



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## BYE - LAWS

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CHAPTER I: DEFINITIONS

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1. **ADVERSE POSITION**  
“Adverse Position” in respect of the buyer of a security shall mean that the current price of the security has fallen to a level lower than the price at which it was traded / transacted. In case the current price has moved to a level higher than the traded/transacted price, the seller shall be treated as holding “Adverse position”.
2. **ASSOCIATE MEMBER**  
Associate Member is a member who does not have SGL account with RBI and maintains a settlement account with a designated Settlement Bank for the purpose of funds settlement.
3. **BASKET REPOS**  
“Basket Repos” refers to a transaction wherein Repos and Reverse Repos are facilitated in the Basket Repo Market with in various security baskets as notified by Clearcorp from time to time.
4. **BASKET REPO MARKET**  
“Basket Repo Market” refers to the market wherein dealing in Basket Repos is facilitated.”
5. **BID**  
“Bid” refers to an order for buying currency/ Derivatives/ money market instrument. (CBLO).
6. **BILATERAL LIMITS**  
“Bilateral Limits” refers to the limits which banks set against each other on the dealing system for doing forex trades.
7. **BOARD**  
“Board” means Board of Directors of Clearcorp Dealing Systems (India) Limited.
8. **BORROWERS**  
“Borrowers” refer to the members intending to borrow or members who have placed in the system an order to borrow funds in the CBLO Dealing Segment and / or in the Repo Dealing Segment.

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- 9. BUSINESS DAY**  
“Business Day” refers to the segment to which it relates and shall mean a calendar day when Clearcorp is open for conduct of business in that segment.
- 10. BUYING MEMBER**  
“Buying Member” means a Member who undertakes to purchase security, Derivatives /CBLO and/ or foreign currency for a consideration.
- 11. BYE-LAWS**  
“Bye -Laws” means the Bye Laws of Clearcorp for the time being in force.
- 12. CASH TRADES**  
“Cash Trades” refers to the Forex Trades where the value date for settlement is the same as the relative trade date. For example: For a deal done on 5th February, 2004 which is a Thursday, the value date for settlement also will be 5th February, 2004, Thursday.
- 13. CBLO**  
“CBLO” refers to Collateralised Borrowing and Lending Obligation notified as money market instrument by RBI.
- 14. CBLO (DEALING) SEGMENT**  
“CBLO (Dealing) Segment” means the segment relating to trading/dealing in CBLO through the dealing system.
- 15. CENTRAL COUNTERPARTY**  
Clearing Corporation which acts as a buyer to every seller and seller to every buyer through novation in respect of trades reported to it for clearing and settlement.
- 16. CLEARCORP**  
“Clearcorp” means Clearcorp Dealing Systems (India) Ltd.
- 17. CLEARING CORPORATION**  
“Clearing Corporation” means The Clearing Corporation of India Ltd. as registered under the Companies Act.
- 18. COUNTERPARTY**  
“Counter party” means the other party with whom a Member has entered into a trade.

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- 19. CROMS**  
“CROMS” means Clearcorp Repo Order Matching System i.e. the Repo Dealing System available to members of Clearcorp’s Repo Dealing Segment for dealing in market repos and/or reporting of Bilateral market repo trades in GSecs concluded by Members and/or their Constituents/ Gilt Account Holders outside CROMS for clearing and settlement by Clearing Corporation. The terms “CROMS” or “Repo Dealing System” or “Repo System” occurring in the Bye-laws, Rules and Regulations and/or any communications issued thereunder shall have one and the same meaning.
- 20. CURRENCY**  
“Currency” means any legal tender of a country recognised by the Government of India.
- 21. CUT OFF TIME**  
“Cut-Off Time” means with respect to various activities the dead line prescribed by Clearcorp.
- 22. DEALING SYSTEM**  
“Dealing System” means the electronic system made available by Clearcorp to the members of its various business segments to undertake dealing transactions in terms of the provisions of its Bye Laws, Rules and Regulations.
- 23. DEALING MEMBER**  
“Dealing Member” means a member of Clearcorp who has been permitted to conduct various kinds of transactions on the dealing system of the dealing segment to which it has been admitted by Clearcorp.
- 24. DEALING SEGMENT**  
“Dealing Segment” refers to the various business segments of Clearcorp to which it admits its members to carry out various kinds of transactions.
- 25. DEFAULT**  
“Default” means the failure by a member to honour its obligations in terms of Bye-Laws, Rules and Regulations and/or any other agreement with the Clearcorp.

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**26. DESIGNATED OFFICE**

“Designated Office” means an office agreed to by a Member as its Designated Office from where it proposes to carry out its operations on the Dealing Systems.

