

CHAPTER-11**CLEARING AND SETTLEMENT PROCEDURES****11.1 General Requirement****11.1.1 Settlement by Clearing Agency**

Unless otherwise prescribed by the Governing Board or Managing Director or Relevant Authority, all transactions in securities shall be settled through the Clearing Agency, by delivery and payment by the clearing members to the Clearing Agency, in accordance with the provisions in that behalf contained in these Bye-laws and the relevant Regulations or such other provisions, as the Governing Board or Managing Director or Relevant Authority may from time to time prescribe.

11.1.2 Settlement Bye-laws and Regulations Form Part of Contracts

The Bye-laws and Regulations in force from time to time relating to any procedure for clearing and settlement of transactions by or through the Clearing Agency and the resolutions, notices, directions, decisions and ruling of the Governing Board or Managing Director or Relevant Authority thereunder for the time being in force and posted on the notice board of the Exchange or displayed on the ATS of the Exchange or communicated through any other medium shall form part of the terms and conditions of every contract entered into by any trading member with his sub-brokers or clients and between trading members, inter-se, in any security or securities.

11.1.3 Settlement Procedure

The Relevant Authority of the Exchange or Clearing Agency shall prescribe the procedure, schedule, manner and mode to be followed in respect of settlement of all contracts entered into or to be entered into in any security or securities by the clearing members through the Clearing Agency. All the clearing members, custodians, clearing banks, depositories, depository participants and other persons having beneficial interest in settlement shall comply with the provisions contained in the

Rules, Bye-laws and Regulations of the Exchange and the settlement procedure and the orders, directions, notices, circulars and other notifications, as may be issued by the Governing Board or Managing Director or Relevant Authority of the Exchange or Clearing Agency from time to time.

11.1.4 Contracts Subject to Change in Settlement Procedure

The Relevant Authority of the Exchange or Clearing Agency may, at any time, resolve and through a notice in that behalf posted on the notice board of the Exchange or displayed on the ATS of the Exchange or communicated through any other medium, bring into effect in respect of any transaction entered into any substitution of or any additions to, deletions from or variations, alterations or amendments in any settlement procedure, schedule, manner and mode prescribed therefor from time to time.

11.2 Exchange or Clearing Agency

11.2.1 Functions of Clearing Agency

The Exchange shall maintain a Clearing Agency, which may be a Clearing House or a Clearing Corporation and such Clearing Agency shall be under the control of the Governing Board or Managing Director or Relevant Authority of the Exchange. The functions relating to clearing and settlement of transactions and risk management shall be performed by the Exchange or Clearing Agency or any other person authorised by the Exchange on its behalf. The Clearing Agency shall act as the common agent of the clearing members for clearing and settlement of obligations of the clearing members and for delivering securities to and receiving securities from clearing members and making payment to and receiving payment from clearing members in connection with any of the obligations and to do all acts and functions necessary or proper for carrying out the foregoing purposes. The Clearing Agency may be part of the Exchange or may be a subsidiary of the Exchange or an outside agency that may be appointed by the Exchange to perform clearing and settlement functions.

11.2.2 Liability of the Exchange or Clearing Agency

No liability shall attach either to the Exchange or the Governing Board or any member of the Governing Board or any employee of the Exchange or the Clearing Agency by reason of anything done or omitted to be done by the Exchange or Clearing Agency in the course of its operations nor shall the Exchange or the Governing Board or any member of the Governing Board or any employee of the Exchange or Clearing Agency be liable to answer in any way for the title, ownership, genuineness, regularity or validity of any securities, transfer deeds or any other documents passing through the Clearing Agency nor shall any liability attach to the Exchange, the Governing Board or any member of the Governing Board or any employee of the Exchange or Clearing Agency in any way in respect of such securities, transfer deeds and any other documents.

11.2.3 Guaranteeing Settlement Obligations, Certain Transactions Excluded

The Settlement Guarantee Fund maintained by the Exchange or the Clearing Corporation shall guarantee settlement of obligations of clearing members. The transactions not covered under the provisions of the Settlement Guarantee Fund shall be excluded from the guarantee.

11.2.4 Liability of Trading Member / Clearing Member

No liability shall attach to any trading member of the Exchange or clearing member of Clearing Agency, for any delay on its part in the course of its operations.

11.2.5 Clearing Agency to Deliver Securities at Discretion

11.2.5.1 Clearing Agency shall be entitled, at its discretion, to deliver securities which it has received from a clearing member (or to instruct a clearing member to give direct delivery of securities which he has to deliver) under these Bye-laws and Regulations to another clearing member who shall be entitled under these Bye-laws and Regulations to receive delivery of securities of a like kind.

