BYE LAWS FRAMED BY BOMBAY STOCK EXCHANGE IN THE YEAR 1957 UNDER SECURITIES CONTRACT (REGULATION) ACT, 1956.

DEALINGS IN SECURITIES

Government Securities

22. (a) Dealings are permitted in Government Securities which term for purposes of these Bye-laws and Regulations denotes securities issued by the Government of India, State Governments, Port Trusts, Municipalities and similar other bodies.

PROCEDURE FOR SETTLEMENT OF BARGAINS

Settlement by Hand Delivery

80. All bargains in securities other than for the Clearing shall be settled outside the Clearing House by delivery and payment between the contracting parties in accordance with the provisions in that behalf contained in the relative Regulation* or such other provisions as the Governing Board may from time to time prescribe in addition thereto or in modification or substitution thereof.

Cross Deliveries

81. The selling member who has sold securities under the provisions of these Bye-laws and Regulations is entitled at his discretion to deliver the same to the buyer who is his direct contracting party in respect of such securities or to any other buyer who is entitled under these Bye-laws and Regulations to receive from him delivery of securities of a like kind.

DELIVERY OF SECURITIES

Place of Delivery and Payment

142. The delivery of all documents and papers and the payment in respect of all contracts to which these Bye-laws and Regulations apply shall be within the Fort Area of the City of Bombay and the parties shall be bound and deemed to give and take delivvery in Bombay.

Members When Not Liable for Defective Government and Bearer Securities

151. Members acting as brokers shall not be in any manner personally responsible for defective documents delivered in respect of contracts in Government Securities and bearer securities to which these Bye-laws and Regulations apply when the documents do not pass through their hands at the time delivery is effected but are delivered direct by the selling constituent or his agent to the buying constituent or his agent. But nothing herein contained shall affect the rights and obligations of the buying and selling constituents between themselves as principals in any action at law or in any other proceedings and the buying and selling members shall be bound to render every assistance to the buying constituent in any action at law or other proceedings he may take against the selling constituent who receives payment against delivery of the defective documents.

Member When Liable for Defective Government and Bearer Securities

152. In respect of Government Securities and bearer securities delivered in fulfillment of contracts to which these Bye-laws and Regulations apply the selling member acting as broker who receives payment against delivery of the defective documents shall be personally responsible for them to the buyer to whom the same are delivered provided the documents pass through the hands of the selling member or his agent when delivery is effected and provided further the buyer gives intimation in writing to the selling member within twenty one days of the date on which the documents are delivered to him by the selling member or by the Clearing House on the selling member's behalf and establishes to the satisfaction of the Arbitration Committee (from whose decision

an appeal shall lie to the Governing Board) that the documents are defective.

Liability in Event of Unforeseen Circumstances

155. In circumstances not specifically covered by these Bye-laws and Regulations the Governing Board may determine the liability of the parties on equitable considerations.

Refund of Moneys

159. If the selling member responsible for the defective documents fails to remove the defect or in the alternative to deliver to the buyer other regular, genuine and valid documents in their place as provided in these Bye-laws and Regulations the buyer shall be entitled to claim from the selling member refund of their value at the then ruling market price.

CLOSING-OUT OF CONTRACTS

Closing-out

168. (a) A contract in securities made subject to the Rules, Bye-laws and Regulations of the Exchange may be closed-out by buying in or selling out against a member on his failure to comply with any of the provisions relating to delivery, payment and settlement of bargains or on any failure to fulfil the terms and conditions subject to which the bargain has been made.

All Bargains Subject to Rules, Bye-laws and Regulations

192. All bargains in securities in which dealings are permitted shall in all cases be deemed made subject to the Rules, Bye-laws and Regulations of the Exchange which shall be a part of the terms and conditions of all such bargains and they shall be subject to the exercise by the Governing Board and the President of the powers with respect thereto vested in it or him by the Rules, Bye-laws and Regulations of the Exchange.

199. **Member as Principal**

When executing an order a member may buy or sell securities for his own account as a principal provided he has obtained the consent or authority of his constituent thereto if such constituent be a person other than a member of a Stock Exchange recognized under the Securities Contracts (Regulation) Act 1956 and provided that the price is fair and justified by the condition of the market:

Provided further that where the member has secured the consent or authority of such constituent otherwise than in writing he shall secure written confirmation by such constituent of such consent or authority within three days from the date of the contract.

Provided further that no such written consent or authority of such constituent shall be necessary for closing-out any outstanding contract entered into by such constituent in accordance with the provisions of these Bye-laws and Regulations.

Brokerage

205. Save as otherwise provided brokerage shall be charged and collected by members upon the execution of all orders for non-members in respect of purchase or sale or carry-over of securities. Members are entitled to charge brokerage at rates not exceeding the official scale prescribed in the relative Regulation* or such other scale as the Governing Board may from time to time prescribe in modification or substitution thereof.

Contract Notes

219. The contract notes rendered by members to non-members shall state that the contract is subject to the Rules, Bye-law, Regulations and usages of the Exchange and subject to arbitration as provided in the Rules Bye-laws and Regulations of the Exchange and subject to the jurisdiction of the Courts in Bombay. The contract notes shall not contain any provision inconsistent with the Rules, Bye-laws and Regulations of the Exchange. The names of the partners or the sole proprietor of a firm shall be printed on the contract notes. The contract notes shall also be in such form as will provide that the words "Member(s) of The Stock Exchange, Bombay" shall immediately follow the signature.

