



**BYE-LAWS**

**OF**

**INDIAN ENERGY EXCHANGE LIMITED**

**Statutory Disclaimer**

**“These bye laws and the rules, including the business rules have been approved by the Central Electricity Regulatory Commission. However, as observed by the Commission, notwithstanding the approval of the rules and bye-laws by the Commission, the persons enrolling themselves as members or clients of the power exchange or transacting trade on the power exchange shall do so after satisfying themselves of all the commercial aspects including the fees and charges leviable covered under the rules and bye laws, uninfluenced by the fact that the Commission has approved them since these are the matters exclusively between parties.”**

**Indian Energy Exchange Limited**

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## CHAPTER- 1

### 1. PREAMBLE

- 1.1** These Bye-Laws shall be known as “The Bye-Laws of Indian Energy Exchange Limited ” and are for the sake of brevity and convenience, herein referred to as “these Bye-Laws” or “the Bye-Laws of the Exchange”.
- 1.2** The Bye-Laws are designed to provide the basic framework for the management of the Exchange, and to regulate its Members, and all other participants operating under or through them or dealing with them.
- 1.3** The Bye Laws and all Rules including Business Rules and directions that may be notified from time to time by the Indian Energy Exchange shall at all time be subject to and read consistent with the provisions of the Electricity Act, 2003, the Rules made thereunder by the Central Government and Regulations, Codes, and directives issued thereunder including and in particular the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates ) Regulations, 2016 as the case may be as amended from time to time.
- 1.4** In case of any inconsistency between the Bye Laws and the Rules, Business Rules and Directives issued under the Bye-Laws of the one part and any of the provisions of the Electricity Act, 2003, the Rules made thereunder by the Central Government and Regulations, Codes, and directives issued thereunder by the Central Government including and in particular the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates ) Regulations, 2016 as the case may be of the other part the later will prevail to the exclusion of the former.
- 1.5** The Bye Laws as well as the Rules, Business Rules and Directives issued under the Bye Laws may be amended or changed from time to time by the Exchange and wherever required with the approval of the Commission and shall further be subject to such modification or change as may be directed by the Central Commission from time to time.
- 1.6** The Exchange may, from time to time, issue clarifications or directives, as may be required from time to time, to remove any difficulty or ambiguity in implementing the provisions of any of these Bye-Laws, or the Rules and Business Rules or directions issued and such clarification shall have binding force.
- 1.7** Conflict between Rules, Bye Laws and Business Rules  
In event of any conflict between Bye Laws and the Rules or Bye Laws and Business Rules, the Bye Laws shall supersede and in the event of any conflict between Rules and Business Rules, the Rules shall supersede. Without prejudice

to the generality of the above, in case of any ambiguity or any confusion with regard to any of the provisions of Business Rules, the clarification given by Exchange shall be binding.

## CHAPTER- 2

### 2. DEFINITIONS AND INTERPRETATION

#### 2.1 DEFINITIONS

- A. Unless the context otherwise specifically requires the words, and expression used in these Bye Laws which are defined in the Electricity Act, 2003, or the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 or the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 or the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates ) Regulations, 2016 or procedures defined thereunder shall have the same meaning as assigned to them therein

Subject to clause A above in these Bye Laws, unless the context otherwise requires:

- 2.1.1. Area Clearing Price** means the price of 15-minute<sup>1</sup> time block electricity contract established on the Exchange arrived at after considering all valid purchase and sale bids in particular area(s) determined after market splitting, i.e. dividing the market across constrained transmission corridor(s).
- 2.1.2. Authorized Person** means any person that carries out or is responsible for any of the functions of an Exchange Member, including without any limitation any officer, director, employee, or agent of the Exchange Member.
- 2.1.3. Automated Trading System or ATS** means the computerized system provided by the Exchange for transaction and activities permitted at the Exchange.
- 2.1.4. Bid Area** means the identified geographical area within the limit of which the transactions are permitted.
- 2.1.5. Board** means the Board of Directors of the 'Indian Energy Exchange Limited'.
- 2.1.6. Business Rules** means the Business Rules of the Exchange as approved by the Commission.
- 2.1.7. Buyer** means and includes, unless the context indicates otherwise,

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<sup>1</sup> Time block for bidding in DAM Market segment has been modified from one hour to fifteen minutes with effect from 01st April, 2012

- the buying Client, the buying Exchange Member acting either as an agent on behalf of the buying Client or buying on his own account.
- 2.1.8. Bye Laws** means the Bye Laws of the Exchange as approved by the Commission.
- 2.1.9. Commission** means the Central Electricity Regulatory Commission.
- 2.1.10. Clearing House** means and includes in-house clearing house or clearing agency or a clearing corporation, whose services are availed of by the Exchange, for carrying out clearing, guaranteeing and settlement by delivery or otherwise of transactions affected on the Exchange.
- 2.1.11. Clearing Bank** means a bank that is designated or appointed to provide banking and other facilities to the Exchange, the Clearing House.
- 2.1.12. Clearing Member** means a Member of the Exchange who has the right to clear transactions that are undertaken in the system of the Exchange and includes the Proprietary Member and the Trading Member.
- 2.1.13. Exchange** means Indian Energy Exchange Limited which also includes the in-house Clearing House.
- 2.1.14. Exchange Member-Client Agreement** means an agreement, which is executed between an Exchange Member and his Client, in the form and manner that may be specified by the Exchange from time to time.
- 2.1.15. Exit Scheme** shall mean Exit Scheme as approved by the CERC under the provisions of Clause 36 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.
- 2.1.16. Financial Year** means year commencing from 1<sup>st</sup> April and ending with 31<sup>st</sup> March of the following year.
- 2.1.17. Hours** refer to clock hours based on Indian Standard Time (IST).
- 2.1.18. Margin** means a deposit or payment of cash or other specified assets or documents by the Member or the Client, as applicable, with the Exchange to establish or maintain a position in a Contract and includes initial margin, special margin, ordinary margin, additional margin and or any other type of margin as may be determined by the Exchange from time to time.
- 2.1.19. Market Clearing Price (MCP)** means the price of the contract discovered on the Exchange, arrived at after considering all valid purchase and sale bids..
- 2.1.20. Member or Exchange Member** means a Member of the Indian Energy Exchange.
- 2.1.21. Month** means a month reckoned according to the English calendar.
- 2.1.22. Order** means an offer to buy or sell any contract through the Exchange.

- 2.1.23. Pay-in**, in respect of transactions executed on the Exchange, means making available funds to the Clearing House by the Exchange Members in accordance with the applicable settlement schedule notified by the Clearing House from time to time.
- 2.1.24. Pay-in Date** means the date and time prescribed by the Exchange or its Clearing House for Pay-in.
- 2.1.25. Pay-out**, in respect of transactions executed on the Exchange means release of funds by the Clearing House to the Exchange Members who become entitled to receive them, in accordance with the applicable settlement schedule notified by the Exchange or Clearing House from time to time.
- 2.1.26. Pay-out Date** means the date and time prescribed by the Exchange or Clearing House for Pay-out.
- 2.1.27. Power Market Regulations** means CERC (Power Market) Regulations, 2010 as amended from time to time.
- 2.1.28. Quote** means a bid price for buy or sale n given by an Exchange Member for a Contract allowed at the Exchange.
- 2.1.29. Rules** mean the Rules of the Exchange as approved by the Commission.
- 2.1.30. Seller** means and includes, unless the context indicates otherwise, the selling Client, and the selling Exchange Member acting as an agent on behalf of such selling Client and denotes the selling Exchange Member when he is dealing on his own account.
- 2.1.31. Settlement Day** means the day fixed by the Exchange for the Exchange Members to settle their transactions.
- 2.1.32. Trade** means transaction on the Exchange of Contracts as permitted by the Commission from time to time. The expression trading shall be construed accordingly.
- 2.1.33. TWS or Trade Work Station** means a computer terminal of an Exchange Member which is approved by the Exchange and which is installed and connected to the ATS or to any other system of the Exchange, for the purpose of transaction on the Exchange.
- 2.1.34. Trading Period** means the duration of a Contract prescribed by the Exchange during which a contract will be available for trading.
- 2.1.35. Trading System** means such spaces, systems and networks as the Exchange may from time to time determine and which shall be notified by the Board as reserved for trading in Contracts admitted to trading on the Exchange, and also includes its trading segments.
- 2.1.36. Trading Segment** means the different segments or divisions into which the Contracts are admitted to trading on the Exchange, as classified by the Exchange for admission of Members to the Exchange and for the purpose of trading on the ATS or any other trading system used or operated by the Exchange.
- 2.1.37. Unit of Trading** means the minimum quantity of a Contract that can

be purchased or sold, as may be specified by the Exchange, from time to time in the contract specifications.

**2.1.38. Unit of Quotation** means the specified quantity of a Contract for which the bid or offer price may be given by an Exchange Member for a settlement.

**2.1.39. Working Day** means a day on which the sale and purchase of Contracts admitted for transaction on the Exchange. The Exchange can keep the transaction open on any of the Exchange declared holidays by notifying its Members about the same.

**2.2** Unless the contrary intention appears:

- a) A reference to any gender includes the others.
- b) Words in the singular include the plural and words in the plural include the singular.
- c) A reference to a 'time' is reference to IST.

**2.3** Headings are for convenience only and shall not affect the interpretation of the Bye-Laws.

**2.4** The decision of the Exchange shall be final in relation to the interpretation of these Bye-Laws.

## CHAPTER- 3

### 3. FUNCTIONS OF EXCHANGE

- 3.1.** The Exchange may undertake such transactions in contracts as is permitted from time to time by the Commission in accordance with the Regulations notified by the Commission from time to time.
- 3.2.** Without prejudice to the generality of clause 3.1 above, the Exchange may facilitate on-line transactions of all nature permitted by the Commission including buying and selling Electricity, Renewable Energy Certificates (RECs), Energy Savings Certificates (ESCerts), as the case may be, and such other instruments or contracts, and all operations incidental, ancillary or related thereto.
- 3.3.** (a) Subject to the provisions of the Bye Laws the Board shall have powers to issue Rules including Business Rules and directions from time to time
- (i) for operation of the Exchange, and to regulate the functioning and activities of the Exchange Members, their Authorized Persons, Approved Users, Clearing House, Clearing Banks, and all other persons operating under or through them or dealing with them, their dealing with the Exchange and their inter se dealings , and to determine terms and conditions of transactions in Contracts admitted on the Exchange, including method, manner, clearing, settlement and other operations related thereto,
  - (ii) to organize, facilitate, maintain, manage, control and regulate the operations, functions and supervision of the Exchange and to regulate the activities and functioning of the Exchange Members, and Authorized Persons, as may be necessary or expedient,
  - (iii) all other matters considered necessary or expedient to carry out the functions and objective of the Exchange
- (b) Without prejudice to the generality of the powers mentioned above, the Board may frame Rules or issue directions on the following aspects

#### Transaction on the Exchange

- (a) Determination of trading sessions and proceedings in such trading sessions on the ATS of the Exchange or any other trading system used or operated by the Exchange, for specified Contracts admitted to trading on the Exchange.