11.2.5.2 The Clearing Agency may, at its discretion, determine settlement obligations relating to delivery and receipt of securities by and between clearing members to be exchanged through the clearing and settlement system of the Exchange or Clearing Agency, as may be in force from time to time, notwithstanding that no direct contract exists between them to have made a contract with each other as sellers and buyers.

11.2.5.3 The Clearing Agency shall be entitled to deliver securities which it has received from a clearing member to another clearing member, who shall be entitled to receive delivery of securities of a like kind, under these Bye-laws and Regulations in force from time to time.

11.2.6 Privity of Contract

Clearing members giving and receiving delivery as provided in Bye-law 11.2.5 shall be deemed, notwithstanding that no direct contract exists between them, to have made a contract with each other as sellers and buyers. The rights and liabilities of such clearing members in relation to their immediate contracting parties shall, however, not be deemed to be affected thereby except that the selling clearing member, who is the immediate contracting party of the receiving clearing member shall be (unless he be himself the delivering clearing member) released from all responsibility in regard to the title, ownership, genuineness, regularity and validity of the documents received by the receiving clearing member and in regard to the loss and damages arising therefrom which shall be dealt with in accordance with the Bye-laws and Regulations relating to Documents and Registration.

11.2.7 Release of Intermediaries

If a clearing member delivers securities outside the Clearing Agency except when so provided in these Bye-laws and Regulations or so directed by the Governing Board or Relevant Authority, clearing members delivering and receiving such delivery of securities shall release all

intermediate parties from all liabilities. The deliverer of securities shall alone remain responsible to the receiver of the securities.

11.2.8 Governing Board Trustees

All sums of money paid to the Clearing Agency and all credits appearing in the books of the Clearing Agency on account of any clearing member or custodian entitled thereto shall be held by the Exchange or Clearing Agency in trust for such clearing member or custodian, save and except any dues payable by such clearing member to the Exchange or Clearing Agency, on any account whatsoever, under the Rules, Bye-laws and Regulations of the Exchange / Clearing Agency. The making of such payment or credit entry shall be deemed to be payment or credit by such clearing member or custodian. No other clearing member or custodian shall be entitled to levy any attachment or execution thereon and neither any clearing member or custodian thereof nor any other person shall, subject to any law for the time being in force, be deemed to have any right, title or interest in or to any such money or credit.

11.2.9 Charges and Bills by the Exchange or Clearing Agency

11.2.9.1 Exchange or Clearing Agency Bills

The Exchange or Clearing Agency may periodically render bills for the fees, charges, fines and other dues payable by the clearing members or custodians to the Exchange and/or Clearing Agency.

11.2.9.2 Charges for Settlement

The Governing Board or Managing Director or Relevant Authority or Clearing Agency shall from time to time prescribe the scale of settlement charges for the settlement of transactions through the Clearing Agency as well as charges, fines and other dues payable on account of the transactions settled through the Clearing Agency and debit the amount payable by the clearing members or custodians to their accounts with the Clearing Agency, as may be prescribed by the Exchange or Clearing Agency from time to time.

11.2.10 Right to information

The Exchange and/or Clearing Agency may call for such information from the clearing members, custodians, clearing banks, depositories and depository participants about securities and payments relating to transactions, as may be deemed necessary by it from time to time, in accordance with any arrangement in vogue and for the purpose of redressing any claim or disputes or for the purpose of investigation. The clearing members, custodians, clearing banks, depositories and depository participants shall make available the required information, within such time and in such form, as may be specified by the Exchange or Clearing Agency from time to time.

11.2.11 Levy of Penalty

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may from time to time prescribe the schedule of penalty, to the extent possible, to be imposed for failure by any clearing member to comply with the provisions in the Bye-laws and Regulations relating to the settlement of transactions and the resolutions, orders, notices, circulars, directions, decisions and ruling of the Governing Board or Managing Director or Relevant Authority or Clearing Agency that may be in force from time to time.

11.3 Clearing Banks**11.3.1 Empanelment of Clearing Banks**

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may from time to time empanel, for rendering banking services, one or more banks, which satisfy the terms, conditions and requirements, as may be prescribed by the Exchange or Clearing Agency from time to time. The Governing Board or Managing Director or Relevant Authority may, at its discretion, remove any clearing bank empanelled and also add any bank as an empanelled clearing bank.

