

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
1	1.17	<b>Settlement Gurantee Fund:</b> "Settlement Guarantee Fund" means a fund established and maintained in accordance with the relevant provisions of the Bye-Laws of Clearing Corporation;	1.17	<b>Core Settlement Gurantee Fund:</b> "Core Settlement Guarantee Fund" means a fund established and maintained in accordance with the relevant provisions of the Bye-Laws of Clearing Corporation;	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
2	4.2 (m)	Administration, maintenance and investment of the corpus of the Settlement Guarantee Fund/ Fund(s) set up by the Clearing Corporation	4.2 (m)	Administration, maintenance and investment of the corpus of the <b>Core</b> Settlement Guarantee Fund/Fund(s) set up by the Clearing Corporation	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
3	Nil	New definition	6.1.3	"Netting" means the determination by Clearing Corporation of net payment or delivery obligations of the clearing members of the recognised clearing corporation by setting off or adjustment of the inter se obligations or claims arising out of buying and selling of securities including the claims and obligations arising out of the termination by the Clearing Corporation or Stock Exchange, in such circumstances as the Clearing Corporation may specify in bye-laws, of the transactions admitted for settlement at a future date, so that only a net claim be demanded, or a net obligation be owed."	SEBI Notification No. LAD-NRO/GN/2013/14/21/6463 dated September 2, 2013 clause no.3 (I) (i)

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
4	Nil	New Bye-law	6.1.4	<p><b>Settlement and Netting:</b></p> <p>(1) The payment and settlement in respect of a transaction in the Stock Exchange and Clearing Corporation shall be determined in accordance with the netting or gross procedure as specified in the bye-laws of the Stock Exchange and the Clearing Corporation, with the prior approval of the Securities and Exchange Board of India.</p> <p>(2) Payment and settlement in respect of a transaction between parties referred to in the above sub-clause (1), effected under the bye-laws of the Stock Exchange or Clearing Corporation, shall be final, irrevocable and binding on such parties.</p>	SEBI Notification No. LAD-NRO/GN/2013/14/21/6463 dated September 2, 2013 clause no.3 (I) (i)

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
		New Bye-law		<p>(3) When a settlement has become final and irrevocable, the right of the Stock Exchange or the Clearing Corporation, as the case may be, to appropriate any collaterals or deposits or margins contributed by the trading member, clearing member or client towards its settlement or other obligations in accordance with the bye-laws of the Stock Exchange or Clearing Corporation shall take priority over any other liability of or claim against the said trading member, clearing member or client, as the case may be.</p> <p><b>Explanation.</b> – For removal of doubts, it is hereby declared that the settlement, whether gross or net, referred to in this bye-law is final and irrevocable as soon as the money, securities or other transactions payable as a result of such settlement is determined, whether or not such money, securities or other transactions is actually paid.</p>	SEBI Notification No. LAD-NRO/GN/2013/14/21/6463 dated September 2, 2013 clause no.3 (I) (i)
5	Nil	New Bye-law	6.1.5	<p>Right of Clearing Corporation. The right of recognised clearing corporation(s) to recover the dues from its clearing members, arising from the discharge of their clearing and settlement functions, from the collaterals, deposits and the assets of the clearing members, shall have priority over any other liability of or claim against the clearing members."</p>	SEBI Notification No. LAD-NRO/GN/2013/14/21/6463 dated September 2, 2013 clause no. 44 B