- (b) Allotment of TWS to the Exchange Members and appointment of Approved Users.
- (c) Determination of Units of Quotation and trading and variations in bids and offers and minimum and maximum size of orders.
- (d) Determination of the transaction and clearing fees payable by the Exchange Members for trading Contracts and other charges that may be collected by the Exchange from Members.
- (e) Determination and appropriation of the charges applicable to Exchange Members and Clients subject to provisions of regulations issued by the Commission.
- (f) Suspension of trading in one or more Contracts admitted to trading on the Exchange.
- (g) Procedure for settlement of disputes relating to price and delivery.
- (h) Determination of relevant rates and penalties for non-fulfillment of Contracts by giving or receiving deliveries.
- (i) Norms, procedures, terms and conditions, incidental to or consequential to transfer and closing out of Contracts.
- (j) Manner of operations and interface with Clearing House and the Clearing Banks.
- (k) Other relevant matters in relation to the operations and functions of the Exchange, its markets, Clearing Banks and Members.

### **Risk management**

- (a) Determination of various types of Margins on the transactions.
- (b) Rates of all types of Margins and mode of their payment.
- (c) Special or Additional Margins or other margins, and mode of their payment.
- (d) Exemption from payment of Margins.
- (e) Lien on capital and Margin deposits.
- (f) Rights to define abnormal orders in term of volume and value and rights to reject such abnormal orders.
- (g) Right to check orders with reference to the standing clearance/s issued by the concerned authority/ies as per the applicable Regulations of the Commission and right to reject such orders.
- (h) Monitoring of any un-business like conduct, concentration, price rigging,

price manipulation and any other market abuses, insider dealing and take suitable actions whenever such practices are identified.

- (i) Penalty for non-fulfillment and/or evasion of Margin requirements.
- (j) Client's liability to pay Margins
- (k) Exchange Members' responsibility to collect Margins from the Clients.
- (l) Exchange Members' responsibility to maintain proper books of accounts.
- (m) Any other matter relating to trading, clearing and settlement on the Exchange and Clearing House.

### **Clearing and settlement of transactions**

- (a) Procedure for determination of Price.
- (b) Procedure for delivery as per the applicable Regulations and codes.
- (c) Procedure of payment and closing out of transactions in contracts wherever applicable.
- (d) Norms and procedures for establishment and functioning of Clearing House for clearing and settlement of transactions in Contracts.
- (e) Supervision of Clearing House and issuing Rules and Business Rules for supervision of clearing and settlement activities of the Exchange Members, among other things.
- (f) Norms and procedures for availing of banking services from Clearing Banks for clearing and settlement of transactions in Contracts.
- (g) Any other matter relating to clearing and settlement of transactions and deliveries thereto.
- (h) Procedure for dissemination of information and announcements to be broadcasted by the Exchange on the ATS, or its computer system or Internet.
- (i) Issue of guidelines for advertisements, booklets or circulars to be published by the Exchange Members in connection with their business activities.
- (j) Appointment of monitoring, surveillance and intelligence agencies for monitoring trading, clearing and settlement on the Exchange and Clearing House.

### **Setting up Settlement Guarantee Fund, and other funds**

- (a) Norms, procedures, terms and conditions for contribution by Members of the Exchange and others to Settlement Guarantee Fund, or any other fund that may be established by the Exchange or Clearing House.
- (b) Administration, utilization, maintenance and investment of the corpus of the Settlement Guarantee Fund, or any other fund established by the Exchange or Clearing House set up or approved by it.

- (c) Norms, procedures, terms and conditions for guaranteeing of settlement obligations of the Exchange Members through the Settlement Guarantee Fund.

### **3.4. Conciliation and Arbitration**

All disputes arising from or in connection with a Contract or transaction between Members or between a Member and Client shall be referred to and decided by arbitration under the Arbitration and Conciliation Act, 1996 and as provided in these Byelaws and Rules notified by the Exchange for the purpose.

### **3.5. Governing law and jurisdiction**

- (a) These Bye-Laws, the Rules and Business Rules and circulars issued by the Exchange shall be governed by and construed in accordance with the laws of India.
- (b) Subject to the powers of Commission and the Arbitration provisions under the Rules, the courts of New Delhi, India shall have the exclusive jurisdiction to determine any dispute in relation to or arising under or in connection with these Bye-Laws, the Rules and Business Rules.
- (c) The Exchange shall be entitled to bring proceedings in any other competent jurisdiction against a Member to enforce the obligations of a Member which arise under or in connection with these Bye-Laws, the Rules and Business Rules, or judgment or award.

## CHAPTER- 4

### 4. CONTRACTS

- 4.1 The Exchange shall have the authority and discretion to finalize contract specifications and modifications in respect of Contracts which have been permitted by the Commission. Provided such finalization of specification and modifications of Contracts shall be subject to compliance of regulation 7 of CERC (Power Market) Regulation, 2010.
- 4.2 Exchange Members shall execute and clear transactions in only such Contracts as specified by the Exchange.
- 4.3 All transactions in Contracts admitted to trading on the Exchange shall be made only in the manner approved by the Exchange.
- 4.4 While entering an order in the system, the Exchange Member shall specify the respective Client (portfolio) identification number or the client code.
- 4.5 Before executing a Contract for a Client, the Exchange Member shall sign a written agreement with the Client, as per the procedure and in the format, as may be specified by the Exchange. In addition, the Clients of the Professional Members shall sign an undertaking in favor of the Exchange in the form provided under the Business Rules.
- 4.6 All transactions in Contracts admitted to trading on the Exchange shall be cleared, through and settled by the Clearing House of the Exchange. Only Clearing Members or the Clients, as applicable, shall be eligible and qualified to obtain directly the clearing, settlement and guaranteeing services of the Clearing House.
- 4.7 Exchange Members shall issue contract note for each of the transaction done by them for their respective Clients on the trading system of the Exchange. Such contract notes shall be issued in the format prescribed by the Exchange under the Business Rules. Members shall not issue contract note for any transaction, which has not been executed through the trading system of the Exchange.
- 4.8 In respect of all Contracts executed by the Exchange Members, it shall be the responsibility of the respective Exchange Members or the Clients, as applicable, to pay all applicable statutory fee, stamp duty, service tax, taxes and levies.
- 4.9 Rates and/or prices for Contracts admitted to trading on the Exchange shall be quoted in accordance with Bye-Laws, Rules and Business Rules and directions of the Exchange specified for that Contract.
- 4.10 The Exchange shall, have the right to determine, specify and modify any Contract from time to time subject to Regulation 6 and 7 of Power Market Regulations.
- 4.11 The Exchange shall have the authority and discretion to determine, specify and modify the limits with respect to Volume and/or value of the Contracts admitted to trading on the Exchange. Such limits could differ for different membership categories and/or differ from Member to Member; and exceptions may be provided by the Exchange. The limits and exception rules will be specified in the Rules and contract specifications specific to each Contract.
- 4.12 The Exchange may specify and modify the price limits with respect to Contracts admitted to trading on the Exchange, which shall be binding on the Members or the Clients, as applicable. Such price limits in so far as RECs are concerned may include floor and ceiling price for a day or for a specific period.

- 4.13 The Exchange may specify the trading fee, clearing fee or any other fee payable by the Exchange Member or the Clients, as applicable. The Exchange may specify the maximum and/or minimum fees an Exchange Member can charge from its Clients within the limits, if any, specified by Commission.
- 4.14 The Exchange shall have the right to determine, specify and modify the terms and manner of Settlement and Delivery in any Contract with the approval of Commission.
- 4.15 Exchange Members shall maintain a record of all the transactions in all Contracts admitted to trading on the Exchange. Members shall have separate records of each of their Clients, including orders for execution of transactions in Contracts. Members shall preserve the records of Clients' orders for transactions for each Client separately with the time and date of receipt of order, details of executed transactions for each Client and books of accounts relating to the same, for a period of three years for production whenever required by the Exchange.
- 4.16 The Exchange may on the basis of any direction or order of the Commission may, suspend transactions on any contract for the period specified in the order or withdraw any contract from the Exchange, as the case may be, after granting the opportunity of being heard.

## CHAPTER- 5

### 5. TRADING ON THE EXCHANGE

#### 5.1 (a) Trading Days

- (i) The Exchange shall be open on all days except on such Exchange holidays as the Exchange may, at its discretion, declare in advance, at any time. The days on which the ATS or any other trading system of the Exchange shall be available for trading in Contracts admitted on the Exchange shall be called as Trading Days".

However, the Exchange shall carry out trading in electricity contracts for each day of the year, as per the trading calendar.

- (ii) The ATS of the Exchange shall however be available for trading on such holidays as the Exchange may, at its discretion decide from time to time.

#### (b) Alteration or cancellation of Exchange holidays

- (i) In exceptional circumstances and for reasons to be recorded in writing, the Exchange may and at any time:
  - (a) alter or cancel any of the Exchange holidays fixed under these Bye-Laws, the Rules and Business Rules,
  - (b) keep the ATS or any other trading system of the Exchange available for trading on any day notwithstanding that such day had earlier been declared as an Exchange holiday,
  - (c) close trading in any one or more or all Contracts on the ATS or any other trading system of the Exchange for one day.
- (ii) In exceptional circumstances and for reasons to be recorded in writing, the Exchange may, at its discretion, close the trading in any one or more or all Contracts on the ATS or any other trading system of the Exchange for more than one trading day.

Provided that such trading on the ATS or any other trading system of the Exchange shall not be so closed by the Exchange at any time continuously for a period exceeding three trading days without the approval of the Commission.

#### 5.2 Divisions

- (i) The Exchange may constitute different divisions for each or group of instruments depending on the timeframe, size of the contract, bid areas or different underlying (for example, Electricity, Renewable Energy or Energy Efficiency) as may be decided by the Exchange and/or as may be specified in the relevant Rules and Business Rules from time to time.

### 5.3 Restrictions on Transaction

- (i) The Exchange may, at its absolute discretion, from time to time, impose such restrictions on transaction in such Contracts, or on such Exchange Members or the Clients, as applicable, as provided in these Bye-Laws, the Rules and Business Rules relating to Contracts and trading on the Exchange in the interest of market and to increase security.

### 5.4 Trading sessions

- (i) The Exchange may, at its discretion, prescribe different trading sessions for different trading segments on the ATS or any other trading system of the Exchange, and may also decide on the timings and operational requirements for the same, as may be provided in the relevant Rules and Business Rules from time to time. The Exchange may, at its discretion, reduce, extend or otherwise alter the timings of such trading sessions for any particular Trading day.
  - (a) Where the Exchange has reduced, extended or otherwise altered the timing of any trading session or sessions, on the ATS or any other trading system of the Exchange, on any particular Trading day, the reasons for the same shall be required to be recorded in writing.
- (ii) The Exchange may, at its discretion, alter, contract, extend or suspend any or all the trading sessions in specific circumstances, for reasons to be recorded in writing, after giving advance notice to the Exchange Members.

### 5.5 Prohibition to transact on the Exchange

- (i) An Exchange Member, who has been de-activated or suspended by the Exchange, or any Authorized Person or Approved User, who is not approved by the Exchange or whose approval has been rejected, refused, withdrawn or cancelled, shall not be allowed to transact on the Exchange
- (ii) The Exchange may, at its absolute discretion, refuse any person to transact on the ATS, and may, at any time, withdraw or terminate the right of trading of any such person if he fails to abide by the applicable laws, Bye Laws, Rules, Business Rules directives or otherwise fails to maintain proper decorum.

