

***RULES***

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**Updated in October, 2024****Regd. Office: CCIL Bhavan, S K Bole Road, Dadar (West), Mumbai- 400 028**

The Rules framed hereunder shall be known as Clearcorp Dealing Systems (India) Limited Rules, 2007. (as amended in October, 2024)

**APPLICABILITY**

These Rules shall be applicable to all Members (including Associate Members) admitted to Clearcorp Dealing Systems (India) Limited.

Note: Unless explicitly stated otherwise, all capitalized terms used herein but not defined, and defined in the Bye-Laws or Regulations of Clearcorp, shall have the same meanings as assigned to them therein.

Words and expressions used herein but not defined in these Rules of Clearcorp in respect of activities connected with Clearing Corporation shall have the meaning assigned to them in the Bye-Laws, Rules and Regulations of Clearing Corporation.

- 1) The Board is empowered to organize, maintain, control, manage, regulate and facilitate the operations of Clearcorp and to regulate all activities of the Members of Clearcorp.
- 2) The Board is empowered to make Bye Laws, Rules and Regulations from time to time, for all or any matters relating to the conduct of business of Clearcorp and to control, define and regulate all transactions and dealings undertaken by Clearcorp and to do all such acts and things as are necessary for the purposes of Clearcorp.
- 3) Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations in respect of all or any of the following matters:
  - 3.1 conduct of business by Clearcorp;
  - 3.2 appointment and dissolution of Committee or Committees for any purpose(s) of Clearcorp;
  - 3.3 manner or mode of operation and interfacing with RBI, FIMMDA, FEDAI, or any other organizations representing the interest of the Members and Regulatory Authority(ies);
  - 3.4 norms, procedures, terms and conditions for admission to, or continuance of or cessation of membership of Clearcorp;
  - 3.5 conduct of Members with regard to the dealings in Clearcorp;
  - 3.6 monitoring of margins on behalf of Clearing Corporation;
  - 3.7 charges payable by Members for membership and business transacted through Clearcorp as may be laid down from time to time;
  - 3.8 maintenance of records and books of accounts by Members as may be specified from time to time;
  - 3.9 investigation into the financial condition, business conduct and dealings of the Members;
  - 3.10 prescription and administration of penalties, fines and other consequences for non-compliance with or contravention of or violation of any provisions of Bye-Laws, Rules and Regulations;
  - 3.11 disciplinary actions to be taken against any Member and procedures thereof;
  - 3.12 penalties for non-compliance with or contravention of Bye Laws, Rules and Regulations of Clearcorp or of the general discipline of Clearcorp, including

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those for suspension or expulsion of the Members;

- 3.13 declaration of any Member as a defaulter or suspension, resignation or expulsion from membership of Clearcorp and consequences thereof;
  - 3.14 such other matters in relation to Clearcorp as may be prescribed under Bye-Laws or these Rules or as may be necessary or expedient for the organization, maintenance, control, management, regulation and facilitation of the operations of Clearcorp.
- 4) The Board is empowered to delegate, from time to time, to an 'Executive Committee(s)' or any other Committee(s) or to the Managing Director, such of the powers vested in it and on such terms as it may think fit, to manage all or any of the affairs of Clearcorp and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
  - 5) The Board may, from time to time, constitute one or more Committees comprising of Members of the Board or such others as the Board may in its discretion deem fit or necessary and delegate to such Committees such powers as the Board may deem fit and the Board may from time to time revoke such delegation.
  - 6) The Board shall have the authority to issue directives from time to time to the Executive Committee or any other Committee(s) or any other person or persons to whom any powers have been delegated by the Board. Such directives issued in exercise of this power, which may be in the nature of policy or may include directives to dispose of a particular matter or issue, shall be binding on the concerned Committee(s) or person(s).
  - 7) The Board or any Committee of the Board, to whom powers have been delegated by the Board, is empowered to add, vary, amend, repeal all and / or any of Bye-Laws, Rules and Regulations of Clearcorp and such addition, variation, amendment, repeal of the Bye-laws, Rules and Regulations shall, upon notification to Members, be deemed to have been accepted by the Members.

### **1. CONSTITUTION**

The Board may appoint one or more Management Committee(s) for the purposes of managing the day - to - day affairs of the different segment(s) of Clearcorp. The Board may decide on the constitution, duration and powers of the Management Committee(s), nomination and withdrawal of the nominees from the Management Committee(s) and appointment of office bearers including the terms and conditions governing such appointment, and rules and procedures for the functioning of the Management Committee(s).

### **2. POWERS OF MANAGEMENT COMMITTEE**

The Management Committee(s) shall carry out and implement all directives issued by the Board from time to time and shall be bound to comply with all the conditions of delegation and perform within the limitations of the powers of the Management Committee (s) as may be prescribed.

