THE CLEARING CORPORATION OF INDIA LIMITED

BYE-LAWS

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Updated in **June, 2026.**

CHAPTER I: INTRODUCTION

The Bye- Laws may be called the “Bye-Laws of The Clearing Corporation of India Limited” or “CCIL Bye- Laws”. (As amended in **June, 2026**)

CHAPTER II: DEFINITIONS

1. ACCEPTANCE FOR GUARANTEED SETTLEMENT

"Acceptance for Guaranteed Settlement" shall mean Trades accepted for guaranteed settlement by Clearing Corporation.

2. ACCEPTANCE FOR SETTLEMENT

"Acceptance" means process of acceptance of Member's request by Clearing Corporation to process a Trade and to assume responsibility for Settlement of the same in accordance with Bye- Laws, Rules and Regulations.

3. ADVERSE POSITION

"Adverse Position" in respect of the Buying Member, Security (ies) shall mean that the current price of the Security (ies) 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 Selling Member shall be treated as holding "Adverse Position".

4. APPROVING AUTHORITY

"Approving Authority" shall mean and include a committee of directors and / or the Managing Director of Clearing Corporation or any authority appointed by the Board from time to time to screen and approve all requests for membership.

5. ASSOCIATE MEMBER

"Associate Member" is a Member who is a GILT Account holder and eligible to undertake Triparty Repo Trades. Associate Members shall maintain a Current Account with the Designated Settlement Bank (DSB) for the purpose of funds settlement of their Triparty Repo Trades.

6. BID

"Bid" refers to an order for buying currency/ Derivatives/Money Market Instrument.

7. BOARD

"Board" means Board of Directors of The Clearing Corporation of India Ltd.

8. BORROWERS

"Borrowers" refer to the Members intending to borrow or who have borrowed funds in the Repo/ Triparty Repo Trades in Securities Segment.

9. BUSINESS DAY

"Business Day" refers to the Segment to which it relates and shall mean a calendar day when Clearing Corporation is open for conduct of business in that Segment.

10. BUYING MEMBER

"Buying Member" means a Member who has undertaken to purchase Security, and/or foreign currency/ Derivatives for a consideration.

11. BYE–LAWS

"Bye- Laws" means the Bye- Laws of Clearing Corporation for the time being in force.

12. CCIL- TR

"CCIL- TR" means the Clearing Corporation Trade Repository notified by RBI as designated trade repository under the Payment and Settlement Systems Act, 2007.

13. CENTRAL COUNTERPARTY

"Central Counterparty" means a system provider who by way of Novation interposes between system participants in the transactions admitted for Settlement, thereby becoming the buyer to every seller and the seller to every buyer, for the purpose of effecting Settlement of their transactions.

14. CLEARCORP

"Clearcorp" means Clearcorp Dealing Systems (India) Ltd.

15. CLEARING

"Clearing" means the process of determining the positions of the Members, including the calculation of net obligations, and ensuring that Collaterals, are available to secure the exposures arising from these positions as per Clearing Corporation's Bye- Laws, Rules and Regulations.

16. CLEARING AND SETTLEMENT

"Clearing and Settlement" means Clearing or Settlement or Clearing and Settlement.

17. CLEARING CORPORATION

"Clearing Corporation" means The Clearing Corporation of India Ltd. as registered under the Companies Act.

18. CLEARING MEMBER

"Clearing Member" is a Member of Clearing Corporation who is permitted under the Bye-Laws, Rules and Regulations to submit its Proprietary Trades and its Constituents' Trades for Clearing and Settlement to Clearing Corporation. The Clearing Member may also submit the Trades of Constituents as received through a Trading Entity.

19. CLEARING SEGMENTS

"Clearing Segments" shall have the same meaning as "Segment".

20. CLS COLLATERAL

"CLS Collateral" shall mean the dedicated collateral in the CLS Segment formed with contributions from Members in the form of cash (in U S Dollar) or in any other form as may be notified by Clearing Corporation from time to time.

21. COLLATERAL

"Collateral" means asset owned by the Members delivered to Clearing Corporation and Bank Guarantees furnished to Clearing Corporation for & on behalf of a Member to secure exposures undertaken on behalf of the Members.

22. CONFIRMATION

"Confirmation" refers to the procedure a Member uses to inform Clearing Corporation details of transactions including those transacted by electronic means in such form as acceptable to Clearing Corporation evidencing a transaction covered by the Bye-Laws, Rules and Regulations. The confirmation should at the least contain the counterparty's name, location, currency(s),Trade date, Trade number, Value Date, equivalent local currency value(i.e. Indian Rupees) or other relevant information as per market practice.

23. CONSTITUENT

An entity or a person that is not a member of CCIL but settles Trades through a Clearing Member of CCIL in the relevant Segment shall be termed as a "Constituent".

24. CONSTITUENT ID

"Constituent ID" means a unique ID provided by Clearing Corporation to each Constituent of a Clearing Member of Clearing Corporation.

25. CONSTITUENT TRADES

"Constituent Trades" means Trades submitted by a Clearing Member on account of the Constituents for clearing and settlement to Clearing Corporation.

26. CORRESPONDENT BANK

"Correspondent Bank" means the overseas bank with whom Member maintains its account for Clearing and Settlement of that Member's forex trades.

27. COUNTERPARTY

"Counterparty" means the other party with whom a Member has entered into a trade.

28. CREDIT SUPPORTER

"Credit Supporter" means an institution with which Clearing Corporation has entered into an agreement for providing a funds and/ or securities line of credit to meet it settlement requirements.

29. CSGL

"CSGL" Account means Constituent Subsidiary General Ledger Account opened and maintained by Clearing Corporation with PDO, RBI,

30. CURRENCY

"Currency" means any legal tender of a country recognized by the Government of India.

31. CURRENCY OBLIGATION

"Currency Obligation" refers to the obligation of a Member to deliver the Currency pursuant to a forex transaction in terms of Bye- Laws, Rules and Regulations.

32. CURRENT ACCOUNT

"Current Account" means current account(s) opened and maintained by Members and/or Clearing Corporation with the Deposit Accounts Department of RBI or with a Settlement Bank.

33. CUT OFF TIME

"Cut-Off Time" means with respect to various activities the deadline prescribed by Clearing Corporation.

34. 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 Clearing Corporation.

35. DEFAULT FUND

"Default Fund" means a fund, contributed by Members or others, constituted for the purpose of meeting any or all losses, present or future, arising out of or in connection with the default of a Member or any other Member towards discharge of their obligations in accordance with Bye- Laws, Rules and Regulations.

36. DEFAULT MANAGEMENT PERIOD

"Default Management Period" shall have the same meaning assigned to it under the relevant Segment Regulations.

37. DEFAULT OBLIGATION

"Default Obligation" means the amount of funds and / or Securities liable to be paid / delivered by a Member who has committed an act of default in relation to the discharge of its liability or obligation relating to the concerned default and shall include all costs, charges, penalties, levies etc.

38. DEMAT ACCOUNT:

"DEMAT Account" is a bond ledger account of the entity or a person with the Depository for the purpose of maintaining securities in dematerialised form. Dematerialisation is the process by which the securities in physical form are converted to an equivalent number of securities in electronic form.

39. DEPOSITORY

"Depository" shall have the same meaning as in the Depositories Act, 1996.

40. DEPOSITORY PARTICIPANT

"Depository Participant" (DP) shall have the same meaning as the term " participant" in the Depositories Act, 1996.

41. 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.

42. DESIGNATED OFFICE

"Designated Office" means an office notified as a Designated Office by a Member to Clearing

Corporation.

43. ELECTRONIC TRADING PLATFORM (ETP)

"Electronic Trading Platform" shall mean a dealing system operated by Clearcorp on which transactions in Money Market Instruments, Foreign Exchange instruments, Derivatives or any other instruments of like nature as maybe specified by RBI from time to time are dealt in terms of The Electronic Trading Platform (Reserve Bank) Directions, 2018 as amended from time to time.

44. ELIGIBLE SECURITY (IES)

"Eligible Security" or "Eligible Securities" means any security specified by Clearing Corporation from time to time as acceptable to Clearing Corporation towards margins/collaterals/MCC/Default Fund to be furnished by the Members as a part of their obligation under the Bye-Laws, Rules and relevant Regulations.

45. ETP OPERATOR

"ETP Operator" shall mean an entity i.e., Clearcorp authorized by RBI to operate an ETP under The Electronic Trading Platform (Reserve Bank) Directions, 2018 as amended from time to time.

