

## CHAPTER-2

### DEFINITIONS

- 2.1** Unless in the context it is explicitly stated otherwise, all words and expressions used herein but not defined, and defined in the following statutes, shall have the meanings respectively assigned to them therein:
- 2.1.1** Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder.
  - 2.1.2** Securities and Exchange Board of India Act, 1992 and the Rules and Regulations framed thereunder.
  - 2.1.3** Rules of The \_\_\_\_\_ Stock Exchange.
  - 2.1.4** The Companies Act, 1956.
- 2.2** In case a term is defined in more than one statute, then its meaning as defined in that statute, which precedes the others mentioned hereinabove, shall prevail, unless in the context it is explicitly stated otherwise.
- 2.3** With regard to the Bye Laws of the Exchange, if not inconsistent with or repugnant to the subject or context hereof, the following words and expressions shall have the meanings given hereunder:
- 2.3.1** **Approved Office** means the registered office of the trading member, including such premises or offices from where the trading member is allowed by the Exchange to trade on the automated trading system of the Exchange and carry out back office activities.
  - 2.3.2** **Authorised Person** means a person, who is authorised by the Exchange as an approved user of a trading member or participant and employed whether through a contract of employment or otherwise by the trading member or participant for remuneration (whether by way of salary, commission, allowance or otherwise) expressed in terms of money or capable of being so expressed for any kind of work or activity, manual or otherwise, and who gets his remuneration directly or indirectly from the

trading member or participant for any activity relating to the trades done and executed on the Exchange even if such person is not receiving any consideration or remuneration from the trading member or participant for the services rendered by him, and shall include a remisier and a sub-broker.

**Explanation:**

**2.3.2.1** For the purpose of these Bye Laws, the term, 'authorised person', shall also include any person who is undergoing any kind of training or who has been assigned any project work in pursuance of the requirements of any university or other academic body.

**2.3.2.2** A person who is an authorised person of a trading member shall not be eligible to become an authorised person of any other trading member provided, however, if a trading member has multiple trading memberships and / or has trading membership in multiple segments, the same person can become the authorized person of such trading member in multiple trading memberships and / or in multiple segments.

**2.3.2.3** Provided further that whenever any client is permitted to carry out trading activities through the CTCL terminal installed at his place by a trading member after the requirements specified in Bye-law 5.1.7 are strictly complied with, such client shall also be an authorised person for the purpose of these Bye-laws and Regulations.

**2.3.3 Approved User** is a person approved by the Exchange in accordance with the Regulations of the Exchange. The term 'user' may be used interchangeably with the term 'approved user'.

**2.3.4 Automated Trading System of the Exchange** means the computerised system for trading in securities developed by the Exchange, access to which is made available to a trading member, for use either by himself or by his sub-brokers, authorised persons, participants, authorised users,

clients and the investing public, and which makes available, quotations in the securities traded on the Exchange, facilitates trading in such securities and disseminates information regarding trades effected, volumes transacted, other notifications, etc., as may be decided to be placed thereon by the Relevant Authority, The Automated Trading System shall hereafter be referred to as “**ATS**”.

**2.3.5 Books of Accounts, Records and Documents** include books of accounts, records and documents which are required to be maintained under the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Securities and Exchange Board of India Act, 1992 and the Rules and Regulations framed thereunder and the Rules, Bye-laws and Regulations of the Exchange and the records maintained in a computer or in any electronic form.

**2.3.6 Branch Office** in relation to a trading member means:

**2.3.6.1** any establishment described as a branch, and

**2.3.6.2** any establishment carrying on either the same or substantially the same activity as that carried on by the head office, except the offices of the sub-brokers and of the clients trading through the trading member.

**2.3.7 Buyer** means and includes, unless the context indicates otherwise, the buying client, the buying sub-broker and the buying trading member acting as an agent on behalf of the buying client or the buying sub-broker as the case may be and denotes the buying trading member when he is dealing on his own account.

**2.3.8 Buy Order** means an order to buy a security.

**2.3.9 Clearing Delivery** in relation to settlement of transactions means clearing and settlement of transactions through the Clearing House or Clearing Corporation in the manner prescribed in the relevant Bye-laws and Regulations of the Exchange.