**1. GENERAL**

- 1.1 Rights, privileges, duties and responsibilities of a Member shall be subject to and in accordance with Bye-Laws, Rules and Regulations of Clearcorp. The Board or any Committee constituted by the Board for this purpose or any authority vested with such powers by the Board, may define and admit a Member for any one segment or for different segments and may specify different norms including eligibility, admission, continuation and cessation of membership and fees thereof for each segment.
- 1.2 The Board or any Committee or Authority appointed by the Board for the purpose shall specify pre-requisites, conditions, formats and procedures for application for admission, continuation, termination, re-admission of Members to all or any of the segments of Clearcorp. The Board may, at its discretion, refuse permission to any applicant to be admitted as Member to all or any of the Segments.
- 1.3 The fees, security deposit, contribution and other money (ies) as specified by the Board shall be payable on or before admission as Member and for continued Membership thereof.

**2. ELIGIBILITY**

- 2.1 Under Triparty Repo Dealing Segment there shall be two types of Members viz., Member and Associate Member.
- 2.1.1 The following minimum eligibility criteria shall apply for grant of membership to the Triparty Repo Dealing Segment of Clearcorp. The applicant shall; -
- a) be a Repo / Triparty Repo eligible entity in terms of RBI guidelines
  - b) be a Bank/ Financial Institution/ Primary Dealer/ Mutual Fund or a Statutory Corporation or a body corporate including a Company as defined in the Companies Act, 1956 or any entity as may be permitted from time to time by Reserve Bank of India to access its Negotiated Dealing System (NDS) or any part thereof;
  - c) simultaneously obtain Membership of Clearing Corporation's Securities Segment.
  - d) be a member of RBI e-Kuber and INFINET.
  - e) not have any record of repeated failure in complying with the regulatory

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requirements;

- f) not have been subject to an order of statutory disqualification or an order of similar effect issued by a regulatory authority ;
- g) have adequate risk management systems in place and shall have qualified personnel in its employment for effective risk management;
- h) fulfilled capital adequacy norms/ minimum Net Worth requirements as laid down by their respective regulators. If no such norm is prescribed or if the applicant is exempted from fulfilling the same, then the applicant shall have minimum Net Worth as stipulated by Clearcorp;
- i) be a profitable organization (must have reported operating profits in at least two out of three financial years immediately preceding the date of application);

Provided that Clearcorp at its discretion may exempt any entity as specified in 2.1.1 (a) above, from the requirement of Sub-rules (h) and (i) ;

- j) have experienced and qualified personnel in its treasury and/ or finance departments; and
- k) have requisite information technology and communication infrastructure to facilitate connectivity and smooth functioning of the Dealing Systems.

### **2.1.2 Associate Members shall**

- a) be a Repo / Triparty Repo eligible entity in terms of RBI guidelines;
- b) not be eligible, as per RBI guidelines, to open SGL Account and/or Current Account with RBI;
- c) simultaneously obtain membership of Clearing Corporation's Securities Segment for Clearing and Settlement of Triparty Repo Trades.
- d) be familiar with treasury operations;
- e) have experienced and qualified personnel in its treasury and/or finance departments;
- f) have adequate risk management systems in place and shall have qualified personnel in its employment for effective risk management;
- g) not have any record of failure in honouring its obligations to the market intermediary, which shall be duly certified by its internal auditors;
- h) not have been subject to an order of statutory disqualification or an order of similar effect issued by a regulatory authority;
- i) be profitable organization (must have reported operating profits in at least two out of three financial years immediately preceding the date of

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application) ;

- j) have minimum Net Worth as stipulated by Clearcorp; and
- k) have requisite information technology and communication infrastructure to facilitate connectivity and smooth functioning of the Dealing Systems.

2.2 The following minimum eligibility criteria shall apply for grant of membership to the “FX-CLEAR” Dealing Segment of Clearcorp:

The applicant shall –

- a) be an authorized foreign exchange dealer;
- b) have adequate risk management systems and policies in place and qualified personnel in its employment for effective risk management;
- c) be a member of Forex Settlement Segment of Clearing Corporation;
- d) have experienced and qualified personnel in its treasury and/or finance departments; and
- e) have requisite information technology and communication infrastructure to facilitate connectivity and smooth functioning of the Dealing Systems.

2.3 The following minimum eligibility criteria shall apply for grant of membership to the Repo Dealing Segment of Clearcorp.