### 5.6 Permission to transact through TWS

- (i) No person shall be permitted to transact through the TWS connected to the ATS, unless such person complies with the requirements prescribed in the relevant Rules and Business Rules or with such other requirements as the Exchange may, at its discretion, prescribe, from time to time.

### 5.7 Management of ATSS

- (i) The management of the ATS or any other trading system of the Exchange shall be under the charge of the employees of the Exchange or such other agency authorized or engaged by the Exchange on its behalf.

## 5.8 Prices

- (i) Prices of Contracts transacted on the ATS of the Exchange shall be recorded in the manner, as may be prescribed in the relevant Rules and Business Rules from time to time. No prices shall be recorded for any transaction executed on the Exchange, unless it is made in the regular course of trading on the ATS or any other approved trading system of the Exchange.

## 5.9 Daily Official List

- (i) A Daily Official List of prices and volumes shall be issued by or under the authority of the Exchange. Such Daily Official List of prices may be made available on the official website of the Exchange or be published or provided in such media, as may be decided by the Exchange from time to time.

## 5.10 Trading facility

- (i) Transactions in the ATS or any other trading system of the Exchange may be effected through order driven, quote driven and/or such other system as the Exchange may provide for trading as specified in the relevant Rules and Business Rules, and circulars and notices issued thereunder from time to time.
- (ii) The Exchange may, at its absolute discretion, provide the ATS to its Members and their Authorized Persons and Approved Users.
- (iii) No Exchange Member shall have any title, right or interest in the ATS or any other trading system of the Exchange, its facilities, and software and the information provided on the ATS or any other trading system of the Exchange, and no such claim shall lie against the Exchange at any time.
- (iv) The permission to use the ATS or any other trading system of the Exchange may be given to an Exchange Member, subject to compliance with such terms and conditions as the Exchange may prescribe from time to time, which may inter alia include, payment of such deposits and/or charges, as may be provided in the relevant Rules and Business Rules and circulars and notices issued thereunder from time to time.
- (v) A 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 any other trading system of the Exchange or the information provided thereof, except with the prior written approval of the Exchange.

## 5.11 Registration and de-registration of Approved Users

- (i) Exchange Members shall allow only their Authorized Person/s and/or Approved Users to operate the TWS, or transact in any other trading system approved by the Exchange, subject to the following conditions:
  - (a) The appointment of Users shall be subject to such terms and conditions and submission of application in such form as the Exchange may, at its



discretion, prescribe from time to time in the Rules and Business Rules, or circulars, orders and notices issued thereunder.

- (b) The Exchange may, at its discretion, deregister any Authorized Person or Approved User of an Exchange Member for failure to comply with the applicable provisions of these Bye-Laws, the Rules and Business Rules and/or circulars and notices issued thereunder; but the Exchange Member concerned shall continue to be liable for acts of commission, or omission of its Authorized Persons and Approved Users prior to de-registration by the Exchange, or loss or damage consequent to the de-registration.
- (c) The Exchange shall have the right to refuse any person from being registered as an Authorized Person or an Approved User.
- (d) No person shall be appointed at any time as an Authorized Person or Approved User by more than one Exchange Member.
- (e) The Exchange shall have the authority and discretion to prescribe different levels of usage of the ATS or any other approved trading system of the Exchange, and may also prescribe norms for enquiry on the TWS, order entry, by the Authorized Persons or Approved Users of an Exchange Member.

#### **5.12 Operational parameters for trading**

- (i) The Exchange may, at its discretion, prescribe from time to time in Business Rules, the operational parameters regarding transactions in Contracts concluded on the ATS. Such operational parameters may include:
  - (a) determination of functional details of the TWS, including the system design, user infrastructure, user interface and system operation.
  - (b) determination of the procedure and norms for trading on any other approved trading system of the Exchange.
  - (c) limits on trading and fixation of units of trading, minimum and/or maximum quantity of Contracts or order which may be offered to be bought or sold or the limits on price or its fluctuations permitted in a period.
  - (d) fixation of tick sizes and levels for providing alerts.
  - (e) determination of the types of transaction permitted for an Exchange Member and for any Contract.
  - (f) specifications of different order books, types of orders, order conditions and other details related to orders and transaction.
  - (g) maintenance of recording of transactions executed and the manner of reporting transactions in the prescribed forms to the Exchange.
  - (h) other matters, which may affect smooth operation of trading in Contracts admitted to trading on the Exchange.
- (ii) All the parameters shall be adhered to by all Exchange Members. The parameters however may vary for Contracts.

### 5.13 Closing out: Exchange Member's responsibility

- (i) The Exchange Member or the Client, as applicable, shall be fully accountable for the auction/closing out of 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 auction/close-out of transactions either directly or indirectly.

### 5.14 Contingency pool of TWS

- (i) To facilitate the Exchange Members to carry on trading in the event of a failure or malfunctioning of their TWS or loss of access to the ATS, the Exchange may, at its discretion, provide a contingency pool of TWS at its premises or in other places as decided by the Exchange and such facility may be extended to the Exchange Members on such terms and conditions as may be decided by the Exchange from time to time. The affected Members may, with the prior written permission of the Exchange, use the facility of any such contingency pool to carry on trading. Provided that no liability can be attached to the Exchange in case of failure of the system due to non-provision of Contingency Pool, even if it results into loss to the Exchange Members.
- (ii) Without prejudice to anything contained in the provisions above, such failure or malfunctioning of his TWS or loss of access to the ATS or any contingency pool of TWS shall not reduce, alter or affect the liability of an Exchange Member or the Clients in respect of any transactions, already executed by or through such Exchange Member or his Authorized Persons or Approved Users.

### 5.15 Order management

- (i) The conditions and procedures to be followed by an Exchange Member or his Authorized Persons or Approved Users for entering, amending or canceling orders on the ATS shall be as specified in the relevant Rules and Business Rules 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 contract code. Similar procedures and conditions shall be specified for trading on any other trading system of the Exchange, and must be followed by an Exchange Member, his Authorized Persons or Approved Users.
- (ii) The Exchange Member shall maintain in the relevant records the orders received from his Client or modifications thereof, as specified in the Business Rules, circulars and notices issued there under by the Exchange from time to time.

### 5.16 Transaction management

- (i) Trading shall be allowed on the ATS or any other trading system of the Exchange in such Contracts as may be admitted to trading on the Exchange and for such categories of the Exchange Members, transaction types, market types, settlement and for such trading hours as the Exchange may, at its discretion, specify from time to time.
- (ii) An Exchange Member or the Client, as applicable, shall be liable for all the transactions executed on the ATS, arising out of orders entered into the system

by them. The Member shall be solely responsible for all the acts of commission and/or omission of Authorized Person, Approved Users, employees and other persons deployed by such Member, in relation to performance of obligations arising there from, connected therewith and incidental to such acts of commission and/or omission.

- (iii) Transactions executed on the ATS or any other trading system approved by the Exchange are irrevocable and shall be cleared and settled in accordance with these Bye-Laws, the Rules and Business Rules. The Exchange may, however, on its own or on an application by the Exchange Member or his Clearing Member on its behalf, and if the Exchange is satisfied, such transactions are vitiated by fraud, material mistake, misrepresentation, market or price manipulation, or designing artificial or false market, transacts with a design to recover monies or dues or to defraud or misuse the system and the like annul the transaction, wholly or partly, as the Exchange may consider appropriate.
- (iv) The annulment of electricity Contracts shall normally be done prior to sending request for scheduling, however in certain cases where annulment is required to be made after request for scheduling has been sent to the relevant LDCs, it shall be done with concurrence of the concerned LDC.

The annulment of Contracts other than electricity shall be done in consultation with concerned agency (ies) involved in delivery.

#### **5.17 Order validation**

- (i) Orders on the ATS or any other trading system approved by the Exchange shall be subject to such validation checks relating to quantity, price, value and other relevant matters, as may be specified by the Exchange from time to time.

#### **5.18 Use of technology**

- (i) The Exchange shall from time to time provide the necessary norms and requirements relating to the use of technology, which may include equipment, software, network, and similar things to ensure safety, security and integrity of the ATS or any other trading system provided by the Exchange so as not to endanger or harm in any way the public interest and/or the interests of the Exchange. These norms shall be binding on the Exchange Members.

#### **5.19 Trading on Disaster Recovery Site**

- (i) The Exchange shall develop Disaster Recovery Site and alternate trading facility in case of emergency as provided in Regulation 31(vii) of Power Market Regulations.
- (ii) The Exchange shall develop the procedures for shifting the trade to alternate trading facility and keep the members informed about such procedures.

## CHAPTER- 6

### 6. TRADING SYSTEM

#### 6.1 Access to trading

- 6.1.1 The Exchange shall provide an Automated Trading System, or any other trading system, to the Exchange Members to access and carry on trading in the Contracts admitted to trading on the Exchange.
- 6.1.2 The ATS shall be available for facilitating trading in Contracts admitted for trading on the Exchange from time to time.
- 6.1.3 The Exchange may provide an architecture and the infrastructure related thereto, to the extent possible, to facilitate the Exchange Members to establish connectivity with the ATS or any other trading system of the Exchange. The Exchange shall have absolute right to specify the maximum number of TWSs that may be allotted to an Exchange Member who has trading rights on the Exchange and the conditions for such allotment. The Exchange shall also have absolute right to reject any place or places where it observes that the TWS shall not be installed.
- 6.1.4 The Exchange may prescribe the specifications or descriptions of hardware, software and equipment and the specifications to carry out the required testing thereof in such manner and time as may be specified by the Exchange from time to time, which an Exchange Member shall be required to strictly adhere to have connectivity with, or use of the ATS or any other trading system of the Exchange, to ensure compatibility, minimize and avoid technical issues arising out of incompatibility of hardware, software and equipment.
- 6.1.5 An Exchange Member who has trading rights on the Exchange may be authorized to appoint such number of persons as Authorized Persons or Approved Users, as may be provided in the relevant Rules and Business Rules or circulars in force.
- 6.1.6 Any Exchange Member who has trading rights on the Exchange and wish to extend his network and/or leased line connectivity and/or through any other means of connectivity, authorized by the Exchange, shall be required to seek prior written approval of the Exchange.
- 6.1.7 The Exchange shall have the power to provide for:
- (a) the procedure for registration and cancellation of the registration of a person as an Authorized Person, Approved User or Client;
  - (b) the conditions required to be fulfilled before a person can be registered as an Authorized Person, Approved User or Client;
  - (c) the conditions required to be fulfilled before an Authorized Person, Approved User or Client may have access to the ATS;
  - (d) the maximum number of persons who may be allowed to have access to the ATS on behalf of an Exchange Member;
  - (e) the procedure for provision and modification of a password used by an Authorized Person, Approved User or Client to access the ATS; and

- (f) the circumstances in which the Exchange may refuse, withdraw and/or cancel the permission to an Authorized Person, Approved User or Client to have access to the ATS, either indefinitely or for a specified period or until the fulfillment of conditions, as may be specified by the Exchange from time to time.

