

**INDIA PEPPER AND SPICE TRADE ASSOCIATION  
TRADING BYE-LAWS, RULES AND REGULATIONS  
DEFINITIONS**

**1 In these Bye-laws unless there is something in the subject matter or contract inconsistent therewith.**

- i. Association/Exchange/IPSTA means the India Pepper and Spice Trade Association and IPSTA means the India Pepper And Spice Trade Association**
- ii. Board means the Board of Directors of the India Pepper and Spice Trade Association acting through at least a quorum of their members at a meeting of the Board duly convened and constituted.**
- iii. Articles means the Articles of Association of the India Pepper And Spice Trade Association and includes any modification or alteration thereof for the time being in force.**
- iv. Directors means the Directors of the Association for the time being.  
iv (a) Public Interest Directors means an independent director representing the interest of the investors in the market and who is not having any association , directly or indirectly , which in the opinion of the SEBI is in conflict with his role.**
- v. General Body means members present at any Ordinary General Meeting or Extra-ordinary General Meeting of the Association and acting through its quorum**

**Vi .President means the President elected or appointed in accordance with the provisions of the Articles of Association and in his absence the Vice-President and includes the acting President for the time being.**

**vi(a) "key management personnel" means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the exchange or in any other position as declared so by such Exchange.**

**vi(b)Regulatory Department means a department of the Exchange entrusted with regulatory powers and duties and includes such departments as may be specified by SEBI**

- vi. Bye-laws means the Bye-laws of the Association and includes any modification or alteration thereof made by the competent authority.**
- vii. Vice-president means the Vice-President of the Association**
- viii. Secretary means the Secretary of the Association for the time being and includes an officiating Secretary, a Deputy Secretary and Assistant Secretary and an officiating Deputy or Assistant Secretary.**
- ix. Members shall mean the Members of the Association who have been duly elected or nominated by the Board and shall include Ordinary Members, Trading Members, Trading and clearing Members, and Professional Clearing Member; Member shall in general mean Ordinary Member.**
- x. Ordinary Member shall mean any member having a voting right in the exchange, however trading rights can be exercised only after registering with the SEBI .**

- xi. Clearing Member shall mean any Member who has the right to clear transactions in contracts permitted by the Securities Exchange Board of India (SEBI), and shall be registered with the Securities Exchange Board of India (SEBI).**
- xii. Trading Member means a member to execute trades on his own account as well as on account of his clients but, clearing and settlement of trades executed through the Trading Member would have to be done through a Trading-cum Clearing Member or Professional Clearing Member of the Exchange**
- xiii. Authorised Representative of a member means a person registered as such under Article 29(V) of the Articles of Association.**
- xiv. Registered Non-Member (RNM) means a client of a member of the Association who is registered with the Association to transact in contracts in specified commodities permitted by the Association for such registered non –member through the Association member.**

**A registered non-member shall be registered with the Exchange and the respective trading member as per the procedure laid down by the Securities Exchange Board of India (SEBI) and the Association for participating in the IPSTA Trade Division. A registered non-member is not a member of the Association.**

- xv. Trading Ring means such spaces as the Board may from time to time determine and which shall be notified by the Board as reserved for trading in forward and other contracts in Pepper and other commodities as permitted by the Securities Exchange Board of India (SEBI).**
- xvi. IPSTA Trade Division means India Pepper & Spice Trade Association for trading in forward and other contracts in pepper and other commodities for delivery in IPSTA Certified Warehouses located in India as specified by the Association from time to time.**
- xvii. This clause has been deleted.**
- xviii. Clearing House means the company designated and authorized by the Board, permitted by the Central Government to operate the Designated Clearing House in respect of forward and other contracts in pepper and other commodities transacted in the IPSTA Trade Division.**
- xix. Designated Clearing House means the Designated Clearing House’s premises where and the system by which the claims and liabilities of Clearing to the Clearing House in respect of forward and other contracts in pepper and other commodities transacted in the IPSTA Trade Division are received registered, adjusted and paid.**
- xx. This Clause has been deleted.**
- xxi. Clearing House Committee means the Committee appointed by the Board for the management of the Clearing House and for giving decisions (subject to the right appeal to the Board) on disputes relating or pertaining to the functioning of the Clearing House in respect of transactions in the IPSTA Trade Division.**
- xxii. Designated Clearing House Committee means the Committee jointly appointed by the Board of the Association and Designated Clearing House for the management of the Designated Clearing House and for giving decisions (subject to the right of appeal to the Board of the Designated Clearing House) on disputes relating or pertaining to the functioning of the Designated Clearing House in respect of transactions in the IPSTA Trade Division.**

- xxiii.** Settlement rate means the price fixed by the Board in respect of transactions in the IPSTA Trade Division or by a Committee appointed by the Board for the purpose of payment between members of differences or dues pertaining to outstanding transactions. The settlement rate will be determined as weighted average of the prices quoted for the trades registered during the last half an hour of trading day. The minimum number of quotes to arrive at a representative settlement rate will be 5 trades. In case the number of trades during the last 30 minutes of Trading on any day are inadequate for arriving at a representative settlement rate, prices of matched trades which were registered immediately prior to the 30 minutes period will be taken to meet the inadequacy. Accordingly, the quotes which were registered prior to the said 30 minutes period to make up the deficiency in the number of quotes during the last half an hour will be taken by the system. In situations where the trading is listless or no trade registered in particular contract/contracts, then the settlement rate for day in respect of such contract, contracts may be determined on the basis of the previous day's closing price, However if there is no trading on the particular day in such case, during last 30 minutes of the trade, if there is a continuous buyer at the upper circuit, the upper circuit rate will be taken as the settlement price, similarly if there is a continuous seller at the flooring circuit, the lower circuit rate will be taken as the settlement price for the particular day.
- xxiv.** Settlement price means the price fixed by the Boards of IPSTA and Designated Clearing House based on price Quotations disseminated in accordance with procedures of the Association for the purpose of payment to and from Designated Clearing House, Clearing Members, Ordinary Members and registered non-members of differences or dues pertaining to outstanding transactions in respect of the IPSTA Trade Division.
- xxv.** Settlement Day means the day fixed by the Board of a Committee appointed by the Board to members to submit their accounts, balance sheets or vouchers and statements of transactions to the Clearing House in respect of transactions in the IPSTA Trade Division.
- xxvi.** Settlement Day also means the day fixed by the Board of the Association or a Committee appointed by the Board for Clearing Members and Ordinary Members to submit and/or receive their accounts, balance sheets or vouchers, and statements of transactions to/from the Designated Clearing House or the Clearing Members in respect of transactions in the IPSTA Trade Division.
- xxvii.** Payment Day means the day fixed by the Board of a Committee appointed by the Board on which members according to their balance sheets or vouchers have to pay amounts due into or receive from, the prescribed bank on Clearing House Accounts in respect of transactions in the IPSTA Trade Division.
- xxviii.** This clause has been deleted.
- xxix.** Designated Bank means the bank authorized by the Board of the Association or a Committee appointed by the two Boards to pay amounts due to or receive from the Trading Members and Clearing Members on Designated Clearing House accounts in respect of claims and liabilities resulting from forward and other contracts in pepper and other commodities transacted in the IPSTA Trade Division.
- xxx.** Delivery Month or Delivery Period or Contract Month means the month or period during which the goods are tendered in terms of the contract in fulfillment of forward and other transactions in pepper and other commodities as permitted by the Securities Exchange Board of India (SEBI) .
- xxxi.** Due date in respect of transactions in forward and other contracts in pepper and other commodities means the last day of trading in the particular contract month as prescribed in Bye-law 29. A Due Date which would otherwise fall on a non-working day or days of the Association shall in every such case be deemed and taken to be the immediately preceding working day. However, if any day subsequent to the entering into of contracts is declared to be a holiday by the Association, and if a Due Date falls on such a date declared to be a holiday subsequently by the Association, then the Due Date shall be the succeeding working day.
- xxxii.** Delivery Order Rate means the Rate fixed by the Board of Directors in respect of transactions in hedge and transferable specific delivery contracts under Bye-law 45 A.
- xxxiii.** Forward Market Rate means the rate for forward transactions in pepper and other commodities fixed on each trading day by the Board or by a Daily Rates Committee appointed by the Board.
- xxxiv.** Spot Rate ordinarily means the market rate of the day for ready pepper and other commodities fixed by the Board or by a Daily Rates Committee by the Board.
- xxxv.** Ready Delivery Contract means a contract as defined in the Securities Contracts Regulation Act, 1956, namely a ready delivery contract which provides for delivery of the goods and the payment of a price thereof, either immediately or within such period not exceeding eleven (11) days after the date of the contract and subject to such conditions as the Central Government may, by notification in the official

Gazette specify in respect of any goods the period under such contract not being capable of extension by the mutual consent of the parties there to or otherwise.

- xxxvi. (a) Non-transferable Delivery Contract means a non-transferable specific delivery contract as defined in the Securities Contracts (Regulation) Act, 1956, namely a non-transferable specific delivery contract, the rights and liabilities under which or under any delivery order, railway receipt bill of lading, warehouse receipt, or any other documents relating thereto are not transferable.
- (b) Transferable Specific Delivery Contract means, as defined in the Securities Contracts (Regulation) Act, 1956 a specific delivery contract, which is a non-transferable specific delivery contract.
- 1956, xxxviii. Forward Contract means the forward contract as defined in the Securities Contracts (Regulation) Act namely a contract for the delivery of goods at a future date and which not a ready delivery contract.
- xxxix. Place of Business means an office where in the opinion of the Board a member or his Authorised Representative carries on a bona fide business in pepper and other commodities.
- xl. "Buying in" means buying pepper and other commodities on account of the seller who has failed to tender of whose trader has been rejected and in which case the buyer shall receive from the seller the difference, if any, between the rate he thus pays for such ready pepper and other commodities and:
- (a) If a tender has been made, the rate in the delivery order, or
- (b) If no tender has been made, the settlement rate or the contract rate, whichever is later in date after adjusting mutual allowances.
- xli. " Selling out means selling pepper and other commodities on account of a buyer who has failed to take delivery and where the seller shall receive from the buyer the differences if any, between the rates he thus receives for such ready pepper and other commodities and the contract rates.
- xlii. "Certified Warehouse" means a warehouse approved and designated by the Association for making deliveries to and taking deliveries from the fulfilling contractual obligations resulting from transactions in commodity contracts.
- a. Certified Warehouse receipt means a receipt issued under the authority of the Association or any agency approved by the Association as a certified warehouse, evidencing proof of ownership of a stated quantity of commodities of a stated grade and quality by the beneficial owner or the holder of the certified warehouse receipt. Certified warehouse receipt may either be in physical form or in dematerialized/electronic form as may be permitted by law.
- xliii. "Goods" means pepper and other commodities, as the case may be.
- xliv. "Notice" means an intimation in writing.
- xlv. "Notice Board" means each and all the Notice Boards of the Association in the premises occupied the Association (a) at the Registered Office, and (b) at the Trading Ring wherever the same may be.
- xlvi. "Holiday" means a Sunday or any other days declared as such by the Association.
- xlvii. "Trading Day" means a day on which the sale and purchase of forward and other contracts are permitted
- xlviii. "Working Day" means a day on which all transactions, matter and things authorised by these Bye-laws (including the sale and purchase of forward and other contracts) are permitted.
- xlix. "Non-working Day" means a day other than a working day.
- I. "Financial Year" means year commencing from 1<sup>st</sup> April and ending with 31<sup>st</sup> March.
- li. "Month" means a month reckoned according to English Calendar.
- lii. "Hours" refers to Indian Standard Time (IST)
- liii. " SEBI "means Securities Exchange Board of India (SEBI)
- liii (a) Act means "Securities Contract Regulation Act 1956"
- liii (b) "rules" means the Securities Contracts (Regulations) Rules, 1957
- liv. "Person" includes any bank, financial institution, corporation or company as well as individuals. Words importing the singular number shall include the plural number and vice versa. Words importing the masculine gender shall include the feminine gender or neutral gender.
- lv. "Quintal" means 100 Kilograms net.
- lvi. "Tonne" means metric tonne and equals 10 Quintals or 1000 Kilograms net.
- lvii. "Kochi" means and refers to the town in Kerala earlier known as Cochin and is inclusive of Mattancherry area of the town
- a. "Ernakulam" means and refers to a district in Kerala.
- b. "Kottayam" means and refers to a district in Kerala.

- viii. **“Guarantee Fund or Guarantee fund for Domestic Division”** means the Guarantee Fund set up by IPSTA under the administration of a separate trust styled as **“IPSTA DOMESTIC DIVISION TRADE GUARANTEE FUND”**
  - lix. **“Trading would be conducted through Screen Based Trading System provided by IPSTA.**
  - lx. **“Contract/Deal/Trade/Transaction”** means a transaction executed between two Members themselves trading or traded through brokers in the Screen-Based Trading System provided by the Exchange, to buy/sell, a specified quantity of a commodity, at a specified price, for a specified Contract Month/period. All the four terms are used interchangeably.
  - lxi. **“Trading System/Screen Based Trading System”** means the electronic trading system as may be provided by the Exchange for the purpose of trading, clearing & settlement, risk management & surveillance, in respect of Futures Contracts.
- (a) Trading on the Exchange shall be carried out through the Screen Based Trading System provided by the Exchange Members/ brokers on behalf of members shall enter their Orders to buy or sell into this electronic trading system. Based on the pre-defined Order Matching Logic pre-set in the system, the Orders of the Members will be matched. Orders will be matched only if certain Key/relevant data such as Futures Contracts, Price, Quantity, and Conditions, if any, entered in by both the parties, are in agreement.
- lxii. **Scope of Guarantee Cover:** IPSTA shall be counter-party to all pepper and other commodities futures contracts traded on the electronic trading system in the IPSTA Trade Division. IPSTA shall undertake to guarantee the financial settlement of all Futures Contracts traded on the Screen Based Trading System of the Exchange irrespective of default, insolvency or failure on the part of the corresponding Member.

All persons having authorized access to and making use of the Screen Based Trading System, shall be subject to the jurisdiction of the Exchange and shall in particular be subject to the following code of conduct laid down for the time being and as specified/modified by the Exchange from time to time.

- (a) As long as a member has on hand, orders from Registered Non-Members to buy or sell at the market rate or at the same price, orders of such Registered Non-Members' must be given precedence in execution ( in entering of orders into the trading system) over their own account orders in the same futures contract.
- (b) Further, the orders from Registered Non-Members shall be executed in the following order of priorities
- (i) A Market Order –Order transacted at the current market which is the best bid/offer rate
  - (ii) A Specific Price Order
  - (iii) Any other Order
- (c) In case of orders from more than one Registered Non-Members, the same shall be executed in the order of receipt of instructions from them.
- (d) Own account orders of any type shall be executed only after executing the orders from Registered Non-Members outstanding and eligible for execution at that time No member shall violate this order of precedence.
- (e) A member shall not withhold or withdraw any Registered Non-Members's order from the market for their own convenience or benefit or for the convenience or benefit of another Registered Non-Members or Member.
- (f) A member shall confirm the status of orders to the respective Registered Non-Members at the earliest possible and keep record of orders executed cancelled and yet to be executed.
- (g) No member shall disclose the orders received from a Registered Non-Member to another Registered Non-Member or Member.
- (h) No member shall enter any order in a Registered Non-Members account without actually receiving an order from the Registered Non-Member.

(j) A member shall not cross Registered Non-Members/clients orders out of his own position.

## MEMBERSHIP

2 i. There shall be Four classes of members: Ordinary Members, Trading Member , Trading cum Clearing member and Professional Clearing Members.

ii. Ordinary Members shall consist of individuals, firms, joint stock companies, joint Hindu families, corporations and others engaged in the trading of pepper and other commodities and be qualified for membership under Article 4 and who have paid the fees as prescribed in Article 5

Ordinary Members in the IPSTA Trade Division of the Association shall be known as Ordinary Members of the Trade Division.

Ordinary Members in the IPSTA Trade Division of the Association shall be further classified into four categories 1) Ordinary Members, 2) Trading Members, 3) Trading –cum-Clearing Members and 4) Professional Clearing Member. Trading Members in the IPSTA Trade Division of the Association shall be registered with the SEBI.

iii. This clause has been deleted.

iv (a).Trading member category of membership entitles a member to execute trades on his own account as well as on account of his clients but , clearing and settlement of trades executed through the trading member would have to be done through a trading cum clearing member or professional clearing member of the exchange.

(b).Trading cum clearing member category of membership entitles member to execute trades on his own account as well as on account of his clients and to clear and settle trades executed by themselves as well as by other trading members who chose to use clearing services of the member.