The applicant shall -

- a) be eligible to enter into market repo/GSL transactions in G-Secs as per eligibility criteria specified by RBI for this purpose from time to time;
- b) be an active Member of Securities Segment of Clearing Corporation;
- c) not have any record of repeated failure in complying with regulatory requirements;
- d) not have any record of failure in honouring its obligations promptly;
- e) not have been subject to an order of statutory disqualification or an order of similar effect issued by a regulatory authority;
- f) have adequate risk management systems in place and shall have qualified personnel in its employment for effective risk management;
- g) fulfilled capital adequacy norms/minimum Net Worth requirements as laid down by their respective Sectoral Regulators; if no such norm is prescribed or if the applicant is exempted from fulfilling the same, then the applicant shall have minimum Net Worth as stipulated by Clearcorp ;
- h) be a profitable organization (must have reported operating profits in at least two out of three financial years immediately preceding the date of application);



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provided that Clearcorp at its discretion may exempt any entity as specified in 2.3 (a) above, from the requirement of paras 2.3 (g) and 2.3(h) ;

- i) have experienced and qualified personnel in its treasury and/or finance departments; and
- j) have requisite information technology and communication infrastructure to facilitate connectivity and smooth functioning of the Dealing Systems.

2.4 The following minimum eligibility criteria shall apply for grant of membership to the Rupee Derivatives Dealing Segment of Clearcorp.

The applicant shall –

- a) be eligible to enter into OTC Derivative transactions as per eligibility criteria specified by RBI for this purpose from time to time;
- b) be an active Member of the Rupee Derivatives Guaranteed Settlement Segment of Clearing Corporation;
- c) not have any record of repeated failure in complying with regulatory requirements;
- d) not have any record of failure in honouring its obligations promptly;
- e) not have been subject to an order of statutory disqualification or an order of similar effect issued by a regulatory authority;
- f) have adequate risk management systems in place and shall have qualified personnel in its employment for effective risk management;
- g) have experienced and qualified personnel in dealing operations in treasury department; and
- h) have requisite information technology and communication infrastructure to facilitate connectivity and smooth functioning of the Dealing Systems.

2.5 No entity shall be admitted as a Member of Clearcorp if–

- (a) proceedings for winding up have commenced or if it has been ordered to be wound up or a provisional liquidator/ receiver/ official liquidator has been appointed for such an entity;
- (b) has compounded with its creditors for less than full discharge of debts save if such acts of compounding as are carried out in the normal course of its business as a part of a restructuring process;
- (c) has been barred by an order of a Court/ Government/ Regulatory body for any violation of law;
- (d) has been at any time declared a defaulter under any law or by any regulatory body; and

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(e) has been previously refused admission to Clearcorp unless the period of one year has elapsed since the date of last rejection;

2.6 Notwithstanding anything contained herein, the Board shall have the power to amend, alter, vary or exempt the eligibility criteria for admission to membership.

### **3. ADMISSION**

- 1) Clearcorp shall constitute a Committee of Directors and/or authorize the Managing Director or any authority appointed by the Board from time to time (hereinafter referred to as “the Approving Authority”) to screen and approve all requests for membership.
- 2) Any person desirous of becoming a Member shall apply to Clearcorp for admission to the membership of the relevant segment of Clearcorp in such formats as may be prescribed by Clearcorp from time to time.
- 3) The application shall be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified from time to time.
- 4) The applicant shall furnish such declarations, undertakings, certificates, confirmations and such other documents as may be specified from time to time.
- 5) The Approving Authority shall screen all requests for membership based on the criteria of membership approved by the Board for the segment to which membership has been sought by the applicant.
- 6) Any person whose request for membership to any of the business segments of Clearcorp has been rejected may prefer an appeal in writing to the Board within thirty days of receipt of rejection advice.
- 7) The Approving Authority shall have the authority to call for any information at such periodical intervals as it considers necessary, to evaluate the admissibility or continuance of membership.
- 8) Clearcorp may at any time from the date of admission to Clearcorp withdraw/ cancel the admission/ order of expulsion from membership if a Member is found to have: -
  - a. made any misrepresentation; or
  - b. suppressed any material information; or
  - c. has directly or indirectly given false particulars or information or given a false declaration.
- 9) Membership to Clearcorp only creates a specific and non- transferable right to

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access Clearcorp's Dealing Systems/ platform; it does not in any manner constitute the grant or creation of any beneficial or ownership interest in Clearcorp.

- 10) A Member shall not assign, mortgage, pledge, hypothecate or create charge on its right of membership or any rights or privileges attached thereto nor shall it have the right to give license or grant power of attorney in respect of such rights and privileges. No such attempted assignment, mortgage, pledge, hypothecation or charge or license or power of attorney shall be effective as against Clearcorp for any purpose, nor shall any right or interest in any membership other than the right or interest of the Member therein be recognized by Clearcorp. Clearcorp may suspend any Member who acts or attempts to act in violation of the provision of this rule or take any other disciplinary action as it may deem fit.