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
6	8.10	The Relevant Authority may from time to time prescribe fees, charges and recoveries to be levied on the Clearing Members in respect of clearing and settlement of deals and in respect of any dues payable by such Clearing Member either to the Specified Exchange or to the Exchange.	8.10	The Relevant Authority may from time to time prescribe fees, charges and recoveries to be levied on the Clearing Members in respect of clearing and settlement of deals and in respect of any dues payable by such Clearing Member either to the Specified Exchange or <del>to the Exchange</del> <u>Clearing Corporation</u> .	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
7	11.1.4	he fails to pay any sum payable by him to the Settlement Guarantee fund as the Relevant Authority may from time to time prescribe; or	11.1.4	he fails to pay any sum payable by him to the <u>Core</u> Settlement Guarantee fund as the Relevant Authority may from time to time prescribe; or	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
8	Nil	New Bye-law	11.24	<p><b>Default in case of Multiple Membership:</b> I. Whenever a member of any segment is declared defaulter, the concerned Stock Exchange/Clearing Corporation shall immediately declare it a defaulter in all its segments. It shall also immediately inform all other Stock Exchanges/Clearing Corporations the details of the defaulter member such as name of the member, the names of the proprietors/partners/ promoters/dominant shareholders, as applicable.</p> <p>II. Immediately on receipt of the information about default of a member, the Stock Exchange/ Clearing Corporation shall declare the said member defaulter on all its segments.</p> <p>III. The Stock Exchange/ Clearing Corporations shall take appropriate action against the associates of defaulter member.</p>	SEBI circular no. SEBI/MIRSD/Master Cir-04/2010 dated March 17, 2010 clause no. III 12 to 14
9	Chapter XII	SETTLEMENT GUARANTEE FUND AND DEFAULTS SUBSEQUENT TO COMMENCEMENT OF OPERATION OF SETTLEMENT GUARANTEE FUND	Chapter XII	<b>CORE</b> SETTLEMENT GUARANTEE FUND AND DEFAULTS SUBSEQUENT TO COMMENCEMENT OF OPERATION OF <b>CORE</b> SETTLEMENT GUARANTEE FUND	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
10	12.1.1 (b) (i) to (vi)	<p>"Associate" of a Clearing Member shall mean:</p> <p>(i) a partner of the Clearing Member,</p> <p>(ii) a designated director of the Clearing Member in the event of the Clearing Member being a company or other corporate body,</p> <p>(iii) a lineal ascendant or descendant of the Clearing Member, of a partner of the Clearing Member or of a designated director referred to in (ii) above;</p> <p>(iv) a spouse, daughter-in-law, son-in-law, brother or sister of the Clearing Member, of a partner of the Clearing Member or of a designated director referred to in (ii) above, or a lineal ascendant or descendant of a spouse, daughter-in-law or son-in-law referred to in this clause or a lineal descendant of a brother or sister referred to in this clause;</p> <p>(v) a Relative of the Clearing Member, of a partner of the Clearing Member or of a designated director referred to in (ii) above;</p> <p>(vi) in the case of a Clearing Member which is a company or other body corporate, a person who has a substantial interest in the Clearing Member within the meaning of Section 13 of the Income-Tax Act, 1961 ;</p>	12.1.1 (b) (i) to (vi)	<p>"Associate" in relation to a person shall include another person:</p> <p>(i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the first person;</p> <p>(ii) who holds fifteen per cent, or more shares in the paid up equity capital of the first person;</p> <p>(iii) whose director or partner is also a director of the first person or its subsidiary or holding company, or partner of the first person, as the case may be;</p> <p>(iv) who is holding company or subsidiary company of the first person or a company under the same management as of the first persons; (v) who is a relative of the first person;</p> <p>(vi) who is a member of a Hindu Undivided Family wherein the first person is also a member;</p>	SEBI Notification No. LAD-NRO/GN/2012-13/07/13546 dated June 20, 2012, Clause no. 2 (1) (b)