6.1.8 All the Orders for purchase or sale of Contracts by an Exchange Member shall be required to be entered only through the ATS approved by the Exchange.

## **6.2 Specification of codes and operational parameters**

6.2.1 The Exchange may provide for an appropriate mechanism for specification, alteration and rescission of the unique codes for Contracts, Exchange Members, Authorized Persons, Approved Users and Clients, and operational parameters, for tick sizes, trading units, order types, order attributes, order matching logic, market view contents, and participation norms for trading through the ATS. The Exchange may also provide for any other parameters deemed necessary in the relevant Rules and Business Rules of the Exchange that may be in force from time to time.

## **6.3 Surveillance, market watch system, investigation and Exchange Members database**

6.3.1 The Exchange may, at its discretion, decide on surveillance, investigation and any other market related activities, either by itself or by a separate entity through outsourcing or by a separate and distinct entity established by it, either jointly or in collaboration with any other institution.

6.3.2 The provisions relating to surveillance, market watch system, investigation, any other market related activities to prevent deals to create false depth and false price in the market to ensure a fair and transparent market and creation of Exchange Members' database shall be specified in the relevant Rules and Business Rules relating to these matters from time to time and circulars and notices issued thereunder.

6.3.3 Market surveillance is executed, from a physically secure and restricted area, by authorized personnel from Market operations department only. Separate surveillance rooms are maintained, with biometric access to authorized personnel only. Biometric access details to surveillance room(s) are recorded and logs are maintained. Internet access is not provided to any of the systems located inside surveillance room(s), and they are not connected to local LAN. Access to external storage devices is completely restricted. Telephones located inside surveillance room(s) are recorded and have no outgoing call facility. All such telephone records are maintained for a minimum of thirty days. Mobile phones are strictly banned in surveillance room(s), mainly during market hours. Surveillance room(s) is/are under video surveillance 24X7 and records of the same are maintained for a fifteen day period.

## **6.4 IT Audit of Trading System**

6.4.1 Power Exchange shall also carry out IT system audit annually for data security, data integrity and operational efficiency and submit its reports to the Commission annually.

## CHAPTER- 7

### 7. CLEARING AND SETTLEMENT

#### 7.1 Clearing House

7.1.1 The operations of Clearing House shall be managed by the Exchange. The Board may from time to time delegate such additional authority and responsibility to the Clearing House as deemed fit.

#### 7.2 Act as deemed central counter-party

7.2.1 The Clearing House shall clear and settle Contracts executed on the Exchange, insofar as the same are accepted for clearing and settlement by the Exchange.

7.2.2 The Clearing House shall act as deemed central counter party for the transactions in Contracts admitted on the Exchange, provided that:

(a) if on investigation the Exchange or Clearing House concludes that either all the transactions or part thereof in any Contract are found to have been executed on the ATS in a fraudulent manner and/or are done as financial transactions and/or with a design to defraud the Settlement Guarantee Fund, the Clearing House shall have absolute authority and discretion to withdraw itself as a deemed central counter party to any transaction, at any time.

(b) where the Clearing House decides to withdraw as provided in clause (a) above, it shall afford an opportunity of being heard to all the parties affected or likely to be affected by such decision, where possible. The decision taken by the Clearing House thereafter shall come into force forthwith and shall be final and binding on all the parties concerned, including the Clients.

7.2.3 The Clearing House shall process all transactions submitted to the Clearing House and notify to the Exchange the net liability of the Clearing Member or the Client, as applicable.

7.2.4 An Order to buy or sell will become a matched transaction only when it is matched on the ATS and the Clearing House does not find the order to be invalid on any other consideration.

7.2.5 Once a Contract is matched, and accepted, the Clearing House shall be substituted as deemed central counter party for all net financial liabilities of the Clearing Members or the Clients, as applicable in specified Contracts in which the Clearing House has decided to accept the responsibility of guaranteeing the financial obligations under such Contracts.

7.2.6 All outstanding transactions shall be binding upon the original contracting parties, that is, the Exchange Members or the Clients, as applicable.

7.2.7 An offset shall only be in respect of the own-account positions of Clients or of the own account of the Exchange Members in the same Contracts.

7.2.8 Each Trading Day shall fall under one of the settlement period as per the settlement calendar to be published in advance depending upon the type of settlement, unless it is declared otherwise by the Exchange at its discretion.

### 7.3 Clearing process

- 7.3.1 All Contracts transacted on the Exchange shall be cleared and settled by the Clearing House and delivered in accordance with the framework prescribed under the relevant regulations to complete the Delivery obligation and whenever required the auction/closed out shall be conducted in accordance with these Bye-Laws, and the Business Rules made thereunder.
- 7.3.2 All Contracts transacted on the Exchange shall be downloaded by the Exchange to the Clearing Members for settlement in the manner specified in the Rules, Business Rules, and circulars and notices issued thereunder.
- 7.3.3 In respect of transactions executed on the Exchange, a Proprietary Member and the Trader Member shall be entitled to self-clearing or may have an agreement with one or more Clients for clearing of their executed transactions. A copy of such agreement shall be given to the Exchange.

Each Clearing Member shall submit or cause to be submitted all transactions executed by Clients with whom he has an agreement to provide clearing and settlement services for their transactions and assist the Clearing House in the form and manner that is specified and prescribed by the Exchange to enable the Clearing House to provide clearing facility to the Clearing Members. Each position whether designated as a proprietary or a Client position shall be between the Exchange and a Clearing Member as principal not as agent.

- 7.3.4 In respect of transactions executed on the Exchange, a Trader Member or Professional Member (as defined in the Rules), shall not:
- i) transact, clear and settle Contracts without a valid agreement with Clients in the form prescribed under the Business Rules. A copy of such agreement shall be given to the Exchange;
  - ii) Notwithstanding the above, a Professional Member shall not provide any credit or financing or working capital facility to the clients.
- 7.3.5 Members shall forthwith notify the Exchange any addition to or deletion from the list of Clients.
- 7.3.6 The following provisions shall apply in respect of Contracts that are transacted on the Exchange and then cleared and settled by the Clearing House in the manner specified by the Clearing House :
- (a) Every Trader Member shall be fully responsible for all his commitments to the Exchange, and his Clients irrespective of whether one or more Clients with whom he has dealings have defaulted. Default of any one or more Clients shall not affect the rights and obligations of the Trader Member. Default of any one or more Clients shall not affect the rights of other Clients with whom the Exchange Member has dealings but who are not in default.
  - (b) The Clearing House shall be responsible for its commitments to each Clearing Member or the Client, as applicable whether the remaining Clearing Members or the Clients, as applicable with whom it has dealings have defaulted except under circumstances where transactions, which are not as per good business practices, are the cause for default. Default of any one or more Clearing Members or the Clients, as applicable shall not affect

the rights of the remaining Clearing Members or the Clients, as applicable who are not in default.

- (c) The Clearing House shall, in the manner specified by the Exchange, have the responsibility of receiving and maintaining Margin payments, monitoring positions and transmission of documents, payments amongst the Clearing Members or the Clients, as applicable.
- (d) The Exchange shall not be responsible for the commitments of a defaulting Clearing Member to his/its Clients or any other party, with whom the Clearing Member has an agreement as per these Bye-Laws.
- (e) No Clearing Member shall fail to affect clearance, settlement or payment of Margin in the manner specified by the Clearing House, or fails to pay damages to the Clearing House or fail to effect delivery merely on the ground of default of others including his Clients.
- (f) No Client shall fail to affect clearance, settlement, delivery or payment of Margin in the manner specified by the Clearing House, or fails to pay damages to his respective Clearing Member with whom he has an agreement as per these Bye-Laws or fail to affect delivery merely on the ground of default of others. In respect of Contracts transacted on the Exchange from time to time, cleared by the Clearing House in the manner specified in these Bye-Laws, the Clearing House shall be deemed to guarantee the net outstanding financial obligations to its Members;
- (g) The Clearing House shall not be deemed to guarantee the financial obligations of any Member to his/its Clients; and
- (h) The Clearing House shall not be deemed to guarantee the title, genuineness or validity of agreements or any documents passing through the Clearing House.

#### **7.4 Clearing Banks**

- 7.4.1 One or more scheduled commercial bank(s) shall be designated by the Exchange as the designated Clearing Bank(s) for providing and facilitating the collection of funds, transfer of funds, sharing of information and other value added services pursuant to these Bye-Laws, the Rules and Business Rules. The Exchange and the designated Clearing Bank(s) shall have an agreement for the services to be rendered by the Clearing Bank(s) and to be availed by the Exchange.
- 7.4.2 In order to facilitate smooth clearing and settlement, all Exchange Members, or the Clients, as applicable, participating in trading shall be required to open such number of bank accounts with designated Clearing Banks as may be advised by the Exchange. All such Members or the Clients, as applicable shall be required to strictly follow instructions of the Exchange in respect of operation of such bank accounts, minimum balance, segregation of Clients' funds and own fund, as may be required by the Exchange. They shall also submit an irrevocable mandate in writing enabling the Exchange to debit and credit their account electronically. They shall be required to keep the accounts adequately funded, so as to enable the Exchange to recover its dues by debiting their respective bank accounts.



## CHAPTER- 8

### 8. MARGINS

- 8.1 In respect of Contracts admitted to trading on the Exchange, Buyers and Sellers shall post such amount as Margin, including additional margin as may be specified by the Exchange from time to time.
- 8.2 The following Margin provisions, subject to Margin requirements determined by applying any methodology specified or recommended by the Exchange, shall apply in respect of Contracts that are transacted on the Exchange and then cleared and settled by the Clearing House:
- 8.2.1 Every Member or the Client, as applicable shall pay the appropriate Margin amount with the Clearing House based on the aggregate positions cleared by the Member (i) for the Clearing Member's own-account where applicable, and (ii) Clients, where applicable.
- 8.2.2 Every Trader Member executing transactions on behalf of his Clients shall collect from the Clients the Margins specified from time to time, based on their positions within such time as may be prescribed by the Exchange.
- 8.2.3 The Margin to be paid shall be calculated, based on the methodology specified under the Business Rules and circulars and notices issued thereunder for all Contracts from time to time, which may be on positions, trading limits, client level basis or in other manner, as may be decided by the Exchange.
- 8.3 Margin accounts of all Exchange Members or the Client, as applicable, shall be calculated (wherever applicable) daily by the Clearing House of the Exchange and the Exchange Members or the Client, as applicable, shall be required to pay the same as may be prescribed by the Clearing House of the Exchange.
- 8.4 Members of the Exchange or the Client, as applicable shall deposit initial Margin in cash or may furnish fixed deposit, bank guarantees, or such other instruments as may be specified by the Exchange from time to time to fulfill the additional Margin requirement.
- 8.5 Failure to pay any Margin may lead to the Exchange Members or the Client, as applicable, being deactivated, suspended and declared as defaulters by the Exchange. The Exchange may also take such other measures including disciplinary actions, against the defaulting Members or the Client, as applicable, as it may deem fit.
- 8.6 No Member or the Client, as applicable, shall 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 these Bye-Laws, Rules and Business Rules or any orders issued thereunder.
- 8.7 Margin deposits received by Members from their Clients in any form shall be accounted for and maintained separately in segregated accounts and shall be used solely for the benefit of the respective Client's positions.