### **4. PROCESSING OF APPLICATIONS**

- 1) Every application for membership received shall be forwarded by Clearcorp to the membership approval committee and thereafter to the Approving Authority for consideration.
- 2) Clarifications and/or additional information sought by the Approving Authority shall be conveyed to the concerned applicant. Such applications shall be processed further only upon receipt of complete particulars called for by the Approving Authority.
- 3) Mere submission of completed application forms and/or additional information sought by the Approving Authority does not by itself confer any privilege on any applicant to claim grant of membership to the Dealing Segment.
- 4) Upon receipt of approval from the Approving Authority, Clearcorp shall communicate such approval to the applicant with a request to complete other formalities as required for admission;
- 5) Every applicant upon receipt of approval for membership shall execute required documentation in such form and manner as may be prescribed by Clearcorp.
- 6) A Member can commence operations for itself or its Constituents (wherever applicable) on the Dealing Segment only upon activation of its membership, which shall be subject to completion of such formalities as may be stipulated by Clearing Corporation/Clearcorp in its various communications to the Member, as part of its admission process.

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### **5. MEMBERSHIP/USER ID/NUMBER:**

- 1) Every applicant, upon admission as Member to a Dealing Segment shall be allotted a Membership / User ID/Number, as the case may be. The said ID / Number would be unique with their usage restricted to the respective Dealing Segment of Clearcorp.
- 2) Every Member shall incorporate the ID / Number in all its communications to Clearcorp.
- 3) Non-incorporation of ID/Number in any communication by the Member shall absolve Clearcorp of all liabilities or consequences of non-action by Clearcorp.
- 4) Every applicant who is already a Member of any of the existing Segments of Clearcorp and/or Clearing Corporation shall continue to use the existing ID/Number that has already been allotted to it unless specifically advised otherwise by Clearcorp.
- 5) A Member shall ensure that use of its ID/ Number is restricted to its authorized personnel only.
- 6) Clearcorp does not recognize as parties to any Deal, persons other than the Members of the respective Dealing Segment.
- 7) Members shall at all times ensure that they, as well as the Users permitted by them to operate on the concerned Dealing System, subscribe to and comply with the internal code of conduct as also those prescribed, if any, by RBI, any other regulatory agency, Clearcorp, Clearing Corporation and/or any other industry body/ association such as FIMMDA, FEDAI, PDAI, AMFI, etc. as directed by Clearcorp from time to time.
- 8) Clearcorp and/or any of its officials shall not in any way be liable for any loss or consequences that may arise on account of unauthorized and/or wrongful use of ID/ Number by any person acting in the name of or on behalf of a Member.
- 9) Every Member is directly and wholly liable, in accordance with the Bye-Laws, Rules and Regulations of Clearcorp, to every other Member with whom such Member effects any deal on the Dealing System for due fulfilment of the Deal.

### **6. CONDITIONS**

- 1) Members shall adhere to Bye-Laws Rules and Regulations of Clearcorp and shall comply with such operational parameters, rulings, notices, guidelines and instructions of Clearcorp as may be applicable.

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- 2) Members shall furnish declarations, undertakings, confirmation and such other documents and papers relating to such matters and in such forms as may be prescribed by Clearcorp from time to time.
- 3) Members shall furnish to Clearcorp such audited and/or unaudited financial or qualitative information and reports/ statements and in such manner as may be required by Clearcorp from time to time.
- 4) Members shall extend full cooperation and furnish such information and explanation and, in such form, and manner as may be required by Clearcorp for inspection or audit or in regard to any deals done through Clearcorp's Dealing System/platform and/or other related matters.

### **7. MEETINGS OF MEMBERS**

1. Meetings of Members shall be convened as and when found necessary by Clearcorp.
2. A Member who is desirous of convening a meeting of the Members of the concerned segments, shall give a notice, in writing in that behalf, of at least 14 business days to Clearcorp and brief reasons for the same. Clearcorp, after receiving such notice for convening the meeting, may in its discretion accept or reject the request with or without assigning any reason and intimate the decision to such Member within 14 days after receipt of such request. Provided that such rejections shall be authorized by the Managing Director.
3. In case of acceptance of request for convening a meeting of Members, Clearcorp shall fix a date and agenda for the meeting and give notice of such meeting to all Members of the concerned segment.
4. Minutes of the meetings of Members shall be recorded in the minutes book maintained for the purpose which shall be available for inspection by Members with prior written notice of at least one Business Day. Extracts of such minutes shall be made available to Members upon a demand in writing against payment of such amount as may be specified by Clearcorp from time to time.
5. One fourth of the total number of Members of the concerned segment shall constitute the quorum for the meetings of Members. In the absence of requisite quorum within thirty minutes of the scheduled commencement time, the meeting shall be adjourned to a later date to be fixed by Clearcorp without conducting any business. Such adjourned meeting, when held at the time and date so fixed,

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shall conduct the business even in the absence of quorum. Provided however that, in case of a meeting convened by Clearcorp at the instance of a Member, the meeting shall stand dissolved if quorum is not present within thirty minutes of the scheduled commencement time.