**27. DISCOUNT**

“Discount” means the value deducted from Spot rate to arrive at the forward rate.

**28. DERIVATIVE**

“Derivative” shall have the same meaning as assigned to it under clause (a) of section 45U of the Reserve Bank of India Act, 1934.

**29. EXCHANGE RATE**

“Exchange Rate” refers to the price of one national currency in terms of another.

**30. FOREIGN EXCHANGE**

“Foreign Exchange” shall have the meaning assigned to it in the Foreign Exchange Management Act, 1999 and shall include all permitted foreign currencies.

**31. FOREX**

“Forex” refers to all kinds of foreign exchange Trades for the buying and selling of one currency against another currency.

**32. FOREX DEALING SEGMENT**

“Forex Dealing Segment” means the segment relating to dealing in forex transactions through the dealing system.

**33. FOREX SWAP**

“Forex Swap” means a Trade involving simultaneous buying and selling of a foreign currency amount for two different settlement dates.

**34. FOREX TRANSACTION**

“Forex Transaction” refers to purchase or sale of the currency of one nation with that of another. Foreign exchange rates refer to the number of units of one currency needed to purchase one unit of another or the value of one currency in terms of another.

**35. FORWARD TRADES**

“Forward Trades” refer to the Forex Trades where the value date for the settlement falls beyond the Spot date. For example for a deal done on 3rd February, 2004 which is a Tuesday, if the value date for settlement is any date beyond 5th February, 2004, such a Trade shall be treated as a forward Trade.

**36. FX-SWAP DEALING SEGMENT**

“FX-SWAP Dealing Segment” means the segment related to dealing in USD/INR swap transactions which include Cash-Tom, Tom-Spot, Cash-Spot and Spot-forward.

**37. FORWARD RATE AGREEMENT:**

A “Forward Rate Agreement” is a financial contract between two parties to exchange interest payments for a `notional principal’ amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract (fixed) and the settlement rate, are made by the parties to one another. The settlement rate is the agreed bench-mark/ reference rate prevailing on the settlement date.

**38. GILT ACCOUNT:**

A "Gilt Account" means an account opened and maintained for holding ‘Government Securities, by an entity or a person with an entity permitted by the Reserve Bank of India “hereinafter referred to as RBI”, to open and maintain Constituents Subsidiary General Ledger Account with the Public Debt Office of RBI.

**39. GILT ACCOUNT HOLDER:**

“Gilt Account Holder “ (GAH) means an entity or a person holding a Gilt Account.

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### 40. **INFINET:**

“INFINET” refers to a wide area satellite and terrestrial based network based on Very Small Aperture Technology (VSAT). INFINET is a Closed User Group (CUG) network for the exclusive use of the Indian banking and financial sector.

### 41. **INTEREST RATE SWAP:**

An “Interest Rate Swap” is a financial contract between two parties exchanging or swapping a stream of interest payments for a `notional principal’ amount on multiple occasions during a specified period. Such contracts generally involve exchange of a `fixed to floating’ or `floating to floating’ rates of interest. Accordingly, on each payment date - that occurs during the swap period - cash payments based on fixed/ floating and floating rates, are made by the parties to one another.

### 42. **LENDERS**

“Lenders” refer to the members intending to lend funds or members who placed an order in the system to lend against the offers made by the borrowers in the auction market of CBLO Dealing Segment and/or in the Repo Dealing Segment.

### 43. **MARGIN**

“Margin” means funds/securities deposited/required to be deposited by Members with Clearing Corporation in terms of Clearing Corporation’s Bye-laws, Rules and Regulations.

### 44. **MATCHING**

“Matching” refers to the process of ensuring that the order attributes are identical or eligible to be paired together as per the order matching rules relating thereto so as to potentially result into trade(s).

### 45. **MATCHED DEAL**

“Matched Deal” refers to matching of bid and offer and/or borrow/lend orders on the basis of parameters set for trades concluded on Forex / CBLO / Repo/Rupee Derivatives Dealing Segments.

### 46. **MEMBER**

“Member” including Associate Member is an entity admitted as Member of  
**Bye-Laws of Clearcorp Dealing Systems (India) Ltd.**

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Clearcorp under its Bye- laws, Rules and Regulations to transact business in the segment to which it has been admitted.

### **47. MEMBER ID**

“Member ID” refers to the Identification Code allotted to each Member of Clearcorp to establish the identity. ID shall be unique to every Member. Member ID shall include Membership ID wherever referred to in Bye Laws, Rules and Regulations.