**2.3.10 Clearing Agency** means and includes the Clearing House and/or Clearing Corporation, whose services are availed of by the Exchange for carrying out settlement of transactions effected on the Exchange.

**2.3.11 Clearing Corporation** means the entity providing the services of settlement of securities and funds to the trading members and clearing members, by whatever name called, and guaranteeing settlement obligations, on behalf of the Exchange.

**2.3.12 Clearing House** means the entity providing the services of settlement of securities and funds to the trading members and clearing members, by whatever name called,, on behalf of the Exchange.

**2.3.13 Client** means a person who has executed the client broker agreement, as may be prescribed by SEBI from time to time and on whose instructions and on whose account, the trading member or the sub-broker enters into any order for purchase or sale of any security or does any act in relation thereto

**Explanation:**

If there is one person acting on behalf of two or more persons, such person shall be deemed to have acted in the capacity of a sub-broker unless such person has acted on behalf of his family members which shall include spouse, son, unmarried daughter and parents in which case, such person shall be deemed to have acted as a client, provided such person has acted under the power of attorney.

**2.3.14 Circular Trading** means and relates to trading by a client or a trading member or a group of related trading members and/or their clients, normally through more than one trading member and executing trades, with one or more entities of this group entering buy orders and on the other side one or more entities of the same group and/or with other unconnected entities in the market entering sell orders or vice versa with a design to manipulate the price of a security and / or by a design to

create an artificial or false market, or by a design to defraud or misuse the system and the like.

**2.3.15 Cross Deals** mean and include deals in which the same trading member is both on buy and sell sides of a trade and where the buy and sell orders have been entered into within such time, as may be specified by the Relevant Authority from time to time, and where the price of both the orders is the same and where the quantity is by and large the same.

**2.3.16 Custodian** means and includes an entity which is registered as such with SEBI and which may acquire professional clearing membership of the Exchange and / or Clearing Corporation and renders services as a custodian, to whom all the requirements arising from the Rules, Bye-laws and Regulations of the Exchange / Clearing Corporation, or from the circulars, notices, orders or ruling, as may be given by the Exchange / Clearing Corporation from time to time , shall be applicable, mutatis mutandis, as are applicable to a professional clearing member.

**2.3.17 Daily Official List** means the publication in whatever mode, including an electronic mode, issued by or under the authority of the Exchange which contains details of prices and quantities of the securities traded on any given day, and any other relevant information.

**2.3.18 Financing or Financial Deals** mean and include deals entered into by two trading members for a common client or a common group of clients under the same trading member and / or different trading members, normally done to secure payment against the first leg of a transaction, which is carried out between the client and the trading member on principal-to-principal basis.

**2.3.19 Hand Delivery**, in relation to settlement of transactions, means performance of contract by way of delivery of securities, as may be specified by SEBI or the Exchange from time to time.

- 2.3.20 Issuer** means and includes Government, Body Corporate or any other entity, whether incorporated or not, which issues a security or other instrument, or draws or accepts a negotiable instrument which is admitted to dealings on the Exchange.
- 2.3.21 Limit Order**, in the case of a buy order, means the rate at or below which the order may be matched on the ATS and in the case of a sell order means the rate at or above which the order may be matched on the ATS.
- 2.3.22 Limit Order Book** is a book maintained on the ATS of the Exchange which stores unmatched limit orders for matching on the day on which the limit orders, are intended to be executed.
- 2.3.23 Long Position** means outstanding purchase obligations in respect of a security, at any given point of time, whose settlement has yet to be effected.
- 2.3.24 Market Lot** means the minimum quantity of a security that may be purchased or sold, as may be specified by the Exchange from time to time.
- 2.3.25 Market Order** means an order for a specified quantity of a security to be bought or sold at the best available quote or quotes prevailing on the ATS at the time of entry of the order on the ATS.
- 2.3.26 Market Maker** means a trading member registered on such terms and conditions, as may be prescribed in these Bye Laws and Regulations, for making a market in the specific securities assigned to such trading member.
- 2.3.27 Market Type** means and refers to the different markets in which trading is allowed on the ATS and includes Regular Market and Auction Market.