6. The Managing Director of Clearcorp shall be the Chairman of the meetings of Members and in his absence any official of Clearcorp as nominated by the Managing Director, shall conduct the meeting.
7. Every Member is entitled to vote in the meeting for the concerned Segment and every Member present in person shall have one vote. Proposal at such meetings shall be accepted by majority of the votes cast for the resolution.
8. Suggestions for changes in Bye-Laws, Rules and Regulations arising out of the deliberations of the meetings of Members shall be submitted to the Board through a copy of the minutes of the meeting. The Board may consider the suggestions and take a decision in the matter. The decision of the Board shall be final and binding on all the Members.

### **8. CESSATION OF MEMBERSHIP**

- 1) A Member shall cease to be a Member by its:
  - (a) resignation;
  - (b) expulsion in accordance with the provisions contained in Bye-Laws, Rules and Regulations after a reasonable notice in writing to the Member;
  - (c) winding up or dissolution;
  - (d) failing to adhere to any of the membership conditions/criteria for the segment to which it has been admitted as a Member after a reasonable notice in writing to the Member;
  - (e) cessation of membership from relevant segment of Clearing Corporation.
- 2) The cessation of membership shall not in any way absolve the Member from any obligations and liabilities incurred by the Member prior to such cessation or any future liability that may arise subsequent to cessation arising out of its membership of Clearcorp.
- 3) The cessation of membership will be without prejudice to the rights of Clearcorp to proceed against such Member to enforce its rights as per Bye-Laws, Rules and Regulations.

### **9. RESIGNATION**

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1. A Member who intends to resign shall intimate Clearcorp in writing giving a notice of at least one month to that effect.
2. All requests for resignation from membership shall be decided by the Board or the Approving Authority appointed by the Board from time to time.
3. The Board or the Approving Authority may accept the resignation of a Member either unconditionally or on such conditions as it may think fit. The Board or the Approving Authority may refuse to accept such resignation until it is satisfied that all outstanding transactions with the Member have been settled.

### **10. FAILURE TO PAY FEES, TRANSACTION CHARGES, ETC.,**

Save as otherwise provided in Bye-Laws, Rules and Regulations of Clearcorp, if a Member fails to pay the membership fees, fines, penalties, transaction charges, other charges or other monies which may be due to Clearcorp within such time as Clearcorp may prescribe from time to time after notice in writing has been served upon the Member by Clearcorp, the said Member may be suspended until the Member makes the payment. If within a further period of time as may be specified by Clearcorp, the concerned Member fails to make such payment, it may be declared a defaulter or may be expelled by Clearcorp.

### **11. RE-ADMISSION OF DEFAULTERS**

The Board or Approving Authority may, at its discretion re-admit a Defaulter as a Member subject to such terms and conditions the Board may deem fit.

**1. DECLARATION OF DEFAULT**

- 1.1 A Member failing to abide by the Bye-Laws, Rules and Regulations of Clearcorp, being suspended/ declared as a defaulter by Clearing Corporation.
- 1.2 A Member's right of Membership shall lapse and vest with the Board immediately after it is declared a defaulter.
- 1.3 The Member who is declared a defaulter forfeits all its rights and privileges as a Member of Clearcorp, including any right to use of or any claim upon or any interest in any property or funds of the Member with Clearcorp.

**2. FOLLOW-UP ACTION**

In the event of default by a Member, Clearcorp shall initiate follow-up actions as per the procedure set forth in the Bye-Laws, Rules and Regulations.



- 1) Clearcorp may set limits and/or Margin requirements on the Dealing System, either on its own or at the instance of Clearing Corporation /Regulator.
- 2) Clearcorp may monitor/ validate the limits and/or Margins on the Dealing System(s) for its Members and its Constituent (s) at the instance of Clearing Corporation.
- 3) In case of any breach of such limit or margin requirements, Clearcorp shall have the right to restrict the access of the concerned Member and / or its Constituent(s) to its Dealing System. Access of such member to the Dealing System can also be in risk reduction mode as prescribed from time to time.

1. Clearcorp shall operate a surveillance system and initiate such actions, share such information with the Regulator and/ or such entities as required by the Regulator or any other statutory authority;
2. Clearcorp shall monitor the functionality of the Dealing System during business hours and compliance with all the applicable provisions of Bye-Laws, Rules and Regulations of Clearcorp and Clearing Corporation and such other terms and conditions as laid down by Clearcorp and Clearing Corporation from time to time.
3. A Trading Member shall not do any act or engage in any conduct, or knowingly act with any other Member in any act or practice that will or is likely to: -
  - a. constitute market abuse; or
  - b. damage the fairness or integrity of the markets; or
  - c. create a false or misleading appearance of active trading in any contracts; or
  - d. lead to a 'false market' in respect of any contracts. For avoidance of doubt, a false market includes a market in which: -
    - i. information is false, exaggerated or tendentious;
    - ii. buyers and sellers collaborate to create an artificial market by manipulating the market prices; or
    - iii. manipulative or fictitious orders, transactions or other devices have been employed.
4. Clearcorp shall carry out surveillance on Dealing Systems for each of the following trading activities:
  - a. Transactions executed on the trading platform
  - b. Price/Yield/Rate movements for intra-day and inter-day
  - c. Volume for intra-day and inter-day
  - d. Market manipulation
  - e. Any other activities which Clearcorp deems necessary.
5. Where Clearcorp deems it necessary to carry out a detailed analysis of activities as referred to in the preceding sub-clause (4), Clearcorp may require the Member to provide further details, as and when required.
6. Where an act of Trading Member is deemed to be an act in violation or an act which is likely to constitute violation as result of examination of the Dealing System, Clearcorp shall initiate appropriate actions under the Bye Laws, Rules and Regulations.