(c) Professional Clearing Membership entitles the members only to clear and settle the trades executed by their clients. Corporations, Companies or Institutions or subsidiaries of such Corporations, Companies or Institutions set up for providing financial services are eligible to apply for membership, subject to the regulatory norms and provisions of Securities Contract (Regulation) Act, 1956 and as provided in the Rules,Regulations,ByelawsandCircularsoftheExchange .

v. All non-members shall be Registered with the Association as per the procedure laid down by the Association, pay such fees and be responsible for their transactions as prescribed by the Association from time to time.

Non-members who participate in the transactions of IPSTA Trade Division of the Association shall in addition be registered with the SEBI as per the procedure laid down by the SEBI ; pay such fees and be responsible for their transactions as prescribed by the SEBI from time to time.

3 i. Any person, Firm, a Company, or Corporation who, on the date of incorporation of this Association was a member of the Cochin Hill Produce Merchant’s Association subject to the India Pepper Trade Association shall continue to be a member of this Association subject to the condition that he shall pay to this Association the arrears of subscription for 1956, if any , due to either of the Association aforementioned,

as the case may be, and thereafter the provisions regarding the annual subscription and the security deposit as mentioned in Bye-law 4 (i) of the Trading Bye-laws shall be deemed to apply to such members.

- ii. Any person firm, bank, financial institution, company or corporation having a place of business in the Union of India, having either an office, agent or Authorised Representative in Kochi and intending to carry on business in pepper and other commodities for trading in which the Association may be recognized the Central Government and subject to Article 4 may be applying to the Association in the form prescribed by the Board from time to time and on payment of such deposit, admission fee and annual subscription as specified in Article 5 and on agreeing to conform to the Memorandum of Association and Articles of Association and the Rules, Regulations and Bye-laws of the Association which may be for the time being in force and as amended from time to time and subject to the application being passed in accordance with those presents be elected a member of the Association.

But no person who is a minor or a person otherwise incompetent to enter into a contract or a lunatic or a person, firm, bank, financial institution, company or corporation who is declared as a defaulter by any Association recognized by the Government for the time being under the laws in that behalf or who has compounded with his or its creditors or is an adjudicated insolvent or whose registration or application for registration with the Securities Exchange Board of India (SEBI) has been suspended, revoked or rejected by the Securities Exchange Board of India (SEBI) shall be registered or continued as a member.

- iii. No registered non-member whose registration has been suspended, revoked or rejected by the Association shall participate in the transactions of the Association. No registered non-member whose registration has been suspended, revoked or rejected by the Securities Exchange Board of India (SEBI) shall participate in the transactions of the IPSTA Trade Division of the Association.

- 4 i. The entrance fee and the annual subscription payable by Ordinary Members in the Division for the time being shall be Rs 15,000 and Rs 1500 respectively. In addition, an Ordinary Member shall also pay a security deposit of Rs. 500 for the time being which shall bear no interest. The member shall not be entitled to withdraw the security deposit so long as the continues to be an Ordinary Member of the Association. The entrance fee and the annual subscription payable by an Institutional Clearing Member for time being shall be Rs. 1,00,000 and Rs. 10,000 respectively.

- ii. This clause has been deleted.

- iii. Registered non-members shall pay registration fee and annual renewal fee as prescribed by the Association from time to time.

- 4 A On the date of establishment of IPSTA Domestic Division Trade Guarantee Fund for guaranteeing the performance of transactions in the Black pepper forward contracts in its Domestic Division by IPSTA, All existing members who are on the rolls of the IPSTA Domestic Division shall pay an one time contribution of Rs. 10,000/- to the IPSTA Domestic Division Trade Guarantee Fund. Ordinary members who are admitted to the membership of IPSTA Domestic Division after the establishment of the IPSTA Domestic Division Trade Guarantee Fund shall pay contribution at such rates as may be determined by the Board of IPSTA with the concurrence of the General Body from time to time, to the IPSTA Domestic Division Trade Guarantee Fund subject to minimum of Rs. 25,000/- at the time of their admission to the membership of IPSTA.

The contributions made by present and future members of IPSTA Domestic to the Guarantee Fund Shall not be refundable.

- 5. Any person, firm, limited company, bank or financial institution or other desirous of becoming an Ordinary Member or an Institutional Clearing Member shall apply in the form prescribed

the Board from time to time and appended hereto with the requisite amount of deposit, the admission fee, the annual subscription and the status of registration with the Securities Exchange Board of India (SEBI) .

6. On receipt of an application, the same shall be placed before the Board and thereafter the Secretary

Shall cause the name of the applicant to be posted on the Notice Board seven days before the election by the Board so that any member may submit to the Board objections if any, against the applicant which would disqualify him from becoming a member.

7. After the expiration of seven (7) days and after considering objections if any received as mentioned Bye-law 6 above, the Board shall proceed to consider the application and arrive at such decision as

May deem fit.

## GENERAL BYE-LAWS REGARDING CONTRACTS TRADING AND JURISDICTION

### FORMS OF CONTRACT

8. All forward and other contracts in pepper and other commodities shall be made only on the prescribed forms (which are given in the Appendix) bearing the Seal of the Association.
- 8A. For the purpose of hedging, there shall be forward and other contracts in pepper and other commodities as permitted by the Securities Exchange Board of India (SEBI) .
- 8B. Rates for the forward and other contracts in pepper and other commodities shall always be quoted for the basic quality prescribed by the Board from time to time.
- 8C. All forward and other contracts in pepper and other commodities transacted in the IPSTA Trade Division shall be cleared, registered, and settled by the designated Clearing House, the clearing, registering and settlement of contracts shall be subject to the Bye-laws, Rules and Regulations of the Clearing House. The Clearing House shall be designated by the Board to clear, register and settle the performance of the contracts in pepper and other commodities.
- 8D. This clause has been deleted.
- 8E. This clause has been deleted.
- 8F. This clause has been deleted.
- 8G. This clause has been deleted.
9. Every contract made subject to the Bye-laws shall take effect as a contract wholly made in Kochi, India. The Indian law will apply to the contracts entered between the members of the Association and/or the Designated Clearing House, and between the members of the Association and registered non-members. Any Member or registered non-member transacting in any contracts not permitted by the Board of Directors and by the Securities Exchange Board of India (SEBI) shall be liable to be dealt with under disciplinary Bye-laws.
10. Transactions in contracts in pepper and other commodities that are not permitted by the Securities Exchange Board of India (SEBI) and the Board are prohibited. Any Member who infringes or attempts to infringe or who assists in any infringement or attempted infringement of the Bye-law shall be liable to suspension and/or expulsion from membership of the Association.



11. The death of any party to the contract made subject to these Bye-laws shall not discharge the right of any other party to such contract or legal representatives of the deceased, to refer to Arbitration under these Bye-laws any dispute or differences and in such event such right shall be exercised by or against the legal representative of the deceased.

12A. The contract specifications of the commodities listed in the IPSTA Trade Division of the Association shall, as approved by the SEBI, be notified by the Association from time to time and form part of the Bye-law as a schedule and numbered for identification.

12B. This Clause has been deleted .

13A. Delivery of all commodities, documents and papers and payment in respect of all deals shall be in such manner and such place(s) as may be prescribed by the Association from time to time.

The Association shall specify from time to time, the commodities, documents and papers, which when delivered in prescribed manner, within such time period shall constitute good delivery. Where circumstances so warrant, the Association may determine, for reasons to be recorded, whether or not a delivery constitutes a good delivery, and such finding shall be binding on the parties concerned.

Warehouses of Central Warehousing Corporation and also such state Warehousing Corporation as may be designated by Central Warehousing Corporation alone are designated by the Association for delivery. The procedure for issuing Warehouse Receipt shall be as per Central Warehousing Corporation's Standard Operational Manual. Sampling procedure, approved laboratories shall also be as specified in the Operational Manual of Central Warehousing Corporation.

i) Buyer on taking delivery shall furnish KGST declaration in Form No. 25 or any other declaration as prescribed in the KGST Act to the seller, failing which the Association shall levy such charges as prescribed by the Board from time to time. The buyer or seller not having KGST registration, may opt for taking delivery through a member with KGST by duly notifying the Association at the date of closing of the contract, along-with a confirmation in writing of the nominee.

13B. This clause has been deleted.

13C. This clause has been deleted.

13D. This clause has been deleted.

13E. This clause has been deleted

13F. This clause has been deleted.

14. This clause has been deleted.

15. Once the delivery has been effected as per Bye-laws 14A, no dispute regarding quality, weight, etc. shall be raised and payment on receipt of goods shall not be withheld on any ground whatsoever.

16A. If the goods contracted for are destroyed by fire, or any such accident, or force majeure, before the delivery is effected as per Bye-law 14A but after Delivery Order is tendered to the Clearing House in respect of transactions in the IPSTA Trade Division, the performance of the contract shall be governed by the provisions laid down in the Central Warehousing Corporation's Standard Operational Manual.

16B. This clause has been deleted.

17. This clause has been deleted.

- 18A.** Any trading in commodities made on the Association may be closed out by buying in or selling out on the Association against a member of the Association as follows:-
- In case of the buying member, on failure to pay the amount due on the due date, and any loss, damage or shortfall sustained or suffered as result of such closing out shall be payable by the member of the Association who failed to give due delivery or to pay amount due.
- Closing out of contracts or trading in commodities and settlement of claims arising there from shall be in such manner within such time frame, and subject to such condition and procedures as may be prescribed from time to time by the Board.
- 18B.** This clause has been deleted.
- 19A.** In respect of transactions in the IPSTA Trade Division, an Ordinary Member or registered non-member complaining of the default shall give written notice to the Clearing House, the Secretary of the Association specifying the name of the defaulting party, the particulars of default and his request for buying-in or selling- out such complaint shall be in the Forms prescribed by the Association and/or the Clearing House from time to time and shall be accompanied by a copy of the contract. A copy of the complaint shall also be served on the defaulting party or parties as the case may be.
- 19B.** This clause has been deleted.
- 20.** Immediately on receipt of such complaint, the Secretary shall without delay issue instructions to the complainant to Buy-in or Sell-out as per the spot rate and call upon him to give intimation of such Buying-in-or Selling-out which he has executed. The Buying-in or Selling-out shall be at the risk of the defaulting member. On intimation received by the Association of such Buying-in or Selling-out, if the Secretary finds that there is difference in the rate of the Buying-in-or Selling-out as compared to the spot rate, the Secretary shall intimate the matter to the Board and the Board can direct that the rate of the Buying-in or Selling-out shall be as per the spot rate of which a register is maintained by the Association.
- Notwithstanding anything contained above, whenever a maximum and/or at minimum rate or rates are fixed under the Bye-laws in respect of any delivery and such rate is operative on the due date of the delivery, then,
- i. If the purchase of goods from the open market on the seller's account as provided in these Bye-laws cannot be effected in respect of any contracts at or below the said maximum rate, such contracts shall be deemed to have been closed out at the maximum rate and the parties shall pay or receive through the Clearing House in respect of transactions in the IPSTA Trade Division or through the Designated Clearing House differences between the previous clearing rate or settlement price, as the respective case may be, and the maximum rate.
  - ii. If the sale of goods in the open market on the buyer's account as provided for in the Bye-laws cannot be effected in respect of any contracts at or above the said minimum rate, such contracts shall be deemed to have been closed out at the minimum rate and the parties shall pay or receive through the Clearing House in respect of transactions in the Trade Division or through the Designated Clearing House the differences between the previous closing rate or settlement price, as the respective case may be, and the minimum rate.
- 21.** Members and registered non-members shall not refuse to accept notices or letters delivered to by other members or the Association or the Clearing House or the Designated Clearing House, as the case may be.

22. Such application and service of notice notwithstanding it shall be competent to the defaulting member to give or take delivery as the case may be and inform the Association and the Clearing House or the Designated Clearing House, as the case may be, before the buying-in or the selling-out, as the case may be, is executed.
23. This clause has been deleted.
24. No Buying-in or Selling-out shall be made after the lapse of 24 hours or 72 hours, as the case may be, from the notice of intimation issued by the Secretary to the complainant.
- 25A. In respect of transaction in the Trade Division, any member committing breach of the contract shall be deemed by reasons of his default to have abandoned or waived the benefit of any profit in favour of the Association, where such profit may have arisen from difference in price of the selling-out or buying-in, as the case may be, and the same shall vest in the Association.

However, until the IPSTA Domestic Division Trade Guarantee Fund reaches a size of Rs 1,00,000/- (Rupees one crore only) the profit arising out of the difference in price of the selling out or the buying in on account of defaulted member shall be transferred by IPSTA to the account of the IPSTA Domestic Division Trade Guarantee Fund. After the Fund reaches the size of Rupees One crore, such profits shall vest only in IPSTA. However, if the size of the IPSTA Domestic Division Trade Guarantee Fund comes down Rupees one crore due to pay outs on account of defaults in the IPSTA Trade Division, the profits arising out of the difference in price of the selling out or the buying in on account of a defaulted member shall again be transferred to the IPSTA Domestic Division Trade Guarantee Fund by IPSTA, subject however to the requirement that once the IPSTA Domestic Division Trade Guarantee Fund again reaches the targeted Rupees One crore, future profits will stand exclusively vested in IPSTA only. The target of one crore shall be reviewed by the Board of IPSTA with the concurrence of the General Body from time to time.

- 25B. This clause has been deleted.

26. Every member making offers at a Buying-in or Selling-out contract shall deposit with the Association an earnest deposit of Rs. 300 per quintal of Pepper and other commodities for which the offer is made. This will be refunded to the members whose offers are not accepted. In the case of the others the earnest deposit will be returned after completion of the delivery of the pepper and other commodities Sold-out or Bought-in.

- 27A. In respect of transactions in the IPSTA Trade Division, in exercising the right of buying-in from the market, the buyer shall not buy-in from any person, firm or company in which he is interested; in exercising the right of selling-out in the market, the seller shall not sell-out goods to any person, firm or company in which he is interested.
- 27B. In respect of transactions in the IPSTA Trade Division the following shall apply in the event of buying-in and selling-out;
- (i) In exercising the right of buying-in from the market in respect of own account transactions, a member shall not buy-in from any person, firm or company in which he is interested; in exercising the right of selling-out in the market in respect of own account transaction, a member shall not sell-out goods to any person, firm or company in which he is interested.
- (ii) In exercising the right of buying –in from the market or selling-out in the market, in respect of client and/or registered non-member account transactions, a member may effect a buying-in or selling-out from or to any person, firm or company, as the case may be, if it is expedient so to do.

**AND OTHER COMMODITIES**

- 28
- a. This clause has been deleted.
  - b. No member shall enter into any forward contract which is not a non-transferable specific delivery contract in the commodities in which Association is granted recognition under the Securities Contracts (Regulation) Act, 1956, other than on the terms and conditions prescribed under these Bye-laws. Nothing contained in this clause shall apply to a forward contract entered into on the terms and conditions prescribed in the Bye-laws of another recognized association between members of that Association or through or with any such member.
  - c. No member shall enter into any contract before trading therein has been commenced in accordance with Bye-law 29(a)
29. The Board shall commence the Trading of only such contracts that have the permission of SEBI . The Board shall seek prior permission for all contracts. In case the Board decides to commence transactions contracts in a manner otherwise than prescribed in Bye-law 29, the Board shall do so only in consultation with and permission of the Securities Exchange Board of India (SEBI) .
- 30.
- a. All contracts shall be for units of 1 tonne or multiples thereof in the Trade Division. Goods tendered shall be packed as per packing instruction laid down by the Board time to time.
  - b. All prices shall be quintal, Kochi.
  - c. All expenses including transport of pepper and taxes, duties, or levies by whatever name shall be to the seller's account if such expenses are incurred towards delivery of pepper delivery on FOB basis or at any designated warehouse.
  - d. All expenses including transport of pepper and taxes, duties, or levies by whatever name shall be to the buyer's account if such expenses are incurred towards taking delivery on FOB basis or taking delivery from any designated warehouses.
  - e. All lots offered for delivery shall be duly certified by an independent agency appointed by the Association for quality in the weighment certificate.
  - f. The price and unit of Quotation for the contracts shall be in "INDIAN RUPEE" and for "100 kg" respectively in the Trade Division.
  - g. This clause has been deleted.
- 31A
- (i) In respect of contracts traded in the IPSTA Trade Division, all contracts entered into by an Ordinary Member either on his account or on account of a registered non-member trading through him in the electronic trading system provided by the exchange shall be with the Clearing House of IPSTA and IPSTA will be the counter party for all the contracts entered into in its IPSTA Trade Division. Contracts that are registered, cleared and settled by an Ordinary Member through the electronic trading system provided by the exchange shall be deemed to be registered, cleared and settled by the Clearing House of IPSTA Trade Division.
  - (ii) Every Ordinary Member entering into contracts in the Trade Division of IPSTA in the electronic trading system provided by the exchange shall be fully responsible for all his commitments and commitments of registered non-member trading through him irrespective of any default of any other Ordinary Member or registered non-member. Default of any Ordinary Member or registered non-member shall not affect the rights and liabilities of Ordinary Members and the registered non-members who are not in default.