- 8.8 The Exchange may specify the type and quantum of Margin and the applicability of the same from time to time. Such Margin may vary for different Contracts.
- 8.9 The Exchange may close out positions of a Clearing Member or Client when the call for Margin or any other payment due is not complied with by the Clearing Member or the Client, as applicable.
- 8.10 Exchange Members shall post and accept Margin deposits where applicable only in such form as may be permitted by the Exchange.
- 8.11 The Margin account of Clients shall be utilized by Clearing Members only for settling the dues to the Clearing Member for fulfilling the obligations resulting from their transacts.
- 8.12 Trader Members shall furnish their Clients in writing such reports relating to margin deposits by their Clients and at such intervals as may be specified by the Exchange.
- 8.13 The Exchange may reject bid(s) of a Member or the Client, as applicable, when the call for further Margin or any other payment due is not complied with by the Member or the Client, as applicable.
- 8.14 The Trader Member shall collect from Clients, with whom he has an agreement to provide clearing and settlement services as per these Bye-Laws, all such Margins as specified by the Exchange on the transactions executed by Clients for clearing and settlement.
- 8.15 Exchange Members or the Clients, as applicable, shall maintain such banking arrangements with the designated Clearing Bank(s) as specified by the Exchange so as to permit the transfer of funds and to maintain Margins in a segregated manner.
- 8.16 Each Member or the Client, as applicable, shall deposit all Margins or deposits with the Clearing House, or the designated Clearing Bank(s), as directed by the Exchange, within the prescribed time and in the prescribed manner.
- 8.17 The Exchange shall prescribe such additional or special margins as may be considered necessary during the Delivery Period due to emergencies or change in market conditions.
- 8.18 The Exchange shall prescribe margins for different Contracts in different market segments calculated using different methodologies.

## CHAPTER- 9

### 9. REPORTS AND ACCOUNTS

- 9.1 In respect of all transaction executed by the Exchange Members, the Exchange will electronically forward reports to the respective Members, including settlement obligations relating thereto. All such reports and obligations shall be binding on the Exchange Members.
- 9.2 The Exchange Members shall provide the Exchange with such reports that the Exchange may seek from the Members from time to time. Details of such reports will be provided in the Rules and Business Rules and through circulars and notices issued from time to time.
- 9.3 The Exchange Members shall provide such reports providing information such as certificates traded, clearing price, buy and sell bids etc, as the Commission or the Exchange may prescribe.
- 9.4 A Clearing Member shall notify the Exchange of any incident, which may endanger the Clearing Member's financial strength or interfere with the Clearing Member's ability to conduct its business in the best interests of the Exchange.
- 9.5 All Exchange Members as well as other market intermediaries shall be required to maintain such books of accounts, registers, statements and other records, in physical form or electronically, as may be specified by the Exchange. All such documents and records shall be kept in good order and preserved at least for such period, as may be specified by the Exchange. All such documents and records shall be made available to the Exchange by the Member for inspection, whenever required.
- 9.6 Each Exchange Member shall submit itself to audit and investigation and furnish all books, records, files and such other information as required upon the direction of the Exchange. The audit and investigation shall be restricted to the affairs of the Exchange Member as a provider of trading, clearing and settlement services to their Client as also in respect of his trading, either directly or through another Clearing Member.
- 9.7 In case of any dispute or difference of opinion originating from or pertaining to orders or transaction due to a mismatch between the Member's report and the Exchange's report, the report as per records of the Exchange shall be final, conclusive and binding on the Members.
- 9.8 **Compliance with the Act and rules and regulations of the Commission**

The Commission is entitled to authorize any person to inspect and verify the accounts of any Member, if considered necessary. All Members, their directors, officers, employees and agents shall at all times comply with all provisions of the Act, and rules and regulations of the Commission that regulate the business of the Member with the Exchange and Clients.

## CHAPTER- 10

### 10. SETTLEMENT GUARANTEE FUND

#### 10.1 The Exchange to maintain and administer Settlement Guarantee Fund

- 10.1.1 The Exchange shall maintain and administer, Settlement Guarantee Fund(s) or other fund(s) for such purposes, as required under the Power Market Regulations of the Commission.
- 10.1.2 The Exchange may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may, inter-alia, specify the amount of deposit or contribution to be made by each Member to the relevant Settlement Guarantee Fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the Settlement Guarantee Fund, coverage and exclusion of Settlement Guarantee Fund, charges for utilization, penalties and disciplinary actions for non-performance thereof.

#### 10.2 Contribution to and deposits with the Settlement Guarantee Fund

- 10.2.1 Each Member shall be required to contribute to and provide a minimum security deposit, as may be determined by the Exchange from time to time, to the relevant Settlement Guarantee Fund. The Settlement Guarantee Fund shall be held and maintained by the Exchange. The money in the Settlement Guarantee Fund shall be applied in the manner, as may be provided in these Bye-Laws, the Rules and Business Rules and notices, circulars and orders issued thereunder from time to time.
- 10.2.2 The Exchange may specify the amount of additional contribution or deposit to be made by each Member, which may, inter alia, include the minimum amount to be provided by each Clearing Member.
- 10.2.3 The Exchange shall, as a result of multi-lateral netting followed by it in respect of settlement of transactions, guarantee financial settlement of such transactions to the extent it has acted as a legal central-counter party, as may be provided in the relevant Bye-Laws from time to time.
- 10.2.4 The total amount of security deposit and additional deposit, deposited and maintained by a Clearing Member with the Clearing House, in any form as specified, shall form part of the Settlement Guarantee Fund. Minimum corpus of SGF shall be Rs 1 crore. Any shortfall in minimum SGF after accounting for the contribution of the Exchange Members shall be contributed by the Exchange.
- 10.2.5 The amount deposited by any Clearing Member towards the security deposit shall be refundable, subject to such terms and conditions as may be specified by the Exchange from time to time. Any amount deposited or paid by the Clearing Member may be refunded provided further that such amount is in surplus and there is no actual, crystallized, contingent liability or a claim from any Client or Clearing Bank to be discharged by the Clearing Member.

- 10.2.6 The amount deposited by Professional Members shall also form part of SGF. There will be a common SGF for all market segments operated by the exchange.

### **10.3 Replacement of deposit**

- 10.3.1 By giving a prior written notice to the Exchange and subject to such conditions, as may be specified by the Exchange from time to time, a Member may withdraw fixed deposit receipts or bank guarantees given to the Exchange, representing the Member's contribution or deposit towards the Settlement Guarantee Fund, provided that the Member has, simultaneously with such withdrawal, deposited cash, fixed deposit receipts, or bank guarantees with the Clearing Corporation or the Exchange or made contribution through such other mode, as may be approved by the Clearing Corporation or the Exchange from time to time, to meet his required contribution or deposit, .

### **10.4 Investment of Settlement Guarantee Fund**

- 10.4.1 Funds in the Settlement Guarantee Fund may be invested in such approved securities and/or other avenues of investments, as may be permitted in law from time to time.
- 10.4.2 As specified in CERC (Power Market) Regulations, 2010, the Exchange shall invest of the contribution of the Exchange Members towards Settlement Guarantee Fund in safe investments and ensure that the principal amount is not at risk. Fifty percent (50%) of Settlement Guarantee Fund contribution shall be kept in safe liquid investments.
- 10.4.3 The Settlement Guarantee Fund investment returns shall be retained by the Exchange till the Settlement Guarantee Fund is maintained by the Power Exchange. In case of hiving off the Clearing Corporation, the Settlement Guarantee Fund investment returns shall be retained by the Clearing Corporation. However, 70% of the return earned on the initial deposit which is a part of the Settlement Guarantee Fund shall be paid to the Members in proportion to the amount deposited by the Members as initial deposit and duration for which deposit was held with the Exchange, within 45 days after the last date of the financial year.

### **10.5 Utilization of Settlement Guarantee Fund**

- 10.5.1 The Settlement Guarantee Fund may be utilized for such purposes, and subject to such conditions as the Exchange may prescribe from time to time, including for
- (a) defraying the expenses of creation and maintenance of Settlement Guarantee Fund,
  - (b) temporary application of the Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement obligations of Clearing Members in respect of such transactions, as may be provided in

these Bye-Laws, the Rules and Business Rules of the Exchange in force from time to time,

- (c) payment of premium on insurance cover(s) which the Exchange may take from time to time, or for creating a default reserve fund by transferring a specified amount every year, as may be decided by the Exchange from time to time,
- (d) meeting any loss or liability of the Exchange arising out of clearing and settlement operations of such transactions, as may be provided in these Bye-Laws, the Rules and Business Rules of the Exchange in force from time to time,
- (e) repayment of the balance amount to the Member pursuant to the provisions regarding the repayment of deposit after meeting all obligations under these Bye-Laws, the Rules and Business Rules of the Exchange, when such Member ceases to be a Member, and
- (f) any other purpose, as may be specified by the Exchange from time to time.

10.5.2 The Exchange shall have full power and authority to pledge, re-pledge, hypothecate, transfer, create a security interest in, or assign any or all of the (a) cash or fixed deposit receipts of the Settlement Guarantee Fund (b) securities or other instruments in which the cash corpus of Settlement Guarantee Fund is invested, and (c) or bank guarantees or any other instrument issued on behalf of a Member in favour of the Exchange towards deposit to the Settlement Guarantee Fund.

## **10.6 Utilization for failure to meet obligations**

10.6.1 Whenever a Member fails to meet his settlement obligations to the Exchange arising out of his clearing and settlement operations in respect of his transactions, as may be provided in these Bye-Laws, the Rules and Business Rules, the Exchange may utilize the Settlement Guarantee Fund and other moneys lying to the credit of the said Member to the extent necessary to fulfill his obligations under such terms and conditions, as the Exchange may specify from time to time.

## **10.7 Utilization of the Fund in case of failure to meet settlement obligations or on declaration of defaulter**

10.7.1 Whenever a Member fails to meet his settlement obligations to the Exchange arising out of the transactions, as may be provided in these Bye-Laws, the Rules and Business Rules in force from time to time, or whenever a Member is declared a defaulter, the Exchange may utilize contribution towards the Settlement Guarantee Fund and other moneys of the Member to the extent necessary to fulfill its obligations in the following order:

- i. Liquidation of collaterals: Contributions or deposits, including margins in any form, by the defaulting member or client.
- ii. Liquidation of security deposit: Membership deposit given by the defaulting

member to the Exchange.

- iii. Insurance money: Insurance taken by Power Exchange of an amount as considered appropriate by the Exchange for protection against defaults.
- iv. It's Initial contribution as considered appropriate by the Exchange towards Settlement Guarantee Fund.
- v. Current year's Profits of the Exchange including Fines, penalty collected from members.
- vi. Reserves of the Exchange.
- vii. Contribution towards settlement guarantee fund by all members or clients: All non-defaulting members or client's contribution in proportion of deposits towards Settlement Guarantee Fund.
- viii. Equity Capital of the Exchange.
- ix. Balance obligations remaining outstanding after above funds will be met by contribution from members or clients in proportion to their contribution to the SGF.