### **48. NEGOTIATED DEALING SYSTEM**

“Negotiated Dealing System” (hereinafter referred to as “NDS”) means the systems of Reserve Bank of India to facilitate electronic dealings/reporting of all government securities and other instruments as approved.

### **49. NOTIFICATION, NOTICE OR COMMUNICATION**

The words “Notification”, “Notice” or “Communication” refer to any intimation that may be served on a Member at its business address and/or its last known address in any one or more or all of the following ways:

- a. delivering it by post
- b. sending it by registered post
- c. sending it under certificate of posting
- d. sending it by express delivery post / courier services
- e. sending it by telegram
- f. affixing it on the door at the last known business and/or last known address
- g. oral communication
- h. advertising it at least once in any prominent daily newspaper
- i. sending a message through the RBI Negotiated Dealing System
- j. sending a message through Clearcorp’s Dealing System
- k. sending a message through the RBI INFINET System.
- l. The notification on Clearcorp website.
- m. posting a message through member report server.
- n. an electronic mail or fax or any other electronic network
- o. any other accepted mode of communication .

Any communication sent by Clearcorp to the members shall be deemed to have been properly delivered or served, if the same is sent to the ordinary



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business address and/ or ordinary place of residence and/ or last known address of the party in any one or more of the ways mentioned above.

**50. OFFER**

“Offer” refers to an order for selling currency/Instruments/CBLOs/ Derivatives.

**51. OFF MARKET PRICE**

“Off Market Price” is a price which is not in line with Market Price.

**52. ORDER**

“Order” means “Bid” or “Offer” or “Borrow” or “Lend” placed by a Member on the Dealing System.

**53. PREMIUM**

“Premium” means the value added to Spot rate to arrive at the forward rate

**54. PRICE**

“Price” means price of a security net of accrued interest, taxes, levies etc.

**55. REFERENCE RATE**

“Reference Rate” means the daily benchmark conversion rate for USD/INR announced by RBI

**56. REGULATIONS**

“Regulations” includes rules, code of conduct and such other prescribed procedures, circulars, notifications, directives and orders as issued by Clearcorp from time to time under Bye-Laws, Rules and Regulations of Clearcorp.

**57. REJECTION**

“Rejection” means process through which Clearcorp would convey its inability to accept a Member’s Order on the Dealing System.

**58. REGULATOR**

“Regulator” means Reserve Bank of India (RBI) or any other agency appointed by RBI.

**59. REPO**

"Repo" means an instrument for borrowing funds by selling securities with an agreement to repurchase, for the purpose of these Bye laws Rules and Regulations, the securities on a

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mutually agreed future date at an agreed price which includes interest for the funds borrowed.

### 60. **REVERSE REPO**

“Reverse Repo” means an instrument for lending funds by purchasing securities with an agreement to resell, for the purpose of these Bye laws Rules and Regulations, the same securities on a mutually agreed future date at an agreed price which include interest for the funds lent.

### 61. **RE-REPO**

"Re-Repo" shall mean a Repo transaction undertaken by a Lender, eligible to perform such activity by RBI, using underlying securities acquired by them in an existing reverse repo transaction, subject to the extant RBI Policy in this regard as applicable and as amended from time to time.

### 62. **REPO DEALING SEGMENT**

“Repo Dealing Segment” means the segment relating to trading/dealing in Repos and Reverse Repos through Clearcorp’s Repo System and/or reporting of Bilateral market repo trades in GSecs concluded by Members and/or their Constituents/Gilt Account Holders outside CROMS for clearing and settlement by Clearing Corporation.

### 63. **REPO RATE**

“Repo Rate” refers to the interest rate at which the member who has input a borrow order in the Repo System is willing to borrow at that time. Correspondingly, the Repo Rate also denotes the interest rate at which the member who has input a lend order on the Repo System is willing to lend at that time.

### 64. **REPO SYSTEM**

“Repo System” refers to CROMS provided by Clearcorp to members of its Repo Dealing Segment for trading / dealing in various kinds of market Repo and Reverse Repo transactions in various kinds of Government Securities and/or reporting of Bilateral market repo trades in GSecs concluded by Members and/or their Constituents/Gilt Account Holders outside CROMS for clearing and settlement by Clearing Corporation.

### 65. **REPORTING FRIDAY**

“Reporting Friday” refers to the designated day of a calendar fortnight prescribed by RBI for maintaining various statutory pre-emptions such as Cash Reserve Ratio, Statutory Liquidity Ratio or such other statutory ratios as may be stipulated by the RBI from time to time.