- (iii) IPSTA responsible for its commitments traded in the electronic trading system provided by the exchange to each Ordinary Member irrespective of the default of any other Ordinary and/or registered non-member.

Default of any one or more Ordinary Members and/or registered non-members shall not affect the rights of the remaining Ordinary Members who are not in default. The Bye-laws, rules and regulations of IPSTA shall apply in the determination and fulfillment of such commitments.

- (iv) No Ordinary Member shall fail to effect payments due to the Clearing House of IPSTA Trade Division or payment of margins of IPSTA or fail to give or take delivery merely on the ground of default of any other Ordinary Member and/or registered non-member.
- (v) The Ordinary Members of IPSTA shall accept the guaranteed performance of financial obligations by IPSTA through the mechanism of IPSTA Domestic Division Trade Guarantee Fund, shall accept the payments from the IPSTA Domestic Division Trade Guarantee Fund as and when due and issue necessary receipts. The payments made by the IPSTA Domestic Division Trade Guarantee Fund in full and final settlement on account of IPSTA's Guaranteed financial performance of contracts entered in its Trade Division shall absolve the IPSTA Domestic Division Trade Guarantee Fund and IPSTA from all their obligations in this regard.

However, IPSTA shall not be deemed to Guarantee the financial obligations of any Ordinary Member to a registered non-member. IPSTA also shall not be deemed to Guarantee the title, genuineness, regularity, and quality of any goods or documents passing through the Clearing House of any Ordinary member.

31B. This clause has been deleted .

#### MARGIN

32. The Exchange shall levy minimum ordinary margins of 4% on the open outstanding positions. This rate can vary from time to time depending on the directives received from SEBI

32A. Margin computation at client level: Exchanges shall levy ordinary margins at the level of each individual client comprising his positions in futures contracts across different maturities. For member level margin computation, margins shall be grossed across various clients. The proprietary positions of the member should also be treated as that of a client for margin computation.

32B . Margin Collection and Enforcement: All applicable margins shall be collected by Exchanges before start of trading on the next trading day. If the member's collateral is insufficient to cover the required margin and deposit requirements, member shall not be allowed by Exchanges to further increase his open positions

33A In respect of contracts transacted in the IPSTA Trade Division, any member entering into contracts shall pay advance 100% margin before trading, calculated as per order from time to time from the SEBI (on first slab) on total of long as well as short position. Balance margins payable, if any, as per other slabs, shall be submitted on the same day evening.

The Margin to be furnished by an Association member under the Bye-laws shall be provided by a deposit of 50% cash and the remaining may be provided in the form of a Fixed Deposit Receipt with a nationalized bank and banks approved by IPSTA, in the name of "IPSTA Account Member", at IPSTA'S sole discretion or in the form of Certified Warehouse receipt subject to such terms and conditions as it may from time to time impose.

Fixed Deposit Receipt shall be endorsed in favour of IPSTA along with a letter from the concerned bank confirming that IPSTA has first lien on the deposit, Interest on such deposits shall be to the account of the member. On request, IPSTA will refund the deposit, after clearing all dues and before refunding cash deposits.

Deposits of cash shall not carry interest and the warehouse receipt deposited by an Association member valued at the ruling spot rate shall exceed the margin amount for the time being covered by them by such percentage as the Board from time to time prescribe.

33B. This clause has been deleted.

34A. In respect of contracts in pepper and other commodities transacted in the Trade Division, Margin deposits calculated against the open position shall be paid as per order received from the Securities Exchange Board of India (SEBI) :

Traders shall be accepted only if sufficient margin of both parties is available with the clearing house. Entering into trades on the floor without adequate margin shall be treated as an offence.

(i) A member shall not directly or indirectly enter into any arrangement or adopt any procedure for the Purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye-Laws, Regulations or orders issued there under.

(ii) Margin deposits received from registered non-members in any form shall be accounted for and maintained separately in segregated accounts and shall not be used for the benefit of other customers or for the Ordinary Member's own account positions.

34B. In respect of contracts in pepper transacted in the IPSTA Trade Division and cleared, registered and settled by the Designated Clearing House, margin deposit calculated against the open positions shall be paid as per order received from the Securities Exchange Board of India (SEBI) from time to time.

(i) A Clearing Member shall adhere to the Bye-laws, Rules and Regulations of the Designated Clearing House in respect of margins and shall not directly or indirectly enter into any arrangement with Ordinary Members and registered non-members or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye-laws, Regulation or orders issued there under.

(ii) An Ordinary Member shall not directly or indirectly enter into any arrangement with his Clearing Member and registered non-members or adopt any procedure for the purpose of evading or assisting in the evasion of the margin requirements prescribed under the Bye-laws, Regulations or orders issued there under.

(iii) Ordinary Members shall not accept orders from registered non-members for few positions unless the minimum margin is deposited by the customer or is forthcoming within a reasonable time, unless the previously existing position complies with the margin requirements specified by the Designated Clearing House and unless the previously existing position is not in excess of any position limit imposed by the Board or the Securities Exchange Board of India (SEBI) .

(iv) Every account of registered non-members must be marked to market daily by the Ordinary Members and further margin should be called when necessary to maintain the minimum margin.

(v) An Ordinary Member may close out an open position of a registered non-member when the call for further margin or any other payment due to the Ordinary Member is not complied with by the registered non-member.

- (vi) An Ordinary Member shall accept margin deposits from registered non-members only in such form as may be permitted and/or required by the Board, the Clearing Member and the Designated Clearing House
- (vii) Margin deposits received from registered non-member in any form shall be accounted for and maintained separately in segregated accounts and shall not be used for the benefit of other registered non-members or for the Ordinary Member's own account positions.
- (viii) The margin account of registered non-members shall be utilized only for setting the registered non-member's dues to the Ordinary Member upon marking-to-market or for fulfilling the obligations resulting from the registered non-member's open positions.
- (ix) An Ordinary Member shall furnish registered non-members in writing at least once in a month a statement of all transactions executed for the registered non-member, the margin status, profit or loss resulting from marking margin account to market and closing out of positions, and unrealized profit or loss in respect of open positions with explanatory notes, transactions and price information.
- 35 A resolution passed by the Board of the Association or any sub-committee authorised in this behalf, assessing the damages due from any member shall be conclusive evidence and proof as to the quantum of damages and upon the passing of such resolution the Association shall forthwith apply the moneys to the credit of such member in such manner for paying and satisfying the damages so ascertained. Such application and payment of moneys to the credit of a defaulting member does not and shall not be deemed to release such member from liability for payment of any unsatisfied portion of the damages so assessed and in respect of which the Board or the Committee authorised in this behalf shall give an award which shall be final.
- 36 No forward contract entered into under these Bye-laws shall be cancelled by any of the parties thereto.
- 37 Any forward contract made in writing on the approved official forms of contracts issued by the Association to the members and signed by the members and/or authorised persons, concerned in this behalf shall subject to these Bye-laws, be valid and shall not be cancelled except with the authority of the Board of Directors.
- 38 Members shall maintain a record of all their transactions in all contracts approved by the Board. Members shall have separate records of all their own account transactions and that of registered non-members including orders from registered non-members for execution of transactions in pepper and other commodities. Members shall preserve the records of registered non-member's orders for transaction for each registered non-member with the time and date of receipt of order, details of executed transactions for each registered non-member and books of accounts relating to the same for a period of three years for production to the same for a period of three years for production whenever required by the Board and/or by the Securities Exchange Board of India (SEBI) .
- 39A In respect of contracts in pepper and other commodities transacted in the Trade Division, records of all transactions entered into by or on behalf of Ordinary Members shall be entered only in the electronic trading system provided by the Association.
- 39B This clause has been deleted.
- 40A i. No member shall enter into forward contracts (not being non-transferable specific delivery contracts) in Pepper and other commodities either on his own account or on account of any other person (member Or non-member) with a non-member who is not registered with the Association in accordance with the Procedure laid down by the Board with the prior approval of the Securities Exchange Board of India (SEBI).
- ii. A person who is registered with the Association as in Clause (i) above may be liable to be fined and cancellation of his registration for any breach of the conditions of registration on his part. The

outstanding business in excess of the limit, if any, prescribed under the Bye-laws may be closed out in accordance with the terms of closure fixed by the Board if not reduced by the person concerned to the prescribed limit within 7 days from the date of fixation of such limits or within such period as may be extended by the Board with the approval of the SEBI.

- 41 The Ring Committee or any other committee appointed by the Board shall be entitled to scrutinise and Examine the orders received from registered non-members, records of registered non-member's and own account orders executed, records of margins from registered non-members, any other books, and other records stored in a computer or electronic memory system of members.

The Ring Committee or any other Committee appointed by the Board shall be entitled to impose a fine on any member up to Rs 5000 or to suspend him for any number of days not exceeding seven(7) days, subject to an appeal to the Board whose decision shall be final, for any breach of the rules and Bye-laws of the Association including transacting business outside trading hours and outside the trading ring.

#### **TENDERS AND DELIVERY ORDERS**

42A. For the fulfillment of contracts in pepper and other commodities transacted in the IPSTA Trade Division at maturity, pepper and other commodities shall be tendered by Delivery Orders/only. All contracts in pepper and other commodities outstanding at the end of the last trading day of the maturing contract shall be fulfilled by giving or taking delivery as the case may be.

42B. For the fulfillment of contracts in pepper transacted in the IPSTA Trade Division at maturity, pepper shall be tendered by Delivery Orders only. In respect of fulfillment of such outstanding contracts maturing at the end of the contract month, pepper shall be tendered by Delivery Orders only through the respective Clearing Members to the Designated Clearing House.

All contracts outstanding at the end of the last trading day of the contract month of the maturing contract shall be fulfilled by holders of short positions by tendering Delivery Orders before the end of the office hours on the last trading day of the contract month followed by delivery at designated warehouses/designated port/vessel and by holders of long positions by payment upon assignment followed by taking delivery from the designated warehouse(s) or designated port/vessel.

43A. In respect of contracts transacted in the IPSTA Trade Division, every Delivery Order shall be issued for lots of 1 tone or multiples thereof, the said multiples to be decided by the Association and the same shall be issued at the Delivery Order Rate.

The parties issuing delivery order shall receive or pay through the Clearing House the difference between the preceding clearing or the rate of the transactions effected after such clearing and the Delivery Order Rate.

The Delivery Order Rate shall be fixed scientifically based on the Settlement Rate of the maturing contract on the last day of the maturing contract and if that day happens to be holiday, then on the previous working day and after taking into account the Ready Market Rate of that day any such other methods prescribed by the Board from time to time.

43B. This clause has been deleted.

44A. In respect of contracts transacted in the IPSTA Trade Division, Delivery Orders shall be passed on between Ordinary Members and Ordinary Members only, but registered non-members can also give or take delivery through their respective Ordinary Members. The Ordinary Members themselves or their agents shall be entitled to take or give delivery of the goods covered by such Delivery Order. Registered non-member can also give or take delivery through their respective Ordinary Members.



44B. This clause has been deleted.

45A. The Delivery Orders that may be issued by the seller of a contract transacted in the IPSTA Trade Division shall be to the full extent of his outstanding short open position. At the time of issuing the Delivery Orders, the seller must own and hold in his possession in the Certified Warehouses approved by the Association from time to time, adequate stocks in required quantity of the relevant commodity. The said goods shall be duly certified by the certified warehouses for the required quality as per IPSTA standards.

The Association reserves the right to physically verify itself or through any agencies/experts, at any time, the commodities deposited by the members and/or warehouse facilities in general or for compliance of the warehousing norms stipulated by the Association for the specific commodities.

45B. This clause has been deleted.

46. This clause has been deleted.

47A. In respect of contracts transacted in the IPSTA Trade Division, on receipt of the statement mentioned in Bye-law 44A the Association will arrange to apportion Delivery Orders among the buyers. At the close of the contract, outstanding short position backed by certified warehouse receipt shall be scientifically apportioned proportionately in minimum deliverable units among all buyers, in electronic mode. Such apportionment of Delivery Orders as between the Buyers and the sellers by the Association shall be accepted by the buyers and sellers without any equivocation on any ground whatsoever including the fact that there was no direct contract between the concerned buyers and sellers. A statement showing the apportionment of the Delivery Orders shall be available for inspection by Members at the office of the Association.

(i) The buyer and seller shall deposit before the opening of the market on the next day after the last day of the delivery (contract) month such amount of delivery margin as prescribed by the Association from time to time.

47B. This clause has been deleted.

48A. This clause has been deleted.

49A. This clause has been deleted.

50A. In respect of contracts in pepper and other commodities transacted in the IPSTA Trade Division, any Ordinary Member failing to comply with any of the provisions of Bye-laws 42A, 43A, 44A, and 47A shall be declared a defaulter by the Board within 24 hours of such non-compliance and upon such declaration, he shall forfeit all the rights and privileges of membership including those conferred on him by these Bye-laws and he shall as from the date of such declaration cease to be a member and his name shall be struck off the Register of Membership, but he shall continue to be liable for and shall fulfill all his obligations to the Association or to any member outstanding at the date of his being declared as defaulter. The Board shall close out the outstanding contracts of the defaulted member in all the deliveries and also fix the closing rate or rates on the day of declaration as a defaulter as the rate at rates at which the defaulter members outstanding transactions shall be deemed to be closed out.

(i) In respect of the goods covered by Delivery Orders of a member who has been declared as a defaulter under Bye-law 50A, the Secretary and two Directors to be nominated by the Board shall buy in or sell out in the open market on account and at the risk of the defaulting member and all liability for damages occasioned thereby shall be of the defaulting member concerned. Where the margins and other deposits lying to the credit of a defaulting member are not adequate to cover the damages occasioned by his default, the Clearing House Committee of IPSTA shall, after applying the amounts lying to the credit of the defaulting member in meeting his liabilities, shall pass decree(s) for payment of the balance amounts

by the IPSTA Domestic Division Trade Guarantee Fund. Upon issue of the decree(s) by the Clearing House Committee, IPSTA shall produce the decree to the office of the Board of Trustees of IPSTA Domestic Division Trade Guarantee Fund, IPSTA shall issue stamped receipt(s) to the IPSTA Domestic Division Trade Guarantee Fund and endorse a copy of the receipt(s) to IPSTA Clearing House Committee and disburse all related pay outs forthwith. The Trust will issue a payment voucher to IPSTA. The completion of the above procedure will completely absolve IPSTA of all its counter party obligations.

The payment voucher issued by the Trust will also entitle IPSTA to pursue the recovery of amounts due from the defaulted member(s) or their successors and/or estate. On recovery of the amounts due, the Board of Directors of IPSTA shall deposit the same with the IPSTA Domestic Division Trade Guarantee Fund forthwith.

50B. This clause has been deleted.

50C. In respect of contracts transacted in the IPSTA Trade Division, in the event of a Clearing Member failing to comply with Bye-laws 42B, 43B, 44B, 45B, 46, 47B, 48A, 49A and 50B, the provisions of Bye-law 50C(i) and the Rules and Regulations of the Designated Clearing House shall apply.

(i) In respect of the goods covered by Delivery Orders of a Clearing Member who has been declared as a defaulter, the Designated Clearing House or the Designated Clearing House Committee or any other Member so nominated by the Designated Clearing House or the Designated House Committee shall buy in or sell out in open market on account and at risk of the defaulting Clearing Member and all liability occasioned thereby shall be of the defaulting Clearing Member concerned.

51A. In respect of contracts transacted in the Trade Division, an Ordinary Member desiring to tender goods against contracts shall to the Clearing House before the closing time on the due date the Delivery Order Forms duly signed for the quantity outstanding in their name.

51B. This clause has been deleted.

52A. In respect of contracts in pepper and other commodities transacted in the IPSTA Trade Division, should an Ordinary Member make a mistake or mistakes in his forms submitted to the Clearing House and discover the same while the work of passing on Delivery orders is in progress, the Clearing House shall permit him to rectify the same by amending his form on payment of penalty of Rs. 20. If such member subsequently discovers that he has made a further mistake or mistakes in his form, he may call at the Clearing House again and the Clearing House shall permit him to rectify the same on payments of a further penalty of Rs. 20 per mistake.

52B. This clause has been deleted.

