

CHAPTER - 6

TRADING ON THE EXCHANGE

6.1 Trading Days

The Exchange shall be open on all days except on such Exchange holidays as the Relevant Authority may declare in advance, or as may be specified by SEBI. The days on which the ATS of the Exchange shall be available for trading in securities other than mock trading shall be called as Trading Days.

The ATS of the Exchange shall, however, be available for trading on such holidays as the Governing Board or Managing Director may decide from time to time.

6.2 Alteration or Cancellation of Exchange Holidays

6.2.1 In exceptional circumstances and for reasons to be recorded in writing, the Managing Director may at any time:

6.2.1.1 alter or cancel any of the Exchange holidays fixed in accordance with Bye-law 6.1,

6.2.1.2 keep the ATS of the Exchange available for trading on any day notwithstanding that such day had earlier been declared as an Exchange holiday,

6.2.1.3 close trading on the ATS of the Exchange for one day.

In exceptional circumstances and for reasons to be recorded in writing, the Governing Board / Relevant Authority may close trading on the ATS of the Exchange for more than one trading day:

Provided that the trading on the ATS of the Exchange shall not be so closed by the Governing Board / Relevant Authority at any time continuously for a period exceeding three trading days without the approval of SEBI:

Provided further that when information regarding closure of the trading on the ATS of the Exchange is conveyed so as to reach SEBI in the normal course not later than the next trading day, the Governing Board / Relevant Authority may close the trading on the ATS of the Exchange as aforesaid continuously for any period exceeding three trading days without the approval of SEBI till such time as the decision of SEBI is communicated to the Exchange.

6.3 Trading Segments

The trading segment of the Exchange may include cash market, debt market, Government securities market, money market, futures and options market and other segments, as may be decided by the Governing Board / Relevant Authority and as may be specified in the relevant Regulations from time to time. The Governing Board or Managing Director may admit securities for dealings on the respective trading segments of the Exchange, as may be eligible under the Securities Contracts (Regulation) Act, 1956.

6.4 Restrictions on Trading

The Governing Board or Managing Director or the Relevant Authority may, from time to time, impose such restrictions on trading in such security, or on such trading member, as may be provided in the Bye-laws relating to risk management.

6.5 Trading Sessions

The Governing Board or Managing Director or Relevant Authority may prescribe different trading sessions on the ATS of the Exchange and also decide on the timings and operational requirements for the same, as may be provided in the relevant Regulations from time to time. The Governing Board or Managing Director or Relevant Authority may reduce, extend or otherwise alter the timings of the trading sessions for any particular trading day.

6.5.1 Where the Managing Director or Relevant Authority has reduced, extended or otherwise altered the timing of any trading session or

sessions on the ATS of the Exchange on any particular trading day, the reasons for the same shall be required to be recorded in writing.

6.6 Who May be Permitted to Trade

The Managing Director or Relevant Authority may, at his / its discretion, grant permission to the trading members of the Exchange or their authorised persons or approved users to trade through the TWS connected to the ATS of the Exchange. The trading members shall be solely responsible for all the transactions done by or through the respective TWSs on the Exchange, subject to the provisions contained in these Bye-laws.

6.7 Who May not be Permitted to Trade

A trading member, who has been de-activated or suspended by the Exchange, or his sub-broker, or remisier or authorized person or persons who are not approved by the Exchange or whose approval has been rejected or refused or withdrawn or cancelled and a period of three years thereafter is not over, shall not be allowed to trade on the Exchange.

6.8 Permission to Trade Through Trader Workstations

No person shall be permitted to trade through the TWS connected to the ATS unless such person complies with the requirements prescribed in the relevant Regulations or with such other requirements as the Governing Board or Managing Director or Relevant Authority may prescribe from time to time.

6.9 Trading During Good Behaviour

A person shall be allowed to trade on the ATS of the Exchange only during good behaviour and shall be bound to observe the provisions contained in the Rules, Bye-laws and Regulations of the Exchange. The Governing Board or Managing Director or Relevant Authority may, in its/his absolute discretion, refuse any person to trade on the ATS and may, at any time, withdraw or terminate the right of trading of any such person for any reason whatsoever, to be recorded in writing for internal records.

6.10 Management of the ATS

The management of the ATS shall be under the charge of the employees of the Exchange or such other agency authorized by the Exchange in this behalf.