## **10.8 Assessment of Contribution**

- 10.8.1 The amount of contribution and/or deposit made towards security deposit by all categories of Clearing Members to the Settlement Guarantee Fund shall be assessed in proportion to the total contribution and/or deposit made by each Clearing Member.
- 10.8.2 If the cumulative amount under all the above heads is not sufficient, the balance obligations shall be assessed against all the Clearing Members in the same proportion as their total contribution and deposit towards security deposit, and the Clearing Members shall be required to contribute or deposit the deficient amount in the Settlement Guarantee Fund within such time, as the Exchange may specify on its behalf from time to time.

## **10.9 Obligation to bring in additional contribution or deposit**

- 10.9.1 If a pro-rata charge is made against a Member's actual contribution or deposit, and as a consequence, the Clearing Member's remaining contribution and deposit towards the Settlement Guarantee Fund falls below his required contribution and deposit, the Clearing Member shall contribute or deposit towards the shortfall in the Settlement Guarantee Fund within such time as the Exchange may specify.
- 10.9.2 Where any Clearing Member, who is required to contribute or deposit, fails to do so, the Exchange may, at its discretion, charge such rate of interest on the shortfall, as it may determine from time to time and also take suitable disciplinary action, including imposition of fines and penalties against the Clearing Member. Any disciplinary action which the Exchange may take

pursuant to the above provisions or the Clearing Member ceasing to be an Exchange Member, for whatever reasons, shall not affect the obligations of the Clearing Member to the Clearing House or the Exchange or any remedy to which the Exchange or Clearing House may be entitled to under these Bye-Laws, the Rules and Business Rules and the applicable laws.

#### **10.10 Allocation of the contribution or deposit**

10.10.1 Each Clearing Member's contribution and deposit towards the Settlement Guarantee Fund shall form part of one common Settlement Guarantee Fund corpus. The Exchange at its discretion and subject to provisions of Power Market Regulations as amended from time to time, can utilise the SGF to a particular segment.

#### **10.11 Repayment to the Member on his cessation**

10.11.1 A Member shall be entitled to repayment of the actual amount of deposit, if any, made by him to the Settlement Guarantee Fund provided it is not part of the admission fee after:

- (a) the Member ceases to be an Exchange Member on account of any reason whatsoever;
- (b) all pending transactions at the time the Member ceases to be an Exchange Member, which may result in a charge to the Settlement Guarantee Fund, have been closed and settled;
- (c) all obligations to the Exchange for which the Member was responsible while he was an Exchange Member have been satisfied, or at the discretion of the Exchange, have been deducted by the Exchange from the Member's actual deposit; provided that, the Member has presented to the Exchange such indemnities or guarantees as the Exchange may deem necessary or another Clearing Member has been substituted owning liability for all the transactions and obligations of the Clearing Member, who had ceased to be a Member;
- (d) a suitable amount, as may be determined by the Exchange at its absolute discretion, has been set aside for taking care of any loss, damage, liability or obligation arising out of his past transactions, and
- (e) a suitable amount, as may be determined by the Exchange at its absolute discretion, has been set aside by the Exchange towards such other obligations, as may be perceived by the Exchange to exist or be perceived by the Exchange to arise in future.

10.11.2 The Exchange may specify norms for repayment of deposit including the manner, amount and period within which it may be paid. The repayment amount, at no point of time, will exceed the actual deposit available to the credit of the Clearing Member after deducting the necessary dues or charges payable by such Clearing Member from time to time, including the security deposit.



- 10.11.3 Any obligation of a Member to the Exchange, remaining unsatisfied at the time he ceases to be a Clearing Member, shall not be affected by his cessation of Exchange membership, and the Exchange shall have other available remedies.

## **10.12 Recovery of loss and re-distribution**

- 10.12.1 If a loss charged pro-rata is afterwards recovered from the assets of the defaulter or the expelled Member, whether directly or otherwise, by the Exchange or the Clearing House, in whole or in part, other than through insurance, the net amount of recovery shall first be credited to the Clearing Members from whom the loss was charged in proportion to the amounts actually charged. The amount of recovery made through insurance shall be dealt with in accordance with the terms and conditions of the insurance cover obtained by the Exchange or the Clearing House from time to time.

## **10.13 Limitation of liability**

- 10.13.1 The liability of the Exchange resulting from Contracts of Members with the Exchange and to losses, damages, or injuries in connection therefrom shall be determined in the manner provided in the CERC (Power Market) Regulations, 2010. The Settlement Guarantee Fund of the Exchange shall not be available for obligations of a non-Clearing Member, obligations of a Member to a non-Clearing Member, obligations of a Member to another Member of the Exchange towards transactions to which the Exchange is not a central counter-party or where the Exchange withdraws as a central counter-party on account of fraud or fraudulent transactions as provided in the relevant Bye-Laws and Business Rules from time to time or obligations to a Client by an Exchange Member, and to losses, damages, or injuries arising there from or in connection therewith or incidental thereto.

## CHAPTER- 11

### 11. CLEARING LIMITS

- 11.1 The Exchange may, at its discretion, specify the limits of positions applicable to the Clearing Members based on the deposits made by them towards Margin or deposit or contributions made by the Members to the Settlement Guarantee Fund or any other fund established by the Exchange.
- 11.2 The aggregate monetary value of all the positions in respect of all Contracts that each Clearing Member may clear and settle shall be related to the sum of the Clearing Member's contributions to the Settlement Guarantee Fund of the Exchange or any other fund specified by the Exchange.
- 11.3 The Exchange may specify different clearing limits for different Contracts.
- 11.4 Clearing Members, to enhance their clearing limits, may make additional deposits to the Settlement Guarantee Fund or to the fund specified by the Exchange.
- 11.5 When the clearing limit of a Clearing Member reaches the upper limit, the Exchange shall notify the Clearing Member. After receipt of such notification the Clearing Member shall not present or cause to present any further transactions that would increase the aggregate monetary value of positions until he has paid additional monies to enhance his/ its limit.
- 11.6 The aggregate monetary value of Contracts shall be determined on the basis of
- i. the positions in each of the Contract for which transactions have been cleared by the Clearing member. For this purpose, gross positions in respect to Members are considered.
  - ii. the respective clearing prices

## CHAPTER- 12

### 12. CODE OF CONDUCT AND DISCIPLINARY ACTIONS

- 12.1 Every Exchange Member shall be bound to promote to the best of his ability the objects and interests of the Exchange and to protect and safeguard the interests of his Clients trading on the Exchange. The following shall constitute examples of good business practices. A Member shall be liable to expulsion, suspension and/or to payment of a fine for any violation of good business practices:
- 12.1.1 Members shall furnish a risk disclosure statement or any such statement, as may be prescribed by the Exchange, to all the Clients willing to transact or clear through them. This statement shall contain all the risks relating to electronic ATS. Exchange Members shall make sure that all such Clients must read this statement before participating in any transaction through the Exchange.
- 12.1.2 Members shall not accept any order from any Client unless the risk disclosure statement is read and acknowledged in writing by such Client.
- 12.1.3 Every Member shall have access to these Bye-Laws, the Rules and Business Rules and notices, circulars, orders and instructions issued by the Exchange from time to time and shall also provide all relevant information to his Clients, before executing any order on behalf of such Client.
- 12.1.4 Every Member while transacting on his own behalf and/or on behalf of his Clients, shall take note and shall keep his Client informed, that in Day-ahead Market segment, the maximum quantum of a buy bid shall not exceed the maximum deficit that the entity can have, that is maximum consumer load minus minimum generation, similarly the quantum of a sale bid shall not exceed the maximum possible surplus of the entity that is maximum generation minus estimated consumer load. For this purpose, 'Generation' shall include entitlement under power purchase agreements entered into for catering to consumer demand in entity's system.
- 12.1.5 Members shall not encourage, abet nor allow their Clients to evade Margin, security deposits, other required payments in respect of trading on the Exchange and other financial and non financial compliance.
- 12.1.6 Members shall furnish to their Clients all information pertinent to Contracts, settlement schedule and deliveries schedule as notified by the Exchange or RLDC/NLDC.
- 12.1.7 Members shall explain the role of the Clearing House of the Exchange and the scope and benefits of the same to its Clients.
- 12.1.8 Every Member should take reasonable steps to protect transaction related information of their clients, if applicable. The member shall cause all its employees who in the normal course of discharge of their duties are likely to have access to such transaction related information to maintain complete confidentiality in respect to such transaction related information.

- 12.1.9 No Member shall misuse the transaction related information.
- 12.1.10 Every Member shall have adequately trained staff and appropriate infrastructure to render fair and prompt service to his Clients.
- 12.1.11 Every Member shall ensure that the transaction related information of Clients is not disclosed unless required to do so under any law.
- 12.1.12 Insider Trading Policy  
  
Every Exchange Members shall comply with the Insider Trading Policy as provided in Regulation 61 of the CERC (Power Market) Regulation, 2010.
- 12.1.13 A Member will not utilize his Client's funds for his own trading or any other Clients' trading. The Member, including Professional Member, transacting on other's behalf, will have to ensure that the funds pay out of one Client cannot be adjusted with that of the funds pay in of another Client. The Trader Member will have to ensure that it collects the funds pay in/ margin from the buyer Client in advance and also ensure that the funds payout is given to the seller Client immediately The Members, including Professional Member, transacting business on others behalf shall provide services in accordance with Regulation 26(ii) of the Power Market Regulations.
- 12.2 Every Exchange Member shall abide by the decisions of the Exchange and shall abide by all these Bye-Laws, Rules and Business Rules as well as notices, circulars, orders and instructions issued by the Exchange from time to time.
- 12.3 Any Member shall be liable to expulsion, suspension and/or to payment of a fine for any of the following acts or omissions:
  - 12.3.1 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 committee, the Board or the Exchange made in conformity with these Bye-Laws, the Rules and Business Rules.
  - 12.3.2 Unbecoming conduct: For acting in any manner detrimental to the interests of the Exchange or unbecoming of a Member.
  - 12.3.3 Misconduct: For any misconduct or violation of insider dealing, market manipulation, anti-money laundering and financial crime legislation in India, good business conduct rules and principles, or for any misconduct in his dealing with or relation to the Exchange or any Member thereof or for any disreputable or fraudulent transactions with any person whether a Member or not of which complaint is made to the Exchange, any committee or the Board or by Members or Clients and is found to be valid by the Exchange.
  - 12.3.4 Disobedience: For violating, disobeying or disregarding any Bye-Laws, Rules, and Business Rules, any enactment, order, ordinance or notification issued by the State or The Union Government in respect of trading in electricity, or the provisions of the Act , and the rules and regulations made thereunder and any directions issued by the Commission.