53A. In respect of contracts in pepper and other commodities transacted in the Trade Division, should a mistake or mistakes in the forms be discovered by the Clearing House, the Secretary shall immediately notify the member concerned about the same and the member shall be permitted to amend the forms on payment of penalty of Rs 20 per mistake. If the member fails to amend the forms within three hours of his being notified, the Secretary shall amend the same at the cost of the member concerned and the Delivery Orders shall be passed on accordingly.

53B. In respect of contracts transacted in the IPSTA Trade Division, Members shall be responsible for the correctness of all particulars in the Delivery Order Forms and for all mistakes in the Delivery Order Forms that are not amended before the Delivery Orders are processed, passed and assigned.

54A. In respect of contracts in pepper and other commodities transacted in the Trade Division, if a Delivery order does not contain the required particulars or the rate mentioned in the same is other than the rate of the immediately preceding clearing, the Clearing House shall refuse to accept such Delivery Orders. But if such Delivery Orders have been accepted through oversight the member concerned shall have to

come to the office of the Association and make necessary corrections therein immediately after he has been notified to do so.

54B. This clause has been deleted.

55 i. This clause has been deleted.

ii. In respect of pepper contracts traded in the Trade Division, members are allowed to trade till previous working day of the maturity of the contract, or if the previous working day happens to be a holiday, then the day previous to that day. On the maturity day, only existing position holders can trade between each other to square off the existing position, if so desired. No new position can be built up.

iii. Provided however, that in cases where there is conflict in respect of the dates of delivery fixed by the sellers and by/or the buyers, the Clearing House Committee shall decide the dates for giving/taking delivery in consultation with the parties wherever required and the decision of the Clearing House Committee shall be final.

iv. Any Ordinary Member who contravenes or enables a buyer to contravene the provisions of Clauses (i) and (ii) Above will be liable to the actions prescribed in Bye-law 50A or Bye-law 50B, as the case may be.

56A. In respect of contracts transacted in the Trade Division, if the seller fails to give delivery of the goods in terms of the Delivery Orders issued by him within days from the close of the contract, herein before provided, the seller shall be deemed to have defaulted, after close of business on the day succeeding the date fixed for commencement of delivery, in respect of the defaulted quantity and the buyer shall be entitled to have the defaulted quantity bought in as provided in these Bye-laws in addition, the defaulting seller will be liable to the actions prescribed in Bye-law 50A.

In respect of contracts other than pepper transacted in the IPSTA Trade Division, if the seller fails to give delivery of the goods in terms of the Delivery Orders issued by him within five working days from the close of the contract, herein before provided, the seller shall be deemed to have defaulted, after close of business on the day succeeding the date fixed for commencement of delivery, in respect of the defaulted quantity and the buyer shall be entitled to have the defaulted quantity bought in through the Ordinary Member or the Clearing Member as provided in these Bye-laws. In addition, the defaulting seller will be liable to the actions in Bye-law 50A.

56B. In respect of contracts transacted in the IPSTA Trade Division, if the seller fails to give delivery of the goods in terms of the Delivery Order issued by him as from the 16<sup>th</sup> of the month as herein before provided, the seller shall be deemed to have defaulted, after close of business on the day succeeding the date fixed for commencement of delivery, in respect of the defaulted quantity and the buyer shall be entitled to have the defaulted quantity bought in through the Ordinary Member or the Clearing Member as provided in these Bye-laws. In addition the defaulting seller will be liable to the actions prescribed in Bye-law 50B.

57. In respect of contracts transacted in the Trade Division, if seller fails to submit Certified Warehouse Receipts within the time prescribed by the Board from time to time or the delivery order and also fails to square off his position till the close of the contract, the seller should make a letter of request to the Board praying that he may not be declared as a defaulter and offers to pay any amount of penalty as the Board may fix. In these circumstances, the seller will not be declared as a defaulter. But, however, the Board shall impose a penalty of 10% of value of goods and will nominate Secretary and two directors to proceed to buy in from the open market on account and at the risk of the seller and all liabilities for damages occasioned thereby shall be of the seller concerned.

Even after approaching the Board and offering to pay penalty, if the seller ultimately fails to pay the penalty, he shall be immediately proceeded against as per the provisions of Bye-law 50A.

In respect of contracts transacted in the Trade Division, if seller fails to submit Certified Warehouse Receipts within the time prescribed by the Board from time to time or the delivery order and also fails to square off his position till the close of the contract and does not approach the Board with a request, he shall be immediately proceeded against as per the provisions of Bye-law 50A.

(i) The Board shall have the power to extend the period of delivery or provide for a longer period of delivery in the Delivery Orders itself if in the opinion of the Board such an extension of time has become necessary due to force majeure or labour strike or for any other reason as the Board deems fit, the reasons for which shall be recorded, provided two-thirds of the members of the Board are present and at least five Directors vote in favour of such extension .

(ii) This clause has been deleted.

#### Bye-laws relating to clearing

58A. In respect of contracts transacted in the IPSTA Trade Division, a Clearing House shall be maintained by the Association for the purpose of transmission of document and payments, settlements etc, between the contracting parties and shall be under the management of a Clearing House Committee appointed by the Board.

58B. This clause has been deleted.

59A. In respect of contracts transacted in the IPSTA Trade Division, subject to holidays fixed by the Board and unless otherwise determined by the Board, Clearing House shall remain open daily from 9.30 am to 4.30 pm (IST) but shall be closed on Saturdays and other half-holidays at 2.30 pm or such time as may be notified by the Board.

59B. This clause has been deleted

60A. In respect of transactions in the Trade Division, Delivery Orders, instruments forms, account balance sheets, vouchers and other paper and documents used for the purpose of clearing shall be in the forms prescribed and provided by the Association or in computerized printouts containing the prescribed details as per the forms of the Association shall be in English or Malayalam.

60B. This clause has been deleted.

61A. In respect of contract transacted in the Trade Division, all contracts shall be subject to daily settlements through the Clearing House except on holidays when there is no trading and in any case the parties to the contracts must be members of the Association. Settlement of differences due on outstanding contracts and of other liabilities shall be made daily through the Clearing House.

61B. This clause has been deleted.

62. This clause has been deleted.

(i) Notwithstanding anything contained in any of the trading Bye-laws, Rules and Regulations, it shall be competent for the board in respect of transactions in the domestic division and for the board and/or the designated clearing house in respect of transactions in the IPSTA international commodity exchange

division, with concurrence of the SEBI , to prohibit the trading of contracts in pepper and other commodities during any day at price(s) higher or lower than the closing rate of the previous business day plus or minus any sum as may be fixed by the board from time to time

- (ii) Provided that the sum fixed must be by a majority of at least two-thirds of the directors of the association present and voting and must be concurred in by the SEBI
  - (iii) Provided further that any sum so fixed may be varied by the board in a like manner as in bye-law 65(i) above
  - (iv) Notwithstanding anything contained in these bye-laws, Rules and Regulations, the board in respect of Transactions in the Trade division and the board and /or the designated clearing house in respect of transactions in the IPSTA divisions may with the concurrence of the SEBI, prohibits trading during any day in contracts for any contracts month ,at Price higher or lower than the closing price of the previous trading day or of such other trading day as may be decided by the board plus or minus such sum(s) as may be prescribed by the board, different sum (s) may be prescribed at different levels of the contract price. Any sum(s) so prescribed may, with the concurrence of the SEBI be varied by the board from time to time
  - (v) The powers specified in clause(i) above may be exercised by the SEBI were in the opinion of the SEBI it is expedient so to do
- 63A In respect of contracts transacted in the IPSTA Trade division payments by or to a member in respect of differences on transactions in pepper and other commodities shall be made daily through the clearing house
- 63B This clause has been deleted.
64. All contracts entered into on each day shall be included in that day's settlement. There shall be a daily Settlement rate or settlement price in respect of each commodity and contract month.
65. In case of contracts coming under settlement for the first time, the difference shall be calculated between The contract rate and the settlement rate or between the contract rate and the settlement price, as the Case may be .in the case of contracts coming under subsequent settlements, difference shall be calculate Between settlement rates or between settlement prices, as the case may be.
66. In preparing accounts for clearing, on interest shall be allowed or calculated
- 67A. In respect of contracts transacted in the Trade division, purchases and sales to the same person, firms Companies of the same quantity of pepper and other commodities for the same month or months of Delivery after appearing on one clearing shall be deemed "closed contracts" and shall not be shown in Any subsequent settlement
- 67B. This clause has been deleted.
68. Each trading day shall be a settlement day unless it is declared not as one at the discretion of the board and/or the designated clearing house

In respect of contracts transacted in the Trade division, members shall submit daily to the clearing house of the association during its business hours balance/account sheets of their accounts

In respect of contracts transacted in the IPSTA Trade division ordinary, members shall on that day receive from their respective clearing members during their business hours balance/account sheets of their accounts, clearing members shall on that day receive from the designated clearing house their balance/account sheets.

69A. In respect of contracts transacted in the Trade division ,members shall exchange settlements account not later than 9:30 am on the working day immediately preceding the settlement day or such time as may be notified by the board

69B. This clause has been deleted.

70. This clause has been deleted.

71. Payments into the designated bank or clearing bank shall be made by paying the amount into the settlement Accounts maintained by the association or Designated Clearing House, as the case may be, in such form and manner as prescribed By the association or Designated Clearing House , as the case may be from time to time.

72. Notwithstanding anything contained in these bye-laws the bank shall have power at any stage and from time to Time to postpone or alter to a fixed date or dates, settlement days, inward payments days, outward payment Days, dates for fixation of settlement rates etc.

73. All members shall pay attention to and obey notices issued by and on behalf of the board or by the secretary or other official of the association regarding the working of the association and /or the designated clearing house and the board are hereby empowered to impose a fine not exceeding rs.50 in case of neglect of or disobedient to. such notice ,or for the errors or omissions or illegibility in making up of instruction forms, records and other documents that may be submitted to the board or the clearing house or the designated clearing house from time to time . The board may, be a resolution, authorize the president, any committee and/or the secretary, to deal with and impose fines for breach of these bye-laws

74A. In respect of contracts transacted in the Trade division, any dispute arising out of the clearing house shall Settled by the clearing house committee that may be appointed by the board for the purpose , whose decision Shall be binding on the parties in the dispute, subject to the right of appeal to the association board on The appeal fees of Rs.250

74B. This clause has been deleted.

75. A fee not exceeding rs.250 may be charged by the clearing house committee or by the designated clearing house committee, as the case may be, for deciding disputes and it will be competent to the clearing house committee or to the designated clearing house committee, as the case may be , to decide what amount of fees shall be paid by each party

76. In the event of any difficulty arising out of any matter relating to the clearing house or relating to the designated clearing house , as the case may be , the board shall have powers to decide the same in a manner deemed proper by them

77A.1 In respect of contracts transacted in the Trade division, every member of the association entitled to and make use of the clearing house shall:

(i) prepare and send to the clearing house position and margin statements and annexure in such form or forms as may be prescribed by the board from time to time and in accordance with the instructions contained in such form or forms

a showing particulars and information as to the sales and purchase effected in respect of contracts and the resultant net outstanding position , as at the end of the working days ending with the day on which settlement rates have been fixed under the bye- law 120 for such settlement,

- b containing a statement to the effect that in respect of the registered non- member's business included therein he has obtained statements in writing to the effect that none of them is a partner or any other member- firm,
- c showing the amount of the margin payable under the bye-law 36A or bye –law 211 in respect of the sales and purchases shown; and
- d showing the amount of stamp duty if any , payable in respect of the sales and purchases so shown and closed out transactions .

## AND

- (ii) On each inward payment day, and not later than the time specified in the clearing house notice under Bye- law 75A for payments in debit balances under balance sheet , pay into the settlement account of the association with the bank such sum as shall cover the stamp duty if any, as well as the margin shown as payable under the statement or statements submitted by him under clauses 82A(1)(i) above.
  - (iii) any member contravening or not complying with clauses 82A(1)(i) and 82A(1)(ii) above or submitting an incorrect statement under the same clause shall be liable to be dealt with under the provisions of the bye- law relating to disciplinary action A member failing to pay the margin as required by clause 82A(1)(ii) or bye- law 21 hereof after being called upon by the clearing house to do so shall be deemed to have failed to meet a maturity if any then standing to this credit under this bye-law shall be liable to forfeiture by resolution of the board and shall then be indebted in respect of pepper and other commodities transactions for the total amount of such indebtedness
2. Every other member of the association unless he shall not have entered into any contract which are outstanding shall on each inward payment day and not later than the time specified in the clearing house notice under bye- law 75.A For payment in debit balances under balance sheet :
- (i) prepare and send to the clearing house , statements in such form or forms as may be prescribed by the board from time to time and in accordance with the instructions contained in such forms or forms.
    - a) showing particulars and information as to the sales and purchases effected in respect of contracts and the resultant net outstanding position, as at the end of each of the working days ending with the day on which settlement rates have been fixed under the bye-law 120 for such settlement
    - b) containing a statement to the effect that in respect of the constituents business included therein he has obtained statement in writing to the effect that none of them is a partner in any other member firm.
    - c) showing the amount of the margin payable under bye-law 82 A(1)(i)(c) in respect of sales and purchase shown, and
      - (ii) Pay into the clearing house settlement account of the association with the bank such sum as shall cover the margin , if any shown as payable under the statements submitted by him under clause
      - (iii) In the event of a member failing to pay margin as required by clause (2) hereof after being called upon by the clearing house so to do the clearing house be entitled to investigate the circumstances and if they consider the failure proved, they shall be further entitled to order that all the member's outstanding transactions in respect of contracts shall be promptly cause notice thereof signed by secretary to be posted on the notice- board on the day of the default and on the posting of such notice all such outstanding transactions of the member shall stand closed out as aforesaid and the margin , if any then standing to his credit under this bye- law shall stand forfeited to the association and the clearing house shall be entitled to invoke bye law 52 A and advise the board of directors .

3. The board or the president thereof, if the board shall have delegated the power to him as they are hereby authorised so to do, shall have power for the purpose of verifying or checking any statement submitted by a member under clauses 82A (1) or 82A(2) hereby do call for the production of the books of any member or member and /or to call for any explanation from any member or member or registered non-member (s) A member failing or neglecting to submit any such be dealt with under the bye-laws relating to disciplinary action. registered non-member failing or neglecting to submit any such statement or to produce any such books or to give any such books or to give any such explanation shall be liable to be suspended or debarred from dealing any member of the association for a period of time as may be decided by the board under intimation of the SEBI

77B This clause has been deleted.

78. In respect of contracts transacted in the IPSTA Trade division, where for any reasons, a member to or by whom differences are due at a settlement fails to receive or pay the same or any part thereof as and when due his balance sheet if submitted and the balance sheet of parties to or from whom the said member was to have paid or received differences shall be adjusted by the clearing house of the association as the facts and figures may require.

79A In respect of contracts transacted in the IPSTA Trade division, in case of the failure or suspension of payment

or insolvency of a member who has made a tender or to whom a tender has been made, the following shall be observed.

- i) if a member who has failed, suspended payments or become insolvent had transacted business with other members, the parties with whom he had transacted shall immediately notify the clearing house, the amount payable by them to the defaulting party or recoverable by them from the defaulting party as differences and cause the existing positions to be closed out. Any obligation resulting from the difference in the delivery order rate and the price at which the contract is closed out shall be made good by IPSTA by utilizing the margins, and other money lying to the credit of the defaulting member. Even after applying the margins, and other credits if the defaulted amount could not be completely made good, the clearing house committee of IPSTA shall pass decree(s) against the defaulted members/s. once the decree(s) are passed and payments are made by the IPSAT Domestic division trade guarantee fund to IPSTA specified in bye-law 33A above and who in turn shall disburse all related payout within two working days shall be deemed to have been fully and satisfactorily where closing out of outstanding positions of the defaulted member(s) results in a profit due to the favorable close out price vis-à-vis the delivery order rate, the members shall pay the dues to IPSTA or to the domestic division trade guarantee fund if the clearing house committee of IPSTA so directs. Further the margins and other due lying to the credit of such defaulted members(s) shall be transferred by the IPSTA domestic division trade guarantee fund.
- (ii) The posting of a notice stating the default of the member as a defaulter and such declaration in case of the clearing house shall be deemed to be sufficient notice for submitting particulars required by sub-clause (i) of this rule.

79B This clause has been deleted.