46. EXCHANGE RATE

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

47. FORCE MAJEURE

"Force Majeure" shall include without any limitation any natural phenomena, such as storms, hurricanes, floods, lightning, earthquake, explosions or fires arising from lightning, act of God, or act of Government of India or any concerned State Government, acts of war or public disorders, civil disturbances, riots, insurrection, sabotage, pandemic, epidemic, lockdowns, terrorist attacks or rebellion, strikes or labour disputes, unavailability or restriction of computer or data processing facilities, settlement systems, regulatory restraints, judicial orders or any other cause beyond reasonable control of CCIL (whether or not similar to any of the foregoing).

48. FOREIGN EXCHANGE

"Foreign Exchange" shall have the meaning assigned to it in the Foreign Exchange Management Act, 1999 as amended from time to time and shall include all permitted foreign currencies.

49. FOREX

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

50. FX COLLATERAL

"FX Collateral" shall mean the dedicated collateral in the Forex Settlement Segment formed with contributions from Members in the form of cash (in U S Dollar) or in any other form as may be notified by Clearing Corporation from time to time.

51. FOREX DEALING SEGMENT

"Forex Dealing Segment" means the segment relating to dealing in Forex Transactions.

52. FOREX FORWARD SEGMENT

"Forex Forward Segment" means the Segment dealing with operations relating to Clearing of Forward trades in the foreign exchange financial market.

53. FOREX SEGMENT

"Forex Segment" means the segment dealing with operations relating to Clearing and Settlement of Trades in the foreign exchange financial market.

54. 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.

55. FX OPTION

"FX Option" means a foreign exchange derivative financial instrument that provides the right but not the obligation to the option buyer to exchange an agreed amount of one currency for another currency on a specified date in the future at a pre-determined rate, i.e. Strike Price. The FX Options contracts under the FX Options Segment are enabled for Clearing and Settlement of European Options.

55. FX OPTIONS SEGMENT

"FX Options Segment" means the Segment dealing with the operations relating to Clearing and Settlement of Trades in FX Options Trades in accordance with the FX Options Segment Regulations.

56. FUNDS

"Funds" includes all currencies as may be admitted to be cleared and settled through Clearing Corporation.

57. GILT ACCOUNT HOLDERS (GAH)

"GILT Account Holders" means an entity or a person holding a Gilt Account.

58. GILT ACCOUNTS

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

59. GOVERNMENT SECURITIES or G-SECS

"Government Securities" or "G-Secs" shall have the same meaning as defined under the Government Securities Act, 2006.

GOVERNMENT SECURITY LENDING TRANSACTION or GSL TRANSACTION:

"Government Security Lending Transaction" or "GSL Transaction" shall have the same meaning assigned to it under the Reserve Bank of India (Government Securities Lending) Directions, 2023, as amended from time to time.

60. GOVERNMENT SECURITY LENDING FEE or GSL FEE

"Government Security Lending Fee" or "GSL Fee" shall have the same meaning assigned to it under the Reserve Bank of India (Government Securities Lending) Directions, 2023, as amended from time to time.

61. HAIRCUT

"Haircut" refers to the difference between the market value of securities and its collateral value. Haircuts are taken by Clearing Corporation to protect itself from potential losses arising out of a decline in market value of security held as collateral.

62. 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.

63. LEGAL ENTITY IDENTIFIER

"Legal Entity Identifier" means a unique identity code assigned to a person or an entity by an issuer for the purpose of identifying that person or entity in such derivatives or financial transactions, as may be prescribed by the Reserve Bank of India from time to time

64. LENDERS

"Lenders" refer to the members intending to lend funds or who have lent funds in Repo/ Triparty Repo trades in Securities Segment.

65. MARGIN

"Margin" means funds/ securities deposited /required to be deposited by Members as collateral to cover any potential losses arising out of trades accepted by Clearing Corporation for guaranteed settlement in terms of Bye- Laws, Rules and Regulations.

66. MARGIN CALL

"Margin Call" refers to the demand made by Clearing Corporation on a Member to deposit additional quantum of funds and/or securities towards fulfillment of its obligation of meeting any kind of Margins.

67. MARGIN SHORTFALL

"Margin shortfall" is the deficiency in the margin amount which the member is required to furnish to Clearing Corporation towards its and its Constituents' margin obligations in accordance with the Bye-Laws, Rules and Regulations of Clearing Corporation.

68. MARKET PRICE

"Market Price" means the price of a security determined by Clearing Corporation for the purpose of valuation.

69. MATCHED DEAL

"Matched Deal" refers to matching of Bid and Offer on the basis of parameters set for trades concluded on Forex/Repo/Triparty Repo/ Rupee Derivatives/ FX Options Dealing Systems and Forex deals.

70. MATCHING

"Matching" refers to the process of ensuring that the negotiated terms reported by the parties to a contract are identical.

71. MEMBER

"Member" is an entity admitted as such by Clearing Corporation under its Bye-Laws, Rules and Regulations to transact business under any of its segments and does not denote the shareholders of Clearing Corporation. Provided that shareholders of Clearing Corporation may also be admitted as Members of Clearing Corporation. A Member can be an Associate Member or Self Clearing Member or Clearing Member.

72. MEMBER COMMON COLLATERAL (MCC)

"Member Common Collateral" or "MCC" means a common pool of collateral established and maintained in accordance with the relevant provisions of Bye-Laws, Rules and Regulations.

73. MEMBER ID

"Member ID" refers to the unique Identification Code allotted to each Member of Clearing Corporation to establish the identity and includes Membership ID wherever referred to in Bye-Laws, Rules and Regulations.

74. MONEY MARKET INSTRUMENT

"Money Market Instrument" shall have the same meaning as assigned under the Reserve Bank of India Act, 1934 and as approved by RBI.

75. MULTILATERAL NETTING

"Multilateral Netting" means an agreement among three or more members to net their obligations through a process of novation or otherwise by Clearing Corporation.

76. NEGOTIATED DEALING SYSTEM

"Negotiated Dealing System" (hereinafter referred to as "NDS") means the systems of Reserve Bank of India to facilitate electronic dealings/ reportings of all Government Securities and other instruments as approved.

77. NET DEBIT CAP

"Net Debit Cap" shall constitute the maximum potential devolvement in respect of a Member on Clearing Corporation from that Member's failure to honour its commitment, in respect of trades in the Forex Segment accepted by Clearing Corporation for settlement.

78. NET POSITION

"Net Position" means a Member's net credit or net debit position which is the sum of the value

of all the currency / security bought less the value of the currency/ security sold or value of Borrowing or Lending under Repo/ Triparty Repo Trades in Securities Segment. If the difference is positive the Member is in a net credit position; if the difference is negative the Member is in a net debit position.

79. NET WORTH

"Net Worth" consists of paid-up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets adjusted for accumulated loss balance, book value of intangible assets and Deferred Revenue Expenditure, if any.

80. NETTING

"Netting" means the creation of a single position/ obligation from multiple positions or obligations through the intermediation of Clearing Corporation, which shall be calculated in respect of each Member as the sum of positive positions or obligations owing less the sum of negative positions or obligations owed.

81. NON - DEFAULTING COUNTERPARTY

A Member who has met its obligations with regard to a Trade shall be the "Non-Defaulting Counterparty" in respect of that Trade.

82. NOSTRO ACCOUNT

"Nostro Account" means the current account of a Member with its Correspondent Bank.

83. 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 Designated Office 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. affixing it on the door at the last known business and/or last known address;
f. oral communication;
g. advertising it at least once in any prominent daily newspaper;
h. sending a message through the RBI Negotiated Dealing System;
i. sending a message through Clearcorp's Dealing System;

j. sending a message through the INFINET System;

k. The notification on CCIL website;

l. posting a message through CCIL' s member report server;

m. an electronic mail or fax or any other electronic network; or

n. any other accepted mode of communication.

Any communication sent by Clearing Corporation to the Members shall be deemed to have been properly delivered or served, if the same is sent to the ordinary 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.

84. NOVATION

"Novation" is the act of Clearing Corporation interposing as Central Counterparty upon acceptance of the trades for settlement by it by replacement of the existing obligations with the new obligations, in accordance with the provisions of the Bye-Laws, Rules and Regulations.

85. OBLIGATION

"Obligation" refers to the contractual duty to deliver and/or receive (funds and/or securities) in terms of Bye-Laws, Rules and Regulations of Clearing Corporation.

86. OFF MARKET PRICE

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

87. OFFER

"Offer" refers to an order for selling currency/ Derivatives/Instruments.

88. OUTLIER

"Outlier" is a trade at off market prices/rates.