11.3.2 Functions of Clearing Bank

The empanelled clearing bank(s) shall act as an agent of the Exchange or Clearing Agency for collection and payment of funds towards settlement obligations, margins and such other dues.

11.3.3 Clearing Members to Have Designated Accounts With Clearing Bank

Every clearing member of the Clearing Agency shall maintain a designated bank account with any of the clearing banks. The clearing members shall operate the designated bank accounts only for the purpose of payment of their monetary obligations to the Exchange or Clearing Agency and/or monetary entitlements from the Exchange or Clearing Agency. No clearing member shall operate this designated bank account for any other purpose.

11.3.4 Clearing Bank(s) to Act on Instructions of the Exchange or Clearing Agency

The Managing Director or Relevant Authority or Clearing Agency shall instruct the clearing banks to debit or credit the account maintained by the Clearing Agency and also the designated bank accounts of the clearing members. The clearing banks shall act on such instructions, which shall be deemed to be confirmed orders by the clearing members to debit and/or credit funds, as may be specified in the instructions from time to time.

11.3.5 Authority by Clearing Members

Clearing members shall authorize clearing banks to access their designated bank accounts for debiting and/or crediting their accounts electronically, on the instructions of the Exchange or Managing Director or Relevant Authority or Clearing Agency.

11.3.6 Clearing Banks to Inform Status

If there is any shortage in meeting monetary obligations by a clearing member relating to debits into a designated bank account, the clearing bank shall forthwith report such instances of shortage to the officer of the Exchange or Clearing Agency designated for the purpose in a mutually agreed mode of communication.

11.4 Depositories

11.4.1 The Exchange or Clearing Agency shall put in place necessary arrangement to avail of the services of depositories registered with SEBI, for settlement of eligible securities in demat mode.

11.4.2 The Exchange or Clearing Agency shall maintain necessary connectivity with the depositories for settlement of securities in demat mode.

11.5 Clearing Members to Open Depository Accounts With Depositories

A clearing member shall be required to maintain a designated account with one or more depositories, as may be required by SEBI or the Exchange or the Clearing Agency from time to time.

11.6 Services by Depositories

11.6.1 Services As Per Agreement

Depositories shall be required to render services relating to settlement of securities in demat mode in accordance with the provisions, as may be contained in the agreement entered into between the Exchange or Clearing Agency and the depositories.

11.6.2 Adherence to Settlement Schedule of the Exchange or Clearing Agency

Depositories shall adhere to the schedule relating to settlement of securities in demat mode, as may be notified by the Exchange or Clearing Agency from time to time.

11.6.3 Furnishing of Information to the Exchange or Clearing Agency

Depositories shall submit information relating to instructions given by clearing members towards completion of their pay-in obligations in an electronic mode to the Exchange or Clearing Agency at such times, as may be required by the Exchange or Clearing Agency from time to time. Information relating to settlement of securities and holding of settlement of securities and holding of clearing members shall be provided to the Exchange and/or Clearing Agency in such form, as may be prescribed in this regard from time to time

11.6.4 Provisions of the Bye-laws and Regulations of the Exchange or Clearing Agency Binding on Depositories

The Depositories shall be bound by the provisions of the Bye-laws and Regulations of the Exchange or Clearing Agency and any amendments thereto in force from time to time with respect to delivery of transactions done on the ATS of the Exchange.

11.6.5 Paramount Lien of the Exchange or Clearing Agency on Pool Account Credits

The Exchange or Clearing Agency shall have a paramount lien on the securities lying in the pool account of the clearing members.

11.6.6 Additional Services Demanded by the Exchange or Clearing Agency

The Depositories shall provide additional services or facilities, as may be required for smooth settlement of delivery of securities in demat mode, and as may be specified by the Exchange or Clearing Agency from time to time.

11.7 Clearing Account With Depositories by the Exchange or Clearing Agency**11.7.1 Settlement Account**

The Exchange or Clearing Agency shall maintain an account for the purpose of settlement with the depositories, hereinafter called the "settlement account". The Exchange or Clearing Agency may maintain such other accounts with the depositories, as may be deemed necessary for its operations. No clearing member, custodian, trading member or any other person claiming through or under him shall have or be deemed to have, at any time, any right, title or interest in the settlement account maintained by the Exchange or Clearing Agency with the depositories.

