in creation of a new legal entity, the Power Exchange shall deal with the Prior Contracts in accordance with the approved scheme of restructuring, PM Regulations, applicable law and / or as may otherwise be directed by the Commission.

C. Voluntary closure of Power Exchange by the Shareholders

- I. In the event the shareholders of the Power Exchange determine to voluntarily discontinue and close down the business of running the PX and consequently surrender its registration, in such eventuality, the Power Exchange shall take the steps defined in Paragraph A above (withdrawal or cancellation of registration by CERC), in compliance with the PM Regulation, or as may otherwise be directed by the Commission.

D. Compliance with the Applicable laws.

- I. Notwithstanding anything contained herein, all actions to be taken under this Exit Scheme shall be without prejudice to the Power Exchange's obligation to comply with the provisions of all other laws in force and applicable to the Power Exchange, including but not limited to the Companies Act, 1956.

15. CONFLICT BETWEEN RULES, BYE LAWS AND BUSINESS RULES

In event of any conflict between Business Rules and Bye Laws, the contents of Bye Laws shall supersede and in the event of any conflict between Rules and Bye Laws or Rules and Business Rules, the Rules shall supersede. Without prejudice to the generality of above, in case of any ambiguity or any confusion with regard to any of the provisions of Business Rules, the clarification given by Exchange shall be binding.

ANNEXURE -1

REPORT ON MEMBER SERVICE CHARGE

Name of the Advisory member:

Membership Number on PXIL:

Sr.no	Clients Name and clients registration No. on PXIL	Delivery Date	Market		Time slot	Transaction value (Net Obligation Value) (Rs.) (A)	Members Service Charges levied (Rs) (B)	% (B)/(A)
			Day Ahead Spot	Term Ahead				

For _____ (Name of the Member)

Name:
(Authorised Signatory)

Date:

Note:

1. Data shall be submitted transaction- wise and should not be aggregated.
2. It is informed that the member service charge shall be calculated on the basis of 15 minute contract independently.
3. Data shall be submitted on a monthly/quarterly/half yearly/annually basis by 15th of the following month to PXIL.

