

BYE LAWS OF POWER EXCHANGE INDIA LIMITED

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

ARRANGEMENT OF CHAPTERS

1	PRELIMINARY	2
2	JURISDICTION	4
3	DEFINITIONS.....	5
4	MEMBERSHIP	7
5	TRADING SYSTEM, PROCEDURE & OTHER PARAMETERS.....	16
6	RISK MANAGEMENT	23
7	MARKET WATCH AND SURVEILLANCE	24
8	CLEARING AND SETTLEMENT OF CONTRACTS	25
9	RECORDS, ANNUAL ACCOUNTS & AUDIT	34
10	SETTLEMENT FUND	39
11	DISPUTE RESOLUTION.....	41
12	MISCELLANEOUS.....	48

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 Constituents 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 specified by the Exchange.
- 1.4 These Bye laws shall be subject to the provisions of the Electricity Act, 2003 ("the Act"), any regulation or order or circular or directive issued there under or as amended from time to time (herein after collectively referred to as "Relevant Regulation(s)") and shall always be read together with the Relevant Regulation (s) whenever and wherever the context requires.

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 Relevant Regulation (s), the Act or Relevant Regulations (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 Constituent (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 the following, shall have the meanings respectively assigned to them therein in the following order of priority:

- Electricity Act, 2003
- Companies Act, 1956 / Partnership Act 1932
- Rules of Exchange
- Byelaws of Exchange

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 provided that such Approved User possesses such qualification as may be prescribed by the Exchange.

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 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 Constituent pursuant to Contracts effected on the Exchange.

3.4 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.

3.5 Prescribed

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

3.6 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

3.7 Trading Day

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

3.8 Trading Member:

Trading Member of the Exchange is one who can put bids on his own account or on behalf of its Constituents. 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.

3.9 Clearing Member:

Clearing member of the Exchange is one who can clear and settle the Contracts entered into on his own account or on behalf of its constituents or on behalf of other Members 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.

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 behaviour 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 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 both Trading of Contracts and Clearing and Settlement of those Contracts on the Exchange. 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 and shall mean and include a Clearing Member if referred in the context

of Clearing and Settlement of Contracts on the Exchange, unless specifically provided otherwise.

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 Clearing and Settlement of Contracts on behalf of other Members.

4.3.5 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

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

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

4.6 CONSTITUENT SHALL PAY MONIES

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

- Margins
- Security Deposits

- Fines and penalties
- Transaction charges
- Any taxes and other levies
- Such other sums of money

to the Member (s).

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 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 Constituent 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 Constituents, before accepting or placing orders on such Constituent'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 Constituents or Members, as the case may be.

- 4.9 Trading Members shall ensure that appropriate confirmed order instructions are obtained from Constituents before placement of an order on the system and shall keep the relevant records.
- 4.10 All Trading 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 Constituents; and (ii) the monies received and paid on such member's own account. The monies belonging to one Constituent shall not be utilised for meeting the obligations of the Trading Member or some other Constituent. 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.
- 4.11 A Member shall not transact business directly or indirectly for another Member or a Constituent who to his knowledge, is in default to another Member or the Exchange, as the case may be, unless permitted by the Exchange.

4.12 Whenever, it is so prescribed by the Exchange , that the Trading Member (s) or Approved User (s) should have passed a certification program , the Trading 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).

4.13 Member shall not disclose the information pertaining to their Constituents 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 prove the case.

4.14 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.

4.15 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.

4.15.1 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.**

Bye Laws of Power Exchange India Limited

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.

- 4.15.2** The Exchange shall withdraw at any time any approval previously granted, or to suspend any Approved User temporarily from accessing the Trading System.
- 4.15.3** 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 Trading and Clearing Member as may be specified by the Exchange from time to time.
- 4.15.4** 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.
- 4.15.5** 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.
- 4.15.6** 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.
- 4.15.7** An Approved User shall not attempt to aid in or access the Trading System from a location other than the Member's Approved Workstation.

4.16 CONDUCT OF BUSINESS BY MEMBERS

4.16.1 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.

4.16.2 SUPERVISION

Each office for Trading 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.

4.17 PROCEDURES TO BE FOLLOWED

4.17.1 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.

4.17.2 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.

4.17.3 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.

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

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

4.17.6 All Trading Members shall provide their Constituents 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 Constituent. 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). 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** A Member shall not, itself or permit any other person(s) to:
- a. use the software 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.
 - c. copy, alter, modify or make available to any other person the software 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.

5.3.2 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

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.