11.7.2 Securities Lying in Settlement Accounts Held in Trust by the Exchange or Clearing Agency

The securities of the trading members, clearing members, custodians, sub-brokers, participants, or clients in respect of and/or in connection with the transactions done on the Exchange and lying to the credit of such entity in the settlement accounts required to be maintained with the

Exchange or Clearing Agency shall be held in trust by the Exchange or Clearing Agency.

11.8 Settlement of Funds

11.8.1 Informing Obligations to Clearing Members and Custodians

The Clearing Agency shall inform the clearing members and custodians the net fund to pay or to receive in respect of their respective positions in such manner and at such time, as may be specified by the Exchange or Clearing Agency from time to time in the relevant Regulations.

11.8.2 Margin Payment

The clearing members and custodians, if required, shall pay to the Clearing Agency the margin moneys payable by them and the Clearing Agency shall release the margin moneys due to the clearing members and custodians based on the information provided by the Exchange or Clearing Agency, as may be specified by the Clearing Agency in the relevant Regulations from time to time.

11.8.3 Settlement Dues

The clearing members and custodians shall pay to the Clearing Agency the dues for every settlement of their cleared positions and the Clearing Agency shall pay to the clearing members and custodians moneys payable to them for every settlement for their cleared positions based on the information provided by the Exchange or Clearing Agency in such manner and at such time, as may be specified by the Exchange or Clearing Agency in the relevant Regulations from time to time.

11.8.4 Non-Settlement Dues

The clearing members and custodians shall pay to the Clearing Agency non-settlement dues, from time to time, based on the information provided by the Exchange or Clearing Agency, which may include fees, charges, fines , penalties, etc.

11.8.5 Failure to Pay Settlement Dues or Non-Settlement Dues or Margin Money

A clearing member, failing to discharge his funds obligations relating to settlement dues, margin money or non-settlement dues at the notified time, shall render him liable for withdrawal of trading facility or such other actions including disciplinary actions, as may be decided by the Relevant Authority.

11.9 Settlement of Securities in Demat

11.9.1 Settlement Through the Depository Clearing System

Delivery of securities arising out of the transactions done on the Exchange, allowed to be settled in demat mode, shall be settled through the depositories clearing system by such processes and procedures, as the Exchange or Clearing Agency may from time to time prescribe in the relevant Regulations.

11.9.2 Clearing Members to Authorize Depository Participants

The clearing members shall authorize the depositories and depositories participants with whom they have a pool account to debit and/or credit their accounts in accordance with the instructions received from the Exchange or Clearing Agency and to report balances and other credit and/or debit information to the Exchange or Clearing Agency, as may be required by the Exchange or Clearing Agency from time to time.

11.9.3 Eligible Securities

The Exchange and/or SEBI may from time to time decide securities eligible for settlement through the depository clearing system.

11.9.4 Exchange or Clearing Agency to Regulate

11.9.4.1 The Exchange or Clearing Agency shall prescribe the processes and procedures from time to time in relation to the operations of the depositories clearing system and for regulating the operations of the depositories clearing system.

11.9.4.2 The Exchange or Clearing Agency shall specify from time to time processes, procedures and operational requirements that

every clearing member and/or custodian shall follow to be eligible for participating in the depositories clearing system.

11.9.5 No Delivery Period

11.9.5.1 Abolition of No-delivery Period in Demat Mode

There shall not be any no-delivery period in respect of transactions announced to be settled in demat mode.

11.9.5.2 Duration of No-delivery Period in Physical Mode

For transactions notified to be settled in physical mode, duration of no-delivery period shall be for such period, as may be provided in the relevant Regulations from time to time.

11.10 Settlement of Securities in Physical Mode

11.10.1 Delivery of Securities Not Eligible in Demat Mode

Delivery of securities arising out of the transactions done on the Exchange, not eligible to be settled in the demat mode, shall be settled through the Clearing Agency by such process or processes and or procedures, as the Exchange/Clearing Agency may prescribe in the relevant Regulations from time to time. The Regulations relating to the Clearing Agency shall be deemed to form part of any settlement procedure prescribed by the Exchange or Clearing Agency from time to time.

11.10.2 Delivery of Documents

Delivery of all documents and papers in respect of all the transactions shall be made in such manner, at such place, on such day and at such time, as may be prescribed by the Clearing Agency from time to time, and the clearing members and custodians shall be bound to give and take delivery of securities accordingly.

11.10.3 Good and Bad Delivery

The Exchange or Clearing Agency may from time to time specify, taking into consideration the guidelines relating to Good or Bad delivery issued by SEBI, the documents that shall constitute good

delivery for performance of settlement obligations by clearing members or custodians.