6.11 Prices

Prices of the transactions in securities dealt in on the ATS of the Exchange shall be recorded daily in the manner, as may be prescribed in the relevant Regulations from time to time. No price of any transaction done on the Exchange shall be recorded unless it is made in the regular course of trading on the ATS.

6.12 Daily Official List

A daily official list of prices shall be issued by or under the authority of the Exchange. Such daily official list of prices may be published or provided in such media, as may be decided by the Exchange from time to time, or be made available on the official website of the Exchange.

6.13 Trading Facility

6.13.1 Transactions on the ATS of the Exchange may be effected through order driven, quote driven (through market makers or jobbers) and / or such other system as the Exchange may provide for trading and as may be specified in the relevant Regulations from time to time.

6.13.2 The Exchange may, at its discretion, provide the ATS to its trading members and their sub-brokers, remisiers, authorised persons and approved users, which shall be on a non-discriminatory basis.

6.13.3 No trading member shall have any title, right or interest in the ATS of the Exchange, its facilities and software and the information provided on the ATS, and no such claim shall lie against the Exchange at any time.

6.13.4 The permission to use the ATS may be given to a trading member, subject to compliance with such terms and conditions as the Exchange may prescribe from time to time, and as may be specified in the relevant Regulations, which may, inter alia, include payment of such deposits

and / or charges, as may be provided in the relevant Regulations from time to time.

6.13.5 A trading member shall not by himself or through any other person on his behalf publish, supply, show or make available to any other person, or reprocess, retransmit, store or use the facilities of the ATS or the information provided thereof, except in the ordinary course of business to complete the transactions on the Exchange, or except with the prior approval of the Exchange.

6.14 Registration and De-registration of Approved Users

6.14.1 Trading members shall allow only their sub-brokers, authorized persons and / or approved users to operate the TWS approved by the Exchange, subject to the following conditions:

6.14.1.1 The appointment of users by a trading member and approval thereto by the Exchange shall be subject to such terms and conditions and submission of applications in such form as the Relevant Authority may prescribe from time to time.

6.14.1.2 The Exchange may, at its discretion, deregister sub-brokers, remisiers, authorized persons and approved users of a trading member for failure to comply with the applicable provisions of the Rules, Bye-laws and Regulations, as may be in force from time to time, and the concerned trading member shall continue to be liable for acts of commissions and / or omissions and / or loss / damage consequent to the de-registration, for such acts of commissions and / or omissions and / or loss / damage committed by such person/s upto the time of de-registration by the Exchange.

6.14.1.3 The Relevant Authority shall have the right to disallow any person from being registered as a sub-broker, remisier, an authorized person or an approved user, without assigning any reason whatever, and may allow registration with such

conditions, as may be deemed necessary by the Relevant Authority from time to time.

6.14.1.4 No person shall be appointed at any time as a sub-broker remiser, an approved person or an approved user by more than one trading member.

6.14.1.5 The Relevant Authority shall have the power to prescribe different levels of usage on the ATS, provision for enquiry on the TWS, provision for order entry, etc. by the sub-brokers, remisiers, authorized persons or approved users of trading members.

6.15 Operational Parameters For Trading

The Managing Director or Relevant Authority may prescribe from time to time in the relevant Regulations the operational parameters regarding transactions in securities on the ATS of the Exchange. Such operational parameters may include:

- 6.15.1** determination of functional details of the TWS including the system design, user infrastructure, user interface and system operation,
- 6.15.2** limits on the spread between bid and offer rates,
- 6.15.3** fixation of market lots and / or minimum quantity of securities which may be offered to be bought or sold,
- 6.15.4** fixation of tick sizes,
- 6.15.5** determination of the types of trades permitted for a trading member and for a security,
- 6.15.6** specifications of different order books, types of orders, order conditions and other details related to orders and trades, and
- 6.15.7** other matters, which may affect smooth operation of trading in securities, keeping in view the public interest.

All the parameters shall be strictly adhered to by the trading members such as regular market, auction market, etc. specifications of different types of transactions such as spot delivery or rolling settlement and other details related to the different markets offered on the ATS may be as specified in the relevant Regulations.