80A In respect of contracts transacted in the Trade division, a member who fails to pay differences in respect of his outstanding position or any other sum due and payable under the bye-laws before 11:00 AM of the day the sum is due, shall be treated as having failed to meet his liabilities. there upon the clearing house committee shall declare the member a defaulter forfeit all the right and privileges of membership including those conferred on him by these bye-laws and he shall as from the date of such declaration cease to be a member and this name shall be struck off from the register of member

He shall however continue to be liable for and shall fulfill all his obligations to the association. if the amount lying with the association by way of margins and other deposit to the credit of a defaulting member are insufficient to meet his liabilities occasioned by the default, the clearing house committee shall, after



applying the amounts lying to the credit of the defaulting member towards his liabilities to the association, in addition pass on decree(s) for payments of the balance of the amount due from the defaulting member or members

The clearing house committee shall close out the outstanding contracts of the defaulter member in all the deliveries And also fix the closing rate or rates on the day of declaration as a defaulter as the rate or rates at which the defaulter member's outstanding transactions shall be deemed to be closed out .

**80B** In respect of contracts transacted in the IPSTA Trade Division, a Trading member who fails to pay differences in respect of his outstanding position or any other sum due and payable under these Bye- laws shall be treated as having failed to meet his liabilities. Thereupon the member's clearing member may declare the ordinary member a defaulter and close out all outstanding positions.

A clearing member who fails to pay the differences in respect of all or any contacts cleared by him shall be declared a defaulter under the rules and regulations of the designated clearing house and shall forfeit all the rights and privileges of clearing membership including those conferred on him by the bye-laws of the association and he shall as from the date of such declaration cease to be a clearing member and his name shall a from the date of such declaration be struck off from the register of members.

Trading members and clearing members shall however continue to be liable for and shall fulfill all their outstanding obligations to the Association, to Designated Clearing House and to any Trading member at the date of their being declared defaulters.

The clearing members in respect of default by Trading members and the designated clearing house in respect of default by clearing member shall close out the outstanding contracts of the defaulting Trading members or the clearing member shall close out the outstanding contracts of the defaulting Trading member or the clearing members, as the respective case may be , in all the deliveries and also fix the closing rate or the rates on the day of declaration as a defaulter as the rate or rates at which the defaulting member's outstanding transactions shall be deemed to be close out.

**81A** In respect of transactions in the IPSTA Trade Division, every member of the board or of the clearing house committee shall be indemnified out of the funds of association for the purposes of or in relation to the clearing house against all costs, expenses , losses or claims which the board or any members of the board or the clearing house committee any incur on become liable for by reasons of any act or things done or omitted by any servant or agent of the board or of such committee in or concerning the affairs of the clearing house, provided such members was not himself a party to such act or omission.

**81B** In respect of transactions in the IPSTA Trade Division, every member of the Board or of the designated clearing house committee shall be indemnified out of the funds of association and the designated clearing house , in equal parts for the purposes of or in relation to the designated clearing house, against all costs, expenses, losses or claims which the board or any members of the board or the designated clearing house committee may incur or become liable for by reasons of any act or things done or omitted by any servant or agent of the board or of such committee in or concerning the affairs of the designated clearing house, provided such member was not himself a party to such act or omission.

**82** Any of the parties may appeal to the board against the decision given by the clearing houses committee or by the designated clearing house committee as the case may be ,within 48 hours from the time of the receipt of the information of the said decision on payment of RS.250 as appeal fee. A meeting of the board shall be called within 24 hours from the time or receipt of such application The decision of the board on it shall be final and binding. If in such a meeting of the board called in the manner aforesaid, the quorum is not present within minutes the said meeting shall be adjourned to the third day and the board may

proceed without quorum at such an adjourned meeting .but the notice of the said adjourned meeting shall be given to all the directors of the board.

83A In respect of contracts transacted in the IPSTA Trade division, IPSTA shall guarantee the financial obligations resulting non-members trading through them and registered by the clearing house as per bye-laws 33A. The clearing house committee of IPSTA shall after applying the margins and other amounts lying to the credit of the defaulting members (s) shall pass on decrees for payment by the IPSTA Domestic Division trade Guarantee Fund in Favor of IPSTA who in turn shall disburse all related pay outs within two working days . on receipt of all payments the member (s) who received the payments shall issue a stamped receipt to IPSTA evidencing full and final settlement of the guarantee obligation of IPSTA and endorse a copy of the receipt to the clearing house committee of IPSTA

83B This clause has been deleted.

84 No liability shall attach either to the association or the board or to any member of the board or of the members nominated by the association to the clearing house committee or to designated clearing house committee as the case may be reason of anything done to omitted to be done by the clearing house or the designated clearing house as the case may be ,in the course of its operation nor shall the association or the board or any director of the board be liable to answer in any way for the title ,ownership ,genuineness, regularity of any goods or documents passing through the clearing house or the designated clearing house ,as the case may be nor shall any liability attach to the association, the board or any director of the board in any way in respect of such goods or documents .

85 No liability shall attach to any member of the association for any delay on the part of the clearing house or the Designated Clearing House, as the case may be, in the course of their operations.

#### TRADING HOURS, BUSINESS TIME AND HOLIDAYS

86 All Sunday and other days fixed by the board shall be observed by members as complete holidays. The board may also decide what other holidays or half holidays are to be observed by members. The board of directors may at any time notify any day previously notified as a whole holiday or half holiday, as the case may be shall not be whole holiday or half holiday any may fix trading hours on such days .

87 All transaction falling due for fulfillment on holidays shall be fulfilled on the previous working day except in cases where trading in any particular day was declared closed by either the association or the SEBI after the entering into of the contract, in which case such contracts shall be fulfilled on the next working day.

- 88
- a. The president in his sole discretion, may close the market for such time not exceeding 2 days for any reason he may deem proper .
  - b. In the absence of the president ,the vice president of the association and in the absence of both the president and the vice-president ,such director of the board as is authorised by the board for the purpose of this bye-law may exercise the power under bye-laws (a) above
  - c. The board may in their sole discretion close the market for such time not exceeding 5 days for any reason they may deem proper and with the permission of the SEBI for such period exceeding 5 days as the board consider necessary or desirable
  - d. The SEBI may, in case where in its opinion it is expedient so to do , direct the closure of the market for a period not exceeding 7 consecutive days and may ,if the SEBI is of the opinion that it is necessary so to do , direct the extension of the closure for such further period not exceeding 3 days at a time as the SEBI may think fit so, however that the total period of closure shall not exceed 21 days .

89 The trading hours of the association shall be notified by the association from time to time .

- 90 No business shall be transacted on any Sunday or holiday declared as such by the association .
- 91 payments which in the ordinary course would fall due on a whole holiday shall become due on the succeeding working day.
- 92 members shall accept from the association or the members of the association letters, fixed deposit receipts ,delivery orders, cheques, certified warehouse receipts etc, between the trading hours of the association as specified by the board from time to time .
- 93 The board of directors shall also regulate from time to time the hours of trading in the “Ring” or “Market”.
- 94 a. business in contracts in pepper and other commodities shall be transacted only during official trading hours.
- b. Notwithstanding anything contained in clause(a) above, trading in contracts may be permitted on the Diwali day, union budget day ,or any other holiday and during such hours as the board may from time to time prescribe
- c. This clause has been deleted.
- d. Any member violating this bye-law shall be dealt with in accordance with the bye-law laid down for expulsion, suspension or fining of members.
95. This clause has been deleted.
96. save as otherwise permitted under these bye-laws, no transactions in contracts shall be effected by any member, his representative ,clerk or broker except on trading days and during trading hours fixed by the board .
97. No trading in hedge, transferable specific delivery contracts shall be permitted except in the trading or such other spaces specified by the board.
98. The ring committee or any other committee appointed by the oared shall be entitled to scrutinize and examine the books etc, of members who contravene the bye-laws by transacting business outside trading hours and to impose a fine on any member up to Rs 500 and/or to suspend him for any number of days not exceeding one calendar month, subject to an appeal to the board of directors whose decision shall be final and binding

### TRADING RING BYE-LAWS

99. “Trading ring committee shall cause permits or badges to be issued for the use of the trading ring and such permits or badges shall be signed by the secretary of the association
- 100 The board shall appoint every year a committee which may be called the “ring committee” consisting of not more than five members to supervise the general management of the trading ring .Three members shall from a quorum of such ring committee
- 101 The ring committee shall cause permits or badges to be issued for the use of the trading ring and such permits or budges shall be signed by the secretary of the association
- 102 No person shall be entitled to use or be admitted to the trading ring unless he is in lawful possession of a

badge or a valid permits issued by the secretary of the association

- 103 Every member shall be entitled to three badges
- 104 such badges shall be issued in the name of a member or his representative or clerks and shall entitle the person nominated by the member to use to trading ring the person using the trading ring being called a ring trader.
- 105 members shall be responsible for transaction entered into or any acts done by the ring trader nominated by them.
- 106 All appointments or changes in the names of ring traders or any loss of badges shall be forthwith intimated to the secretary of the association
- 107 A register of such ring traders will be maintained by the secretary and all changes therein shall be notified promptly on the notice board of the association for the information of members.
- 108 A badge of a ring trade can be traders will be name of another person nominated by the same member on payments of a fee of Rs 200 . A new badges shall be issued in the place of a lost badge on payment Rs.100
- 109 The ring committee may for any reasonable cause suspend the use of any badge by a rig trader up to three days and the holder of such a badge upon notification to that effect shall cease to use the trading ring till the suspension is removed. The ring committee may ,if it deem proper ,also impose a fine not exceeding Rs.100 on any ring trader.
- 110 An appeal shall lie to the board against any order of the ring committee(s) if presented with fee of Rs.1000 within three (3) days of the notification of such order.
- 111 All members and their nominated representatives and ring traders making use of the trading ring shall be amenable to the jurisdiction of the association and shall n particular be subject to the following trading rules and disciplinary Bye-laws for the time being and as specified by the association from time to time.
  1. No member shall execute a pre-arranged or managed trade except for an EFP
  2. No members shall buy or sell on his own account or for an account in which he has an interest any contract in the same commodity for the same contract month when he has on hand orders from registered non- members to bye or sell at the market or at the same price .
  3. No members shall withhold or withdraw any registered non-member's order from the market for his own convenience or benefit or for the convenience or benefit of another registered non-member or person or member.
  4. No member shall disclose the orders received from a registered non-member to another registered non- member or person or member.
  5. No member shall assume an opposite in respect of a registered non-member's order without the registered non-member's written permission .
  6. No member shall execute trades in a registered non-member's account before receiving the order.
  7. In respect of contracts transacted in the IPSTA Trade Division, no trading member or trading –cum-clearing member shall accept orders from registered non-members or facilitate the Execution of orders from registered non-members through other members.
  8. No member who has buy and sell orders In the same contract but from two different registered non-

members shall cross the two orders. Each order shall be executed separately on the trading floor to give the best price to the two orders. This rule shall apply for any number of such buy-sell pairs. If a cross trade has to be made give the best price to both registered non-members, the trades shall be submitted to the association or the designated clearing house, as the case may be, with a remark to this effect .

9. All members shall act as principals in respect of trades executed and be personally bound and entitled under such contracts.
  10. Trades shall have priority in terms of i) price, ii) time, iii) registered non-member account and iv) own account. No member shall violate this precedence.
  11. All members shall record trade related information legibly before submitting any forms for clearing or processing.
  12. At all times, both the buying and the selling members shall confirm their trade for correctness of price, quantity, commodity, clearing members and contract month. Both buying and selling member shall ensure error-free and confusion-free recording of trade related information.
  13. Members shall confirm the status of orders from registered non-members to the respective registered non-members at the earliest possible and keep a record of orders filled, cancelled and yet to be filled.
112. Notwithstanding anything contained in these bye-laws the board may appoint a person or person to exercise the powers and perform the duties of a Ring Committee under these Bye-laws, and all the provisions of the foregoing Bye-laws, shall, save as provided by these Bye-laws apply, so far as any be, to person or persons so appointed .
113. All orders, act or proceedings of the Ring Committee shall be subject to the general or special orders of the board

### FIXATION OF RATES

114. The board shall from time to time appoint a daily rates committee of five persons from the members of the association or the partners or directors/managers or members of the association or their duly authorised representatives, who shall fix the daily rates. The quorum for the meeting of the daily rates committee shall be three. The board, with the approval of the SEBI, may cause the settlement rate or settlement price, as the case may be, to be determined through a manual or computer programme or algorithm.
115. The rate fixed and registered as aforesaid shall be binding on all parties entering into contracts under the bye-laws of the association. There shall be no objection to a rate fixed and registered by the board or the members of the daily rates committee on the ground that some or all members of the committee were themselves interested in the contract, for which, such rate was fixed and registered.
116. In case a maximum and/or minimum rate or rates are fixed under these bye-laws, namely 212A(a)(i), for the purpose of trading in the delivery concerned, and such rate or rates are in force on the due date, then, the delivery order rate shall not be higher than the maximum rate and/or lower than the minimum rate.
  - (i) The board may and/or minimum rate or rates are fixed under these bye-laws, namely 212A(a)(i), for the purpose of trading in the delivery concerned, and such rate or rates are in force on the due date, then, the delivery order rate shall not be higher than the maximum rate and/or lower than the minimum rates.
  - (ii) Registers shall be maintained showing the rates fixed by the daily rates committee and the board.

- 117 Any rates once fixed and registered by the board shall not be open for reconsideration and shall be binding on all parties
- 118 Regarding the goods to be delivered the provisions of bye-laws of the tender and delivery order shall apply
- 119 This clause has been deleted.
- 120 In effecting the buying-in or selling out of the goods, all expenses shall be to the defaulter's account .In addition, the Defaulter would be liable to pay any losses incurred by the other party. In respect of contracts transacted in the IPSTA Trade Division, if there be any profit, the defaulter shall not be entitled to receive the same; such profits will however be appropriated equally by the association and the designated clearing house .
- 121 This clause has been deleted.
- 122 In respect of contracts transacted in the IPSTA Trade Division, payment to the buyer's Trading Member shall not be withheld by the buyer in respect of contracted goods regarding which there is no dispute; payments by the buyer's Trading member to the Trading members' clearing member shall not be withheld; payments by the selling clearing member to the seller's ordinary member shall not be withheld; payments by the seller's Trading member to the seller shall not be withheld on account of dispute regarding any other lot of lots or any other outstanding accounts between the parties.

### **ARBITRATION AND SETTLEMENT OF DISPUTIES**

- 123 Any dispute or difference arising out of or in relation to forward and other contracts approved by the association and by the Securities Exchange Board of India (SEBI) made subject to the bye-laws shall , regardless of its nature, but other than the disputes or differences or differences relating to the functions and operations of the designated clearing house, be referred to arbitration for resolution and settlement under the arbitration and conciliation Act,1996 of India
- 124 The above provision under bye-laws 133 shall be applicable to member of the association and registered non-members.
- A. A members of the association party to the reference who has been declared a defaulter under Bye-laws 52A to 85B including therein shall continue to exercise all the right and privileges relating to arbitration so far as may be applicable to him and discharge all the obligations arising from the bye-laws.
- 125 All transactions and contracts, which are subject to the bye-laws, shall be deemed to be made and shall take effect as wholly made and entered into in Kochi .the place of arbitration shall be Kochi. arbitration proceedings shall be conducted in English
- 126 In respect of all claims differences and disputes required to be referred to arbitration under these bye-laws, the board shall appoint every year at one of its meeting a panel of eight (8) arbitrators.
- i The board shall draw up a list of persons who shall be members, Authorised Representatives, partners, directors, and managers or authorised Representative of members of the association
- ii such list shall be forwarded to the Securities Exchange Board of India (SEBI) . The SEBI may, if it so desires ,add up to three names of persons who shall be members ,partners, directors, managers or authorised representatives of members of the association and who shall not be directors and forward it to the board .

iii if no names are received by the board from the Securities Exchange Board of India (SEBI) , the list prepared by the

board shall not be deemed to be incomplete

- 127 Each party to the dispute shall nominate from the panel of arbitrators constituted under bye-law 136 above. In case both parties to the dispute agree on a common name there will be only one arbitrator. In case the two parties to the dispute nominate different arbitrators ,the two nominated arbitrators shall choose a third arbitrator from the panel of arbitrators cannot agree on the selection of the presiding arbitrator within thirty (30) days from the date of their appointment, the president , or in his absence, the vice president, shall choose the presiding arbitrator.
- 128 The arbitrators shall make their award within ten (10) days of their first meeting, but the president shall have the power ,upon receiving an application in writing from the arbitrators acting in the matter, to extend such period as may be deemed necessary.
- 129 a. The parties to the reference shall abide by and forthwith carry into effect the award of the arbitrator or the presiding ,upon receiving an application in writing from the arbitrators acting in the matter, to extend such period as may be deemed necessary
- 130 a. member shall not function as an arbitrator in any arbitration proceedings in which he is directly or indirectly interested .
- NOTE: Brokers and intermediary parties in the matter under consideration are not necessarily to be considered as interested parties.**
- 131 During arbitration proceedings, a party to a reference may with the permission of the arbitrator or the presiding arbitrator appear by counsel ,attorney, advocate or a duly authorised adviser or representative. where one party is so permitted ,a similar privilege shall be afforded to the other party if he so desires.
- 132 On receipt of an application for arbitration along with a statement of the case and the name of the arbitrator, the secretary shall forward the notice or notice of reference to both parties and also send a copy of the statement of the papers from party to the dispute .the other party shall within ten (10) days of receipt of the papers from the secretary or within such longer time as may be prescribed by the board (and/or the president in appropriate cases) forward to the secretary and the other side ,a detailed reply or defense statement ,along with the name of the arbitrators nominated by him.
- 133 The secretary shall give notice to the parties of the date fixed for the first hearing after fixing the date in consultation with the arbitrators.
- 134 In conducting the arbitrators proceedings, the Arbitrators should provide opportunity to the parties to produce evidence.
- 135 The arbitrator or the presiding Arbitrator, as the case may be, may proceed with the reference notwithstanding any failure to file a reply or written statement within due time and may also proceed with the reference in the absence of any or all the parties who being entitled to appear fail, neglect or refuse to attend at the appointed be, shall satisfy themselves that the notice of arbitration hearing was duly posted or dispatched or published in time to both the parties in the manner provided in the bye-laws.
- 136 If a party to an arbitration reference is called upon to give evidence or produce papers or account books and if he does not carry out the said order, his name may be posted by the president on the notice board and no party shall transact business with him or through him directly or indirectly for such period as may be specified by the president
- 137 The arbitrator or the presiding arbitrator ,as the case may be may adjourn the arbitration hearing from time to time at their own instance or upon the application of any of the parties .