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7. Clearcorp shall require such Member to report improvement measures or action taken by way of an email, where Clearcorp has issued warnings pursuant to sub-Rule 6 above;

**A. OFFICE RELATED PROCEDURE**

1. Every Member shall ensure that all persons including its Constituent acting on its behalf shall subscribe at all times to high standards of professional ethics and integrity.
2. Clearcorp's Member shall be responsible for all the acts of its Constituent for whom they act as a Trading Member.
3. Where Clearcorp considers it necessary in the public interest to do so, it may at its own instance or on a written request and/or complaint from another Member or any regulatory body/ agency seek explanation from the Member regarding the professional conduct of the Member or any of its staff members where such conduct has been found unsatisfactory or contrary to principles enumerated in Clearcorp's Bye-Laws, Rules and Regulations, or notifications, directions or circulars issued thereunder.

**B. SUPERVISION PROCEDURES TO BE FOLLOWED**

1. Each Member shall establish, maintain, and enforce procedures to supervise its business (including its Constituents in relation to transactions on Clearcorp) and to supervise the activities of its employees and ensure that the same are reasonably designed to achieve compliance with Clearcorp's Bye Laws, Rules and Regulations and any Notifications, directions issued thereunder as well as the applicable laws.
2. Each Member shall maintain an internal record of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective. Such record shall be preserved by the Member for a period of not less than three years or as may be required under any applicable law.
3. A Member shall immediately notify in writing to Clearcorp of any change in its status and constitution, operation and activities.

**C. DEALING PRINCIPLES**

Notwithstanding anything contained above, Members shall adhere to the following dealing principles:

1. Each Member shall at all times maintain such infrastructure, staff,

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Communication facilities and records as per the requirements enumerated in Bye-Laws, Rules and Regulations and/ or by Notification issued in that behalf.

2. In conducting its business activities, a member shall act honestly and fairly.
3. A member shall be responsible for all the actions including Trades originating through or with the use of all following variables-Member ID, its Constituent ID Member Number, User ID, valid User password at that point of time.
4. A Member shall not make Bids and/or Offers which results in creating a false or misleading appearance with respect to prices.
5. Members shall ensure that the fiduciary and other obligations imposed on them and their staff by the various applicable laws, as amended from time to time are complied with.
6. Members shall ensure that their employees, Constituent(s) are adequately trained in the practices of the relevant Dealing Segment in which they deal, are aware of their own, and their organization's responsibilities as also of the relevant laws governing the dealing Member, and the Bye-Laws, Rules and Regulations of Clearcorp, including any additions or amendments thereof.
7. A Member and/or any of its Users shall not be permitted to:
  - a) use the software provided by Clearcorp for any purpose other than those approved and specified by Clearcorp;
  - b) use the software provided by Clearcorp on any equipment other than that installed in its official premises from where its dealing operations are conducted;
  - c) copy, alter, modify or make available to any other entity or person, the software provided by Clearcorp;
  - d) use the software in any manner other than as specified by Clearcorp;
  - e) install or operate a workstation/terminal from an unauthorized location;
  - f) install or operate a workstation/terminal from a PC / Server / Laptop or any other similar device that does not meet the minimum configuration requirement specified by Clearcorp; and
8. The intellectual property rights of such software shall be with Clearcorp and any unauthorized use of the same shall be treated as infringement and dealt with accordingly.
9. A Member shall ensure that the Member or its Constituents and/or any of its users shall not publish, supply, show or make available to any other person/entity the facilities of a Dealing System or the information provided by the Dealing

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System except with the explicit approval of Clearcorp;

10. Clearcorp shall provide its services on a best effort basis. However, Clearcorp shall not under any circumstances be held liable for any failure of the Dealing System arising from circumstances beyond its control, force majeure, etc. or any consequence arising therefrom or incidental thereto;
11. Without prejudice to anything contained in sub Rule 10 above, such failure shall not reduce, alter or affect the liability of a Member in respect of any Deals to which the said Member/or its Constituent(s) is a party;
12. Member or its Constituents/User's shall not submit Orders, or report Deals or do any activity on the Dealing System for the purpose of testing any internal systems or controls;
13. Members shall conduct conformance testing, prior to the deployment or any update of the Dealing System;
14. Members shall participate in the Business Continuity Planning (BCP) drills of the respective Dealing System as and when notified by Clearcorp;

### **D. SHIELDING OR ASSISTING**

No Member shall omit to report or abet or shield or assist or aid any Member where such other Member is known to have committed a breach or evasion of any Bye-Laws, Rules or Regulations of Clearcorp or of any resolution, order, Notice or direction thereunder of the Board or the Managing Director or of any committee or officer of Clearcorp in that behalf.