89. PORTFOLIO COMPRESSION

"Portfolio Compression" is an exercise facilitated by the Clearing Corporation to (i) reduce the number of outstanding contracts (and therefore gross notional amounts) in OTC derivative portfolios without significantly altering the risk profiles of the portfolios of individual participants and (ii) involves identification of economically redundant trades for early full or partial termination subject to the parameters defined by the individual participants of the exercise.

90. PORTFOLIO TRANSFER

"Portfolio Transfer" means the transfer of Proprietary Trades, positions and/or Margins (as the case may be), of a Member to another Member. Such transfer may include transfer of existing Proprietary Trades as Constituent Trades, consequent upon a Member's intent to resign as a Member and its subsequent admission as a Constituent of another Clearing Member.

91. PORTING

"Porting" means the transfer of Trades, positions and Margins of a Constituent from one Clearing Member to another Clearing Member.

92. PRICE

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

93. PROPRIETARY TRADES

"Proprietary Trades" means trades submitted by a Member for its own account for clearing and settlement to Clearing Corporation.

94. REFERENCE RATE

Unless otherwise specified, "Reference Rate" means the daily benchmark conversion rate for USD/ INR announced by RBI.

95. REGULATIONS

"Regulations" means the Regulations of the Clearing Corporation and includes rules, code of conduct and such other prescribed procedures, circulars, notifications, directives and orders as issued by Clearing Corporation from time to time under Bye-Laws, Rules and Regulations of Clearing Corporation.

96. REGULATOR

"Regulator" means the Reserve Bank of India.

97. REJECTION

"Rejection" means process through which Clearing Corporation would convey its inability to accede to a Member's request for processing a Trade.

98. REPO

"Repo" means an instrument for borrowing funds by selling securities with an agreement to repurchase the Securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed.

99. RESIGNATION REQUEST DATE

"Resignation Request Date" means the date on which such written notice is received by Clearing Corporation when delivered by such Member in person or by courier, or by a registered mail (with a return receipt requested).

100. 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.

101. REVERSE REPO

"Reverse Repo" means an instrument for lending funds by purchasing securities with an agreement to resell the securities on a mutually agreed future date at an agreed price which includes interest for the funds lent

102. RISK EXPOSURE LIMIT

"Risk Exposure Limit" means the maximum amount of risk expressed in terms of monetary value in respect of a Member which Clearing Corporation may be willing to accept for Clearing and Settlement of Trades entered into by a Member and its Constituents. In respect of Forex Segment, it shall represent the value of Net Debit position that shall be allowed for each Member depending on that Member's contribution to the FX Collateral.

103. RTGS

"RTGS" means Real Time Gross Settlement System.

104. RULES

Unless the context indicates otherwise, "Rules" means the Rules of Clearing Corporation for the time being in force.

105. RUPEE DERIVATIVES DEALING SEGMENT

The "Rupee Derivatives Dealing Segment" means the Segment relating to dealing in rupee Derivatives on the Dealing System provided by Clearcorp.

106. SECTORAL REGULATOR

"Sectoral Regulator" means an authority or body constituted under any law for the purpose of regulation of services in the financial sector and includes Securities and Exchange Board of

India, the Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority of India or such other regulatory authority notified by the Central Government but does not include Regulator.

107. SECURITIES

"Securities" unless specified otherwise, means all classes of securities other than shares, equity and preference, monetary /non - monetary as may be admitted by Clearing Corporation for Clearing and Settlement.

108. SECURITIES DELIVERY

"Securities delivery" means receipt of, and/or payment of securities by a Member and/or Clearing Corporation in respect of a Trade.

109. SECURITIES SEGMENT

"Securities Segment" means the segment dealing with operations relating to Clearing and Settlement of Trades in the securities financial market including Clearing and Settlement of Repo/Reverse Repo and Triparty Repo Trades.

110. SEGMENT

"Segment" means the different clusters or groups identified within Clearing Corporation for Clearing and Settlement of Trades pertaining to different financial markets as may be classified and approved by the Board from time to time.

111. SELF CLEARING MEMBER

"Self-Clearing Member" means a Member of Clearing Corporation who is permitted under the Bye-Laws, Rules and Regulations of Clearing Corporation, to clear and settle only Proprietary Trades and not Constituents' Trades.

112. SELLING MEMBER

"Selling Member" means Member who has undertaken to sell security, foreign currency/Derivatives for a consideration.

113. SETTLEMENT

"Settlement" means the process through which Members' obligations to deliver/receive funds/securities/ arising out of Trades entered into by them are effected and achieved by Clearing Corporation through the process as specified under its Bye- Laws, Rules and Regulations.

114. SETTLEMENT AGENCY

"Settlement Agency" shall have the same meaning as Settlement Bank.

115. SETTLEMENT BANK

"Settlement Bank" means a bank designated as such by Clearing Corporation from time to time for settlement of transactions.

116. SETTLEMENT CONSIDERATION

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

117. SETTLEMENT DATE

"Settlement Date" means the date on which a Trade is due for settlement and unless otherwise stipulated, for settlement obligations due in a currency shall refer to the closure of RTGS in the respective currency.

118. SETTLEMENT GUARANTEE FUND (SGF)

"Settlement Guarantee Fund" or "SGF" shall have the same meaning assigned to Member Common Collateral as defined under these Bye-Laws.

119. SETTLEMENT SHORTAGE

"Settlement Shortage" is failure of a member to discharge its obligations to pay or deliver funds/securities due from it at the time of settlement.

120. SGL ACCOUNT

"SGL Account" means Subsidiary General Ledger Account(s) opened and maintained by Members and/or Clearing Corporation with the Public Debt Office of RBI

121. SHUT PERIOD

"Shut Period" refers to the period during which no transactions are permitted in a Security to facilitate corporate actions such as payment of periodical interest, redemptions etc.

122. SWIFT

"SWIFT" refers to 'Society for Worldwide Inter-bank Financial Telecommunication', an international body which has set the message standards for interbank financial

telecommunication.

123. TRADE

"Trade" means, unless the context indicates otherwise, buying and / or selling of Securities /currency/Derivatives/ borrowing and / or lending by a Member for itself or its Constituents and reported to Clearing Corporation for Clearing and Settlement. Wherever the terms "deals", "Trades", "Transactions" or "contracts" occur in the Bye-Laws, Rules and Regulations, they shall have one and the same meaning, unless the context indicates otherwise**.** For the purpose of the Bye-Laws, Rules and Regulations a trade of a Constituent shall be deemed and construed as a Trade of the Member.

124. TRADES EXCEEDING RISK EXPOSURE LIMIT

"Trades exceeding Risk Exposure Limit" denotes those trades which are not covered by margin deposits by the member and therefore do not qualify for guaranteed settlement.

125. TRADES GUARANTEED FOR SETTLEMENT

"Trades Guaranteed for Settlement" mean those Trades that have been accepted by Clearing Corporation on behalf of a Member for settlement guaranteeing the fulfillment of the counterparty's obligation as set out in the contract.

126. TRADING / DEALING SESSION

"Trading/Dealing Session" would refer to the market hours fixed by Reserve Bank of India / Clearing Corporation when Members are permitted to conclude Trades among themselves.

127. TRADING ENTITY

"Trading Entity" means an entity which is not a member of Clearing Corporation but has been provided access to dealing platform of the Clearcorp for the purpose of concluding / reporting/ submission of Trades of its clients created as Constituents of a Clearing Member of Clearing Corporation for the purpose of settlement by Clearing Corporation as Trades of the Clearing Member.

128. TRADING ENTITY ID

"Trading Entity ID" means a unique ID provided by Clearing Corporation to each Trading Entity, for the purpose of identifying the entity accessing the trading platform and whose Trades shall be settled by Clearing Member of the Clearing Corporation.

129. TRIPARTY AGENT

A "Triparty Agent" shall have the same meaning as assigned to it under Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 and as amended by Reserve Bank of India from time to time.

130. TRIPARTY REPO

"Triparty Repo" shall have the same meaning as assigned to it under Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 and as amended by Reserve Bank of India from time to time.

131. TPR COLLATERAL

TPR Collateral shall mean the collateral provided by the Member on account of the Triparty Repo Trades for itself and on account of its Constituents.

132. TRIPARTY REPO SYSTEM (TREPS)

"Triparty Repo System" ("TREPS") means the systems of Clearcorp Dealing Systems (India) Limited to facilitate electronic dealings of Triparty Repo Trades.

133. VALUATION DAY

"Valuation Day" means the day on which the securities contributed to the MCC are marked to market.

134. VALUE DATE

"Value Date" shall have the same meaning as Settlement Date. With respect to any Forex Transaction, it is the Business Day where the members deliver/receive the currencies in accordance with relevant forex market practice.