- 138 There shall be no objection to an award of the arbitrator or the presiding arbitrator ,as the case may be, on the grounds that the proceeding was adjourned from time to time or that the inquiry was not completed at one meeting .
- 139 The parties to the reference and any witness on behalf shall at the appointed times.
- i submit to be examined by the arbitrator or the presiding arbitrator, as the case may be, on oath in relation to the matter in dispute.
  - ii produce before the arbitrator or the presiding arbitrator, as the case may be ,all books, deeds, papers, accounts ,writings ,documents and other records in their possession or power which may be required or called for
- 140 If in the opinion of the arbitrator or the presiding arbitrator, as the case may be, a reference raises difficult or doubtful questions of law, a request may be made to the board of the association or the president for the appointment of an assessor and thereupon the board or the president may appoint counsel or advocate or attorney or any other suitable person to act as such assessor on such remuneration as is deemed proper. the remuneration of such assessor shall be paid by the parties to the reference as directed in the award. If so desired the assessor shall be present throughout the further hearing of the reference and shall tender advice on all matters of law evidence practice or procedure and the arbitrator or the presiding arbitrator , as the case may be , shall be at liberty to accept or reject such advice.
- 141 If in septic of the intimation of time for hearing the dispute being given, any party to the reference fails to remain present in time or fails to send his representative with the necessary papers or account books, the arbitrator or the presiding arbitrator ,as the case may be ,may impose a penalty on such party to the extent of RS.1000 and shall give him one more opportunity to carry out the orders. However, if any party does not remain present or fails to produce the papers or account books called for then the arbitrator or the presiding arbitrator, as the case may be ,shall submit a report to the board in that behalf and the board shall have power to suspend such a member or registered non-member and the board shall be competent to take necessary steps.
- 142 The following fees shall be payable for arbitration:
- (a) For arbitration before the Arbitrators, Rs 10 for every total value of RS.1000 or part thereof of the claim,
  - (b) One –half of the fee shall be payable to the arbitrator (s) acting in a matter,
  - (c) If a matter is referred to a presiding arbitrator, such presiding arbitrator shall be paid one-quarter of the fees, and the two arbitrators shall be paid one-quarter of the fees to be shared equally ,
  - (d) In all cases one-half the fees should be credited to the association
- In all cases, the entire amount of fees shall be paid along with the application for arbitration sent to the secretary of the association. The prescribed fees shall in the first instant be deposited by the party soliciting the arbitration, but ultimately the same shall be borne in such manner and in such proportion as may be specified in the award or decision .
- 143 The secretary shall be the convener of the arbitration proceedings. The secretary shall give attested copies of the documents on payment of fees which may be prescribed by the board from time to time.
- 144 The arbitrator or the presiding arbitrator ,as the case may be may:
- i retain or return any or all of the books, documents or papers produced in any proceedings, and any direct, at any time that the books, documents or papers produced be returned to the parties or any of them on such terms and conditions as may in the absolute discretion of the arbitrator or the presiding arbitrator, as the



case may be, be deemed proper.

ii Administer oath of affirmation to the parties or witnesses appearing and giving evidence;

iii Admit such evidence only as may in the absolute discretion of the arbitrator or the presiding Arbitrator, as the case may be , be deemed proper ,necessary and /or relevant;

iv. Administer to any party to the reference such interrogatories as may be necessary in the opinion of the arbitrator or the presiding arbitrator, as the case may be;

v. Make an interim award or awards;

vi. make any award conditional and

vii correct in an award any clerical mistake or error arising from any accidental slip or omission.

145 The arbitrator or the presiding arbitrator ,as the case may be ,may with the permission of the board or the president ,at any time or times before making the final award consult and obtain the advice of counsel l attorney or advocate upon any question of law, evidence, practice or procedure arising in the course of the reference. the remuneration of such counsel, attorney or advocate shall be paid in advance by the parties to the reference and it shall be borne by them in the proportion stated in the award. at any time during the arbitration proceeding the parties may be called upon to deposit such amount as may be directed by the arbitrator or the presiding arbitrator, as the case may be, to cover such costs.

146 The costs of reference and award including costs, charges fees, stamp charges and other expenses shall be in the discretion of the arbitrator or the presiding arbitrator ,as the case may be, who may decide and direct in the award to any by whom in what manner and in what proportion such costs, charges fees and other expenses or any part thereof. failing any direction in the award the costs, charges,fees and other expenses shall be borne by the parties incurring the same.

147 unless the board or the president specifically permits, no person other than the members of the staff of the association shall be present to assist the arbitrator or the presiding arbitrator ,as the case may be, in a ministerial or any other capacity during the hearing or determination of a reference under the provisions of the bye-laws.

148 After making an award ,the arbitrator or the presiding arbitrator ,as the case may be shall sign such award and a notice shall be given to the parties to the reference.

149 No party shall bring or prosecute any suit or proceedings what so ever against the association, the board ,the president , the secretary ,any employee or employees of the association acting within authority ,or against the arbitrator or the presiding arbitrator, as the case may be,or any members or registered non-members of the association thereof for or in respect of any matter or thing done or purporting to be done under these bye-laws.

150 when a party to an arbitration dies during pendency of an arbitration and before a final award is made and published , the authority of the arbitrator or the presiding arbitrator ,as the case may be ,shall not there by be revoked but the proceedings shall be continued by or against the legal representatives of the deceased .

NOTE : "legal representative" in the above bye-laws means a person who in law represents the estate of a deceased party and includes any Person who intermediates with the estate of such deceased party and where a party acts in a representative character the person on whom the estate devolves on the death of the party so acting.

## DELIVERY OUTSIDE KOCHI

151 (a) Pepper and other commodities shall also be permitted to be delivered at my warehouse or from any

centre designated by the board in India as per bye-laws 14D and 14E, as the case may be, subject to the seller compensating the buyer or the buyer compensating the seller to the extent as specified by the board from time to time towards freight and other expenses subject to the provisions contained in bye-laws 195.

(b) The board, however, shall have the power to make such changes at any time in the up-country delivery centers as also the quantum of compensation prescribed by exercise of clause(a) above as they deem proper, with the concurrence of the SEBI before the commencement of trading in a particular delivery or contract month as also during the currency of a delivery in the case of any emergency.

(c) The above powers can be exercised by the Securities Exchange Board of India (SEBI) so Moto in any case where in the opinion of the SEBI it is expedient in the interest of the trade so to do.

152 Notwithstanding anything contained in any other bye-laws, a members shall be entitled to issue delivery orders(tenders) within the time limit for fulfilling his sale contracts for delivery at any port/designated warehouse outside kochi mentioned in bye-laws 14A or14D or 14E ,as directed by the board and /or the designated clearing house, provided that the goods to be delivered are ready at any designated port/designated warehouse for delivery at any designated ports at the time of issuing such delivery orders and in the designated warehouse for delivery at any designated warehouse.

153 Defaulting sellers may at the discretion of the board be allowed to close out a transaction in respect of deliveries to a designated port/vessel or warehouse where there is a ban by any person in authority against the movement of goods from such place at the time of issuing delivery orders. the board may impose such penalties of these bye-laws.

154 The buyer shall not be entitled to refuse to take delivery of goods on the ground that the railway or shipping booking is closed at the time .

155 Bye-laws regarding tenders and delivery orders shall also apply to the delivery orders (tenders) issued for delivery at such up-country centers.

156 This clause has been deleted

157 This clause has been deleted.

158 The board shall decide the basis of charges, according to the prevailing circumstance for the delivery of goods by the seller to the buyer in up-country centers from time to time ,and these shall not be in normal course and circumstances buried during the currency of any contract .The board shall with the approval of the SEBI effect any variations to the charges, i.e., discounts and premiums, during the currency of a contract when found necessary and expedient so to do.

159 The board shall decide the basis of charges, according to the prevailing circumstance for the delivery of goods by the seller to the buyer in up-country centers from time to time and these shall not be in normal course and circumstances varied during the currency of any contract. The board shall with the approval of the SEBI effect any variations to the charges, i.e., discounts and premiums ,during the currency of a contract when found necessary and expedient so to do .

160 Any all questions which arise under these bye-laws regarding up-country delivery shall be directly referred to the board and the decision of the board shall be final and binding on all parties.

161 A contribution shall be paid to the association by the seller as well as the buyer on all contracts traded in the IPSTA

Trade division at such rates as may be fixed by the board from time to time with the prior concurrence of the general body.

162 This clause has been deleted

163 A technology fee shall be paid by the seller as well as the buyer on all contracts in the IPSTA Trade division at such rates as prescribed by the board from time to time with the prior concurrence of the general body.

164 This clause has been deleted.

165 This clause has been deleted.

166 (1) Notwithstanding anything contained in bye-laws 35 and 36 and sub-clauses therein, the board may from time to time by a resolution passed by itself and concurred in by the Securities Exchange Board of India (SEBI) make such variations as may be necessary or desirable in respect of the system, payment and/or amount of margin payable in respect of outstanding transactions in contracts in the commodities in which trading is permitted under these bye-laws, including transaction entered into before such variations are made.

(2) Notwithstanding anything contained in bye-laws 65 and sub-clauses therein, the board may from time to time by a resolution passed by itself and concurred in by the Securities Exchange Board of India (SEBI) provide for special clearing in respect of contracts in the commodities in which trading is permitted under these bye-laws on such basis as may be considered desirable or necessary .

(3) The board may from time to time by a resolution passed by itself and concurred in by the Securities Exchange Board of India (SEBI) fix such limits upon daily volume of trading by members , or upon the net open position of members concerning contracts as the board may consider necessary or desirable in respect of such daily volume of trading or net open position .

(4) The powers specified in clause (1),(2) or(3) above may be exercised by the Securities Exchange Board of India (SEBI) in any case where in the opinion of the SEBI it is expedient in the interest of the trade so to do .

(5) Any variation in respect of margin and /or clearing in terms of this Bye-law shall be applicable to all transactions in contracts in the commodities in which trading is permitted under these bye-laws, including transaction entered into before such variations are made.

167 (a) if, in the opinion of the board an emergency has arisen or exists, or it is expedient in the general interest of the trade so to do ,the board may pass, by a simple majority at a meeting specially convened in this behalf, a resolution prohibiting as from the date specified in the resolution.

(i) Trading in contracts in one or more deliveries, in one or more commodities at a rate or rates above a maximum and /or below a minimum as may be specified ,or.

(ii) All trading in contracts in one or more deliveries, in one or more commodities for a specified period or until further notice as may be specified.

(b) The board may from time to time pass by a simple majority a resolution extending or reducing the period during

which the prohibition imposed under item (i) or item (ii) of clause (a) shall be in force, or varying the maximum or minimum rate or rates specified under item(i) of clause (a) above.

(c) A resolution passed under clause (a) or (b) above shall take effect only after it is concurred in by the Securities Exchange Board of India (SEBI) .

(d) The power passed under clause (a) and (b) above shall take effect only after it is concurred in by the Securities Exchange Board of India (SEBI) .in any case ,where in the opinion of the SEBI it is expedient in the interest of the trade or the public interest so to do.

167 B (a) if the board considers that a state of emergency exists or is likely to arise ,as may in the opinion of the board make fee trading in one or more deliveries of any or all contracts extremely difficult, then not withstanding anything to the contrary contained in these Bye-laws or in any contracts made subject to these Bye-laws ,the board may pass ,by a simple majority at a meeting specially convened in this behalf ,a resolution.

(i) Fixing the date as at the close of which the outstanding contracts as specified in the resolution shall be deemed to be closed out and the rate at which they shall be deemed to be closed out and ,

(ii) fixing a special settlement on which the difference arising out of such closing out shall be paid through the clearing house of the association or the designated clearing house, as the case may be .

(b) A resolution passed under clause (a) shall take effect only after it is concurred with by the SEBI

(c) The relevant clearing Bye-laws shall apply to the payment of differences referred to in clause (a) (ii)

(d) All differences arising out of every such contract between a member and a registered non-member shall become immediately due and payable

(e) All differences arising out of every such contract between a member and a registered non-member shall become immediately due and payable

(f) Every contract entered into between a member and a member which has passed through a clearing and between a member and a registered non-member shall on the date fixed under clause (a)(i) hereof be deemed closed out at the rate fixed under clause (a) (ii) hereof difference shall be immediately payable accordingly between the parties to such contract.

(g) In contracts entered into between a member and a registered non-member ,and in contracts to which clause(f) applies, any margin received shall be adjusted and the whole or the balance thereof, as the case may be shall be refunded as soon as prohibition is imposed.

167C (i) The board may from time to time where in its opinion it is expedient so to do,by a resolution passed by a simple majority and concurred by the Securities Exchange Board of India (SEBI) , prohibit for a specified period trading in any delivery or deliveries

except for the purpose of squaring up such open position as may be outstanding in that delivery or deliveries at the time such prohibition is imposed

(ii) The power in clause (i) may be exercised by the SEBI where in the opinion of the SEBI it is expedient in the interest of the trade so to do .

167D If the Securities Exchange Board of India (SEBI) is of the opinion that continuation of trading in contracts in any delivery or

deliveries is detrimental to the interest of the trade or to the public interest or to the larger inters of the economy of India and so notifies the president, then notwithstanding anything to the contract contained in these Bye-laws or any contract made subject to these Bye –laws ,every contract relating to any delivery or deliveries notified under this Bye-laws and entered into between a member and a member or between a member and a registered

non-member then outstanding shall be deemed closed out at such rate or rates, appropriate to such contract or contracts and with effect from such date as shall be fixed by the SEBI , and the provision of clauses (a) (i) ,(a) (ii) and (c) of bye-laws 212B shall apply as if they form part of this bye-laws

**167E** If the board shall receive declaration signed by at least one-third (1/3) of the members or their authorised representative entitled to attend and vote at a general meeting that (a) a squeeze or a corner or (b) a bear raid, exists the board shall consider the same at a meeting convened for the purpose within the next 24 hours after the receipt of such declaration for the purpose of deciding whether such emergency as was declared exists, whether or not any such declaration shall have been received it shall be competent to the board on their own initiative to consider at any time whether any such emergency exists . in either case a resolution that such an emergency exists shall not be deemed to have been passed by the board present and voting at such meeting and unless at least five members of the board shall have voted in favour of the resolution and the provisions of Bye-laws 212B shall apply.

**168** Notwithstanding anything contained in Bye-laws 212E above, if the secretary shall receive a declaration signed by at least one-third (1/3) of the member or their Authorised Representatives entitled to attend and vote at general meeting declaring that (a) squeeze or corner ,or (b) a bear raid exists ,the president shall cause a ballot of the members or their authorised representatives entitled to attend and vote at a general meeting to be taken on such declaration within 24 hours from the date of receipt of such requisition by the secretary . The president shall fix the time, place and manner in which such ballot shall be taken.

A resolution for declaration of such emergency shall not be deemed to have been passed (i) unless at least one-half (1/2) of the member or their authorised representatives entitled to attend and vote at general meeting shall have balloted on the resolution and (ii) unless at least two-thirds (2/3) of the votes recorded are in favour of the resolution.