**2.3.28 Notification, Notice or Communication** means and refers to any intimation that is served at the address of the registered or corporate office and/or of ordinary place of residence and/or last known address of the addressee in any one or more or all of the following ways:

**2.3.28.1** notification in official gazette.

**2.3.28.2** delivering it by post.

**2.3.28.3** sending it by registered post.

**2.3.28.4** sending it under certificate of posting.

**2.3.28.5** sending it by express delivery / courier services.

**2.3.28.6** sending it by telegram.

**2.3.28.7** affixing it on the door in the presence of atleast two witnesses.

**2.3.28.8** advertising it atleast in one widely circulated national daily newspaper and in one regional language newspaper at any one of the places mentioned above.

**2.3.28.9** sending a message through the ATS.

**2.3.28.10** publishing on the website of the Exchange.

**2.3.28.11** sending an electronic mail or fax.

**2.3.29 Order** means an offer to buy or sell any security through the ATS.

**2.3.30 Participant** means and refers to an entity registered as such in accordance with these Bye-Laws and Regulations framed from time to time for such purpose and subject to such terms and conditions, as may be prescribed by the Relevant Authority.

**2.3.31 Pay-in**, in respect of transactions done on the Exchange, means making available funds and / or securities to the clearing agency by the trading members / clearing members in accordance with the applicable settlement schedule notified by the clearing agency from time to time.

**Pay-in of Funds**, in respect of transactions done on the Exchange, means making available funds to the clearing agency by the trading members / clearing members who are obliged to pay the funds in fulfillment of their obligations for a settlement to the clearing agency in

accordance with the applicable settlement schedule notified by the clearing agency from time to time.

**Pay-in of Securities**, in respect of transactions done on the Exchange, means making available securities to the clearing agency by the trading members / clearing members who are obliged to deliver the securities in fulfillment of their obligations for a settlement to the clearing agency in accordance with the applicable settlement schedule notified by the clearing agency from time to time.

**Explanation:**

For any quantity of a security or securities not delivered by a trading member / clearing member, the clearing agency may conduct buy-in auction for such short delivery and upon successful completion of auction, the securities obtained through auction is released to the receiving trading member / clearing member. If any quantity of a security or securities is not obtained through auction, or a trading member / clearing member, who has an obligation to deliver the concerned securities in auction settlement fails to deliver the security, in part or in full, such quantity of the security shall be closed out, in accordance with the norms specified by SEBI or clearing agency from time to time. If a selling trading member / delivering clearing member fails to deliver full or part quantity of securities, the value of such securities not delivered is debited to the account of the concerned selling trading member / delivering clearing member. If a trading member / clearing member fails to make the funds pay-in, in full or part, depending upon the extent of shortage of funds, the pay-out of securities otherwise to be credited to the account of the concerned trading member / clearing member may be withheld or the trading member may be disabled from trading, as may be provided in the relevant Regulations and as may be decided by the Relevant Authority from time to time.

**2.3.32 Pay-in Date** means the date and time prescribed by the Exchange or clearing agency for each settlement by which date and time, trading members / clearing members are required to perform their obligations by



way of delivery of securities and/or payment of funds as applicable, to the clearing agency.

**2.3.33 Pay-out**, in respect of transactions done on the Exchange means release of funds and/or securities by the Exchange or Clearing Agency to the trading members / clearing members and / or clients who become entitled to receive them to the extent of and upon their fulfilling their pay-in obligations in relation to funds and/or securities to the clearing agency, in accordance with the applicable settlement schedule notified by the Exchange or clearing agency from time to time and thereupon the respective trading members / clearing members shall be deemed discharged of their respective obligations to the extent performed by them.

**2.3.34 Pay-out Date** means the date and time prescribed by the Exchange or Clearing Agency for each settlement on which date and time, the Clearing Agency shall be required to release securities and /or funds to the respective accounts of the trading members / clearing members and / or clients.

**2.3.35 Quote** means a bid price and/or an offer price given by a trading member for a security on the ATS.

**2.3.36 Rate** means the price of one unit of a security transacted on the ATS.

**2.3.37 Relative** means a person who is a relative within the meaning assigned under the Income Tax Act or under the Companies Act, in force from time to time and includes business associate and family member as defined in the Model Rules.