Contracts by Members as Agents

220. The contract notes rendered by members to non-members in respect of bargains made for and on behalf of such non-member's account may be in the form prescribed in the relative Regulation* or in such other form or forms as the Governing Board may from time to time prescribe in addition thereto or in modification or substitution thereof. Such contract notes shall state that brokerage at rates not exceeding the official scale of brokerage has been charged and allowed for in the price.

Contracts by Members as Principals

221. (a) The contract notes rendered by members to non-members when buying for themselves as principals the securities of their constituents or selling as principals their own securities to their constituents in accordance with the provisions of these Bye-laws and Regulations may be in the form prescribed in the relative Regulation" or in such other form or forms as the Governing Board may from time to time prescribe in addition thereto or in modification or substitution thereof. Such contract notes shall disclose that the member is acting as a principal.

Signing of Contract Notes

223. A contract note shall be signed by the member or by his partner or constituted attorney.

RIGHTS AND LIABILITIES OF MEMBMERS AND CONSTITUENTS

All Contracts Subject to Rules, Bye-laws and Regulations

226. (a) All contracts made by a member for or with a non-member for the purchase or sale of securities in which dealings are permitted on the Exchange shall in all cases be deemed made subject to the Rules, Bye-laws, Regulations and Usages of the Exchange which shall be a part of the terms and conditions of all such contracts and they shall be subject to the exercise by the Governing Board and the President of the powers with respect thereto vested in it or him by the Rules, Bye-laws and Regulations of the Exchange.

Performance of Contracts in Bombay

(b) The delivery of all documents and papers and the payment in relation to all contracts referred to in sub-clause (a) shall be within the city of Bombay and except when delivery is taken and given and payment made and received from and to the Clearing House through Clearing Member Banks as provided in these Bye-laws and Regulations the parties to all contracts shall be bound to take and give delivery and make and receive payment at the office of the member concerned within the Fort Area of the city of Bombay.

Constituent to Indemnify

228. Every member entering into any contract for the purchase of sale of any security or doing any act in relation thereto on the instructions of any constituent and on such constituent's account

or request shall be entitled to be indemnified by such constituent as an agent acting on behalf of his principal.

Members not bound to Accept Instructions and Orders

230. A member shall not be bound to accept all or any of the instructions or orders of constituents for purchase, sale, havala or carryout of securities. He may in his absolute and uncontrolled discretion decline to accept any such instructions or orders for execution wholly or in part and shall not be bound to assign any reason therefore:

Provided that when a member is not prepared to carry out such instructions or orders either wholly or in part he shall immediately inform his constituent to that effect

Delivery to Constituent

234 (a) In respect of a member buying securities on behalf of or selling his securities to a constituent whether residing in the city of Bombay or outside the date on which he delivers such documents to the buying constituent direct or to his bankers or agents in Bombay or draws a bill on the buying constituent through a Bank or sends an advice by post stating that the documents are ready for delivery shall be deemed to be the date of delivery to the buying constituent.

Constituents to make Payment

236. A constituent whether residing in the city of Bombay or outside shall pay to the member in the office of the member in the city of Bombay by the due date all sums which the constituent is bound to pay and when a member is liable to pay such sums on behalf of the constituent the payment must be made in the office of the member in the Fort Area of the city of Bombay atleast one business day previous to the date on which the member is required to make payment in compliance with the provisions in these Bye-laws and Regulations relating to such payment.

Closing –out by Constituent on Failure to Perform a Contract

244. If a member fails to complete the performance of a contract by delivery or payment in accordance with the provisions of these Bye-laws and Regulations the constituent shall after giving notice

in writing to the member close-out such contract through any other member of the Exchange within fifteen days from the date of default and any loss or damages sustained as a result of such closing-out shall be immediately payable by the defaulting member to the constituent. If closing-out be not effected as provided herein the damages between the parties shall be determined on the basis of the closing prices ruling on the fifteenth day following the date of default and the constituent and the member shall forfeit all further right of recourse against each other.

Operation of Contracts

274. All dealings, transactions and contracts which are subject to the Rules, Bye-laws and Regulations of the Exchange and every arbitration agreement to which the Rules, Bye-laws and Regulations of the Exchange apply shall be deemed in all respects to be subject to the Rules, Bye-laws and Regulations of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of Bombay and the parties to such dealings, transactions, contract and agreements shall be deemed to have submitted to the jurisdiction of the Courts in Bombay for the purpose of giving effect to the provisions of the Rules, Bye-laws and Regulations of the Exchange.

Unbusinesslike Conduct

357. A member shall be deemed guilty of unbusinesslike conduct for any of the following or similar acts or omissions namely

Fictitious Names

(i) If he transacts his own business or the business of his constituent in fictitious names;

Fictitious Dealings

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

Prejudicial Business

(iii) If he makes or assists in making or with such knowledge is a party to or assists in carrying out any plan or scheme for the making of any purchases or sales or offers or offers of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition of demoralization in which prices will not fairly reflect market values;