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- 66. RISK EXPOSURE LIMIT**  
“Risk Exposure Limit” means the maximum amount of risk expressed in terms of monetary value in respect of a Member as set by Clearing Corporation in terms of its Risk Management Process set out as per its Bye-laws, Rules and Regulations.
- 67. RULES**  
Unless the context indicates otherwise, “Rules” means the Rules of Clearcorp.
- 68. RUPEE DERIVATIVES DEALING SEGMENT**  
“Rupee Derivatives Dealing segment” means the segment relating to dealing in rupee derivatives instruments on the dealing system provided by Clearcorp.
- 69. SECURITIES**  
“Securities” means the Government securities as defined in the Public Debt Act, 1944 or such other securities as may be notified by the Central Government from time to time under that Act.
- 70. SECURITY BASKETS**  
“Security Baskets” represents a cluster wherein different securities with some similar attributes as may be decided by Clearcorp from time to time are grouped together into a securities basket to facilitate borrowing and/or lending of funds whereby any , some or all of the securities comprising a basket shall flow from the borrower to the lender on the settlement date of the first leg , which would then fall due for return from concerned lender to the respective borrower on settlement date of the second leg being the maturity date as concluded as part of the original repo trade
- 71. SEGMENT**  
“Segment” means different clusters or groups identified within Clearcorp for trading and as may be classified and approved by the Board from time to time.
- 72. SELLING MEMBER**  
“Selling Member” means Member who has undertaken to sell security, CBLO and foreign currency/Derivatives for a consideration.
- 73. SETTLEMENT CONSIDERATION**

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“Settlement Consideration” would mean the total amount of funds/securities to be paid /received by a Member arising out of a Trade.

**74. SETTLEMENT DATE**

“Settlement Date” means the date on which a Trade is due for settlement.

**75. SPECIAL REPOS**

“Special Repos” refers to a transaction wherein borrowing and/or lending of funds is facilitated in the Special Repo Market only against specific securities as notified by Clearcorp from time to time.

**76. SPECIAL REPO MARKET**

“Special Repo Market” refers to the Market where Special Repos are facilitated.

**77. SPOT TRADES**

“Spot Trades” refers to the Forex Trades where the value date for settlement is the second business day from the relative Trade date. For example, for a deal done on 3rd February, 2004 which is a Tuesday the value date for settlement will be 5th February, 2004, Thursday, the interim day being a valid business day.

**78. STOCK BALANCES**

“Stock Balances” refers to the quantity of a security/ ies as displayed in the Repo System as the quantity available in that security/ies for undertaking a Repo transaction using the Repo System.

### **Explanation**

The Stock Balance for a security /ies is computed based on the member’s initial input data and / or its subsequent modification by the member which is thereafter updated based on repo transactions undertaken by the member and/or outstanding orders in the Repo System in that security at any point of time . The Stock Balance represent clear balances which are available for undertaking trades on the Repo System so as to ensure that before a repo transaction is undertaken by a member, adequate quantity in the concerned security is available in the Repo System for security allocation upon conclusion of a repo trade. The Stock Balance, computed as above, has no relation to the actual quantity held by the member in its SGL Account with

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RBI and / or classification of the security by the member in its books. Actual delivery of securities as required for settlement of the concerned repo trade would take place as specifically provided in these Byelaws, Rules and Regulations.

### **79. TOM TRADES**

“Tom Trades” refers to the Forex Trades where the value date for settlement is the next business day from the relative trade date. For example: For a deal done on 4th February, 2004 which is a Wednesday, the value date for settlement will be 5th February, 2004, Thursday.

### **80. TRADE**

“Trade” means, unless the context indicates otherwise, buying and / or selling, borrowing and/or lending of Securities / CBLO / currency/Derivatives by a Member. Wherever the terms “deal”, “Trades or “contracts” occur in the Byelaws, Rules and Regulations; they shall have one and the same meaning, unless the context indicates otherwise.

### **81. TRADING / DEALING SESSION**

“Trading /Dealing Session” would refer to the market hours fixed by Reserve Bank of India / Clearcorp when Members are permitted to conclude Trades on the Dealing Systems of Clearcorp.

### **82. WORKING DAY**

“Working day” means the same as Business day.

### **83. VALUE DATE**

“Value Date” shall have the same meaning as Settlement Date.

*Note: These Definitions apply to Byelaws, Rules and Regulations.*

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

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**CHAPTER II: BUSINESS SEGMENTS**

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1. Clearcorp may establish such number of business segments as may be determined by the Board from time to time.
2. The securities/instruments / currencies/Derivatives which will be eligible for admission to be dealt in different business segments will be specified by the Board from time to time.

**CHAPTER III: COMMITTEES FOR MANAGING OPERATIONS**

The Board shall have power to appoint Committee(s) for looking after / managing any aspect of the Clearcorp's business operations with such powers and responsibilities as may be delegated by the Board.