6.16 Loss of Access to ATS

In the event of a failure or malfunctioning of a trading member's TWS and / or loss of access to the ATS, the Exchange may, at its discretion, and without any guarantee, undertake on behalf of the trading member to close-out the outstanding transactions of the trading member on a valid request received from such trading member, subject to such terms and conditions as the Exchange may impose from time to time.

6.17 Loss on Closing-out – Trading Member's Responsibility

The trading member shall be fully accountable for the closing out transactions effected by the Exchange on his behalf and shall indemnify the Exchange against any loss or cost arising out of or incidental to such close-out of transactions, either directly or indirectly

6.18 Contingency Pool of TWSs

To facilitate the trading members to carry on trading in the event of a failure or malfunctioning of their TWSs or loss of access to the ATS, the Exchange may, at its discretion, provide a contingency pool of TWSs at its premises and such facility may be extended to the trading members on such basis, as may be decided by the Exchange from time to time. The affected trading members may, with the prior written permission of the Exchange, use the facility of contingency pool to carry on trading in a limited manner.

6.19 Failure Not to Affect Liability

Without prejudice to the provisions contained in Bye-law 6.18, such failure shall not reduce, alter or affect the liability of a trading member in respect of any trades, already executed by or through such trading member.

6.20 Order Management

The conditions and procedures to be followed by a trading member or his sub-brokers, remisiers, authorised persons and approved users for entering, amending or cancelling orders on the ATS shall be, as may be specified in the

relevant Regulations from time to time, which may, inter alia, specify details to be entered compulsorily from an approved TWS at the time of order entry, such as, client code, type of order, symbol or security code, etc.

6.21 Maintenance of Relevant Records

A trading member shall maintain the relevant records relating to the orders received from his client or modifications thereof, as may be specified in the Chapter relating to Compliance from time to time.

6.22 Trade Management

Trading may be allowed on the ATS in such securities as may be admitted to dealings on the Exchange and for such categories of trading members, trade types, market types, settlement periods and for such trading hours, as the Managing Director or Relevant Authority may specify from time to time or as may be provided in the Regulations from time to time.

6.23 Trading Member Liable For Trades

A trading member shall be liable for all the trades executed on the ATS arising out of orders entered into the system by him. The trading member shall be solely responsible for all the acts of commission and / or omission of authorised persons or approved users, employees and other persons deployed by such trading member, sub-brokers, remisiers, in relation to performance of obligations arising therefrom, connected therewith and incidental to such acts of commission and / or omission.

Provided, if the trading member satisfies the Exchange that the action and / or the trade took place due to fraud or misrepresentation by any person other than himself, his sub-broker, remisier, authorised person or approved user and / or that the action and / or the trade did not originate from any of his approved TWS, the Governing Board or Managing Director or Relevant Authority may issue such directions as it / he considers just and reasonable and the same shall be final and binding on the trading member. Such directions may include referring the

matter to arbitration, and / or annulment of trades so effected, after affording an opportunity of being heard to the trading member.

6.24 Trades Irrevocable

Trades executed on the ATS are irrevocable and locked-in and shall be cleared and settled in accordance with the Rules, Bye Laws and Regulations of the Exchange. The Exchange may, however, by a notice annul the trades on an application by a trading member in that behalf, if the Governing Board or Managing Director is satisfied, after hearing the other trading member / s to the trades, that the trades are required to be annulled on account of fraud or wilful misrepresentation or material mistake in the trade.

6.24.1 Notwithstanding anything contained in Bye-law 6.24, the Exchange may, to protect the interest of investors in securities and for proper regulation of the securities market, *suo moto* annul trades in any security at any time, if the Governing Board or Managing Director is satisfied for reasons to be recorded in writing that such trades are vitiated by fraud, material mistake, misrepresentation or market or price manipulation or by a design to create an artificial or false market, or by a design to recover moneys or dues or to defraud or misuse the system and the like.

6.24.2 Annulment as provided herein may be for the full quantity or part quantity of the trades in a security.

6.24.3 Any annulment of the trades made pursuant to Bye-laws 6.24.1 and 6.24.2 shall be final, binding and conclusive upon the trading members. In such an event, the related contracts issued by the trading members to their sub-brokers and / or clients shall ipso facto stand cancelled and the sub-brokers and clients shall be bound by such annulment without any right of recourse between the trading members and sub-brokers / clients, as the case may be.