**169 (a)** No such resolution that such an emergency exists ,shall however have any effect unless the same shall have been forwarded by the board along with the views thereon to the Securities Exchange Board of India (SEBI) and the SEBI shall have intimated its agreement with such resolution .

**(b)** if a resolution is passed as aforesaid under sub-clause (a) declaring that such an emergency exists and the SEBI intimates its agreement with the same as aforesaid the board shall act in the manner set forth in bye-laws 212B

**170** A resolution of the board under the bye-laws 212B , 212E and 213 or a resolution under sub-clause (a) read with sub-clause (b) of bye –laws 214 hereof , declaring an emergency ,shall be deemed to have come to an end as follows:

**(a)** If the resolution declaring the emergency shall have been passed during a non-delivery period on the board passing by a simple majority at least seven days after the date of which the emergency came into force, a resolution declaring such emergency to be at an end.

**(b)** The resolution declaring the emergency shall have been passed during a delivery period or if the resolution shall have been passed during a non-delivery period and shall not have come to an end under sub-clause (a) hereof, on the tender day then the emergency shall continue to be operative throughout the delivery period and shall come to an end automatically on the last date thereof .

**171A (a)** if the resolution under Bye-laws 213 is passed by a majority (specified therein) decision of the board,it shall convene an extraordinary general meeting of the authorised representatives of the member by giving 24 hours notice, and communicate to the Securities Exchange Board of India (SEBI) and when necessary to the designated clearing house the decisions of the board regarding the resolution passed by them and the calling of the meeting.

**(b)** The resolution of the board shall be effective only when confirmed by a resolution passed by a majority of not less than 2/3 of the authorised representatives present and voting and the decision of the general meeting of the

authorised representatives have been communicated to the Securities Exchange Board of India (SEBI) and the calling of the meeting .

171B (i) The board may from time to time ,in any case, where in its opinions it is expedient so to do , by a resolution passed by a simple majority and concurred in by the Securities Exchange Board of India (SEBI) instruct the clearing house of the

association or the designated clearing house , as the case may be , to withhold for a specified period or until further notice the outward payments of differences, in respect of transaction in contracts for any delivery or deliveries , to those ordinary members and /or clearing members as the case may be whose balance sheet in that delivery /those deliveries ,in accordance with bye-laws 75A or 75B as the case may be ,shows a credit balance.

(ii) The powers specified in clause (i) may be exercised by the Securities Exchange Board of India (SEBI) in any case, where in the opinion of the SEBI, it is expedient so to do .

(iii) Whenever outward payment of differences is postponed under clause (i) or (ii) above , the clearing house of the association or the designated clearing house, as the case may be, shall be instructed by the board to prepare separate balance sheets in respect of their transactions in contracts for any delivery or deliveries .

### EXPULSION,SUSPENSION AND FINES

172 Every member shall be bound to promote to the best of his ability the object and interests of the association and to protect and safeguard the interests of registered non-member transacting in the contracts of the association. The following shall constitute good business practices, a member shall be liable to expulsion suspension and /or to payments of a fine for any violation of good business practices.

1. Every registered non-member shall be furnished with a written statement containing in an appropriate and simple language the benefits and risks of trading futures and other contracts.
2. A registered non-member shall be permitted to transact in futures and other contracts only after the written statement is read and acknowledged in writing with the registered non-member's signature.
3. The registered non-member shall be given a copy of the association's Bye-laws and all such Bye-laws that have a bearing on the registered non-member shall be explained carefully.
4. The member and the registered non-member shall adhere to the provisions in bye-laws 36A and /or Bye-laws 36B and sub-clauses therein at all times; the member shall not encourage, abet nor allow the registered non-member to evade margin requirements .
5. The registered non-member shall be furnished in writing all information pertinent to contracts, contract months, commencement months and deliveries.
6. The member shall explain the role of the clearing house of the association and /or the designated clearing house and the scope and benefits of the same

172B Every member shall be bound to promote to the best of his ability, the objects and interests of his association and to abide by the resolutions of the association or of the board and shall observe all the rules, regulations and bye-laws in

force from time to time. Any member shall be liable to expulsion, suspension and /or to payments of a fine for any of the following acts or omissions .

- a) **Refusal to abide by awards:** For neglecting or refusing to submit to ,abide by and carry out any award or decision or order of any arbitrators or surveyors or any sub-committee or of the board ,made in conformity with these Bye- laws or the articles of the association .
- b) **Unbecoming conduct:** For acting in any manner detrimental to the interest of the association or unbecoming of a member .
- c) **Misconduct:** For knowingly violating disobeying or disregarding any Bye –laws of the association or any enactment, order , ordinance or notification issued by the state or the union Government in respect of trading in pepper and /or other commodities any notice issued by the board in that regard , or the provisions of the Securities contracts (regulation) Act,1956 and the Rules made there under and any directions issued by the Securities Exchange Board of India (SEBI) .
- d) **Disobedience:** For Knowingly violating disobeying or disregarding any bye-laws of the association or any enactment, order, ordinance or notification issued by the state or the union Government in respect of trading in pepper and /or other commodities any notice issued by the board in that regard, or the provisions of the Securities contracts (regulation) Act 1956 and the rules made thereunder and any directions issued by the Securities Exchange Board of India (SEBI)
- e) **Misinformation :** For knowingly publishing or permitting to be published in any newspapers, circulars, or otherwise, any misrepresentation relating to the trade in pepper and /or other commodities calculated to instead the members and / or the public.
- f) **Indifference and willful negligence:** For not complying with any notice or request made to him by or on behalf of the board requiring him to attend any meeting of the board or of any committee or to produce any books, documents, correspondence or other paper in his possession, power or control , or for refusing or neglecting to answer any question put to him by any member of the board or of any committee as the case may be relevant to any business at any such meeting .
- g) **Failure to pay any dues:** For failure to pay any amount due under these Bye-laws and /or arbitration fees when due or for non-payments of any fine imposed on him pursuant to these Bye-laws or for failure to pay any other amount due by him under these Bye-laws or under any order of the board within ten days after the same shall become payable.
- h) **Action Detrimental to the Association :** For any misconduct, in the same of sub-section referred to above inclusive as below ,in his dealing with or relations to the association or any of its members or any other Association or Exchange or Corporation or public body or Designated clearing house with which the Association shall have entered into an arrangement or undertaking for the purpose of safeguarding the trade in pepper and/or other commodities or of upholding contracts in pepper and/or other commodities or Protecting those interested therein.

173 The following shall be deemed to be misconduct within the meaning of these Bye-laws

- a) willful or intentional non- fulfillment of contract or fraudulent or flagrant breach of contract.
- b) Frivolous repudiation of contract.
- c) Refusal to refer any question in dispute to arbitration under these Bye-laws or under any submission or contract or agreement to arbitrate thereunder.
- d) Refusal or neglect to abide by and carry out any award whether in arbitration or on appeal

e) Any conduct whether by act or SEBI in relation to any customer or to any arrangements or undertaking between the association and the clearing house and between the association and any arrangement or undertaking or the object thereof .

f) Generally any conduct towards the association or as between the members of association which is subversive of these Bye-laws or any of them or is subversive of the objects and purpose of or implied by the memorandum and articles of the association.

g) Any violation of goods business practices

h) Any other conduct, unbecoming of a member of the association.

174 Whenever the president or the board shall consider either by reasons of complaint made to them in writing by one or more members or by reasons of any knowledge or information acquired by the president or the board that there is sufficient reason for inquiring as to whether there has been any act or omission on the part of a member rendering him liable to expulsion, suspension and/ or payments of a fine the president or the board as the case may be, may give notice in writing to such member or to any other member requiring him to appear before the president or the board as the case may be, may give notice in writing to such member or to any other member requiring him to appear before the president or the board as the case may be at a time therein stated, being not less than 48 hours from the date of service of notice such member may by this or another written notice of 48 hours be required to produce by himself or his representative to the president or the board as the case may be , any books, documents or correspondence in his possession or power or control or that of his firm or company. Any member served with notice aforesaid shall submit to be examined by the president or the board as the case may be in relation to his conduct or that of his firm or company, or the conduct of any member and shall if required by the president or the board as the case may be submit a sworn declaration of the truth of any statement made by him. A firm which is a member shall appear by one of its partners or an authorised Representative and a Company by one of its Directors or by one of its managers or by its Authorised Representatives.

175 Before passing any resolution for expulsion suspension, and/or fining any member, the board shall give him less than 5 days (including non-working days) notice in writing stating that the board proposes to consider the passing of a resolution for the expulsion , suspension and /or fining of such member and requiring him to attend a meeting of the board called for the purpose at which he may by the said notice also be required to produce for the inspection of the board any books, documents, correspondence or paper in the possession power or control of himself, his firm or company. It shall not be necessary in such notice to particularly specify the alleged act or commission in respect of

which it is proposed to consider the resolution or to give other than such short general information in the notice as the board may think fit.

176 The president or the board as the case may be may from time to time adjourn any meeting at which any member shall be required to attend by a notice given under these Bye-laws and may require such member to attend at any adjourned meeting any books, documents correspondence or papers, in the possession , power or control of himself his firm or his company . it shall be no objection to the resolution for the expulsion suspension and /or fining of members passed at an adjourned meeting of the those present at any former meeting or meeting were not present at any adjourned meeting .

177 The board shall hear the member with regard to whom it is proposed to pass any resolution for expulsion, suspension and or imposition of a fine under these Bye-laws , and hear the evidence or statements of himself or any witness present on his behalf at any such meeting original or adjourned, fixed by the board who shall have the power and discretion as to the time and place when and where they will hear such evidence or statement before passing such resolution.

178 The board may be not less than 24 hours notice in writing to any members require him to attend and give evidence or



make statement and /or produce any books documents correspondence or papers in his possession power or control or that of his firm or company at any meeting at which any resolution for the expulsion, suspension and /or fining of any other member is proposed to be considered.

- 179 a) whenever two-thirds of the members of the board present and at least five directors of the board voting for expulsion at any meeting of the board shall be of opinion that a member has become liable to expulsion at any meeting of the board shall be of opinion that a member permanently from all rights of membership , except the right to go to arbitration or survey in respect of matters prior to such expulsion . such resolution shall be final and binding. The board shall not be called upon to give any explanation or reasons thereof .
- b) Whenever a majority of the member of the board present and voting at any meeting of the board shall be of opinion that a member has become liable to suspension and /or payment of a fine, the board may be a resolution passed by a majority or their members present and voting at such meeting, may suspend him for any term not exceeding six calendar months from all rights of membership except the right to go to arbitration or survey or from such right of membership including the right to act as an arbitration or surveyor as the board may be resolution passed as aforesaid prescribed or the board may in lieu of or in addition to suspension impose upon such member a fine not exceeding rs.2000 such resolution shall be final and binding and the board shall not be called upon to give any explanation or reason therefore
- 180 whenever the board is authorised by these Bye-laws to inflict a fine they shall entitled to administer a severe reprimand or a warning to a member instead of or in addition to a fine . A severe reprimand shall be deemed to be a lesser penalty than fine and a fine shall be deemed to be a lesser penalty than suspension.
- 181 Whenever the board reprimand or warn or fine a member, they may if they think fit post a notice thereof on the notice board.
- 182 A suspended member shall during the period of suspension be deprived of and excluded from all the righte and privileges of membership except in respect of contracts outstanding at the time of his suspension which he shall be bound to fulfill and in regard to which he shall be subjected to all the obligation and have all the rights thereof and of these Bye-laws including the obligation and right to go to arbitration; and he shall be liable to pay all fines , calls, subscriptions, and other moneys due or to become due from him during his suspension in the same manner as if he had not been suspended.
- 183 A member expelled by a resolution of the board shall forfeit all the right and privileges of membership including those conferred on him by these Bye-laws and he shall as from the date of the resolution cease to be a member and his name shall be taken off the register of membership, but he shall continue to be liable for and fulfill and his obligations to the association or to any other member outstanding at the date of his expulsion and for those purposes shall have the right and be under obligation to go to arbitration under these Bye-laws.

### **SUSPENSION OF PAYMENT,INSOLVENCY AND LIABILITY OF MEMBERS**

- 184A In respect of contracts transacted in the IPSTA Trade Division, any member who finds himself unable to meet his obligations to any other member(s) or to the association whether arising in relation to pepper transaction or otherwise under these Bye-laws, shall during office hours, immediately give notice of the fact of such inability by means of a letter signed by him and addressed to the secretary of the association who shall promptly cause it to be posted on the association's Notice Board with the date of posting sub-joined. The notice thus posted shall be considered due and sufficient notice, to all the members of the facts therein stated and shall as form the date of

posting of the notice operate as a closing of all outstanding contracts, agreements and liabilities of the member signing it whose rights against and liabilities to all members under such contracts, agreements and obligations shall be determined and settled in accordance with the Bye-laws; and no transfer or settlement or any contract for the future receipt or delivery of pepper to which the said member is a party shall be made or accepted by any other member after the said notice has been posted except as provided in these Bye-laws and all such pending contracts, agreements and obligations shall be liquidated and settled at prices and on term to be fixed in accordance with the provision hereof .

184B This clause has been deleted

185A In respect of contracts transacted in the IPSTA Trade division, any member, having a claim against or a contract with a member who have given notice of his inability to meet those obligations as hereinbefore provided, may demand an investigation by the board of the affairs of the said member who has given such notice, and if the board on investigation is satisfied that the said member is able to meet all his obligations he shall be debarred from the privileges of settlement and the decision of the board posted on this notice board with the date of posting subjoined shall be conclusive of the result of the investigation and sufficient notice thereof as from the date of posting to all concerned.

185B This clause has been deleted.

186 If it is reported to the board by a clearing member or the clearing house that an ordinary member of the association has failed to meet his obligations or liabilities to the clearing member, the board shall investigate into the matter and if they are satisfied that the Ordinary member has not fulfilled his obligations to the clearing member, they shall declare such ordinary member as a defaulter and shall cause notice thereof to be posted on the notice board.

187 when the failure of any member has been investigated whether at his own instance or by order of the board , or if a member neglects to communicate the fact of his inability to meet his obligations to the president of the Association, or if a member suspends payment or if by proceedings instituted by or against him, his affairs shall be brought within the bankruptcy or insolvency or liquidation jurisdiction of any court in India , he shall be suspended from all rights of membership of the association except the privileges of arbitration in respect of claims arising from contracts entered into before the occurrence of any of these events, and he shall , if required, within a reasonable time after such event furnish the board with a correct statement of his affairs signed by him.

188 Any member who having been unable to meet his obligations , has subsequently made an honorable settlement with his creditors may apply to the board for reinstatement and his application shall thereupon be dealt with as the board may decide. The board may impose such terms and conditions as it may in its absolute discretion deem fit in the matter.

Where the inability of a member to meet his obligations has resulted in IPSTA and/ or the IPSTA domestic Division trade Guarantee fund making Payments to the aggrieved members due to such default by virtue of IPSTA being the counter party to the contracts entered in its Trade division, the defaulted member shall not be reinstated by the board of IPSTA until he has paid all his past dues to IPSTA with 36% interest from the date of default to the date of repayment, in addition to a fine of Rs.100,000/- On receipt of dues from the defaulted member (s) with interest and fine, IPSTA Domestic Division trade Guarantee fund an equal amount as was paid to IPSTA in terms of bye law 52 A by the IPSTA Domestic Division trade Guarantee fund at the time of his default. Bye law 233 shall also apply to any person who is a partner/ director of the defaulter member.

**189A** where there has been a compromise between members of any such obligations as aforesaid each of them shall in the course of the next two working days, report the compromise to the board. If a member omits to report the compromise to the board, he shall be liable to be dealt with under the provisions of the Bye-laws.

**189A** Where there has been a compromise between members of any such obligations as aforesaid each of them shall in the course of the next two working days, report the compromise to the Board. If a member omits to report the compromise to the Board, he shall be liable to be dealt with under the provision if the Bye-laws.

**189B** Vigilance Committee

(a) The Board shall, every year, as soon as it is constituted, appoint a Vigilance Committee of not more than 3 persons from among the Directors and/or Members. Each member of the Vigilance Committee will have an alternate member-in-waiting who can attend the meeting of the Vigilance Committee whenever it is not convenient for the principal member to attend. The alternate member standing in for the principal member shall exercise all rights and duties of the principal member as may be required at eh meeting.