- 12.3.5 Misinformation: For publishing or permitting to be published in any newspapers, circulars, or otherwise, any misrepresentation relating to the transactions in electricity and other Contracts of the Exchange or the Exchange or the Clearing House calculated to mislead the Members and/or the public.
- 12.3.6 Indifference and willful negligence: For not complying with any notice or request made to it by or on behalf of the Exchange requiring it to attend any meeting of the Board or of any committee or to produce any books, documents, correspondence or other papers in its possession, power or control, or for refusing or neglecting to answer any question put to him by the Exchange, relevant to any business at any such meeting.
- 12.3.7 Failure to pay any dues: For failure to pay any amount due under these Bye-Laws, the Rules and Business Rules, and orders and instructions issued thereunder by the Exchange, and/or arbitration or any other fees when due or for non-payment of any fine imposed on it pursuant to these Bye-Laws or for failure to pay any other amount due by it under these Bye-Laws or under any order of the Exchange within 10 (ten) days after the same shall become payable.
- 12.3.8 Failure in physical delivery: Any physical delivery default including taking and giving delivery with intention of gaming / market manipulation.
- 12.3.9 Action detrimental to the Exchange: For any misconduct, in the sense of sub-sections referred to above inclusive as below, in its dealing with or relation to the Exchange:
- Willful or intentional non-fulfillment of contractual or fraudulent or flagrant breach of contract.
  - Frivolous repudiation of contract.
  - Refuse to refer any question in dispute to arbitration, survey or any committee or umpire.
  - Communicating secretly or indirectly with any Arbitrator, surveyor, umpire or member of any committee to which the dispute has been referred to under these Bye- Laws, the Rules and Business Rules.
  - For any conduct, act or omission knowingly carried out to subvert the objects and purposes of the Exchange and the its markets, or which is subversive of these Bye-Laws, the Rules and Business Rules of the Exchange, or which defeats the agreements entered into by the Exchange with other organizations, agencies or entities for promoting the interests and activities of the Exchange.
  - For any conduct, act, omission or negligence which renders the Member liable to be declared a 'defaulter' by the Exchange or the Clearing House under any of the provisions of these Bye- Laws, the Rules and Business Rules or orders, circulars, notices and instructions issued by the Exchange.
  - Disclosure of one Client's positions to other Clients or Members.

- 12.4 Whenever the Exchange shall consider either by reason of complaint made to it in writing by a Member or by reason of any knowledge or information that there is sufficient reason for inquiring as to whether there has been any act or omission on the part of a Member rendering it liable to expulsion, suspension and/or payment of a fine, the Exchange may give notice in writing to such Member or to any other Member requiring it to appear before any committee or the Board within such time as stated in the notice.
- 12.5 The Exchange shall hear the Member with regard to whom it is proposed to recommend 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 witnesses present on its behalf at any such meeting. The Exchange may also require the Member to produce for inspection any books, documents, correspondence or papers in its possession or under its control or that of his firm or company.
- 12.6 Whenever the Exchange is of the opinion that a Member of the Exchange has become liable to expulsion, the Board may by resolution passed by majority of their members present and voting expel such Exchange Member permanently from all rights of membership, except the right to go for arbitration in respect of matters prior to such expulsion. Such resolution shall be final and binding. The Board or the Exchange shall not be called upon to give any explanation or reason thereof to any person other than Commission.
- 12.7 Whenever the Board or the Exchange shall be of opinion that a Member has become liable to suspension and/or payment of a fine, the Board may by a resolution passed by a majority of their members present and voting at such meeting, may suspend it for any term not exceeding six calendar months from all rights of membership except the right to go to arbitration for matters in dispute prior to such suspension. Any such resolution of the Board shall be final and binding and the Board shall not be called upon to give any explanation or reason thereof. In addition to suspension or in lieu thereof or otherwise as recommended by the Exchange, the Board may at its absolute discretion impose a fine on such Member as it may deem appropriate. Failure to pay such fine within the stipulated period shall render a Member liable to suspension, if it has not been suspended already, or expulsion, if he has been only suspended.
- 12.8 Before passing any resolution under Bye-Law 12.6 or 12.7, the Exchange shall give the Member concerned a 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 it to attend a meeting of the Board called for the purpose at which the said Member may produce whatever evidence or statements he wishes to present in its defense.
- 12.9 A suspended Member shall during the period of suspension be deprived of and excluded from all the rights and privileges of membership, except in respect of transactions outstanding at the time of suspension which it shall be bound to fulfill and in regard to which it shall be subjected to all the obligations and have all the rights thereof and of these Bye-Laws including the obligation and right to go to arbitration. The suspended Member shall also be liable to pay all fines, calls, subscriptions, and other moneys due or to become due from it during its suspension in the same manner as if he had not been suspended.

- 12.10 A Member expelled by the Board shall forfeit all the rights and privileges of membership including those conferred on it by these Bye-Laws, the Rules and Business Rules and it shall as from the date of the resolution cease to be a Member, but it shall continue to be liable for and fulfill its obligations to the Exchange or to any other Member at the date of its expulsion and for these purposes shall have the right and be under obligation to go to arbitration under these Bye-Laws.
- 12.11 In case a Member has been suspended, deactivated, expelled or declared deemed defaulter or defaulter, no other Member shall do business for or on behalf of such Member.

## CHAPTER- 13

### 13. EXIT SCHEME

- 13.1 The Exit Scheme sets out the manner in which the running contracts on the Exchange shall be closed in the event of cancellation or withdrawal of registration by the CERC.
- 13.2 In the event of withdrawal or cancellation of registration, the Exchange will cease to accept any fresh trading or new bidding on the Exchange.
- 13.3 In the event of withdrawal or cancellation of registration for the reasons contained in Regulation 36 or any other applicable provisions of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates ) Regulations, 2016, the Exchange will restrict itself to the orderly discharge of existing contracts which have been entered into prior to the withdrawal or cancellation of registration.
- 13.4 The closing down of running contracts on the Exchange consequent to withdrawal or cancellation of registration, shall be in accordance with the Rules, Bye laws and Business Rules of the Exchange and in accordance with such directions as may be issued by the CERC from time to time under the Act read with the Power Market Regulations; and subject to the provisions of the Companies Act, 1956. Any liability which may arise on the part of the Exchange in the closing down of running contracts on the Exchange, shall subject to the provisions of the Electricity Act, 2003 and the Regulations made thereunder and the Byelaws, Rules and Business Rules, be met out of the Settlement Guarantee Fund which will be utilized to the extent necessary to meet any loss or liability accruing to the Exchange on account of such closing down of running contracts on the Exchange.
- 13.5 The contracts entered into upto the date of withdrawal or cancellation shall remain valid and shall be executed and carried out in accordance with the Byelaws, Rules and Business Rules of the Exchange.
- 13.6 In the event of taking over of the business of the Exchange by any agency as may be appointed by the CERC or merger/amalgamation of the Exchange with another Exchange, all contracts traded on the Exchange and to which the Exchange is a party and subsisting or having effect on the Exchange, shall remain in force and effect against or in favor of the resulting company/ agency appointed by CERC, as the case may be, and may be enforced by or against the resulting company/agency appointed by CERC as fully and effectually as if, instead of the Exchange the resulting company/agency appointed by CERC had been a party thereto. The Exchange shall enter into and/or issue and/or execute deeds, letters or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the resulting company/agency appointed by CERC will, if necessary, also be party in order to give formal effect to the provisions thereto, if so required or becomes necessary.
- 13.7 The resulting company/ agency appointed by CERC shall be deemed to be



authorized to execute any such deeds, letters or confirmations on behalf of the Exchange and to implement or carry out all formalities required on the part of the Exchange to give effect to the provisions of the Exit Scheme.

- 13.8 With the taking over of the business of the Exchange, any suit, appeal or other judicial proceeding of whatsoever nature by or against the Exchange shall not abate or be discontinued or in any way be prejudicially affected, but such suit, appeal or other legal proceeding(s) may be continued, prosecuted and enforced, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Exchange prior to the taking over of the business of the Exchange or as may be directed by the CERC.
- 13.9 In the event of merger/amalgamation/reorganization of the business of the Exchange, the same shall be in accordance with the provisions of Sections 391 to 394 of the Companies Act, 1956 and other provisions of law as may be applicable in the circumstances.
- 13.10 In the event of an act of terrorism, act of God, force majeure or any act beyond the reasonable contemplation of the Exchange including a failure on account of the clearing banks to meet its obligations to the Exchange, failure of the automatic trading system or any other event resulting in the Exchange being rendered incapable of permitting transactions to be effected through the automatic trading system, the Exchange will act on a best effort basis in accordance with the provisions of clause 16.4 and 16.5 of the Bye laws read with the Rules and Business Rules to take such actions as the Exchange considers expedient or as directed by the CERC.
- 13.11 The expenses incurred towards defraying any emergency contemplated in clause 13.10 above shall be defrayed from the settlement guarantee fund.

## CHAPTER- 14

### 14. ARBITRATION

#### Reference to Conciliator & Arbitration

- 14.1 All claims, differences or disputes between the Members inter se or between a Member and a registered non-member Client and arising out of or in relation to, Contracts and transactions executed on the Exchange shall be submitted for conciliation to such person or persons and if conciliation does not resolve the dispute or difference to arbitration to a sole arbitrator or arbitration tribunal consisting of three arbitrators, in all cases to be designated by the executive of the Exchange designated for the purpose by the Board and in accordance with the Rules that may be notified by the Exchange. The arbitration shall be in accordance with the provisions of the Arbitration & conciliation Act, 1996

## CHAPTER- 15

### 15. EMERGENCIES AND POWERS TO HANDLE EMERGENCIES

- 15.1 Whenever the Exchange, considers that there is an emergency, corner or crisis in the nature of manipulation, or wherever it appears to the Exchange that the Contracts are transacted for the purpose of inducing a false or an artificial appearance of activity or upsetting the price equilibrium or that the business is being conducted in a manner prejudicial to the interests and welfare of the Exchange; the Clearing House or the Exchange may affect special clearance of outstanding Contracts that have been registered or impose additional penalties or take such other measures that the Exchange may decide, at its absolute discretion.
- 15.2 The Exchange shall have power and discretion, at any time and from time to time, to call upon all or any Member(s) to submit detailed statement giving information relating to Contracts entered into by a Member in such form and in such manner as may be prescribed;
- 15.3 In particular and without prejudice to the generality of the foregoing power and discretion, such information may relate to the following matters:
- 1) Transactions entered into by a Member with another Member on his own-account and transactions entered into by a Member on behalf of others;
  - 2) Positions of a Member and of others on whose behalf the Member has entered into transactions;
- 15.4 The Exchange shall have power for the purpose of verifying or checking any statement submitted by an Exchange Member under these Bye-Laws, the Rules and Business Rules to call for the production of the books of any Member and/or call for explanation from any Member. A Member failing or neglecting to submit any such statement or to produce any such books to give any such explanation shall be liable to a disciplinary action.
- 15.5 Where the Commission or the Exchange considers it expedient to do so, it may call for periodical statements relating to Contracts entered into by the Members in such form or manner as may be prescribed.
- 15.6 If, in the opinion of the Exchange, an emergency has arisen or exists, or it is expedient in the general interests of the transaction so to do, Exchange may, at its absolute discretion, prohibit any transactions in electricity Contracts at a rate or rates above a maximum and/or below a minimum as may be specified; or any transactions in power Contracts for a specified period or until further notice as may be specified.
- 15.7 If the Exchange is of the opinion that continuation of transactions in any Contracts is detrimental to the interests of the activities of the exchange or to the public interest or to the larger interest of the economy of India then notwithstanding anything to the contrary contained in these Bye-Laws or any contract made subject to these Bye-Laws, every transaction relating to any Contracts notified under this Bye-Law and entered into between Members, or between a Member and a Client then outstanding shall be 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 Exchange.