**2.3.38 Relevant Authority** means and refers to the Securities and Exchange Board of India, the Governing Board, any Committee of the Governing Board, any Committee appointed by the Governing Board, Managing Director or any other official authorised by the Exchange or clearing

agency to take decision and/or action in specific instances related to the operations of the Exchange or clearing agency, as may be provided for in the Rules, Bye Laws, Regulations, Circulars or any Notice or any internal order that may be issued by the Exchange in this regard from time to time.

**2.3.39 Relevant Exchange Securities** mean those securities pertaining to the relevant trading segment of the Exchange

**2.3.40 Retention Period**, in relation to an order, means the period, upto which the unmatched quantity of an order is to be retained on the ATS of the Exchange, as a standing limit order in the online limit order book.

**2.3.41 SCRA and SCRR** mean the Securities Contracts (Regulation) Act and Securities Contracts (Regulation) Rules respectively.

**2.3.42 Security admitted to dealings** means and includes a security, which is allowed, whether listed or permitted, for trading by the Exchange.

**2.3.43 Seller** means and includes, unless the context indicates otherwise, the selling client, the selling sub-broker and the selling trading member acting as an agent on behalf of the selling client or the selling sub-broker as the case may be and denotes the selling trading member when he is dealing on his own account.

**2.3.44 Sell Order** means an order to sell a security through the ATS.

**2.3.45 Short Position** means outstanding sell obligations in respect of a security, at any given point of time, whose settlement has yet to be effected.

- 2.3.46 Structured Deals** mean and are similar to cross deals except that the trading members on the buy and sell sides of the trade are different and include deals that subvert the fair price discovery mechanism.
- 2.3.47 Sub-broker–Client Agreement** means an agreement, which is executed between a sub-broker, who is registered by SEBI / Exchange, and his client, as may be specified by SEBI / Exchange from time to time.
- 2.3.48 Subsidiary Trading Member** means and includes a trading member of a subsidiary of a regional stock exchange, where the subsidiary has acquired trading–cum– clearing membership of the Exchange and where such trading member has obtained necessary permission to deal in the securities market as a stock-broker from SEBI and/or the Exchange, as may be permitted from time to time.
- 2.3.49 Sub-broker–Trading Member Agreement** means an agreement, which is executed between a sub-broker and a trading member, as may be specified by SEBI / Exchange from time to time.
- 2.3.50 Subsidiary Trading–cum–Clearing Member** means and includes a subsidiary of a regional stock exchange, which has acquired trading–cum –clearing membership of the Exchange to deal in the securities market, as may be permitted from time to time.
- 2.3.51 To Input** means to transmit an order to buy or sell a security from a trader workstation (TWS) of a trading member and any other information, as may be required.
- 2.3.52 To Match** means the process by which an order to sell or a part of an order to sell corresponds with an order to buy or a part of an order to buy, or vice versa, in terms of price and quantity, either in part or full, and resulting into a trade.

- 2.3.53 Touch Line** means the best bid and offer, together with the related quantity for buy and sale, displayed on the TWS.
- 2.3.54 Trade** means a transaction for purchase and sale of a security resulting from the matching of a bid to buy or a part of a bid to buy with an offer to sell or a part of an offer to sell, or vice versa, on the ATS.
- 2.3.55 Trade Type** means the type of trades allowed in any security, which is admitted to dealings and includes normal market trades and odd lot trades, on the Exchange.
- 2.3.56 Trader Work Station** (herein referred to as “TWS”) means a computer terminal of a trading member, by whatever name called, and by whatever mode of connection which is approved by the Exchange and which is installed and connected to the ATS of the Exchange, for the purpose of trading on the Exchange.
- 2.3.57 Trading Segment or Segments** mean the different segments into which the securities admitted to dealings on the Exchange are classified by the Relevant Authority for the purpose of trading on the ATS.
- 2.3.58 Transaction Types** refer to the different transaction types, which are allowed to be executed on the ATS, and includes spot delivery, rolling settlement and hand delivery transactions.
- 2.3.59 Trading Member–Client Agreement** means an agreement, which is executed between a trading member and his client, as may be specified under the SEBI Regulations.