(b) The Securities Exchange Board of India (SEBI) shall, however have power to appoint, at any time or from time to time, not more than two persons, to be members of the said Vigilance Committee, in additions to the members appointed under clause (a)

**189C** The quorum for a meeting of the Vigilance Committee shall be two members.

**189D** (i) The Vigilance Committee shall have power to investigate into violations of any provisions of Bye-laws, Rules, Regulations, order or instructions issued thereunder and under the Securities Contracts (Regulation) Act, 1956, and on such other matters of a like nature either on its own initiative or on receipt of complaints of such violations. The Committee shall meet at least once in every three months or oftener, if necessary, send a report to the Board about the work done by it.

(ii) The Vigilance Committee shall make recommendations to the Board regarding disciplinary action as provided in the Bye-laws of the Association.

(iii) The Vigilance Committee shall have the power to call for the production of such records, books of accounts, documents or any other information from any member of the Association and/or to call for such explanation from any member and/or require a member or his representatives to give evidence or explanations as it may deem necessary in the discharge of its functions and duties as laid down in the Bye-laws.

(iv) If any member fails to comply with any of the requirements under Clause (iii) above, he shall be liable to disciplinary action in accordance with the disciplinary provisions of the Bye-laws of the Association

#### **CLOSING OF CONTRACT IN CASE OF INSOLVENCY, LUNACY OR DEATH**

**190A** In respect of contracts transacted in Trade Division, if a member who is one of the parties to the outstanding contracts gives notice or suspends any payment due from the member, or is declared a defaulter or dies without leaving executes or other able and willing forthwith to take over his liabilities under the contracts (which party to such contracts is referred to in this and the following

Bye-laws as the defaulting party) the contracts shall, and if he becomes insane or otherwise incapable of managing his affairs or is expelled from membership may thereupon be closed and the provision in Bye-laws 236 shall take effect.

190B In respect of contracts transacted in the IPSTA Trade Division, if any Trading Member gives or suspends any payment due from such member in respect of outstanding contracts, or is declared a defaulter or dies without any legal arrangement for the fulfillment of his liability under the contracts or if he become insane or otherwise incapable of managing his affairs or is expelled from membership, the Clearing Member who has cleared the contracts may thereupon close out the outstanding contracts or cause the outstanding contracts to be closed out at a such terms of closure as may be decided by the respective Clearing Member. In such an event, the Bye-laws of the Designated Clearing House shall apply.

If a Clearing Member gives notice or suspends any payment due to the Designated Clearing House, the Designated Clearing House shall cause the outstanding contracts to be closed out at such terms of closure as may be decided by the Designated Clearing House. In such an event, the Bye-laws of the Designated Clearing House shall apply.

191 If the Contract is a Hedge or Delivery contract then upon the posting of the name of the defaulting party on the Notice Board, or upon application made in writing by either party to the Board, the Board shall fix the terms of closure of the contract which shall promptly be posted on the Notice Board.

192 This clause has been Deleted

### **BROKERS AND BROKERAGE**

193 Any person who has been in the trade in Pepper and/or other Spices shall be eligible to be registered as a Broker of the Association.

194 Transactions in pepper and/or other commodities may be negotiated by Trading Member and by Registered Brokers of the Association on behalf of members.

195 No person shall act as a Broker of the Association unless and until he has been registered as such with the Association.

196 The fee for registration as a Broker of the Association shall be, for the time being. Rs 250/= per annum for trading in the IPSTA Trade Division.

197 Brokers shall get their registration renewed every year on payment of Rs. 250 for trading in the IPSTA Trade Division.

198 Brokers negotiating a contract shall arrange for and assist in the exchange of contract notes and also arrange for registering of contracts with the Association.

198A This clause has been Deleted

198B i) This clause has been Deleted

ii) This clause has been Deleted

iii) This clause has been Deleted

iv) This clause has been Deleted

v) This clause has been Deleted

199 Brokerage for contracts for garbled pepper and other commodities shall be paid by the seller and buyer at Rs. 10 per ton or at such other rates as may be fixed by the Board from time to time with the concurrence of the SEBI.

Any Registered Brokers of the Association who is found

(a) To enter into or assist in the negotiation of transactions outside the trading hours prescribed by under these Bye-laws,

(b) To do business with a non-member or an unauthorized person;

(c) To transact business in his own name; and/or

(d) To act in any way as is not sanctioned by or under these Bye-laws;

Shall be liable to such punishment as may be determined by the Board, which shall include the calling of a deposit as security before granting permission to resume acting as a Broker.

199A The Board shall have powers to make Rules and issue directions from time to time regarding the conditions for Registration of the Brokers and their continuance as Registered Brokers (and also relating to the conduct of the Registered Broking generally). The Board also shall have power to impose such penalties on the Brokers as the Board may decide from time to time including cancellation of registration for violating such rules and the provision in the Bye-laws and directions. The Board may also take such action against any Broker without assigning any reason if the peculiar circumstances of the case so warranted.

#### **MEMBERS COMMITTEE WHEN TO VACATE OFFICE**

200 The holding of office of any Committee or Sub-committee by Member appoint by the Board shall be vacated ipso facto.

- a) If he or his Firm or the Company he represents cease to be a member of the Association.
- b) If he or his Firm become insolvent or suspends payment or compounds with his or their creditors or his Company goes into liquidation whether voluntarily or by order of Court.
- c) If he is found to be or become of unsound mind or incapable of efficient attention to business.
- d) If by notice in writing he resigns his office.
- e) If he absents himself from the meetings of the Committee continuously for a period of three months or three consecutive meetings, whichever period is longer, without leave of absence from the Committee.
- f) When he become disqualified for membership in the Committee upon his ceasing his connection with the member.

Or

- g) If he or his Firm or his Company be suspended or expelled from membership of the Association.

#### **MISCELLANEOUS**

201 The Board's decisions, rulings, construction of the Bye-laws or any of them etc, in any matters shall be final and binding on all parties and shall not be questioned by anybody bound by the Bye-laws, and subject to the approval of the SEBI, the Board may make fresh Bye-laws, or alter or amend existing Bye-laws, contract forms etc. as they may from time to time deem fit.

The Bye-laws in force for the time being shall govern the rights and obligations in relation to all matters and contracts of the members at that time and they shall act accordingly and fulfill the same.

202 The Board shall be entitled to appoint committee from members or from Partners, Managers and Authorised Representatives of member of the Association from time to time and define their powers, duration etc. The Board shall also have power to appoint various committees for carrying out the purpose specified in the Bye-laws.

203 The Secretary of the Association may with the previous general sanction of the Board issue authorised copies of letters, statements, Balance Sheet, contract sheets, and/or such other paper to any member on requisition in writing and on payment of the charges therefore, which may be fixed, by the Board or the Secretary if authorised by the Board, from time to time.

204 No member or non-member shall have the right to demand such copied if for any reason, the Secretary decides not to recognise such applications.

205 The Association shall use such forms for issuing bills to members as may be hereafter fixed by the Board.

206 For the purpose of hedge contracts for October and December 1968 deliveries the provisions of Bye-laws Nos. 44A, 45A, 52, 122, 212A, 212B, 212C, 215 and 216 as they stood immediately before, the 23<sup>rd</sup> August, 1968 shall be applicable and for the purpose of hedge contracts for January 1969 delivery and subsequent deliveries, the said provisions as amended on the aforesaid date shall be applicable.

- 207 For the purpose of hedge contracts for October and December 1971 deliveries, the provisions of Bye-laws Nos. 1(xxxii), 14,19,53,192 and 193 and they stood immediately before 8-9-1971 shall be applicable and for the purpose of Hedge Contracts for January 1972 delivery and subsequent deliveries, the said provisions as amended on the aforesaid date shall be applicable.
- 208 For the purpose of hedge contracts for January 1973 and February 1973 deliveries, the provisions of Bye-laws Nos 31 & 129 as they stood immediately before 17<sup>th</sup> January 1973 shall be applicable and for the purpose of hedge contracts for March 1973 and subsequent deliveries, the said provisions as amended on the aforesaid date shall be applicable.
- 209 For the purpose of hedge contracts for July 1982 delivery the provisions of Bye-laws Nos. 8-A, 8-B, 13, 30-A, 31, 45-A, 47, 49-B, 49-C, 52, 52-A, 53, 57, 58, 60, 60A, 60-B, 85, 124, 134-A, 194, 195, 200, 202, 212-A, 224 as they stood before 1<sup>st</sup> June 1982 shall be applicable and for the purpose of hedge contracts for August 1982 and subsequent deliveries, the said provisions as amended on the aforesaid date shall be applicable.
- 210 For the purpose of hedge contracts for July and October 1984 deliveries the provisions of Bye-law Nos. 45A and 120 as they stood before 9-9-1984 shall be applicable and for the purpose of hedge contracts for December 1984 and subsequent deliveries, the said provisions as amended on the aforesaid date shall be applicable.
- 211 All contracts which commence trading on or after April 1, 1997 shall be governed by the amended Bye-laws. All contracts which commence trading on or before March 31, 1977 shall be governed by the Bye-laws as they existed before these amendments.
- 212 For the purpose of hedge contracts for October 1999 deliveries the provisions of Bye-law Nos. 1, 58, 4A, 26A, 33A, 35A, 49A, 52A, 82A, 84A, 85A, 88A, 128A, 207, 233, 235A, 237 as they stood before 30<sup>th</sup> September 1999 shall be applicable and for the purpose of hedge contracts for November 1999 and subsequently deliveries, the Bye-laws as amended on the aforesaid date shall be applicable.

### GOVERNANCE

213. Procedure for Appointment as per the SEBI circular dated 13 December 2012 :-

**(1) Public Interest Director**

**(A)** The names of public interest directors shall be forwarded to SEBI after the approval of the Board of the exchange.

**(B)** Public interest directors are selected from diverse field of work. While deciding to propose a particular person as a public interest director, the exchange shall also take into account the following factors:-

a) Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.

b) At least one person may be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee, if any.

c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.

d) Persons who are likely to have interested positions in commercial contracts and financial affairs of exchanges may be excluded. Also, persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Exchange shall be excluded.

(C) The public interest director shall not be subject to retirement by rotation.

(D) The existing public interest director shall continue holding the post, till a new public interest director is appointed in his place.

(E) In case of existing public interest directors, who are in their second term, they may complete their term.

## 2. Selection of trading members/clearing members on the Advisory Committee to the governing board:-

Prior to appointment to the advisory committee, the governing board of the exchange shall satisfy itself that the trading members/ clearing members are fit and proper persons in terms of regulation 20 of the SECC Regulations. The governing board shall frame the eligibility norms, term of office, cooling off period etc., of members of the advisory committee in consultation with the trading members/clearing members of the exchange.

## 3. Statutory Committees

(A) Standing committee on technology, comprising of two outside experts proficient in technology and atleast one public interest director. The functions of this committee shall be to monitor whether the technology used by the exchange remains up to date and meets the growing demands of the markets, to monitor the adequacy of systems capacity and efficiency, to look into the changes being suggested by the exchange to the existing software/hardware, to investigate into problems of computerized trading system, such as hanging/ slowdown/ breakdown. ,to ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Online Trading System. The Committee shall submit a report to the Governing Board of the exchange. The Board will deliberate on the report and suitable action/ remedial measure will be taken. Any stoppage beyond five minutes will be explained and reported to the Board. The Exchange shall issue a press release specifying the reasons for the breakdown.

(B) Public Interest Directors' Committee comprising of all the public interest directors shall necessarily attend every meeting of the committee. During their meetings, the Public Interest Directors shall review the following:

(a) Status of compliance with SEBI letters/ circulars.

(b) Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.

(c) The public interest directors shall prepare a report on the working of the other committees where they are also the members. The report shall be circulated to the other public interest directors.

(d) A consolidated report shall then be submitted to the Governing Board of the exchange.

(e) The public interest directors shall identify important issues which may involve conflict of interest for the exchange or may have significant impact on the market and report the same to SEBI.

(C) Ethics Committee shall comprise of public interest directors, key management personnel and compliance officer. The functions of this committee shall be to oversee the implementation of the code of ethics.

(D) Independent external persons appointed to committees: The independent external persons shall be from amongst the persons of integrity, having a sound reputation and not having any conflicts of interests. They shall be specialists in the field of work assigned to the committee. The exchange shall frame the guidelines for appointment, tenure, code of conduct, etc., of independent external persons. Extension of the tenure may be granted at the expiry of the tenure pursuant to a review of the contribution, record of attendance at meetings, etc.

(E) Risk Management Committee shall comprise of public interest directors and independent external experts, which shall report to the governing board, the functions of which will be to formulate a detailed risk management policy which shall be approved by the governing board.

(a) The head of the risk management department shall be responsible for implementation of the risk management policy and he shall report to the risk management committee and to the Governing Board.

(b) This committee shall monitor implementation of the risk management policy and keep the SEBI and the governing board informed about its implementation and deviation, if any.

#### 214. Regulatory departments

Regulation 28 of the SECC Regulations mandate segregation of regulatory departments from other departments. The Departments performing functions such as surveillance, compliance, inspection & enforcement are considered as Regulatory Departments.

#### 215. Risk Management Framework

(A) All applicable margins shall be collected by the exchange before start of trading on the next trading day. If the member's collateral is insufficient to cover the required margin and deposit requirements, member shall not be allowed by exchange to further increase his open positions.

(B) Further the exchange will levy ordinary margins at the level of each individual client comprising his positions in futures contracts across different maturities. For member level margin computation, margins shall be grossed across various clients.

(C) The proprietary positions of the member will also be treated as that of a client for margin computation.

(D) Mark to market settlement on all open positions of clients/members will be done on a daily basis in cash. The daily settlement price will be reckoned and disseminated by the exchange at the end of every trading day



**Maintenance of books of accounts and records**

**216. Maintenance of books of accounts and records as per the SECC Regulations 2012:-**

**(A) The exchange shall maintain and preserve the books of accounts and records as per rule 14 of the SCRA Rules 1957.**

**(B) The exchange shall maintain the following books of accounts :-**

**(a) Minutes book of the meeting of the Governing Board and committees of the Board.**

**(b) Record of clearing members showing their full names, addresses and details of bank and depository accounts for settlement purposes.**

**(c) Margin deposits book**

**(d) Cash book**

**(e) Bank account statement;**

**(f) Such other books of accounts and documents as may be specified by the Board from time to time.**

**CONTRACT: PEPPER MG 1 SPECIFICATIONS**

<b>Trading System</b>	<b>IPSTA Trading System</b>
<b>Trading Hours</b>	<b>Monday to Friday 10.00am to 5.00pm Saturday 10.00am to 2.00pm</b>
<b>Unit of trading</b>	<b>10 Quintals (=1 MT)</b>
<b>Quotation/Base Value</b>	<b>Rs. Per Quintal</b>
<b>Tick Size</b>	<b>Rs. 1</b>
<b>Delivery Unit</b>	<b>10 Quintal (=1MT)</b>
<b>Basis</b>	<b>Malabar Garbled 1 Ex-Designated Warehouse Kochi/Ernakulum Exclusive of all taxes.</b>
<b>Quality Specification</b>	<b>Mositure-11% maximum Light Berries-2% maximum Extraneous Matter-0.5%, maximum Mould – 1% maximum Mineral Oil - Free From Oil Wash</b>
<b>Delivery Canter</b>	<b>Kochi/Ernakulum</b>
<b>No. of active Contracts</b>	<b>There in any contract month will open the 16<sup>th</sup> day of the month 6 months prior to the contract month i.e. December 2004 contract opens on June 2004.</b>

<b>Closing of Contracts</b>	The certified Warehouse Receipts of the members intending to make delivery in a contract shall be tendered two days prior to the closing of that particular in a contract shall be tendered two days prior to the closing of that particular contract i.e., in the case of Pepper MG1 contracts, by 13 <sup>th</sup> evening of the delivery month, provide 13 <sup>th</sup> , 14 <sup>th</sup> and 15 <sup>th</sup> days of the month are trading days of the exchange. On the last two trading days of the contract, only existing position holders can trade between each other to square off the existing position, if so desired. No fresh position can be built up during this period.
<b>Due date</b>	15 <sup>th</sup> Day of the Delivery month, if 15 <sup>th</sup> happens to be a holiday then previous working day.
<b>Completion of Delivery</b>	The Delivery shall be completed in T+2 days.
<b>Packaging Guidelines</b>	Pepper tendered shall be packed in double new Unmarked Polypropylene Bags (100 Grams Weight Per Bag) of virgin material containing microns 12, machine stitched, of size 40/26, containing 50kg net per bag, gross 50.2kg.
<b>Price band</b>	It is fixed to Rs 200/= higher and lower from previous day's settlement rate. i.e., if the previous day's settlement price is Rs. 7000/= then the lower limit is Rs. 6800/= and higher limit is Rs. 7200/=.
<b>Position limits</b>	500 Tonne limit for each Member.