6.25 Order Validation

Orders placed on the ATS shall be subject to such validation checks relating to quantity and value etc., as may be prescribed in the relevant Regulations from time to time.

6.26 Matching Rules

The Exchange may from time to time specify in the relevant Regulations the rules or principles to be applied for matching orders on the ATS of the Exchange, which may vary for the different order books.

Unless specific approval is obtained from SEBI, the orders shall be matched on price-time priority.

6.27 Unavailability of Order Book, etc.

Where the Relevant Authority is of the opinion that it is in the interest of trade or public interest to do so, it may, at any time, make unavailable any particular order book or forms of matching, in the case of a specific security or a group of securities or for a trading member or a class of trading members or trading members as a whole.

6.28 Types of Transactions Allowed

Save as otherwise provided, the following types of transactions in securities may be allowed by the Governing Board or Relevant Authority from time to time:

6.28.1 For spot delivery contract as defined in the SCRA

6.28.2 For hand delivery i.e delivery of securities and payment of funds on the prescribed date, as may be notified by the Exchange from time to time, which date shall not be more than such number of days following the date of the transaction, as may be specified by SEBI from time to time.

6.28.3 For rolling settlement, i.e. delivery of securities and payment of funds on such date, following the date of such transaction, as may be notified by SEBI/ Exchange / Clearing Agency from time to time.

6.29 Transaction Where the Exchange / Clearing Corporation to Act as a Legal Counter Party

The Relevant Authority of the Exchange / Clearing Corporation may specify from time to time types of transactions to which the Exchange / Clearing Corporation shall act as a legal counter party and the transactions that may be excluded for this purpose.

Provided on an investigation by the Exchange, the Exchange / Clearing Corporation concludes that either all the transactions or part thereof in any security are found to have been executed on the ATS of the Exchange in a fraudulent manner and / or with a design to defraud the Settlement Guarantee Fund, the Relevant Authority of the Exchange / Clearing Corporation shall have absolute authority and discretion to withdraw as a legal counter party to any transaction. Provided further where the Relevant Authority decides to exercise its discretion to withdraw as a legal counter party to the transactions, either in full or in part, and / or either from both sides or single side of the transaction, it shall afford an opportunity of being heard to all the parties affected or likely to be affected by such decision. The decision taken by the Relevant Authority thereafter shall come into force forthwith and shall be final, binding and conclusive on all the parties concerned, including the clients.

6.30 Transactions Not Allowed

Transactions having any of the following characteristics shall not be allowed and shall be liable to be excluded from the purview of the Settlement Guarantee Fund:

6.30.1 Transactions for carry over of securities from one settlement to another between two or more trading members, whether done on the ATS or not, structured deals, cross deals, negotiated deals, financing or financial deals or deals effected to manipulate or subvert the fair price of a security or orders of two or more clients matched by a trading member within his office or as may be transacted on a trade for trade basis directly between the buyer and the seller and whose settlement may be

done through the clearing agency or directly between the buying trading member and selling trading member.

6.31 Transactions in Government Securities and Debentures

Transactions in Government Securities and in bearer and registered debentures admitted to dealings on the Exchange may be for spot delivery or for rolling settlement or for hand delivery. Transactions in Government Securities and in bearer and registered debentures shall be made through the ATS of the Exchange or through any other automated trading mechanism established with the approval of the relevant regulatory authority, and the delivery of such Government Securities and bearer and registered debentures shall be made either in physical form or in demat form, as may be prescribed by SEBI and / or any other regulatory authority from time to time.

6.32 Suspension of Trading

The Exchange shall intimate to the other stock exchanges immediately about suspension of trading in any security by it for market manipulation, price rigging or any other similar reason. Where information about suspension of trading in any security for reasons such as market manipulation, price rigging or any other similar reason is received by the Exchange from any other stock exchange, the Exchange shall ipso facto suspend trading in such security, if allowed for trading without notice to the issuer. In such cases, a detailed investigation will be conducted in the specific security by the Exchange in a reasonable period, as provided in the relevant Bye-laws and Regulations from time to time.

6.33 Use of Technology

The Exchange shall from time to time specify necessary norms and requirements relating to use of technology, which may include equipment, software, network, etc., to ensure safety, security and integrity of the ATS provided by the Exchange so as not to endanger or harm in any way the interest of investors and / or of the Exchange.