135. VOLATILITY

"Volatility" is a statistical measure of movements over time in exchange rate, interest rate and / or price.

136. WORKING DAY

"Working day" means the same as Business Day.

Note: These Definitions apply to Bye-Laws, Rules and Regulations.

The terms defined above shall mean the same when used in lower case in the Bye- Laws, Rules and Regulations, unless the context indicates otherwise and/or terms not defined in these regulations

would have same meaning if defined under RBI Act or PSS Act or regulations, notifications, circular etc. thereunder issued from time to time.

CHAPTER III: SEGMENTS

1. Clearing Corporation may establish such number of segments as may be determined by the Board and approved by the Reserve Bank from time to time.

2. The securities/instruments/currencies which will be eligible for admission to be dealt in the said segments shall be as notified from time to time.

3. Trades that may be admitted to the said segments shall be specified by the Board from time to time.

4. The Board may introduce a separate and an exclusive Chapter under the Securities Segment Regulations for the purpose of governing all the clearing and settlement operations of Retail Direct Scheme of RBI. The contents of such Chapter shall be effective notwithstanding anything to the contrary contained in other parts of Bye-Laws, Rules and Regulations.

CHAPTER IV: COMMITTEES FOR MANAGING OPERATIONS

The Board shall have power to appoint one or more Committee(s) for administration and / or management of any aspect of the Clearing Corporation's business operations and delegate to it such powers and responsibilities as may be decided by the Board.

CHAPTER V: REGULATIONS

1. The Board may frame Regulations from time to time for the functioning and operations of Clearing Corporation and to regulate the functioning, operations and conduct of the Members of Clearing Corporation.
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 admission of Trades for Clearing and Settlement by Clearing Corporation;
   (4) norms, procedures and terms and conditions for Clearing and Settlement of Trades in securities, forex, forex forward, derivatives, FX Options and other segments through the process of novation with Clearing Corporation as the Central Counterparty or otherwise.;
   (5) norms, procedures and terms and conditions for guaranteed settlement by Clearing Corporation;
   (6) prescription from time to time, and administration of penalties, fines and other consequences, including suspension/ expulsion of Members from Clearing Corporation for defaults or breach or violation of the Bye- Laws, Rules and Regulations, directives or orders of Clearing Corporation;
   (7) norms, procedures and terms and conditions for imposition and administration of different types of margins, limits and other charges and restrictions that may be imposed by Clearing Corporation from time to time;
   (8) determination from time of time, of fees, system usage charges, transaction charges, deposits, margins, penal and other charges and other monies payable to Clearing Corporation by Members;
   (9) supervision of the clearing operations and promulgation of such business rules and Codes of Conduct as it may deem fit;
   (10) settlement of disputes, complaints, claims arising between Members inter-se or between Member and Clearing Corporation relating to securities, foreign exchange, money market and derivative instruments and such other dealing and clearing segments and instruments as are cleared and settled through Clearing Corporation including settlement by arbitration and/ or such other dispute resolution mechanism as may be prescribed.
   (11) Dispute resolution mechanism for any other disputes arising between the Member and Clearing Corporation.
   (12) administration, maintenance and investment of the corpus of the Fund(s) setup by

Clearing Corporation including MCC.

(13) establishment, norms, terms and conditions, functioning and procedures of clearing house, clearing through depository or other arrangements including custodial services and Settlement Banks for Clearing and Settlement;

(14) norms, procedures and terms and conditions in respect of, incidental to or consequential to, annulment, cancellation, transfer or closing out of Trades;

(15) dissemination of information and announcements;

(16) any other matter as may be decided by the Board.

CHAPTER VI: MEMBERS

1. Clearing Corporation may admit Members in accordance with the extant Rules and Regulations and on compliance of such terms and conditions as per Bye- Laws, Rules and Regulations. The Member shall pay such fees, security deposits and other monies as may be notified from time to time on its admission or continuity as a Member.
2. Any fees, deposits, remittance, other monies available with Clearing Corporation 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 Clearing Corporation and for all its claims against the Member for due fulfillment 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 Clearing Corporation. Clearing Corporation 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.
3. A Member of any segment may clear and settle Trades pertinent to that segment through Clearing Corporation in such manner and mode as may be prescribed by Clearing Corporation.
4. Members may transact, clear and settle Trades either on their own account or on behalf of the Constituents unless otherwise specified by Clearing Corporation from time to time.
5. Clearing Members may submit Constituent's Trades in the relevant segment to Clearing Corporation. Such submission of Constituent Trades shall be made, only after the Clearing Member has, to its satisfaction, verified the eligibility of such Constituent and completed all necessary formalities/ requirements (including but not limited to any KYC requirements) under applicable law. Any ongoing compliance arising therefrom shall be the sole responsibility of the Clearing Member and Clearing Corporation shall in no manner be responsible for the same.
6. Without prejudice to the foregoing specific obligation of the Clearing Member with respect to compliance of eligibility criteria and KYC requirements under applicable law in respect of the Constituent(s), Clearing Corporation may for its records require submission of various documentation in respect of the Constituent(s) at the time of initial grant of access and on an ongoing basis.
7. In the event of any change in control or reorganization, amalgamation / merger of the Member, Clearing Corporation shall be promptly informed about the same. Clearing Corporation 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 Clearing Corporation and also extend all the necessary co- operation in this regard. Further, Clearing Corporation may also require additional documentation as may be deemed necessary and within such period as may be specified by Clearing Corporation pursuant to the change in

control or reorganization, amalgamation/merger.

8. Any person admitted to Membership of Clearing Corporation 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 Clearing Corporation on the one part and the Member on the other part and Clearing Corporation and each one of the Member multilaterally inter - se.

9. Clearing Corporation, at its discretion, may direct/instruct the dealing system operator to suspend a Member and / or its Constituent(s) from trading on its Dealing System for violation of any of the provisions of its Bye- Laws, Rules and Regulations and cancel all orders pending at such time. The suspension shall continue until Clearing Corporation decides to withdraw such suspension.

CHAPTER VII: CLEARING AND SETTLEMENT OF TRADES

1. CLEARING AND SETTLEMENT OF TRADES

1.1 Clearing Corporation shall clear and settle Trades in the manner provided under its Bye-Laws, Rules and Regulations.

1.2 Notwithstanding anything contained in the Bye-Laws, Rules or Regulations of CCIL, Constituent Trades (including client trades of a Trading Entity) received by Clearing Corporation from the Clearing Member shall be deemed to be the Trade of such Clearing Member. The Clearing Member shall be responsible for the clearing, margining and settlement of such Trades in terms of the Bye Laws, Rules and Regulation of Clearing Corporation.

1.3 In the relevant segment, Trades of clients of a Trading Entity shall be accepted as a Constituent Trade of the concerned Clearing Member who acts as such for those Constituent(s) who are clients of the Trading Entity. The said Clearing Member shall be solely responsible in all respects for the purpose of clearing and settlement of all such Trades.

2. CONCEPT OF NOVATION

Each transaction entered into by a Member with another Member shall be deemed to have been individually novated by a new obligation, being a contract with Clearing Corporation under Bye- Laws, Rules and Regulations for the same Value Date. The amounts that would otherwise have been deliverable or receivable by each Member to or from every other Member on such settlement date shall be netted and replaced by a contract for the net deliverable or receivable to or from Clearing Corporation.

3. ADMISSION OR REJECTION OF TRADES

Clearing Corporation may, approve, defer, or reject such Trades for Clearing and Settlement subject to such terms as it may deem fit.

Notwithstanding the foregoing, Clearing Corporation shall not be responsible for the title, ownership of the securities delivered or received and genuineness, regularity and validity of transactions/trades or the loss and damages arising there from. Any questions in respect of the title, ownership, genuineness, regularity and validity if and when arising, shall be dealt with in accordance with the provisions of Bye- Laws, Rules and Regulations thereof.

4. ARRANGEMENT FOR CLEARING AND SETTLEMENT

Clearing and Settlement of Trades submitted by Members shall be effected by adopting and using such arrangements, systems, agencies or procedures as may be prescribed from time to

time and the same shall be forthwith binding on the Members.

5. OPERATIONAL PARAMETERS FOR CLEARING

(1) Clearing Corporation may disclose and advise from time to time operational parameters for the Clearing of Trades through Clearing Corporation which the Members shall adhere to.

