



CIRCULAR

CIR/MRD/DSA/10/2010

April 6, 2010

To
The Managing Director/Executive Director
of all Stock Exchanges.

Dear Sir / Madam,

Sub: Master Circular on Allotment of codes to Stock Exchanges, Subsidiary management by Stock Exchanges, Governance of recognised Stock Exchanges and Arbitration in recognised Stock Exchanges

1. The Securities and Exchange Board of India has, from time to time, issued various circulars/directions on the captioned subject. In order to enable the users to have an access to all the applicable circulars at one place, this Master Circular has been prepared.
2. This Master Circular consolidates the circulars/directions issued by SEBI in this regard up to March 31, 2010 as listed in the Schedule and shall come into force from the date of its issue.

Yours faithfully,

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TABLE OF CONTENTS

Page No.

I.	Allotment of Codes to Stock Exchanges	3
II.	Subsidiary Management by Stock Exchange	4
	2.1 Conditions for floating/promoting a subsidiary company by small stock exchanges	
	2.2 Eligibility criteria to become trading member and /or clearing member of the derivatives segment of BSE and NSE	
	2.3 Subsidiary Management	
	2.3.1 Governing Board	
	2.3.2 Chief Executive Officer	
	2.3.3 Staff of the Subsidiary	
	2.4 Responsibilities of Parent Exchange towards Subsidiary	
	2.5 Access to unauthorized persons by the members of subsidiaries	
III.	Governance of recognised Stock Exchanges	8
	3.1 Composition of the Governing Board	
	3.2 General Requirements	
	3.2 Eligibility for election of trading members on the Governing Board	
	3.4 Chief Executive	
	3.5 Statutory Committees	
	3.6 Code of Conduct for the Directors of Governing Board	
	3.6.1 Meetings & minutes	
	3.6.2 Strategic Planning	
	3.6.3 Regulatory Compliances	
	3.6.4 General Responsibility	
IV.	Arbitration in recognised Stock Exchanges	14
	4.1 Conformity of the Exchange Bye-Laws with the Arbitration and Conciliation Act, 1996	
	4.2 Expeditious disposal of arbitration cases	
	4.3 Debiting the award amount from the deposits of the trading member	
	4.4 Preservation of arbitration records	
	4.5 Guidelines for selection of Arbitrators	
	4.6 Guidelines for Fair Practices / Code of Conduct for arbitrators	
	4.6 Limitation period for filing of Arbitration reference	
	Schedule	
	List of circulars/directions pertaining to Chapter I	
	List of circulars/directions pertaining to Chapter II	
	List of circulars/directions pertaining to Chapter III	
	List of circulars/directions pertaining to Chapter IV	



I. **ALLOTMENT OF CODES TO STOCK EXCHANGES**

1. Each of the stock exchanges in the country has been given a two-digit code which is incorporated in the twelve digit registration number given to the trading members. The code number for the exchange is the first two digits after the letters "INB" in the registration number.
2. In this regard, the codes allotted to the recognised Stock Exchanges are as under –

CODE	EXCHANGE NAME
01	Bombay Stock Exchange Limited
02	Ahmedabad Stock Exchange Limited
03	The Calcutta Stock Exchange Limited
04	Madras Stock Exchange Limited
05	Delhi Stock Exchange Limited
06	Hyderabad Stock Exchange Limited*
07	Madhya Pradesh Stock Exchange Limited
08	Bangalore Stock Exchange Limited
09	Cochin Stock Exchange Limited
10	The Uttar Pradesh Stock Exchange Association Limited
11	Pune Stock Exchange Limited
12	Ludhiana Stock Exchange Limited
13	The Gauhati Stock Exchange Limited
14	Mangalore Stock Exchange*
15	Magadh Stock Exchange Limited*
16	Jaipur Stock Exchange Limited
17	Bhubaneswar Stock Exchange Limited
18	Saurashtra Kutch Stock Exchange Limited*
19	Vadodara Stock Exchange Limited
20	OTC Exchange of India
21	Coimbatore Stock Exchange Limited
23	National Stock Exchange of India Limited
24	Inter-connected Stock Exchange of India Limited
26	MCX Stock Exchange Limited

* derecognized Stock Exchanges



II. **SUBSIDIARY MANAGEMENT BY STOCK EXCHANGE**

2.1 Small stock exchanges may promote / float a subsidiary company to acquire trading membership rights of other stock exchanges subject to the following conditions :