### **E. GENERAL**

1. Every Member shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.
2. Every Member shall ensure that the information given to Clearcorp is true and correct in all respects.

**1. RECORDS**

Every Member shall comply with all applicable laws, requirements of, and under, any notifications, directives and guidelines issued by the Central Government, Reserve Bank of India and any statutory body or local authority or anybody or authority acting under the authority or direction of the Central Government or Reserve Bank of India relating to the maintenance of accounts and records.

**2. ANNUAL ACCOUNTS AND AUDIT**

- a) Each Member shall prepare annual accounts for each financial year ending on the 31<sup>st</sup> March or such other date as may be advised from time to time.
- b) Each Member shall furnish to Clearcorp, its audited financial statement and such report shall be furnished no later than six months after the end of the Member's financial year; provided that, when Clearcorp is satisfied that circumstances warrant an extension of time for furnishing such report, it may grant an extension of such time as it may deem fit.

**1. APPLICABILITY**

The dispute resolution proceedings provided in this chapter shall apply only to dispute/claim/difference by a Member with/against any other Member(s) of Clearcorp in relation to any Trade carried out between such parties in accordance with the Bye-Laws, Rules and Regulations of Clearcorp.

**2. PANEL FOR RESOLUTION OF DISPUTES (PRD)**

- (a) For the purpose of dispute resolution, Clearcorp shall by Notification constitute the “Panel for Resolution of Disputes” (PRD) by nominating four members on the PRD out of its Members, and a senior official/Managing Director/ authorised representative of Clearcorp as the fifth member on PRD, who shall be the Chairman of PRD.
- (b) In case of any dispute involving any Member(s) of Clearcorp who is/are also Member(s) of the PRD, Clearcorp shall by Notification replace such member(s) of the PRD by other members for the limited purpose of looking into such dispute.
- (c) The tenure of membership of the members in the PRD shall be one year from the date of appointment or as may be specified by Clearcorp from time to time. However, if one or more office(s) of the Member(s) on the PRD falls vacant after the appointment thereto, Clearcorp shall by Notification fill up the vacancy.

**3. PROCEDURE FOR DISPUTE RESOLUTION**

- (a) The aggrieved Member shall submit a written application in duplicate to Clearcorp, at the registered office address of Clearcorp for dispute resolution setting out all the relevant facts of the case along with the requisite documents in support of the same, the dealing segment in which the dispute has arisen and any other additional information.
- (b) The applicant shall simultaneously send a copy of the application seeking dispute resolution addressed to Clearcorp along with its supporting documents to the respondent.
- (c) Upon receipt of the documents from the parties a PRD meeting shall be arranged no later than 10 Business Days from the date of such receipt for the purpose of dispute resolution.
- (d) The PRD shall dispose off the dispute within 45 working days of submitting the



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dispute.

- (e) The PRD for the purpose of disposing off the matter may ask for such information/ documents as it may deem necessary from the parties or Clearcorp and may give the parties to the dispute an opportunity of being heard, if it deems fit, and for that purpose shall determine the date and time of hearing and shall give notice to all the parties concerned.
- (f) The decision of the PRD shall be in writing and made in three originals duly dated and signed by each of the Members on the PRD.

### **4. DISPUTES BETWEEN MEMBER AND CONSTITUENT**

- (a) Clearcorp shall not be made a party to any dispute between the Member and its Constituent. Such disputes shall be resolved by the Member directly with its Constituent amicably, without involving Clearcorp.
- (b) Where no settlement is arrived at, such disputes may be settled through a dispute resolution mechanism as notified by Clearcorp from time to time.
- (c) For the purpose of dispute resolution, if required, Clearcorp may provide the record from its central processing unit, on written request.

### **5. ADMINISTRATIVE ASSISTANCE WHICH MAY BE PROVIDED BY CLEARCORP**

Clearcorp shall:

- maintain a register of references;
- receive all applications for dispute resolution and communications addressed by the parties before or during the course of dispute resolution proceedings or otherwise in relation thereto;
- communicate to the parties all orders and directions of the PRD;
- receive and record all documents and papers relating to the reference and keep in custody all such documents except such documents which the parties are allowed to retain;
- communicate the decision on behalf of the PRD;
- generally, do such things and take all such steps as may be necessary to assist the PRD in the execution of their function.