(2) Without prejudice to the generality, the operational parameters may include:

(a) Risk exposure limits, including net debit cap in respect of Forex transactions, which may be computed with reference to the contribution to the MCC / collaterals, such contribution/ fixation being based on certain performance parameters of the Members as decided by Clearing Corporation from time to time;

(b) other matters which may affect the clearing of Trades, keeping in view the larger interest of the members;

(c) determining types of Trades permitted for a Member and in respect of a security/ foreign exchange, money market, derivatives or other transactions;

(d) determining functional details of the Clearing and Settlement system including the system design, user infrastructure and system operation;

(e) determining the Margin payment Obligation;

(f) determining the Margin requirements in the form of funds or securities and the nature of securities;

(g) determining the MCC and its composition, value, form, tenor etc;

(h) determining the quantum of contribution to the default fund, if applicable;

(i) determining the positions, calculation of net obligations etc., and

(j) such other parameter as maybe decided by Clearing Corporation from time to time.

6. CLEARING HOURS

The hours for working in Clearing and Settlement of different segments of Clearing Corporation shall be such as may be decided by Clearing Corporation from time to time.

7. BUSINESS HOURS

(1) The business hours for transactions in various segments shall be applicable as per the window of operations stated in the Regulations of the concerned segment.

(2) Clearing Corporation would normally function on all the days, excluding Sundays and those days that are declared as holidays under the Negotiable Instruments Act, 1881 and such other days on which transactions/settlement may not take place as declared by RBI or such other authority.

8. **CLOSING OUT**

(1) A Trade admitted for Clearing and Settlement may be closed out on failure of a Member to comply with any of the provisions relating to delivery, payment and settlement of Trades or on any failure to fulfill the terms and conditions subject to which the Trade has been made, or such other circumstances as the Clearing Corporation may specify from time to time. The Trade may be closed out by Clearing Corporation in such manner, within such time frame and subject to such conditions and procedures as the Clearing Corporation may prescribe from time to time.

(2) Without prejudice to the generality of the foregoing, Clearing Corporation may Close-Out the Trade with suitable compensation in securities or foreign currency or monies or in such other form as Clearing Corporation may deem fit to respective parties in case of trades in Government Securities, derivatives, Forex, Forex Forward, FX Options and Repo/Triparty Repo transactions or in any other segment as the case may be.

(3) Clearing Corporation has the right to Close- Out and/or liquidate and the same shall not limit or exclude any other rights which Clearing Corporation possess whether by agreement, or an applicable law or otherwise. Clearing Corporation shall have the general and global right to set-off all amounts owed by a defaulting party under these Bye- Laws, Rules and Regulations.

(4) Close-Out as and when effected by Clearing Corporation shall be treated as a part of Clearing and Settlement process as set out in the Bye- Laws, Rules and Regulations.

(5) For this purpose, "Close- Out" means termination of transactions before the date of settlement on which they are due, in accordance with the Bye- Laws, Rules and Regulations of Clearing Corporation.

9. **FAILURE TO MEET OBLIGATIONS**

In the event a Member fails to meet its obligations to Clearing Corporation arising out of the Clearing and Settlement operations of admitted trade, Clearing Corporation may charge such interest, impose such penalties and fines and take such disciplinary action including suspension and cessation of membership, as it may determine from time to time. Any disciplinary action which Clearing Corporation takes pursuant to the above shall not affect the obligations of the Member to Clearing Corporation or any remedy to which Clearing Corporation maybe entitled against the Member under its Bye-Laws, Rules and Regulations.

10. **TRANSFER OF TRADES**

(1) Clearing Corporation may, from time to time, facilitate the transfer of outstanding Trades of a Member or its Constituent, in accordance with the Bye-Laws, Rules and the respective Segment Regulations.

(2) Any transfer so permitted shall be notified by the Clearing Corporation and shall be subject to such conditions and procedures as may be prescribed from time to time.

(3) Transfer of outstanding Trades may be facilitated through the following modes:

a. Portfolio Transfer (for Proprietary Trades)

i. To enable transfer of outstanding Proprietary Trades of a Member to another Member(s); and/or

ii. To enable the transfer of outstanding Proprietary Trades from a Member to a Clearing Member as Constituent Trades**,** i.e. to facilitate an existing Member, who is no longer desirous of continuing as a Member and consequently opts to avail the services of a Clearing Member as a Constituent, resulting in the existing Proprietary Trades of such Member being transferred to a Clearing Member and subsequently such transferred Trades being recognized as Constituent Trades by the Clearing Corporation.

b. Porting (for Constituent Trades): To enable transfer of Constituent Trades from one Clearing Member to another Clearing Member.

11. RECORD FOR EVIDENCE

The record of Clearing Corporation 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 cleared and settled through Clearing Corporation. For the purposes of any disputes regarding Clearing and Settlement of Trades such records as maintained by Clearing Corporation shall constitute conclusive evidence in any dispute or claim between the Members inter-se or between Members and Clearing Corporation.

12. MEMBER ONLY PARTIES TO TRADES

Clearing Corporation 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 Clearing Corporation in respect of all its Constituents, unless it is expressly specified otherwise by Clearing Corporation in all transactions executed on behalf of such Constituent(s). Clearing Corporation shall have no liability to any party other than the Member.

13. INVIOLABILITY OF ADMITTED TRADES

(1) Trades settled through Clearing Corporation subject to the Bye-Laws, Rules and Regulations of Clearing Corporation shall be inviolable and shall be Cleared and Settled in accordance with Bye- Laws, Rules and Regulations of Clearing Corporation.

(2) Notwithstanding the foregoing, Clearing Corporation may on application by any affected Member in that behalf decline to clear or settle any trade, if Clearing Corporation is satisfied after hearing the concerned parties to the Trade(s) that the Trade(s) is/ are fit for rejection on account of fraud or market manipulations or price manipulations in the trade or in relation to any instruments.

Provided that, in any event where the deals have been novated, such deals shall be irrevocable for the purpose of effecting settlement, without prejudice to other actions under Bye- Laws, Rules and Regulations or any other law.

Provided further that, any Settlement effected shall also be final, irrevocable and inviolable on account of:

i. Close-Out.
ii. Portfolio Compression.
iii. any action undertaken during the Default Management Period.
iv. transfer of Trades undertaken in accordance with the Bye-Laws, Rules and Regulations.

14. FINALITY OF SETTLEMENT

A Settlement effected in accordance with the Bye-Laws, Rules and Regulations shall be final and irrevocable. Such settlement shall include 'Close-Out of Trades', 'Portfolio Compression', 'action undertaken during the Default Management Period' and 'transfer of Trades' as per the procedure laid down in the Bye- Laws, Rules and Regulations.

15. FEES AND CHARGES

Clearing Corporation may prescribe from time to time the fees, charges and recoveries to be levied on the Members in respect of Clearing and Settlement of their Trades.

16. RIGHT TO SET OFF

Notwithstanding anything contained in Bye- Laws, Rules and Regulations, Clearing Corporation shall have the absolute right to set off the liability of a Member on account of default in one segment against its receivables in any other segment of Clearing Corporation.

17. MEMBERS' RIGHT TO SET-OFF

In the event of any default/ insolvency of Clearing Corporation, a non-defaulting Member shall have the right of set-off of the net payables or net receivables across all the segments of Clearing Corporation that have become due and payable resulting in a net pay- in or net pay-out position.

For the sake of clarity, Net Payable or Net Receivable amounts under each segment would be

arrived at separately for each such member after Close-Out of all trades, 'Portfolio Compression' and 'transfer of trades', and net of these amounts across all segments would be arrived at and would be payable or receivable by a member.

CHAPTER VIII: DEFAULT FUND

1 Clearing Corporation may maintain a Default Fund (DF) for each Segment and for such purposes as may be prescribed by Clearing Corporation from time to time.

2 Clearing Corporation may, under these Bye- Laws, Rules and Regulations prescribe from time to time the norms, procedures and terms and conditions governing such Default Fund which may inter alia specify the amount of contribution to be made by each Member to the relevant fund, the terms, manner and mode of contributions, conditions of withdrawal of contribution from the fund, charges for utilization and penalties and disciplinary actions for non-performance thereof.

3 The Default Fund shall be utilized for such purposes as may be provided for in Bye-Laws, Rules and Regulations and subject to such conditions as Clearing Corporation may prescribe from time to time.

4 A Member, in case of Default or cessation of membership to the Segment, shall be entitled to the repayment of contribution made by it or any balance remaining, after necessary adjustment for its obligations and also towards recovery of dues and claims of Clearing Corporation under the provisions of Bye- Laws, Rules and Regulations, in the Default Fund.

5. A Member failing to replenish the Default Fund for a Segment within the time period specified is liable to be expelled and barred from participation in that Segment. Such Member will however continue to be liable for their outstanding trades till those trades are closed-out or settled as per the terms of the Trade.