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### **CHAPTER IV: REGULATIONS**

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1. The Board may frame Regulations from time to time for the functioning and operations of Clearcorp and to regulate the functioning, operations and conduct of the members of Clearcorp.
2. Without prejudice to the generality of the foregoing, the Board may prescribe Regulations from time to time; inter alia, with respect to:
  - (1). Norms, procedures and terms and conditions for admission, continuation or cessation of Members;
  - (2). Norms, procedures and terms and conditions relating to dealing on Dealing System(s);
  - (3). Norms, procedures and terms and conditions to be complied with for Clearing and Settlement of trades concluded on the Dealing System;
  - (4). Prescription from time to time, and administration of penalties, fines and other consequences, including suspension /expulsion of Members from Clearcorp for defaults or breach or violation of the Bye-laws, Rules and Regulations, directives or orders of Clearcorp;
  - (5). Norms, procedures and terms and conditions for monitoring of margins, limits and imposition of charges and restrictions as applicable from time to time;
  - (6). Determination from time to time, of fees, system usage charges, transaction charges, deposits, penal and other charges and other monies payable to Clearcorp by Members;
  - (7). Supervision of the dealing operations and promulgation of such business rules and Codes of Conduct as it may deem fit;
  - (8). Settlement of disputes, complaints, claims arising between Members inter-se relating to securities, CBLOs, foreign exchange, money market and derivative instruments and such other dealing segments and instruments that are transacted through the dealing platform including settlement by arbitration and/ or such other dispute resolution mechanism as Clearcorp may decide from time to time;
  - (9). Dissemination of information and announcements;
  - (10). Any other matter as may be decided by the Board.



1. Clearcorp may admit Members in accordance with the Rules and Regulations to be prescribed by the Board and on compliance of such terms and conditions as per Bye-laws, Rules and Regulations, the Member shall pay such fees, deposits and other monies as may be specified by the Board from time to time, on admission as Member.

Any fees, deposits, remittance, other monies available with Clearcorp but belonging to any Member under Bye-laws, Rules and Regulations shall be subject to a first and paramount lien for any sum due or reasonably expected to be due to Clearcorp and for all its claims against the Member for due fulfilment of engagements, obligations and liabilities of Members arising out of or incidental to any Trades, which are made subject to Bye-laws, Rules and Regulations of Clearcorp. Clearcorp shall be entitled to adjust or appropriate such fees, deposits and other monies towards such dues and claims, to the exclusion of the other claims against the Member, without any reference to the Member.

2. Members may transact either on their own account or on behalf of the constituents unless otherwise specified by Clearcorp from time to time.
3. In the event of any such change in control or reorganisation, amalgamation/merger of the Member, Clearcorp shall have a right to call for such information, data and documentation as may be deemed necessary for reviewing such membership and the member shall provide the same to Clearcorp and also extend all the necessary co-operation in this regard.
4. Any person admitted to Membership of Clearcorp shall be bound by all Bye-laws, Rules, Regulations as amended from time to time as if such Bye-laws, Rules and Regulations are terms and conditions of one single independent contract between Clearcorp on the one part and the Member on the other part.

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CHAPTER VI: DEALING SYSTEM

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1. Clearcorp shall not be liable for any unauthorised deals on its dealing system by any entity acting in the name of the member.
2. Clearcorp may determine and announce from time to time operational parameters for dealing through the Dealing System/ Platform which the member shall adhere to.
3. Clearcorp may accept on its dealing system only those orders which comply with the provisions prescribed in these Bye-laws, Rules and Regulations.
4. Clearcorp may, at its discretion, approve, defer, or reject orders received by it for matching.
5. Deals may be effected through auction, order driven, quote driven and/ or such other system as may be put in place by Clearcorp for such purpose.
6. Deals may be effected by electronic media or computer network or such othermedia as specified by Clearcorp from time to time.

7. **Business Hours**

- 7.1 The business hours for transactions in various segments shall be applicable as stated in the Regulations of the concerned segment.
- 7.2 Clearcorp would normally function on all the days, excluding Sundays and those days that are declared as holidays under the Negotiable Instruments Act, 1881.

8. **Suspension and Prohibition**

- 8.1 Clearcorp, upon notification, may prohibit, suspend at any time the dealing system for such period as it may determine and at the expiration of such period, Clearcorp may re-activate the dealing system subject to such conditions as it deems fit.
- 8.2 Clearcorp, at its discretion, may suspend a member from its dealing system for violation of any of the provisions of Bye-Laws, Rules and Regulations and the suspension shall continue until Clearcorp decided to withdraw such suspension.