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
11	12.1.1 (d)	"Fund" shall mean the Settlement Guarantee Fund;	12.1.1 (d)	"Fund" shall mean the <u>Core</u> Settlement Guarantee Fund;	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
12	12.1.2	"Date on which the Settlement Guarantee Fund becomes operational" means the date specified by the Relevant Authority as the date on which the Settlement Guarantee Fund shall become operational".	12.1.2	"Date on which the <u>Core</u> Settlement Guarantee Fund becomes operational" means the date specified by the Relevant Authority as the date on which the <u>Core</u> Settlement Guarantee Fund shall become operational".	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
13	12.1.3 (a)	The Clearing Corporation shall establish a fund for each segment as determined under Bye-law 2.1 and 2.2 which shall be known as the Settlement Guarantee Fund" or by such nomenclature as Clearing Corporation may specify, in such manner as may be prescribed by SEBI from time to time and such fund shall be used for the designated segment only.	12.1.3 (a)	The Clearing Corporation shall establish a fund for each segment as determined under Bye-law 2.1 and 2.2 which shall be known as the " <u>Core</u> Settlement Guarantee Fund" or by such nomenclature as Clearing Corporation may specify, in such manner as may be prescribed by SEBI from time to time and such fund shall be used for the designated segment only.	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
14	12.1.3 (c) (i)	to guarantee, in accordance with the Rules, Bye-Laws and Regulations of the Clearing Corporation the settlement of bona fide transactions of Clearing Members of the Clearing Corporation inter-se, and the Clearing Members, which form part of the Clearing Corporation's settlement system including settlements of borrowing, lending and other transactions under or pursuant to an Approved Scheme; and	12.1.3 (c) (i)	<b>Existing bye-law to be replaced as follows: to guarantee the settlement of trades executed in respective segment of the SE. In the event of a clearing member (member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.</b>	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
15	Nil	New Bye-law	12.2.1 (a)	<b>The Defaulter's Committee/SGF utilization Committee of the Clearing Corporation shall manage the Fund.</b>	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
16	12.2.1 (a) to(c)		Renumbered as 12.2.1 (b) to (d)		
17	12.2.1 (b) (i)	summon the Clearing Members, partners of the Clearing Members and directors of the Clearing Members who are companies, or other corporate bodies to appear before the Relevant Authority and question them;	12.2.1 (c) (i)	summon the Clearing Members, partners of the Clearing Members, <u>associates of Clearing Members</u> and directors of the Clearing Members, who are <u>individuals</u> , companies, <u>limited liability partnerships</u> or other corporate bodies to appear before the Relevant Authority and question them;	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014
18	12.2.1 (b) (ii)	call upon the Clearing Members, partners of the Clearing Members, and directors of the Clearing Members who are companies or other corporate bodies to furnish to the Relevant Authority such information, documents and papers as the Relevant Authority may require and within the period specified by the Relevant Authority;	12.2.1 (c) (ii)	call upon the Clearing Members, <u>associates of Clearing Members</u> , partners of the Clearing Members, and directors of the Clearing Members, who are <u>individuals</u> , companies <u>limited liability partnerships</u> or other corporate bodies to furnish to the Relevant Authority such information, documents and papers as the Relevant Authority may require and within the period specified by the Relevant Authority;	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014



Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
19	12.5	<p><b>Composition of Fund:</b> The Fund shall consist of</p> <p>(a) contributions from the Exchange;</p> <p>(b) interest, dividend or other income arising from investments of the Fund and from any utilisation from the Fund,</p> <p>(c) accretions arising from investments of the Fund</p> <p>(d) any money or property which the Relevant Authority is entitled to appropriate to the Fund, and</p> <p>(e) any other funds, contribution (non-refundable) or penalties collected from Clearing Members, money or property which the Relevant Authority may decide to be the part of the fund from time to time,</p>	12.5	<p><b>Existing Bye-law to be replaced as follows:</b></p> <p>1. At any point of time, the contributions of various contributors to Core SGF of any segment shall be as given below or as per the guidelines issued by SEBI from time to time.</p> <p>(a) Clearing Corporation contribution: CC contribution to Core SGF shall be at least 50% of the MRC. CC shall make this contribution from its own funds. CC contribution to core SGFs shall be considered as part of its net worth.</p> <p>(b) Stock Exchange contribution: Stock Exchange contribution to Core SGF shall be at least 25% of the MRC (can be adjusted against transfer of profit by Stock Exchange as per Regulation 33 of SECC Regulations, which may be reviewed in view of these guidelines).</p>	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
		New Bye-law	12.5	<p>(c) Clearing Member primary contribution: If the CC wishes, it can seek risk based contribution from Clearing Members (CMs) of the segment (including custodial clearing members) to the Core SGF subject to the following conditions: • that total contribution from CMs shall not be more than 25% of the MRC, • that no exposure shall be available on Core SGF contribution of any CM (exposure-free collateral of CM available with CC can be considered towards Core SGF contribution of CM), and that required contributions of individual CMs shall be pro-rata based on the risk they bring to the system.</p> <p>(d) CC shall have the flexibility to collect CM primary contribution either upfront or staggered over a period of time. In case of staggered contribution, the remaining balance shall be met by CC to ensure adequacy of total Core SGF corpus at all times. Such CC contribution shall be available to CC for withdrawal as and when further contributions from CMs are received.</p>	