CHAPTER IX: MEMBER COMMON COLLATERAL / COLLATERALS

1. CLEARING CORPORATION TO MAINTAIN A MEMBER COMMON COLLATERAL / COLLATERALS

(1) Clearing Corporation shall maintain a Member Common Collateral (MCC) in respect of the segments for such purposes as may be specified by Clearing Corporation from time to time.

Provided however that, nothing contained under the Bye-Laws, Rules and Regulations shall preclude the Clearing Corporation from also maintaining, a dedicated segment specific Collateral wherever required.

(2) Clearing Corporation may prescribe from time to time the norms, procedures and terms and conditions governing MCC which may *inter -alia* specify the amount of contribution to be made by each Member to the relevant fund, the terms, manner and mode of contributions, conditions of withdrawal of contribution from the fund, charges for utilization and penalties and disciplinary actions for non- performance thereof.

2. CONTRIBUTION TOWARDS MCC

(1) Each Member shall be required to contribute to the MCC such sum or amount as may be determined from time to time by Clearing Corporation and such contribution shall be held by Clearing Corporation to be applied as provided for in these Bye- Laws, Rules and Regulations.

(2) Clearing Corporation may also specify such additional contribution as may be required towards the MCC by the Members from time to time to be made part of the MCC.

3. FORM OF CONTRIBUTION

Clearing Corporation may prescribe from time to time the form in which contribution to the relevant MCC is to be made.

4. REPLACEMENT OF SECURITIES

By giving advance notice to Clearing Corporation and subject to such conditions as may be specified by Clearing Corporation from time to time, a Member may withdraw securities from his contribution towards MCC/Collaterals with Clearing Corporation and replace the same with other eligible securities as required by Clearing Corporation.

5. **ADMINISTRATION AND UTILISATION OF THE MCC**

(1) The MCC shall be utilized for such purposes as may be provided for in Bye-Laws, Rules and Regulations and subject to such conditions as Clearing Corporation may prescribe from time to time which shall include:

(a) expenses for creation, maintenance and repayment of the MCC;

(b) investment in such approved securities and other avenues and subject to such terms and conditions as may be decided by Clearing Corporation from time to time;

(c) meeting shortfalls and deficiencies arising out of the Clearing and Settlement of such Trades as provided for in Bye- Laws, Rules and Regulations;

(d) satisfying any loss or liability of Clearing Corporation arising out of Clearing and Settlement operations of such Trades as provided for in Bye-Laws, Rules and Regulations;

(e) repayment of the balance after meeting all obligations under Bye- Laws, Rules and Regulations to a Member when it ceases to be a Member pursuant to the provisions regarding repayment of such portion of the contribution made by a Member upon cessation of Membership;

(f) any other purpose as may be prescribed from time to time.

(2) Save as otherwise expressly provided in Bye- Laws, Rules and Regulations, the MCC shall not be utilized for any other purpose.

(3) Clearing Corporation shall have the full power and authority to utilize, pledge, re- pledge, hypothecate, create a security interest in, assign or Repo/Reverse Repo or otherwise use in any other manner for the purpose of raising liquidity any or all of the (i) Monies in the MCC, (ii) Securities contributed by the Member to MCC (iii) Securities or other instruments in which MCC is invested and (iv) Eligible securities pledged/contributed by a Member or any instrument/ monies provided on behalf of a Member in favour of Clearing Corporation towards the MCC or for any purpose related to or in connection with the Clearing and Settlement of transactions received and accepted for settlement in terms of the Regulations of the respective segment.

6. **UTILISATION FOR FAILURE TO MEET OBLIGATIONS**

In the event a Member fails to meet its obligations to Clearing Corporation as provided for in Bye- Laws, Rules and Regulations, Clearing Corporation may utilize the balances in MCC / Collaterals and other monies due to such member from Clearing

Corporation to meet such obligations.

7. OBLIGATIONS TO BRING IN ADDITIONAL CONTRIBUTION

(1) If a portion of the contribution of the Members is utilized as provided for in Bye- Laws 6 above against a Member's actual contribution and as a consequence the Member's remaining contribution towards the MCC falls below the level of its required contribution and deposit, the Member shall contribute or deposit in the MCC, the deficient amount, within such time as Clearing Corporation may stipulate in this respect.

(2) If the Member fail to do so, Clearing Corporation may not allow the Member's Trade(s) to be included as part of guaranteed settlement and may also, at its discretion, initiate disciplinary action. Any disciplinary action which Clearing Corporation takes for involuntary cessation of membership by the Member shall not affect the obligations of the Member to Clearing Corporation or to any remedy to which Clearing Corporation may be entitled under Bye- Laws, Rules and Regulations or under any applicable law.

8. ALLOCATION OF THE CONTRIBUTION OR DEPOSIT

Member's contribution to MCC shall be as allocated and directed by Clearing Corporation among various segments. Clearing Corporation shall retain the right to utilize the MCC allocated to a particular Segment by a Member towards the satisfaction of losses or liabilities of Clearing Corporation incidental to the operation of that Segment or of any other Segment in respect of that Member as may be decided by Clearing Corporation

CHAPTER X: MARGINS

1. **MARGIN REQUIREMENTS**

Clearing Corporation may stipulate Margin requirements for its various Segments and the nature thereof, and vary the same from time to time using such criteria as may be deemed prudent for Acceptance of Trades for Clearing and Settlement through Clearing Corporation and the Member shall furnish Margin in the required form, as a condition precedent, for Acceptance of its Proprietary and / or Constituent Trades for Clearing and Settlement.

2. **FORMS OF MARGIN**

(1) The Margins to be provided by a Member under Bye- Laws, Rules and Regulations shall be in the form of funds, securities, foreign currency – denominated papers or any other form as approved by Clearing Corporation.

(2) A Member depositing Margins in the form of funds, securities, foreign currency – denominated papers or in any other form as approved by Clearing Corporation, by way of pledge or otherwise or in such other mode as may be prescribed by Clearing Corporation from time to time, may always maintain the value thereof at not less than the quantum of margin required at any given time covered by them by providing further security to the satisfaction of Clearing Corporation which shall determine the value and such valuation shall conclusively fix the amount of any deficiency to be made up from time to time.

3. **CONTRIBUTION TO MCC TO BE PART OF MARGIN**

Contribution made by any Member towards MCC under Chapter IX of Bye- Laws shall be deemed to be a part of Margin contribution by such Member.

4. **UTILISATION FOR FAILURE TO MEET OBLIGATIONS**

Clearing Corporation at its discretion shall be entitled to appropriate to itself any amount paid by a Member in the form of Margin or any other payment or proceeds or disposal of any other security or foreign currency towards fulfilling the Member's obligations arising out of Clearing and Settlement.

CHAPTER XI: DISPUTE RESOLUTION

1. All claims, differences or disputes between the Members inter- se arising out of or in relation to operation of payment system including in relation to dealings, contracts or transactions executed or reported as specified by Clearing Corporation and made subject to the Bye- Laws, Rules and Regulations 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 as to such dealings, transactions and contracts have been entered into or not shall be submitted to dispute resolution in accordance with the provisions of these Bye- Laws and Rules.

2. Clearing Corporation shall not be responsible for any dispute between the Clearing Member and its Constituent(s) and / or Trading Entity. Provided however that, any dispute between the Clearing Member, Trading Entity and Constituent shall be settled through a dispute resolution mechanism as may be provided under Rule 6 of Chapter X of the Rules.

3. All claims, differences or disputes between the Member(s) on one hand and the Clearing Corporation on the other hand arising out of or in relation to operation of payment systems including in relation to settlement of dealings, contracts or transactions executed or reported as specified by Clearing Corporation 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 into or not shall be submitted to the Reserve Bank of India. The reference of such dispute shall be to the Officer-in Charge, Department of Payment and Settlement Systems, Central Office, Reserve Bank of India. The decision of such officer of Reserve Bank of India shall be final and binding on the parties to the dispute.
4. In the event of any claims, differences or disputes between the Members submitted to dispute resolution as set out in Bye- Law 1 above of this Chapter, such claim, difference or dispute shall be referred to the Panel for Resolution of Disputes (PRD) consisting of not less than five Members other than the Members who are parties to the dispute. The decision of the PRD shall be final and binding on the parties to the dispute. A Member, if not satisfied with the decision of the PRD may refer the dispute to the Appellate Authority at the Reserve Bank of India. The reference of such dispute shall be to the Officer-in Charge, Department of Payment and Settlement Systems, Central Office,

Reserve Bank of India. The Appellate Authority shall dispose of the appeal within 15 Working Days of submitting the appeal. The decision of such Appellate Authority shall be final and binding on the parties to the dispute.