- a) The stock exchange and its trading members shall together hold 100% in nominal value of the equity share capital of the subsidiary company, with the exchange holding not less than 51% in nominal value of the equity share capital of the subsidiary company.
- b) The name of the subsidiary company shall not contain the words "Stock Exchange".
- c) The trading members of the stock exchange shall register themselves as sub-brokers of the subsidiary company to enable them to trade through the subsidiary company.
- d) The subsidiary company shall not undertake any dealing in securities on its own account.
- e) The subsidiary company shall register only the trading members of the stock exchange, which is promoting the subsidiary company as its sub-broker and no other client / sub-broker shall be entertained by the subsidiary company. All the stock exchanges which have set up subsidiaries have to make the necessary provisions in their rules, regulations and the byelaws to provide for the above requirement.
- f) The sub-brokers of the subsidiary company shall maintain separate deposit with the subsidiary company. The Base Minimum Capital deposited by the sub-broker with the promoting stock exchange shall not be transferred to the subsidiary company. This deposit to be maintained with the subsidiary company could be 25% in the form of cash and the balance 75% in irrevocable bank guarantees or Fixed Deposit Receipts (FDRs). The FDRs would be discharged in favour of the subsidiary/company and the subsidiary/company would be given a complete unencumbered and unconditional lien on the FDRs.
- g) The trading/exposure limit of the sub-brokers shall be based on the deposit received by the subsidiary company from the sub-brokers and these limits shall not exceed the limits as prescribed by the stock exchange of which the subsidiary company is a trading member.
- h) The subsidiary company shall collect margins from the sub-brokers for the payment of margins to the respective stock exchanges of which the

subsidiary company is a trading member. The margin imposed by the subsidiary company on its sub-brokers shall not be less than the margin payable to the stock exchanges of which the subsidiary company is the trading member.

- i) The stock exchange shall incorporate the above mentioned conditions in the Memorandum of Association / Articles of Association of the subsidiary company.

Eligibility criteria to become trading member and / or clearing member of the derivatives segment of BSE and NSE:

- 2.2 For becoming a trading and or clearing members of the derivatives segment, the eligibility criteria laid down by the stock exchanges and prescribed under the SEBI (Stock Broker and Sub-Broker) Regulations, 1992 have to be fulfilled including the conditions as follows:
 - a) All the risk containment measures laid down by SEBI shall be followed by these subsidiary companies and
 - b) These subsidiaries shall not undertake proprietary trade.

Subsidiary Management

- 2.3. The subsidiary company shall be required to comply with minimum requirements in order to ensure that the transactions therein are conducted in a manner which is not detrimental to the interest of the investors and also to enable the subsidiaries to provide a safe and transparent mechanism for transactions in securities. The stock exchanges shall, therefore, ensure the following –

2.3.1 Governing Board

- a) The Governing Board of the subsidiary company shall have the following composition:
 - i. The Chief Executive Officer (CEO) of the subsidiary company shall be a director on the Board of Subsidiary. The CEO shall not be a sub-broker of the subsidiary company or a trading member of the parent exchange.
 - ii. At least 50% of Directors representing on the Governing Board of subsidiary company shall not be sub-brokers of the subsidiary company or trading members of the promoter / holding exchange (parent exchange). These directors (excluding CEO) shall be called the Public Representatives.
 - iii. The Public Representatives shall be nominated by the parent exchange (subject to prior approval of SEBI).

- iv. Public Representatives to be nominated as directors of subsidiary company shall be from amongst the persons of integrity having necessary professional competence and experience in the areas related to securities market.
- v. For the purpose of nomination as Public Representatives, Governing Board of the parent exchange may forward names of persons to SEBI for its approval. SEBI shall, however have right to nominate persons, whose names have not been forwarded by the Governing Board of the stock exchange.
- vi. The Public Representatives to be appointed as directors shall hold the office for a period of one year from the date of assumption of the office or till the Annual General Meeting of the subsidiary company whichever is earlier. However the Public Representative on the Boards of Subsidiary Companies will continue till the time new Public Representatives are appointed in their place.
- vii. The trading member directors on the Governing Board of the subsidiary company shall have a gap of at least one year after a consecutive period of two years before re-nomination on the Governing Board. As regards the other directors, there should be a gap of at least one year after a consecutive period of three years before re-nomination.
- viii. A person, who has completed two consecutive terms as a director of the parent exchange, shall not be eligible for election as a director of the subsidiary company, or for nomination as a member of any Committee of such subsidiary.
- ix. The parent exchange may appoint a maximum of two directors who are officers of the parent exchange. Such directors shall be in addition to 50% non-trading member directors (public representatives) mentioned above.