**Whistle Blowing policy**

- 15.8 The Exchange Members shall be entitled to report to the Commission either by letter or email, of any unscrupulous activity, wrongdoing or violation of law, as may come to their knowledge.

## CHAPTER 16

### 16. MISCELLANEOUS

#### 16.1. Limitation of liability

- (a) The Exchange shall not be liable for any activities of its Members or of any other person, authorized or unauthorized, acting in the name of any Member, and any act of commission or omission by any one of them, either singly or jointly, at any time shall not be in any way construed to be an act of commission or omission by any one of them, as an agent of the Exchange.
- (b) Save as otherwise specifically provided in the CERC (Power Market) Regulations, 2010 and the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates ) Regulations, 2016, these Bye-Laws, the Rules and Business Rules, the Exchange shall not incur or shall not be deemed to have incurred any liability and accordingly, no claim or recourse shall lie against the Exchange, its directors, officers, employees or agents or any other Authorized Person acting for and on behalf of the Exchange, in respect of or in relation to any transactions entered into through the Exchange made by its Members and any other matters connected therewith or related thereto, which are undertaken for promoting, facilitating, assisting, regulating, or otherwise managing the affairs of the Exchange to achieve its objects , and any applicable law.

Notwithstanding the above, the Exchange shall have no liability, obligation or duty to any Exchange Member, or any of their Clients or any third party or person, including but not limited to, as a result of:

- (i) any force majeure event including and not limited to any change in law or regulations which is beyond the reasonable control of the Exchange,
- (ii) any losses or damages, including consequential losses and damages, which may be incurred by the Exchange or which may arise directly or indirectly with respect to the activities and functions of the Exchange,
- (iii) any failure, omission or error on the part of the Exchange including any losses or damages with respect to trading, clearing and settlement on the Exchange, or suspension, interruption, cancellation or closure of the Exchange or the Clearing House, or any inoperability or malfunction of the ATS or TWS or any equipment, software, computer system or any other product operated, supplied or used by the Exchange or the Clearing House,
- (iv) any decision of the disciplinary or appeals committee or any other committee exercising their powers, or the Exchange accepting a Member's resignation, or the Exchange's decision to suspend or terminate the membership of any Member, or declare any Member to be a defaulting Member, or

- (v) the exercise or failure to exercise of any discretion or rights under these Bye-Laws, the Rules and Business Rules.
  - (vi) any subsequent changes made in the clearance / curtailment advice issued by the NLDC/ POSOCO/ Registry to the Exchange, on the basis of which the obligations have been worked out by the Exchange.
- 16.2. Without any prejudice to the foregoing, the Exchange does not make any warranty, express or implied, and shall not have any liability to any person in connection to or as result of:
- (a) any failure by the Exchange and the Clearing House to provide any information to each other,
  - (b) the accuracy, originality, completeness or timeliness of any information, data, or indices,
  - (c) the merchantability and fitness for a particular purpose of, or use of any indices, information or data, or the ATS or any computer, trading, clearing and settlement systems of the Exchange,
  - (d) any direct or indirect, special, punitive, consequential damages or loss of profits.
- 16.3. The Exchange shall not have any liability in relation to the operation or use of any such systems, including but not limited to, whether for any breach of any law, any act or omission, injury, death, damage to physical property, any direct or indirect losses, loss of operation time or loss of equipment or process, loss of reputation or losses or damages, economic loss, incidental or consequential to the use or operation or installation of any such systems. All warranties and conditions including express and implied as to the description, condition, performance, quality, fitness for purpose, durability or otherwise of such systems or any components thereof are excluded except required by law. Further, the Exchange does not warrant or forecast that such systems or any components thereof or any services performed in respect thereof will fulfill or meet the requirements of any user, or that operation of such systems will be error-free or uninterrupted or that any services performed in with respect to such systems will error-free or be uninterrupted.
- 16.4. In the event that an obligation of the Exchange must be performed by or prior to a particular time but does not occur on or before that time, the Exchange shall not be in violation of these Bye-Laws, Rules and Business Rules provided that it performs the relevant obligation promptly after such particular time.
- 16.5. No power conferred on the Exchange by these Bye-Laws, Rules and Business Rules including but not limited to, any power to close out, transfer or call Margin shall impose any duty on the Exchange to exercise such power or to exercise such power in a particular way, and no person shall have any claim against the Exchange in relation to any decision made in good faith to exercise or refrain from exercising such powers.

**Protection for acts done in good faith**

16.6. No claim, suit, prosecution or any other legal proceedings shall lie against the Exchange, its directors, officers, employees or agents or any other duly authorized person acting for and on behalf of the Exchange, in respect of anything which is done or intended to be done or omitted or intended to be omitted in good faith in exercise of any power under these Bye-Laws, the Rules or Business Rules or in pursuance of any order or any other kind of communication received by the Exchange, in writing, from any court, tribunal, Central or State Government, the Commission or any other competent regulatory or revenue authority empowered under any law or delegated legislation for the time being in force on its behalf.

**Confidentiality of information**

16.7. Confidential information that is received and obtained under these Bye-Laws, the Rules and Business Rules shall not be disclosed by the Exchange or by any of its directors, officers, employees, committee members or agents or by a person coming into possession of the information, subject to such disclosure as is required to ensure compliance with any applicable law, rule, or regulation. The Exchange shall take all necessary steps to preserve and protect the confidential information.

**Indemnity**

16.8. Each Member of the Exchange, and the Clearing House, if not a part of the Exchange, but an independent entity engaged in clearing and settlement of transactions entered into on the Exchange, shall indemnify and keep indemnified the Exchange, from and against all harm, loss, damages, injury and penalty suffered or incurred and all costs, charges and expenses incurred in instituting and/or carrying on and/or defending any suits, action, litigation, arbitration, disciplinary action, prosecution or any other legal proceedings suffered or incurred by the Exchange on account of or as a result of any act of commission or omission or default in complying with any of the provisions of the Act and the regulations made there under or these Bye-Laws, the Rules or Business Rules or due to any agreement, contract or transaction executed or made in pursuance thereof or on account of negligence or fraud on the part of any Member of the Exchange or the Clearing House as aforesaid and their directors, officers, employees, servants and agents.

16.9. Where any loss or damage is caused to or incurred by any party or person on account of or as a result of any act of commission or omission or default in complying with any of the provisions of the Act and regulations made there-under, or these Bye-Laws, the Rules or Business Rules of the Exchange or any agreement, transaction or contract executed or made in pursuance thereof on account of negligence or fraud on the part of any Member of the Exchange or the Clearing House that is not a part of the Exchange but is an independent entity or their directors, officers, employees, or agents, in the event of the Exchange making good or being required to make good such loss or damages (or any part thereof) to such party or person, the Exchange shall be entitled to recover the

amount so made good by it from the Member of the Exchange or such Clearing House, in default.

- 16.10. The Exchange including its Buyers and Sellers shall keep each of the National Load Despatch Centre, Regional Load Despatch Centers and State Load Despatch Centers indemnified at all times and shall undertake to indemnify, defend and save the National Load Despatch Center, Regional Load Despatch Centers and State Load Despatch Centers and hold them harmless from any and all damages, losses, claims and actions including those relating to injury to or death of any person or damage to property of any person, demands suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions at the Exchange.
- 16.11. The Clearance advice issued by National Load Despatch Centre shall be in good faith and that clearances/curtailment advice by the National Load Despatch Centre shall not be binding and the Central Transmission Utility, National Load Despatch Centre, Regional Load Despatch Centre and State Load Despatch Centre shall not have any financial liability on account of such inability for any reason whatsoever, to achieve the complete matching between the advice of National Load Despatch Centre and the final schedule.

### **Severability**

- 16.12. The illegality, unenforceability and invalidity in whole or in part of any these Bye-Laws, the Rules and Business Rules shall not affect the legality, enforceability and validity of the remaining part or provisions of these Bye-Law, the Rules and Business Rules.

### **Force majeure**

- 16.13. The Exchange shall not be liable for any harm, loss, damage and injury caused to any person arising in any way out of causes beyond its control. Such events or causes include, but not limited to, war, riots, acts of God, civil disturbances, terrorism, acts of a civil or military authority, embargoes, fires, labor disputes, floods, explosions, accidents, mechanical breakdowns, computer or system failures or other failures of equipment, any failure or interruption of any network, telecommunication equipment, online system or power transmission lines or services, any failure or interruption of electricity supply, any utility or service provider, any failure of or defect in computer or software systems, change of law or regulation, interruption or suspension or insolvency or bankruptcy of any bank, financial institution, depository, custodian, electricity transmission or distribution company, or any restriction or order imposed by Commission/ NLDC/ RLDCs/ SLDC on account of transmission /grid constraint/ other reasons, or market emergency, closure of any market including any market operated by the Exchange and any other causes or events in all cases which are beyond the Exchange's reasonable control.
- 16.14. The Exchange shall not be held liable to any Member or third party for any damages, injuries or losses arising out of or in connection with non-performance of an Exchange Member with regard to the delivery or consumption of electricity due to the non-availability of transmission corridor. All responsibilities with



respect to any import or export and transportation thereof lies with the Clients and Members representing such Clients involved in the import or export.

16.15. Without prejudice and notwithstanding anything contained hereinabove, any failure on the part of the Exchange arising out of causes beyond its control shall not in any way reduce, alter, limit or affect the liability of an Exchange Member in respect of any transaction entered into or executed through the ATS or any other trading system of the Exchange by such Member.

16.16. Notwithstanding the above, the Exchange shall be entitled to require any Member to take such actions, including but not limited to close out all or any of Contracts, as the Exchange may direct in respect of Contracts or transactions affected by the force majeure event.

#### **Delay or failure to comply**

16.17. Any delay or failure to observe or comply with any requirement, either in full or in part under these Bye-Laws, the Rules or Business Rules, may be dealt with by the Exchange as a violation of these Bye-Laws, the Rules or Business Rules.

#### **Third party rights**

16.18. A person who is not a Member has no rights under any law to enforce any provisions of these Bye-Laws, the Rules and Business Rules.

**17. VERSION CONTROL**

<b>Version</b>	<b>Date of Submission</b>	<b>Modifications</b>
1.	06.05.2010	CERC (Power Market) Regulations, 2010
2.	04.10.2010	Compliance of CERC order dated 26.08.2010.
3.	04.11.2010	Compliance of CERC order dated 17.09.2010 regarding REC market.
4.	01.08.2011	Compliance of CERC order dated 06.06.2011 in Petition No. 143/2011 (Suo Moto) and order dated 03.06.2010 in Petition No. 26/2010 regarding incorporation of provisions regarding client settlement account.
5.	06.02.2012	Compliance of CERC order dated 23.01.2012 regarding incorporation of 'Exit Scheme' in Bye Laws of Exchange.
6.	14.03.2012	Amendments with respect to modification of Time block for bidding from one hour to fifteen minutes.
7.	17.05.2017	Compliance of Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016.
8.	20.11.2018	Compliance of CERC order dated 09.10.2018 in Petition No. 33/RC/2017 regarding Amendment of Business Rules, Rules & Bye Laws.