5. In case of disputes where the Reserve Bank of India is an involved party, the dispute shall be referred to the Central Government which may authorize an officer not below the Rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.

6. Clearing Corporation may, from time to time prescribe Rules or Regulations for the matters which in the opinion of Clearing Corporation are required to be dealt with in the Rules or Regulations to facilitate dispute resolution between the members of the Clearing Corporation including the procedure to be followed by the parties in dispute, the procedure to be followed by the PRD in conducting the Dispute Resolution proceedings etc. Clearing Corporation from time to time may amend, modify, alter, repeal, or add to the provisions of the Rules.

7. **DISCLOSURE BY PERSONS TO BE APPOINTED AS PRD**

Every Member who is approached in connection with his possible appointment as a member on the PRD shall disclose to Clearing Corporation in writing any circumstances likely to give rise to justifiable doubts as to his independence and impartiality more particularly when a dispute is referred to the PRD. If the person discloses any circumstances which in the opinion of Clearing Corporation are likely to give rise to justifiable doubts as to his independence and impartiality, then he shall not be Member of PRD in respect of such dispute.

8. **DISCLOSURE BY PERSONS APPOINTED AS MEMBERS OF PRD**

A Member, from the time of his appointment on the PRD and throughout the dispute resolution proceedings, shall, without delay, disclose to the parties and Clearing Corporation in writing any circumstances referred to in Bye- Law (7) above which have come to his knowledge after his appointment as a member to the PRD.

9. **. TERMINATION OF TENURE OF THE MEMBER ON THE PRD**

The tenure of member on the PRD shall terminate:

(a) if such Member withdraws from office for any reason; or

(b) where such member is unable to perform in accordance with the Bye- Laws and Rules; or

(c) on completion of one year from the date of appointment; or

(d) such member discloses any circumstances referred to in Bye- Laws (7) or (8);

10. **ADMINISTRATIVE ASSISTANCE**

To facilitate smooth conduct of the dispute resolution proceedings, the Clearing Corporation shall provide such administrative assistance as may be necessary for proper conduct of dispute resolution with respect to all claims, differences or disputes which are submitted to PRD as per the provisions of these Bye- Laws and Rules,

11. **VENUE OF DISPUTE RESOLUTION:**

All the proceedings in relation to dispute resolutions shall be conducted in Mumbai, unless otherwise specified by Clearing Corporation after consultation in this regard with the PRD.

12. **DIRECTIONS OF RBI**:

Notwithstanding anything contained herein, any Direction or Circular or Rule or Guideline issued by the Reserve Bank of India under the PSS Act, 2007 or Regulations there under in respect of Dispute Resolution Mechanism shall be deemed to be part of this Chapter and in the event of any inconsistency with the provisions of this Chapter, such Direction or Circular or Rule or Guideline shall prevail over the other provisions set out in this Chapter.

13. The Bye-Laws, Rules and Regulations of Clearing Corporation and all subsequent variations to them shall be subject to, governed by and interpreted in accordance with the Payment and Settlement Systems Act, 2007 and Regulations thereunder and the laws of India.

14. All parties to a reference under these Bye- Laws shall be deemed to have submitted to the exclusive jurisdiction of the courts in Mumbai for the purpose of giving effect to the provisions of these Bye- Laws and the Payment and Settlement Systems Act, 2007.

CHAPTER XII: DEFAULT

1. DECLARATION OF DEFAULT

A Member may be declared a defaulter by direction/ circular/ notification of Clearing Corporation, if:

(1) it is unable to fulfill its Clearing or Settlement obligations within the specified time; or

(2) it admits or discloses its inability to fulfill or discharge its duties, obligations and liabilities; or

(3) it is unable to fulfill within the specified time the default fund obligation and margin obligations including initial and mark-to- market margins;

(4) it fails or is unable to pay within the specified time the damages and the money difference due on a closing-out effected against it under Bye- Laws, Rules and Regulations; or

(5) it fails to pay any sum due to Clearing Corporation as Clearing Corporation may from time to time prescribe; or

(6) it fails to abide by the Dispute Resolution mechanism or arbitration award as laid down under Bye- Laws, Rules and Regulations; or

(7) proceedings have been commenced for winding up against it;

(8) it is in breach of Bye- Law No. 7 of this Chapter;

(9) under any other circumstances as may be notified from time to time.

2. MEMBER'S DUTY TO INFORM

2.1 A Member shall be bound to notify Clearing Corporation immediately on the occurrence of any of the circumstances specified in Bye- Law No.1 of this Chapter.

2.2 A Member shall forthwith inform Clearing Corporation 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 Clearing Corporation. The Member further undertakes to inform Clearing Corporation 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.

3. NOTICE OF DECLARATION OF DEFAULT

Upon a Member being declared a defaulter, Clearing Corporation shall forthwith issue

a notice to all the Members.

4. **DEFAULTER TO GIVE INFORMATION**

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

5. **DEFAULTER'S ASSETS**

Clearing Corporation may call in and realize the security / funds withheld, margins and securities and / or funds contributed by a defaulter in order to recover all monies, securities and other assets due, payable or deliverable to the defaulter by any other Member in respect of any trade settled or cleared subject to Bye- Laws, Rules and Regulations of Clearing Corporation and such assets belonging to or receivable by the defaulting Member shall be made over to Clearing Corporation for the benefit, and on account of Clearing Corporation for which valid discharge shall be given by Clearing Corporation.

6. **PAYMENT TO CLEARING CORPORATION**

(1) All monies, Securities/ foreign currencies/ foreign securities and other assets due, payable or deliverable to the defaulter must be paid or delivered to Clearing Corporation within such time of the declaration of default as Clearing Corporation may direct.

(2) The Member declared as defaulter shall reimburse Clearing Corporation all out of the pocket expenses including legal and any other expenditure incurred by Clearing Corporation in connection with a default or any other activity undertaken by Clearing Corporation with or on behalf of such a Member. Upon completion of the formalities the Member who is declared as a defaulter shall cease to be a Member.

7. **CESSATION OF THE MEMBER**

A Member shall be entitled to the repayment of contribution made by it or any balance remaining, after necessary adjustment under the provisions of Bye- Laws, Rules and Regulations, in the MCC after -

(a) it ceases to be a Member;

(b) all Trades pending, at the time it ceases to be a Member which could result in a charge to the MCC , have been closed and settled; and

(c) all obligations to Clearing Corporation for which the Member was responsible while being a Member have been satisfied or, at the discretion of the Clearing

Corporation, have been deducted/realized by Clearing Corporation from the Member's actual contribution; provided however, that the Member shall have presented to Clearing Corporation such indemnities or guarantees as Clearing Corporation deems satisfactory.

8. **INDEMNITY**

(1) Without prejudice to the other rights and remedies available to Clearing Corporation, a Member shall indemnify and keep indemnified, Clearing Corporation or its employees or its agents against any loss/damage suffered by Clearing Corporation in providing the services by Clearing Corporation to the Member or any other loss, damage, cost, expenses (including reasonable attorney' s fees) suffered by the Clearing Corporation or its employees or its agents arising from or out of a Member's default, misconduct or negligence on the part of the Member or any employee, agent, servant or representative of the Member or of its Constituent or the Trading Entity. This shall be a continuing indemnity notwithstanding cessation of membership.

(2) Save as otherwise provided in the Bye- Laws, Rules and Regulations, Clearing Corporation shall hold harmless its members against any default on the part of Clearing Corporation.

CHAPTER XIII: DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

1. DISCIPLINARY JURISDICTION

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

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

(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 willfully evading (on its own account or on account of its Constituent or Trading Entity) any of Bye-laws, Rules and Regulations or any resolutions, orders, notices, directions, decisions or rulings hereunder of Clearing Corporation, or of the Board, Executive Committee, Managing Director or any officer of Clearing Corporation;

(2) Clearing Corporation may at its discretion charge such penalty as it may deem fit for delayed payments and/or non- payments arising out of default, Close- Out and liquidation by a Member;

(3) The Member declared as defaulter shall reimburse Clearing Corporation all out of pocket expenses including legal and any other expenditure incurred by Clearing Corporation in connection with a default or any other activity undertaken by Clearing Corporation with or on behalf of such a Member.