**1. Fees and Charges**

- 1.1 The Board or any other Committee appointed by the Board, or the Managing Director of Clearcorp authorized by the Board in that behalf may prescribe the scale of fees, charges and/or additional charges payable by Members for itself or on account of its Constituent(s) from time to time.
- 1.2 The Board or any other Committee appointed by the Board, or the Managing Director of Clearcorp authorized by the Board in that behalf shall be empowered to revise the various fees, charges and/or additional charges and effect such changes in the same as it considers necessary from time to time.
- 1.3 The revised fees and charges, as and when made effective, shall be payable by the Member.

**2. Bills for Fees and Charges**

- 2.1. Clearcorp shall forward to its Members the bills relating to fees and charges as and when such bills are generated and due for payment.
- 2.2. The Members shall verify their bills and notify Clearcorp of discrepancies, if any, with all necessary details, not later than two Business Days from the date of notification of the relative bill.

**3. Recovery of Fees and Charges**

- 3.1. The Member shall effect payment of the fees and charges payable by them to Clearcorp by the time limit specified by Clearcorp from time to time.
- 3.2. Clearcorp shall be entitled to levy additional charges for non-payment of fees and charges by the Members, at the rate notified from time to time, if it deems fit and appropriate in addition to any other disciplinary action as decided by Clearcorp.

1. Clearcorp is entitled in its discretion to amend or supplement from time to time the provisions of its Bye-Laws, Rules and Regulations or any communications/notifications/circulars/instructions issued thereunder to the extent necessitated by market conditions and/or regulatory requirements. The same shall be binding on the Members;
2. Members shall normally be notified of any changes with due advance Notice prior to the effective date thereof, unless any emergent action of Clearcorp becomes necessary due to any sudden development making such advance Notification impossible.
3. **LIMITATION OF LIABILITY**
  - 3.1 Clearcorp shall not be liable for:
    - a) Any inaccuracy, error or delay in or omissions of any information, data or message;
    - b) Transmission of any such data, information or message;
    - c) any loss or damage arising from any such inaccuracy, error, delay or omission, non-performance or interruption due to any act or omission by Clearcorp due to Force Majeure;
    - d) Failure of the communication systems or failure of payments caused directly or indirectly by equipment or system failure;
    - e) Any other cause beyond the control of Clearcorp.
  - 3.2 Any instruction/ order/ direction or request entered under a Member's and / or its Constituent's and using a Member's and / or its Constituent's password shall be deemed to be an instruction/ order/ direction or request received from such Member or its Constituent or its duly authorized representative. If any other third party (including any unauthorized employee of a Member or its Constituent) gains access to the services provided by Clearcorp such Member shall be responsible and indemnify Clearcorp against any liability costs or damages arising out of such claims or proceedings by such third parties and/ or any party based upon or relating to such access or use.
  - 3.3 Clearcorp has no obligation to verify the authority of any instruction sent or purported to have been sent from the Member other than by means of verification of the Member ID. A Member shall immediately notify Clearcorp in writing, if such Member becomes aware of any loss or theft or unauthorized use of the Member's ID or password. Clearcorp is not to be held responsible for any loss or damage that may

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arise due to a Member's inability to notify Clearcorp in writing of such occurrence.

### **4. INFORMATION TECHNOLOGY**

#### **4.1 Computer System Support**

The operations of Clearcorp shall be conducted in a fully computerized environment. Members shall be connected to Clearcorp through a system of network belonging to and maintained by RBI and/ or individual network connectivity systems approved by Clearcorp from time to time. Only Members of Clearcorp shall be connected to the host system at Clearcorp's premises at Mumbai through specified front end systems installed at Member's premises at Member's expenses. The connectivity including hardware and software should be as per the specifications and approval of Clearcorp. Member terminal shall be located within their own business premises with necessary approvals from landlords, municipal authorities, builders or societies as may be applicable in each case for the location/ housing of such equipment.

Provided that, the access to the Dealing System by a Constituent shall be deemed to be an access by the respective Trading Member.

#### **4.2 Request for Changes/ Enhancement**

Request for changes and/or enhancement to the hardware and/or software installed in the IT equipment located at Member's premises should be made in writing to Clearcorp giving complete details of the changes proposed and the reasons that warrant such changes. Clearcorp shall examine requests for such changes to ensure that such requests would not affect the operations of Clearcorp. Changes and/ or modifications at the Member's premises to the computer system relating to operations with Clearcorp can be effected only after receiving specific written approval of Clearcorp. Members shall inform Clearcorp in writing upon completion of such modification and await Clearcorp's written approval prior to operationalization of the modification into Clearcorp's network. All changes and/ or modifications to software and/ or hardware shall be effected by Members at their own cost. Further, any changes and/ or modifications that may become necessary at the specific requirement of Clearcorp shall also be carried out by Members at their cost.

### **5. RECORDING OF CONVERSATIONS**

Clearcorp shall have the authority to record/video tape conversations with the Members and/ or their officials over telephone or otherwise and such record maintained by Clearcorp shall be conclusive evidence.