2.3.2 Chief Executive Officer

- b) The subsidiary company shall appoint a Chief Executive Officer (CEO) who shall not hold any position concurrently in the stock exchange (parent exchange). The CEO of the subsidiary company shall be appointed by the Board of the subsidiary company through open advertisement. The educational qualification and experience shall be similar to that of the Chief Executive of the stock exchange and the stock exchange or subsidiary shall fix the remuneration of the CEO. The appointment, renewal of appointment and the termination of service of the CEO shall be subject to prior approval of SEBI.



2.3.3 Staff of the Subsidiary

- c) The subsidiary company shall have its own staff none of whom shall be concurrently working for or holding any position of office in the parent exchange. The staff of the stock exchange may serve on deputation or loan basis etc. in the subsidiary company. However, such staff shall not be concurrently working for or holding any position of office in the stock exchange and the subsidiary company simultaneously. The stock exchange shall maintain necessary records to ensure that the staff is not working concurrently.

Responsibilities of Parent Exchange towards Subsidiary

- 2.4 The parent exchange shall be responsible for all risk management of the subsidiary company and shall set up appropriate mechanism for the supervision of the trading activity of subsidiary company. Such mechanism shall include:
- i. Verification of compliance of margin payments and other risk management measures applicable to the subsidiary company as a trading member of another stock exchange.
 - ii. Reporting requirements between the subsidiary and the parent exchange, such as placing quarterly reports on the financials and accounts of the subsidiary and on review of operations of the subsidiary before the Governing Board of the stock exchange at its meetings.
 - iii. Conducting half-yearly inspections of the subsidiary and 20% of its sub-brokers and placing such reports before the Governing Board of the stock exchange.
 - iv. Handling of investor complaints of sub-brokers of the subsidiary company.

Access to unauthorized persons by the members of subsidiaries

- 2.5 Appropriate penal action including fine, suspension of trading rights of the subsidiaries/sub-brokers, etc., shall be initiated, in case, any of the members of the exchange who are sub-brokers of the subsidiary is found to be indulging in activities viz. providing unauthorized access to persons for illegal trading and/or providing their own terminal for illegal trading. The exchanges shall exercise vigilance and surveillance on their subsidiaries/its members to ensure that the members do not indulge in these types of activities.



III. GOVERNANCE OF RECOGNIZED STOCK EXCHANGES

Composition of the Governing Board

- 3.1 The composition of the Governing Board of all recognized stock exchanges shall be as under -
- a) Trading Member Directors shall constitute a maximum of one-fourth of the total strength of the Governing Board.
 - b) Public Interest Directors shall constitute one-fourth of the total strength of the Governing Board.
 - c) Shareholder Directors shall constitute the balance of the Governing Board.

General Requirements

- 3.2 The other incidental and consequential matters relating to governance of stock exchanges shall be as under -
- a) The Directors, except the Public Interest Directors and the Chief Executive such as CEO, ED, MD etc. shall be elected by the Shareholders.
 - b) No Director shall hold office for more than two consecutive terms.
 - c) 'Trading Member Directors' shall be elected from amongst the Trading Members of the concerned stock exchange.
 - d) 'Shareholder Directors' shall be elected from amongst the persons, who are not Trading Members or Associates of Trading Members.

'Associate' in relation to a Trading Member, individual, body corporate or firm, shall include a person:

- (i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the Trading Member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such entities, or
- (ii) in respect of whom the Trading Member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control, or
- (iii) whose director or partner is also a director or partner of the Trading Member, body corporate or the firm, as the case may be.

The expression 'control' shall have the same meaning as defined under clause (c) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

- e) 'Public Interest Directors' shall be selected by the Governing Board from amongst the persons in the SEBI constituted panel.
- f) A person shall not act as 'Public Interest Director' on more than one Stock Exchange simultaneously.
- g) The Chairman shall be elected by the Governing Board from amongst the non-executive non-trading member directors. If, for some reason, it is not possible for the Governing Board to elect a permanent Chairman, the Governing Board may elect a Chairman for every meeting of the Board from amongst the non-executive non-trading member directors of the Governing Board.
- h) The manner of election, appointment, tenure, resignation, vacation, etc. of Directors (except the Chief Executive) shall be governed by the Companies Act, 1956 save as otherwise specifically provided under or in accordance with the Securities Contracts (Regulation) Act, 1956.
- i) The Chief Executive shall be an ex-officio Director on the Governing Board.
- j) No approval of SEBI shall be required for appointment of any Director, except for the Chief Executive.
- k) SEBI may nominate Directors on the Governing Board as and when deemed fit.