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
		New Bye-law	12.5	<p>2. Any penalties levied by CC (as per Regulation 34 of SECC Regulations) shall be credited to Core SGF corpus</p> <p>3. Interest on cash contribution to Core SGF shall also accrue to the Core SGF and pro-rata attributed to the contributors in proportion to their cash contribution</p> <p>4. CC shall ordinarily accept cash collateral for Core SGF contribution. However, CC may accept CM contribution in the form of bank FDs too. CC shall adhere to specific guidance which may be issued by SEBI from time to time in this regard.</p>	
20	12.7	The Relevant Authority may take such action as it thinks fit and proper against a Clearing Member who fails to pay any amount to the Settlement Guarantee Fund including action by way of suspension of the business or membership right of the Clearing Member, fine, and/or expulsion from the membership of the Clearing Corporation.	12.7	The Relevant Authority may take such action as it thinks fit and proper against a Clearing Member who fails to pay any amount to the <u>Core</u> Settlement Guarantee Fund including action by way of suspension of the business or membership right of the Clearing Member, fine, and/or expulsion from the membership of the Clearing Corporation.	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
21	12.13 (a)	In the event a Clearing Member fails to meet his obligations to the Clearing Corporation arising out of clearing and settlement operations of such transactions as are permitted in the Rules, Bye-Laws and Regulations of the Clearing Corporation then, notwithstanding anything stated elsewhere in the Rules, Bye-Laws and Regulations, the Relevant Authority may, before declaring the concerned member as a defaulter, utilise the Settlement Guarantee Fund to the extent necessary to fulfill his obligations on such norms, terms and conditions as the or the Relevant Authority may specify from time to time.	12.13 (a)	In the event a Clearing Member fails to meet his obligations to the Clearing Corporation arising out of clearing and settlement operations of such transactions as are permitted in the Rules, Bye-Laws and Regulations of the Clearing Corporation then, notwithstanding anything stated elsewhere in the Rules, Bye-Laws and Regulations, the Relevant Authority may, before declaring the concerned member as a defaulter, utilise the <u>Core</u> Settlement Guarantee Fund to the extent necessary to fulfill his obligations on such norms, terms and conditions as the or the Relevant Authority may specify from time to time.	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
22	12.20	<p><b>Utilisation of Money And Property For Payment And Order of Priority:</b> In the event a clearing member is declared a defaulter and the clearing member fails to meet the clearing and settlement obligations to the Clearing Corporation arising out of clearing and settlement operations of such deals as provided in the Rules, Bye Laws and Regulations, the relevant authority may utilise the Fund and other monies to the extent necessary to eliminate the obligation in the following order:</p> <p>(i) any amount that may be paid in the form of margin or any other payment of the defaulting member retained by the Clearing Corporation for the purpose of the clearing and settlement; if this amount is not sufficient to settle the obligation,</p> <p>(ii) then any contribution or deposit made by or bank guarantee arranged by the defaulting member to the Fund, whether in the form of cash or securities or bank guarantee or receipts; if this amount is not sufficient to settle the obligation,</p> <p>(iii) Insurance amount, if any, received by Clearing Corporation for satisfying the obligations, as decided by the Clearing Corporation; if the amount is not sufficient to settle the obligation,</p>	12.20	<p><b>Existing bye-law to be replaced as follows:</b> Utilisation of Money And Property For Payment And Order of Priority: The default waterfall of CC for any segment shall generally follow the following order -</p> <p>I. monies of defaulting member (including defaulting member's primary contribution to Core SGF(s) and excess monies of defaulter in other segments).</p> <p>II. Insurance, if any.</p> <p>III. CC resources (equal to 5% of the segment MRC).</p> <p>IV. Core SGF of the segment in the following order: i. Penalties ii. CC contribution to the extent of at least 25% of the segment MRC iii. Remaining Core SGF: CC contribution, Stock Exchange contribution and non-defaulting members' primary contribution to Core SGF on pro-rata basis.</p> <p>V Proportion of remaining CC resources (excluding CC contribution to core SGFs of other segments and INR 100 Crore) equal to ratio of segment MRC to sum of MRCs of all segments.*</p> <p>VI. CC/SE contribution to Core SGFs of other segments (after meeting obligations of those segments) and remaining CC resources to that extent as approved by SEBI</p>	SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
		<p>(iv) the fines, penalties, penal charges, auction difference, interest on delayed payments, interest or other income, if any, earned by investment or disinvestment of Fund or interest earned on margin monies that form part of the Fund to the extent as may be decided by the Clearing Corporation; if the amount is not sufficient to settle the obligation,</p> <p>(v) the retained earnings of the Clearing Corporation to the extent available and in the manner the Clearing Corporation deems fit; if this amount is not sufficient to settle the obligation,</p> <p>(vi) the profits available for appropriation in the respective year in which the default took place, in such proportion and manner as the Relevant Authority deem fits; if this amount is not sufficient to settle the obligation,</p> <p>(vii) the amount of contribution and deposit made by all categories of clearing members to the Fund in proportion to the total contribution and deposit made by each clearing member,</p> <p>(viii) If the above amount is not sufficient, the balance obligation remaining after application of the above funds shall be assessed against the clearing members in the same proportion as their total contribution and deposit and clearing members shall be required to</p>		<p>VII. Capped additional contribution by non-defaulting members of the segment.**</p> <p>VIII. Any remaining loss to be covered by way of pro-rata haircut to payouts.***</p> <p>* INR 100 Crore to be excluded only when remaining CC resources (excluding CC contribution to core SGFs of other segments) are more than INR 100 Crore.</p> <p>**CC shall limit the liability of non-defaulting members towards additional contribution to a multiple of their required primary contribution to Core SGF and the framework regarding the same should be disclosed. In case of shortfall in recovery of assessed amounts from non-defaulting members, further loss can be allocated to layer 'VI' with approval of SEBI.</p> <p>***In case loss allocation is effected through haircut to payouts, any subsequent usage of funds shall be with prior SEBI approval. Further, any exit by CC post using this layer shall be as per the terms decided by SEBI in public interest.</p>	