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### 9. **Inviolability of Transaction**

9.1 Trades concluded on Clearcorp's Dealing System/ Platform subject to the Bye-Laws, Rules and Regulations of Clearcorp, shall be inviolable.

9.2 Clearcorp may, to protect the interests of the members and for proper regulation of deal matching, suo moto annul deal(s) at any time, if Clearcorp is satisfied for reasons to be recorded in writing that such deal(s) is/ are vitiated by fraud, material mistake, misrepresentation or market or price manipulation and other misdemeanor.

### 10. **Record for evidence**

The record of Clearcorp as maintained by a central processing unit or a cluster of processing units or computer processing units, including the hard/ soft copies thereof, or maintained in any other manner including record of telephonic conversations shall constitute conclusive evidence in relation to any Trades done through Clearcorp Dealing System/ platform. For the purposes of any disputes regarding the trades such records as maintained by Clearcorp shall constitute conclusive evidence in any dispute or claim between the Members inter-se or between Members and Clearcorp.

### 11. **Member only parties to trades**

Clearcorp shall not in any manner recognize nor rely on, any transaction other than those of its own Members. Every Member shall be directly and wholly liable to Clearcorp in respect of all its constituents, unless it is expressly specified otherwise by Clearcorp in all transactions executed on behalf of such constituents. Clearcorp shall have no liability to any party other than the Member.

### 12. **Fees and Charges**

Clearcorp may prescribe from time to time the fees, charges to be levied on the Members in respect of dealing on the trading platform.

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**CHAPTER VII: CLEARING AND SETTLEMENT OF TRADES**

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**CLEARING AND SETTLEMENT OF TRADES**

1. Members of Clearcorp may clear and settle trades concluded on its dealing system through Clearing Corporation as provided in its Bye-laws, Rules and Regulations.
2. In connection with such settlement, Clearcorp may set limits or margin requirements on its dealing system at the instance of Clearing Corporation.
3. Clearcorp may also set limits on its dealing system, either on its own or at the instance of Regulator to protect the interest of the market.
4. In case of any breach of the limits set in clauses 2 & 3 above, Clearcorp shall have the right to restrict the access of the concerned member to its dealing system and/or initiation of such other measures as may be set out in the Regulations of respective segments.

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**CHAPTER VIII: DISPUTE RESOLUTION / ARBITRATION**

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1. All Claims, differences or disputes between the Members inter-se arising out of or in relation to dealings, contracts or transactions executed or reported as specified by Clearcorp and made subject to the Bye laws, Rules and Regulations or with reference to anything incidental thereto or in pursuance thereto for relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of as to such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of Dispute Resolution/ Arbitration of Clearing Corporation.
  
2. All Claims, differences or disputes between the Member(s) on the one hand and on the other hand Clearcorp arising out of or in relation to dealings, contracts or transactions executed or reported as specified by Clearcorp or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered in to or not shall be submitted to arbitration in accordance with the provisions of Dispute Resolution/Arbitration of Clearing Corporation .
  
3. In all dealings, contracts and transactions, which are made subject to the Dispute Resolution / Arbitration provisions of Clearing Corporation, the provisions relating to arbitration as provided in the Bye laws and Rules of Clearing Corporation shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences of the nature referred to in Bye-Laws (1) and (2) above shall be submitted to arbitration as per the provisions of the Bye- Laws and Rules of Clearing Corporation .

**Jurisdiction**

4. All parties to a reference to arbitration 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 Clearcorp for the purpose of giving effect to the provisions of the Arbitration and Conciliation Act , 19 96.

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**CHAPTER IX: DEFAULT**

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**1. DECLARATION OF DEFAULT**

A Member may be declared a defaulter by direction/circular/notification of Clearcorp if:

- 1) it is unable to fulfill its Clearing or Settlement obligations at Clearing Corporation for deals concluded on Clearcorp's Dealing System and settled with Clearing Corporation; or
- 2) it admits or discloses its inability to fulfil or discharge its duties, obligations and liabilities; or
- 3) it fails to pay any sum due to Clearcorp as Clearcorp may from time to time prescribe; or
- 4) it fails to abide by the Dispute Resolution mechanism or arbitration award as laid down under Bye laws, Rules and Regulations; or
- 5) Proceedings have been commenced for winding up against it;
- 6) It has been suspended/ declared as a defaulter by Clearing Corporation;
- 7) If a Member makes bids and/ or offers which results in creating a false or misleading appearance with respect to prices;
- 8) Under any other circumstances as may be decided by Clearcorp from time to time after due notice in writing to the Member.