3. MEMBERSHIP SUSPENSION

(1) A Member shall be liable for immediate suspension from Membership upon its:

a) Suspension from trading in any of the securities in the NDS which form part of the instruments for which Clearing Corporation provides Clearing and Settlement services;

b) Being suspended from using INFINET;

c) Being suspended from using RBI RTGS;

d) 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;

e) Being wound up or ordered to be wound up under extant Laws or where the winding up has commenced against such Member;

f) Being suspended from any business segment of Clearing Corporation;

g) An act of settlement shortage in funds and/ or Securities for more than three occasions or as such number of occasions as maybe decided by Clearing Corporation on its own or to fall in line with extant Regulatory guidelines, if any, in a financial half - year in Securities Segment transactions and three occasions in a financial half - year in Forex segment and Rupee Derivatives Guaranteed Settlement Segment transactions which in the opinion of Clearing Corporation warrants immediate suspension;

h) Failure on more than six occasions in a financial half year, to meet any margin obligations at the end of the Business Day on which such demand was made on the Member which in the opinion of Clearing Corporation warrants immediate suspension;

i) Failure to operate within Risk Exposure Limits on more than six occasions in a financial half year which in the opinion of Clearing Corporation warrants immediate suspension;

j) Failure to operate within prescribed risk exposure limits for any two consecutive Business Days which in the opinion of Clearing Corporation warrants immediate suspension;

k) Failure on more than one occasion to meet its default obligation on the day after settlement which in the opinion of Clearing Corporation would warrant immediate suspension;

l) Failure to abide by Bye- Laws, Rules and Regulations of Clearing Corporation;

m) 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 Clearing Corporation warrants such suspension; Such suspension may be in force till such time as the same is specifically removed by Clearing Corporation on Clearing Corporation being satisfied that the conditions for suspension no longer exist.

(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 Clearing Corporation: (b) long term i.e., for a period exceeding the one mentioned under (a) above;

(3) Upon suspension of membership, Clearing Corporation shall notify such suspension to other Members;

(4) Notwithstanding the non -receipt of notice relating to suspension of a Member by another Member, the obligations of such other Members towards Clearing Corporation shall

continue to subsist. Clearing Corporation shall not in any manner be liable for any Trades that may have taken place between the suspended Member and other Members;

(5) The Managing Director of Clearing Corporation or a Committee of not less than two officials nominated by the Managing Director (MD) may disable a Member from accessing the facilities of Clearing Corporation 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, Clearing Corporation shall communicate the information to other members.

(6) 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 Clearing Corporation.

4. RECONSIDERATION/ REVIEW

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. CONSEQUENCES OF SUSPENSION

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

(a) Suspension shall be effective immediately upon the Member being notified to that effect by Clearing Corporation unless otherwise specifically mentioned. Upon suspension, Clearing Corporation shall not accept any obligation whatsoever on behalf of such suspended Member including its Constituents. However, the suspended Member will continue to be liable to Clearing Corporation in respect of all its outstanding Trades and/ or other dues, if any, arising out of actions undertaken by Clearing Corporation 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 Clearing Corporation for any offence committed by it before suspension in such manner as may be necessary to protect the interest of Clearing Corporation;

(c) **Rights of creditors unimpaired**

Suspension shall not affect the rights of a Member(s) who is a creditor of the suspended Member(s) on account of Trades settled/to be settled through Clearing Corporation and rights of Clearing Corporation;

(d) **Fulfillment of Deals and Obligations**

The suspended Member shall be bound to fulfill all its obligations under and complete all the Trades outstanding against its name in the books of Clearing Corporation at the time of its suspension.

6. CONSEQUENCES OF EXPULSION

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

(a) **Membership Rights forfeited**

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

(b) **Rights of creditors unimpaired**

Expulsion shall not affect the rights of a Member who is a creditor of the expelled Members on account of Trades settled/to be settled through Clearing Corporation or rights of Clearing Corporation;

(c) **Fulfillment of Deals and Obligations**

Expelled Member shall be bound to fulfill its obligations under and complete the Trades outstanding against its name in the books of Clearing Corporation at the time of its expulsion.

CHAPTER XIV: MISCELLANEOUS

1. Save as otherwise specifically provided in the Bye- Laws, Rules and Regulations by Clearing Corporation in respect of Clearing and Settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Clearing and Settlement, Clearing Corporation shall not be deemed to have incurred any liability for all its bona- fide acts, 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 Clearing Corporation may undertake Clearing and Settlement in, or any matter connected therewith. No action shall lie against Clearing Corporation, its Directors, employees, its officers or any of its authorized person(s) for all their acts in good faith on behalf of Clearing Corporation.
2. Clearing Corporation shall have the unfettered discretion to part with/disclose or disseminate such information concerning the Members Trade settled and cleared through Clearing Corporation as deemed necessary to Regulator, Governmental or other agencies.
3. Clearing Corporation shall provide only the aggregated market information and/or trade by trade information regarding volumes, last traded price/rate and other information related to a trade etc., on trade concluded or reported by Members, to press, media, information vendors or any other person for consideration or otherwise. In any case, such data will not contain identity of counterparties.
4. Clearing Corporation shall not be held responsible or liable for any consequences arising out of failure of computer systems, telecommunication network and other equipment installed at the Member' s office premises. Clearing Corporation shall have the right to inspect and supervise all computer systems, software programmes, tele-communication equipment, etc. as prescribed by Clearing Corporation 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 Clearing Corporation.
5. No failure or delay on the part of Clearing Corporation in the exercise of any power, right or privilege here under shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude Clearing Corporation from further exercise thereof.
6. Clearing Corporation shall not be liable for any unauthorized deals on its dealing system by any entity acting in the name of the Member.
7. Clearing Corporation may, at its discretion for the reasons recorded in writing, approve, defer, or reject deals received by it for matching, Clearing and Settlement for not conforming to any of the provisions specified in Bye- Laws, Rules and Regulations of the concerned segment.
8. The provisions of the Bye-Laws, Rules and Regulations of CCIL, in so far as they relate to dealing operations shall be applicable and continue to bind and govern the members of Clearcorp Dealing Systems (India) Limited, as if these Bye-Laws, Rules and Regulations are

enacted Bye- Laws, Rules and Regulations of Clearcorp Dealing Systems (India) Limited.

9. **Inviolability of Transaction**

Clearing Corporation may, with a view to protect the interests of the members and for proper regulation of deal matching, *suo-moto* annul deal(s) at any time, provided that Clearing Corporation is satisfied for reasons to be recorded in writing that such cancelled deal(s) is/ are vitiated by fraud or market manipulations or price manipulations and other misdemeanor. Provided however that, in any event where the deals have been novated, such deals shall be irrevocable for the purpose of effecting settlement, without prejudice to other actions under Bye- Laws, Rules and Regulations or any other law.

10. **Right to collect information.**

Clearing Corporation may as and when required seek information from the members in respect of their financial position, state of business, regulatory action, risk management and management and ownership changes etc. Clearing Corporation officials may visit the member's place of work to collect such information or validate the information submitted. Clearing Corporation may also call the senior officials of the members from Dealing, Treasury & Risk Management areas to discuss about undesirable features observed during its credit review process.

11. **Right to impose conditions, reduce limits or increase margins**

If any deterioration in credit quality of a member is observed, Clearing Corporation shall in an extreme case, effect reduction in limits allowed to such Member or increase margin requirements or impose such condition as may be necessary to ensure the safety of the system.

CHAPTER XV: BANKRUPTCY OF CLEARING CORPORATION

1. Where, by an order of a Court, Tribunal or authority-
   a) Clearing Corporation is declared as insolvent or is dissolved or wound up; or
   b) A liquidator or receiver or assignee (by whatever name called) whether provisional or otherwise, is appointed in a proceeding relating to insolvency or dissolution or winding of Clearing Corporation, all the outstanding Trades with Clearing Corporation under all the segments shall stand terminated forthwith by way of Close-Out at the Mark to Market prices of CCIL as at the end of previous business day.
2. On such Close-Out, the member-wise net mark-to-market loss or gain (as the case may be) in respect of the trades shall be determined and notified to each Member. The net mark to market loss or gain so arrived at shall constitute the termination amount for each member. The termination amount shall be settled by payment to the member, in case of member's gain, or by receipt from the member, in case of member's loss.

3. The termination amount shall be settled as at the close of business on the Business Day following the day of termination but not later than two Business Days following the day of termination. Any non-recovery of termination amount from any of the members within this period shall be considered as a "Default" by the member and shall be handled in accordance with the provisions of Default Chapter of Bye-Laws, Rules and Regulations and Default Fund Chapter as set out in the Regulations, wherever applicable.

4. Before paying out any amount under this Bye-Law, Clearing Corporation shall have the right to recover there from any amount payable by the member to Clearing Corporation.

5. The Close-Out transactions shall be final, irrevocable and binding upon the Member.