5.4 TRADING PARAMETERS

5.4.1 The Exchange shall from time to time specify various trading parameters relating to the Trading System.

5.4.2 The Exchange may specify from time to time the lot size, tick size, position limits, permitted price fluctuations, extent 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.

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: Trading Members shall be solely responsible for the accuracy of details of orders entered into the Trading System by him or his Constituents.

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 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 Subject to the approval of the Commission 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 in the opinion of the Exchange or as prescribed under the Relevant Regulations.

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 Constituents for trades executed on behalf of such Constituents 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 BROKERAGE

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

5.15.2 Trading Members may charge brokerage from their Constituents at rates not exceeding such scale and as per terms and conditions as the Exchange or as any relevant authority under law may from time to time prescribe.

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

5.16

5.17 RELATION WITH THE CONSTITUENTS

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

5.17.2 When establishing a relationship with a new Constituent, 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 Constituents an approved copy of their Board

resolution or any such approvals / undertakings as may be required, permitting Trading in Contracts.

5.17.3 A Trading Member shall make the Constituent 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 Constituents' liability thereon and also the risk associated with the business.

5.17.4 The Trading Member shall provide to the Constituent, 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.

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

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

5.17.7 Trading Member may not accept instructions or orders of Constituents 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 Constituent.

5.18 COMPLAINT BY CONSTITUENT

5.18.1 When a complaint has been lodged by a Constituent with the Exchange that a Trading 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.

5.18.2 The Trading Member shall treat the information pertaining to the constituents 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.

6 RISK MANAGEMENT

6.1 MARGIN REQUIREMENTS

- 6.1.1** 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.
- 6.1.2** 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.
- 6.1.3** 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.
- 6.1.4** The Exchange may release the margins as may be specified from time to time.
- 6.1.5** Margins payable on behalf of the Constituent shall be collected by the Member from such respective Constituents. However, the Member's responsibility shall not in any way be reduced due to non-collection of Margins' from Constituents.
- 6.1.6** 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 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 Constituents 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.

7.2 The Exchange will generate reports to determine the obligations of the Members and their Constituents, 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 Constituents 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 Relevant Regulation (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 Contacts.
- 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 Constituents 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 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 Constituents any other services from time to time to facilitate smooth operation of the Clearing and Settlement on the Exchange.

8.1.10 The role of the Exchange shall be to act as a facilitator for processing of payments between Members for Contracts effected on the Exchange. The clearing and settlement would be carried out by Exchange or any agency appointed by the Exchange from time to time.

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

Provided that if the Exchange or Clearing House 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 Clearing House shall have discretion to withdraw itself as a legal central counter party to such transaction at any time:

Provided further that if the Clearing House 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 Clearing House shall be final and binding on all the parties concerned, including the Clients.

Provided that the Clearing House 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;
- 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 of 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.

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 Constituents 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 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 shall have clear balance of funds in their clearing 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 clearing 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, as on the time prescribed by the Exchange or the Relevant Authority, the Clearing Bank shall credit the clearing accounts of the Members who are due to receive funds, as per the instruction of the Exchange and subject to the Member 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 clearing account of the Member to meet the funds pay-in obligation on the pay-in day; or
 - b. the Member fails to meet the margin requirements; or
 - c. the Member 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 any other entity.

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 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.

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 Constituents and the Member or between the Members inter-se.

8.10 INVIOABILITY 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 Constituents. 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 Constituents 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 Constituents and furnish the same to the Exchange as and when required. The Exchange may take such action including levy of fines 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 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 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.

8.14 DEFAULTS/FAILURE TO MEET OBLIGATIONS

8.14.1 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.

8.14.2 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.

8.14.3 Any default or variation in the actual physical delivery of underlying units pursuant to admittance of Contracts on the Exchange shall be subject to and be dealt with as per the Mechanism prescribed by the Exchange /the Relevant Authority. The Exchange shall prescribe such mechanism in accordance to the applicable law and provisions of the Act and Relevant Regulations.

8.15 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.

8.16 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.

8.17 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.

8.18 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.

9 RECORDS, ANNUAL ACCOUNTS & AUDIT

9.1 RECORDS

9.1.1 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.

9.1.2 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 Constituent pertaining to underlying units of the Contracts.

- f. Agreements executed with the Constituents 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 constituents
- 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 Constituents.
- h. Records of all agreements and correspondence with the Clearing and Settlement agencies and Banks.

9.1.3 Records of the Transfer of funds from Constituents' accounts to Members' account and vice versa shall be governed by the procedure (s) put in place by the Exchange.

9.1.4 Members shall maintain separate ledger accounts for all his Constituents 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.

9.1.5 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.