**2. MEMBER'S DUTY TO INFORM**

A Member shall be bound to notify Clearcorp immediately on the occurrence of any of the circumstances specified in Bye-law No.1 of this Chapter.

A Member shall forthwith inform Clearcorp in writing as and when any notice is received by the Member, in connection with institution of any winding up proceedings against it and no Member shall initiate any proceedings for winding up without the prior written consent of Clearcorp. The Member further undertakes to inform Clearcorp in writing on the onset of any circumstance which is likely to result into it being wound up or which is likely to, or may render it liable to, any winding up proceedings.

## **CLEARCORP DEALING SYSTEMS (INDIA) LIMITED**

### **3. NOTICE OF DECLARATION OF DEFAULT**

Upon a Member being declared a defaulter, Clearcorp shall forthwith issue a notice to all the Members.

### **4. DEFAULTER TO GIVE INFORMATION**

A defaulter shall submit to Clearcorp such statement of accounts; information and particulars of its affairs as Clearcorp may from time to time require and if so desired shall appear before Clearcorp at its meetings held in connection with its default.

### **5. INDEMNITY**

- 5.1 Without prejudice to the other rights and remedies available to Clearcorp, a Member shall indemnify and keep indemnified, Clearcorp or its employees or its agents against any loss/ damage suffered by Clearcorp in providing the services by Clearcorp to the Member or any other loss, damage, cost, expenses (including reasonable attorney fees) arising from a Member's default, misconduct or negligence on the part of the Member or any employee, agent, servant or representative of the Member. This shall be a continuing indemnity notwithstanding cessation of membership.
- 5.2 Save as otherwise provided in the Bye Laws Rules and Regulation, Clearcorp shall hold harmless its members against any defaults on part of Clearcorp.



**CHAPTER X: DISCIPLINARY PROCEEDINGS, PENALTIES,  
SUSPENSION AND EXPULSION**

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**1. DISCIPLINARY JURISDICTION**

Clearcorp may expel or suspend under censure and/ or warn and/ or withdraw all or any of the Membership rights of a Member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of Clearcorp or of any resolutions, orders, notices, directions or decisions or rulings of Clearcorp or of any other Committee or officer of Clearcorp authorised in that behalf or of any conduct, proceeding or method of business which the Board in its absolute discretion deems in consistent with just and equitable principles or detrimental to the interests, reputation of Clearcorp or prejudicial or subversive to its objects and purposes.

**2. PENALTY FOR BREACH OF BYE-LAWS, RULES AND REGULATIONS**

- 2.1 Every Member shall be liable to suspension, expulsion or withdrawal of all or any of its membership rights and/ or to payment of fine and/ or to be censured, reprimanded or warned for contravening, disobeying, disregarding or wilfully evading any of Bye-laws, Rules and Regulations or any resolutions, orders, notices, directions, decisions or rulings hereunder of Clearcorp, or of the Board, Executive Committee, Managing Director or any officer of Clearcorp.
- 2.2 Clearcorp may at its discretion charge such penalty as it may deem fit for delayed and/or non-payments arising out of default, close out and liquidation by a Member;
- 2.3 The Member declared as defaulter shall reimburse Clearcorp all out of pocket expenses including legal and any other expenditure incurred by Clearcorp in connection with a default or any other activity undertaken by Clearcorp with or on behalf of such a Member.

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### 3. MEMBERSHIP SUSPENSION

3.1 A Member shall be liable for immediate suspension from Membership upon it's:

- a) Being suspended from using RBI INFINET;
- b) Being suspended from using RBI RTGS;
- c) Being suspended from Membership of Clearing Corporation;
- d) Being suspended from any business segment of Clearing Corporation;
- e) Being suspended/ ordered for suspension from undertaking activity by a regulatory body, Court, Law Enforcement Agency or any other statutory body/ agency authorised to do so;
- f) Being wound up or ordered to be wound up under extant Laws or where the winding up has commenced against such Member;
- g) Being suspended from any business segment of Clearcorp.
- h) Failure to abide by Bye-laws, Rules and Regulations of Clearcorp.
- i) Becoming liable for disciplinary proceedings or such proceedings as are initiated and/ or proposed to be initiated against a Member.

A Member shall also be liable for immediate suspension of its membership rights for any other cause which in the opinion of Clearcorp warrants such suspension;

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Such suspension may be in force till such time as the same is specifically moved by Clearcorp on Clearcorp being satisfied that the conditions for suspension no longer exist.