Proposed changes to Bye-Laws					
Sr.No.	Existing Bye-law No.	Existing Bye-law	Proposed Bye-law No.	Proposed By-law	Change in Bye-laws carried out in line with SEBI circulars listed below
23	12.35 (a)	Clearing Members shall be entitled to lend and borrow securities and otherwise participate in such securities borrowing and lending schemes or sub-schemes of BOI Shareholding Limited (hereinafter referred to as "BOISL") or other approved intermediaries registered by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") under the Securities Lending Scheme, 1997, as may be from time to time approved by the Relevant Authority (hereinafter collectively referred to as "Approved Schemes"). The Relevant Authority may at any time in its discretion withdraw approval to a securities borrowing and lending scheme or sub-scheme previously approved by it.	12.34 (a)	(a) Clearing Members shall be entitled to lend and borrow securities and otherwise participate in such securities borrowing and lending schemes or sub-schemes of <del>BOI Shareholding Limited</del> <u>the Clearing Corporation</u> (hereinafter referred to as "BOISL") or other approved intermediaries registered by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") under the Securities Lending Scheme, 1997, as may be from time to time approved by the Relevant Authority (hereinafter collectively referred to as "Approved Schemes"). The Relevant Authority may at any time in its discretion withdraw approval to a securities borrowing and lending scheme or sub-scheme previously approved by it.	ICCL has taken over the activities from BOISL in compliance of the SEBI Observations in their Inspection Report for the period April 1, 2005 to March 31, 2013

Comments, if any, may be sent to [manisha.thakur@icclindia.com](mailto:manisha.thakur@icclindia.com)