11.10.4 Disputed Documents

When documents tendered for delivery in settlement of contracts are considered by the buying trading members / clearing members to be defective in their title, ownership, genuineness, regularity or validity or not in order for any other reason and the objections are not accepted by the selling trading members / delivering clearing members, the disputes relating thereto shall be resolved through dispute settlement mechanism provided hereunder. Such matters may include the following:

- 01 Which documents shall form good delivery,
- 02 Certificates accompanied by transfer deeds when good delivery,
- 03 Allotment letter when good delivery,
- 04 Split and transfer receipts when good delivery,
- 05 Certified transfer when good delivery,
- 06 Delivery units,
- 07 Renewal fees for securities,
- 08 Transfer stamp and registration fees,
- 09 Delivery in part,
- 10 Closing out on refusal to accept delivery,
- 11 Disputes relating to good or bad delivery,
- 12 Rectification or replacement of bad delivery,
- 13 Delivery when complete in case of disputed documents,
- 14 Delivery when not complete in case of disputed documents,
- 15 Closing out by buying in,
- 16 When delivering member debited,
- 17 Penalty for bad delivery ,
- 18 Documents when deemed to be defective,
- 19 Trading Members when not liable for defective Government and Bearer securities,
- 20 Trading Member when liable for defective Government and Bearer securities,

- 21 Original selling trading / delivering trading member when liable for defective securities (other than Government and Bearer Securities),
- 22 Subsequent selling trading / delivering trading member when liable for defective securities (other than Government and Bearer Securities),
- 23 Trading member when not liable,
- 24 Rectification or replacement of defective documents,
- 25 Refund of moneys,
- 26 Documents to be returned and power of attorney to be executed on refund,
- 27 Rectification or replacement after refund,
- 28 Responsibility of selling trading / delivering trading member for dividend, bonus and rights,
- 29 Buying-in,
- 30 Apportionment of loss and damages,
- 31 Fresh transfer on refusal of company, and
- 32 Dispute after registration

11.10.4.1 Dispute Resolution

If the objection raised or defects pointed out by the buying trading member / receiving clearing member or the concerned company or the Registrar and Transfer Agent are not accepted by the selling trading member / delivering clearing member, a reference may be made by the aggrieved trading member / clearing member to the Dispute Resolution Committee, which Committee shall be set up by the Exchange / Clearing Agency comprising of such persons as the Relevant Authority may deem fit from time to time to adjudicate the dispute as soon as possible.

Re-consideration of Decision by Disputes Resolution Committee

The decision of the Dispute Resolution Committee may be referred back by the Exchange to the Dispute

Resolution Committee for its re-consideration, if the Exchange deems fit either on its own motion or on an application made by the aggrieved trading member / clearing member. The decision of the Dispute Resolution Committee upon such re-consideration shall be final, binding and conclusive on the parties, subject to the provisions relating to Arbitration Proceedings.

11.10.4.2 Reference to Arbitration

The clearing members, custodians, sub-brokers, remisiers, authorised persons, participants, authorised users, or clients may make a reference to arbitration, as may be provided in these Bye-laws and Regulations of the Exchange or Clearing Agency from time to time.

11.10.5 Rights and Liabilities of Trading Members or Clearing Members, Custodians and Their Sub-brokers and Clients

All rights and liabilities of clearing members, trading members and their sub-brokers and clients, and custodians in respect of performance of contracts relating to delivery in physical mode shall be as per the provisions, as may be specified in the relevant Regulations from time to time.

11.10.6 Delivery in Part

The buying trading members / receiving clearing members shall accept such portion of the securities as may be specified in the delivery orders, provided it is in lots of trading unit and the Exchange or Managing Director or Relevant Authority or Clearing Agency on behalf of the buying trading members / receiving clearing members may buy in the undelivered portion in accordance with the provisions contained in the Bye-laws and Regulations relating to closing-out that may be in force from time to time.

11.11 Closing Out

The Exchange or Clearing Agency shall conduct auction by buying-in securities to the extent of quantity of securities not delivered by the selling / delivering

clearing member, as may be provided in the relevant Regulations from time to time.

11.11.1 Buying-in or Selling-out

A contract in securities may be closed out by buying-in or selling-out by the Exchange or Clearing Agency against a clearing member on his failure to comply with any of the provisions relating to delivery, payment and settlement of transactions or on any failure to fulfil the terms and conditions subject to which the transaction has been made or on such other circumstances as the Relevant Authority or Clearing Agency may specify in this regard from time to time.