- 3.2 Suspension may be of two types – (a) temporary i.e., for a period of a maximum of seven business days or such number of days as may be decided by Clearcorp (b) long term i.e., for a period exceeding the one mentioned under (a) above;
- 3.3 Upon suspension of membership, Clearcorp shall notify such suspension to other Members;
- 3.4 The Managing Director of Clearcorp or a Committee of not less than two officials nominated by the Managing Director (MD) may disable a Member from accessing the facilities of Clearcorp if in the opinion of the MD or the Committee of officials circumstances exist warranting disablement pending suspension. Provided that, within 4 hours after such disablement, the MD or the Committee of officials as the case may be shall record in writing the reasons for such disablement provided however that the same shall be reported at the next Board or the Committee meeting whichever is earlier. After such disablement, Clearcorp shall communicate the information to other members.
- 3.5 Notwithstanding anything contained in any of the Bye laws, if a Member is restrained from undertaking any activity including the dealing in securities by any regulatory/ statutory body, court, such Member shall ipso facto stand suspended from the membership of Clearcorp.

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### 4. **R E C O N S I D E R A T I O N / R E V I E W**

The Board may, on its own or on appeal by the Member concerned, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Member. In like manner, the Board may rescind, revoke or modify a resolution expelling or suspending any Member.

### 5. **C O N S E Q U E N C E S O F S U S P E N S I O N**

The suspension of a Member shall among others, have the following consequences:

- (a) Suspension shall be effective immediately upon the Member being notified to that effect by Clearcorp unless otherwise specifically mentioned. Upon suspension, Members shall not have access to the Dealing System/ Platform of Clearcorp .

However, the suspended Member will continue to be liable to Clearcorp in respect of all its outstanding Trades and/ or other dues, if any, arising out of actions undertaken by Clearcorp for and on behalf of such Member prior to such suspension;

- (b) **Suspension of Membership Rights**

A suspended Member shall during the terms of its suspension, be deprived of and excluded from all rights and privileges of membership but may be proceeded against by Clearcorp for any offence committed by it before suspension in such manner as may be necessary to protect the interest of Clearcorp ;

### 6. **C O N S E Q U E N C E S O F E X P U L S I O N**

The expulsion of a Member shall, among others , have the following consequences namely:

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### **Membership Rights forfeited:**

The expelled Member shall forfeit its right of membership to Clearcorp and all rights and privileges as a Member of Clearcorp including any right to enforce any claim or any interest in any property or funds against Clearcorp but the liabilities of such a Member to Clearcorp shall continue and remain unaffected by such expulsion;

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**CHAPTER XI: MISCELLANEOUS**

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1. Save as otherwise specifically provided in the Bye Laws, Rules and Regulations by Clearcorp in respect of dealing arrangement, in promoting, facilitating, assisting, regulating, managing and operating the dealing system/ platform. Clearcorp shall not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any trading/ dealing in securities, forex transactions, derivatives and such other segments and instruments as Clearcorp may provide dealing system/ platform for, or any matter connected therewith shall lie against Clearcorp its Directors, employees, officers or any authorized person(s) acting for Clearcorp in goodfaith.
2. No claim, suit, prosecution or other legal proceeding shall lie against Clearcorp, its Directors, employees, officers or any authorised person(s)acting for Clearcorp in respect of anything which is done or intended to be done in good faith in pursuance of any order or other binding directive issued to Clearcorp under any law or delegated legislation for the time being in force or anything done pursuant to the provisions of the Bye-laws, Rules and Regulations.
3. Clearcorp shall have the unfettered discretion to part with/ disclose or disseminate such information concerning the Members trades concluded on the dealing system/ platform of Clearcorp as deemed necessary to Regulatory, Governmental or other agencies. Clearcorp may also provide aggregated information to the press and media.
4. Clearcorp shall not be held responsible or liable for any failure of computer systems, telecommunication network and other equipment installed at the Member's office premises. Clearcorp shall have the right to inspect and supervise all computer systems, software programmes, tele-communication equipment, etc as prescribed by Clearcorp at its office and/ or office/ premises of the Member where such equipment may be installed and the Member shall not make any alterations, modifications and changes to such equipment without the prior written consent of Clearcorp.

**CHAPTER XI: MISCELLANEOUS**

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5. No failure or delay on the part of Clearcorp in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude Clearcorp from further exercise thereof.

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**GLOSSARY OF AMENDMENTS TO THE BYE-LAWS**

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**38. GILT ACCOUNT:**

A "Gilt Account" means an account opened and maintained for holding 'Government Securities, by an entity or a person with an entity permitted by the Reserve Bank of India "hereinafter referred to as RBI", to open and maintain Constituents Subsidiary General Ledger Account with the Public Debt Office of RBI.

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**39. GILT ACCOUNT HOLDER:**

"Gilt Account Holder " (GAH) means an entity or a person holding a Gilt Account.