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

9.2 INSPECTION

9.2.1 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.

9.2.2 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;

Bye Laws of Power Exchange India Limited

- b. to ensure that provisions of the Act and Relevant Regulations 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 Constituents, 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.

- 9.2.3 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.**
- 9.2.4 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.**
- 9.2.5 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.**
- 9.2.6 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.**
- 9.2.7 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.

9.2.8 The Exchange shall submit to the Commission copies of the accounting statements and auditor's report not later than six months after the close of the year to which they relate. Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the power exchange and its members, if considered necessary and the power exchange shall be bound to render necessary assistance to such person

10 SETTLEMENT FUND

10.1 There shall be a separate Settlement Fund to be maintained in respect of the Trading segment, by the Exchange for the purposes as may be prescribed by the Relevant Authority from time to time. The initial corpus of the fund shall be as may be decided by the Relevant Authority. The said fund shall be attributable to settlement of Contracts of the segment.

10.2 The Relevant Authority may prescribe from time to time the norms, procedures, terms and conditions governing the settlement 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.

10.3 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.

10.4 Contribution

Each Member of the Exchange shall be required to contribute to the Settlement Fund in the manner and mode prescribed by the Exchange and the terms governing the fund including contributions shall be deemed to be a part of the terms subject to which the Membership of the Members is granted.

The Relevant Authority may specify the amount of contribution or deposit to be made by each Member and/or category of Members, which may include inter-alia the minimum amount to be provided by each Member.

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 to provide such additional contribution when called for shall entitle the Relevant Authority to levy penalty or interest on such defaulting Member 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 to the Exchange or any remedy to which the Exchange may be entitled under Law.

10.5 Utilization

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 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.

10.6 Liability of Exchange

The liability of the Exchange resulting from the Contracts of the Members with the Exchange and to losses in connection therefrom is limited to the extent of contributions available in the Settlement Fund. 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 Constituent and losses in connection therefrom.

10.7 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.”

11 DISPUTE RESOLUTION

11.1 DEFINITIONS

'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.

11.2 REFERENCE TO ARBITRATION

11.2.1 All claims, differences or disputes between the Members inter se and between Members and Constituents 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.

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

11.2.3 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.

11.2.4 The provisions of clause (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 trading membership.

11.3 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.

11.4 POWER OF THE RELEVANT AUTHORITY TO PRESCRIBE REGULATIONS

11.4.1 The Relevant Authority may, from time to time prescribe period within which any dispute referred in clause 11.2 can be referred to arbitration proceedings and procedures for the appointment and arbitration proceedings to be followed in general.

11.4.2 In particular, and without prejudice to the generality of the clause 11.4.1, 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.

11.4.3 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.

11.4.4 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.

11.4.5 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.

11.4.6 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.

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

11.4.8 The procedure for appointment of arbitrator.

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

11.4.10 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.

11.4.11 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.

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

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

11.4.14 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.

11.4.15 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.

- 11.4.16** 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.
- 11.4.17** 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.
- 11.4.18** 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.
- 11.4.19** 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.
- 11.4.20** The administrative assistance, which the Exchange may render in order to facilitate the conduct of arbitral proceedings and costs relating thereto.
- 11.4.21** All matters regarding the mode and the manner of service of notices and communications by the parties including communication addressed to arbitrator.
- 11.4.22** Any other matter which in the opinion of the Relevant Authority is required to be dealt with in the Regulations to facilitate arbitration.
- 11.4.23** The Relevant Authority from time to time may amend, modify, alter, repeal, or add to the provisions of the procedures.

11.5 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 referred to in clauses (11.6) and (11.7) 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.

11.6 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.

11.7 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.

11.8 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.

11.9 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.

11.10 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 Constituent, then the Constituent shall be permitted to appear by counsel, attorney or advocate. If the Constituent chooses to appear by counsel, attorney or advocate, then the Member shall be granted a similar privilege.

11.11 ADJOURNEMENT

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

11.12 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.

11.13 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.

11.14 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.

11.15 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.

11.16 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.

11.17 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.

12 MISCELLANEOUS

12.1 CONTRACT PERFORMANCE

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

12.2 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 Trading Member shall, for any account in which it has an interest or for the account of any Constituents, engage in any transaction in contravention of such restrictions.

12.3 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.

12.4 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.

12.5 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.

12.6 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.

12.7 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.

12.8 ALL CONTRACTS SUBJECT TO RULES AND BYE-LAWS

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.

12.9 MODIFICATIONS

Subject to the provisions of the Act and Relevant Regulations, 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.

12.10 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.

12.11 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.