11.11.2 Closing Out When Effected

Without prejudice to the generality of the provisions contained in Bye-law 11.11.1, closing out may be effected in cases specified in the relevant Regulations. Closing out may be effected in such manner, within such time and subject to such terms and conditions, including penalty and procedures, as the Governing Board or Managing Director or Relevant Authority and/or SEBI may prescribe from time to time.

11.11.3 Securities Delivered Due Performance

Securities delivered by a selling / delivering clearing member, irrespective of whether or not securities are released by the Exchange or Clearing Agency to the account of a buying / receiving clearing member or withheld by the Exchange or Clearing Agency on behalf of the buying / receiving clearing member, shall be deemed to be due performance of the contract by the concerned selling / delivering clearing member, relating to delivery of securities, to the extent of securities so delivered.

11.11.4 Short Delivery by Clearing Members

Whenever a selling / delivering clearing member fails to deliver a security, in full or in part, against the settlement obligations, such quantity of short deliveries by the selling / delivering clearing member shall ipso facto constitute the auctionable quantity for auction through buying-in by the Exchange / Clearing Agency.

11.11.5 Clearing Members When Not Entitled to Participate

A selling / delivering clearing member, failing to deliver any security in performance of his contracts shall not be entitled to offer the said security, in the relevant auction conducted by the Exchange or Clearing agency, to buy-in the said security.

11.11.6 Monetary Compensation On Close-Out

Upon conducting auction through buying-in, if full quantity of a security is not bought in by the Exchange or Clearing Agency or where the selling / delivering clearing member in the auction settlement fails to deliver the security in full or in part, the quantity of the security not bought in by the Exchange or Clearing Agency in auction through buying in or not delivered by the clearing member who participated in the auction settlement, shall be closed out and the buying / receiving clearing member shall be compensated in monetary value, as may be provided in the relevant Regulations from time to time, at the cost and risk of the selling / delivering clearing member failing to deliver the security, to the extent of the security not so bought in or so delivered.

11.11.7 Clearing Members Failing to Deliver Security Not Entitled to Profit in Auction

A selling / delivering clearing member failing to deliver a security, in full or in part, shall not be entitled to receive any difference or profit arising out of the auction and/or close out effected against him. Such difference or profit shall be credited to the Investors' Protection Fund.

11.11.8 Closing-Out Clearing Members' Responsibility

Save as otherwise provided, the clearing members, at whose instance or on whose behalf, the buying-in or selling-out is effected by the Exchange or Clearing Agency, shall be fully and solely responsible for the closing out made on his behalf. No liability or responsibility shall attach to the Exchange or Clearing Agency or their employees for any transaction made in pursuance of such closing out.

11.12 Consequences For Failure in Meeting Settlement Obligations

11.12.1 Failure to Meet Settlement Obligations and Use of Settlement Guarantee Fund

When a clearing member fails to meet his settlement obligations, the Exchange or Clearing Agency may fulfil such settlement obligations of the clearing member by using the required funds from the Settlement Guarantee Fund, as may be decided by the Relevant Authority.

11.12.2 Penalty for Failure to Meet Settlement Obligations

If a clearing member fails to meet his settlement obligations, such clearing member shall render himself liable for such penal action, as may be provided in the relevant Regulations, which may, inter alia, include the immediate withdrawal of trading facility, other risk containment measures specified in the Bye-laws relating to Risk Management and/or declaring such clearing member a defaulter.

11.13 Suspension or Postponement of Closing-Out

The Governing Board or Managing Director or Relevant Authority or Clearing Agency may, for reasons to be recorded in writing, suspend or postpone buying-in or selling-out in respect of any security or securities and from time to time extend the period of such suspension or postponement when circumstances appear in its/his view to make such suspension or postponement desirable in the general interest and/or in its/his opinion a fair market is not available. Notwithstanding such suspension or postponement, the liability of the clearing members in respect of contracts in such securities settled through the Clearing Agency shall continue during the period of such suspension or postponement.

Provided that, except with the prior approval of SEBI, buying in or selling out in any security or securities shall not be so suspended or postponed by the Governing Board or Managing Director or Relevant Authority or Clearing Agency at any time for a period exceeding seven trading days.

11.14 Liability in the Event of Unforeseen Circumstances

In circumstances not specifically covered by these Bye-laws and Regulations, the Governing Board or Managing Director or Relevant Authority or Clearing Agency may determine the liability of any trading or clearing member and non-trading or non-clearing member on equitable considerations.