Eligibility For Election of Trading Members on the Governing Board

3.3 For the **Trading Members** to be elected to the Governing Board of a stock exchange, the following eligibility criteria shall be incorporated in the Rules of the Exchange –

a) In case of **INDIVIDUAL** trading members:

No trading member shall be eligible to be elected as member of the Governing Board if -

- i) he is not a citizen of India;
- ii) he has been a trading member for less than three years standing on the last day for submission of proposals by candidates for election.



- iii) he has at any time been declared a defaulter or failed to meet his liabilities in ordinary course or compounded with his creditors.
- b) In case of a **CORPORATE** trading member, one of its whole-time directors subject to the fulfillment of the following conditions in addition to the above mentioned conditions for individual trading members would be eligible to be elected as a trading member of the Governing Board:
 - i) In case the director resign/retires from the board of the company, or is removed from the board of the company and one post on the Governing Board falls vacant, the vacancy will be filled as per the Rules of the exchanges and corporate trading members will not have right to replace the trading member.
 - ii) In case of conversion of individual trading member/partnership firm into a corporate trading member, and the individual/partner(s) are whole time director(s) of the corporate then the previous experience of such trading member(s) would be considered for meeting eligibility norms to become member of the Governing Board.
- c) Further, in the event of suspension of trading, suspension of the registration as trading member because of any disciplinary action taken against it by the stock exchange / SEBI, the trading member shall not be eligible to continue on the Governing Board and shall also not be eligible to be elected to the Governing Board for two years from the date of expiry of such suspension of trading or suspension of registration.
- d) A trading member whose registration has been cancelled shall not be allowed to continue on the Governing Board or be eligible to be elected to the Governing Board.
- e) The persons falling in the category of Notified Persons as per the Special Courts (Trial of Offences Relating to Transactions in Securities) Act, 1992, would not continue on the Governing Board and would not be eligible to be elected to the Governing Board for two years from the date such person is notified under the said Act.
- f) A trading member of the stock exchange who was on the Governing Board of the stock exchange at the time of its supersession would not be eligible for re-election to the Governing Board of the stock exchange for a period of 2 years from the date of expiry of the order of supersession passed by SEBI.

Chief Executive

- 3.4 The provisions regarding the Chief Executive of the stock exchange, by whatever name called, shall be as under -
- a) The appointment, renewal of appointment and the termination of service of the Chief Executive shall be subject to prior approval of SEBI. The Exchange shall, however, determine the manner of selection, terms and conditions of appointment and other procedural formalities associated with the selection / appointment of the Chief Executive.
 - b) Further, to bring about uniformity and professionalism in the recruitment process of the Chief Executives, the stock exchanges shall constitute a Committee for the selection of Chief Executives. The Committee shall generally consist of four persons, one representative from the exchange, two outside experts and one Public Interest Director. However, constitution of the said Committee shall not require SEBI approval.
 - c) While recommending the names to SEBI, the exchange shall submit an undertaking that the necessary due diligence has been carried out by them with respect to the verification of antecedents, credentials and experience of the proposed persons.
 - d) The exchanges should ensure that adequate financial powers like sanctioning the normal revenue expenditure and issue of cheques are given to the Chief Executive for smooth functioning of the exchange. Further, one more officer shall be the co-signatory on the cheques to ensure that at least two persons sign the cheque. However no broker member of the stock exchanges shall be an office bearer of an exchange i.e. holds the position of President, Vice President, Treasurer etc. and shall not be authorized to sign any cheques or operate any bank accounts on behalf of the stock exchange
 - e) In order to ensure smooth functioning of the stock exchanges and to give administrative freedom to the Chief Executive, the elected directors shall not interfere in the day to day management of the exchange, particularly relating to the surveillance and risk management functions.
 - f) The Rules or Articles shall provide that besides the Governing Board, it shall be the duty of the Chief Executive to give effect to the directives, guidelines and other orders issued by SEBI in order to implement the applicable provisions of law, rules, regulations as also the Rules or the Articles of Association, Regulations and Bye-laws of the stock exchange. Any failure in this regard will make him liable for removal or termination of services by the exchange with the prior approval of SEBI, subject to the

concerned Chief Executive being given an opportunity of being heard against such termination.

Statutory Committees

- 3.5 The provisions regarding statutory committees of stock exchanges shall be as under –
- a) The Rules or byelaws, as the case may be, of the exchange shall provide that not more than twenty percent of the members of the Arbitration Committee, Disciplinary Committee, Defaults Committee and Investor Services Committee shall be trading members.
 - b) However, the Arbitration Committee in case of disputes between a trading member and a non-trading member shall not have representation of the trading members.
 - c) The appointment of trading members on these committees shall not require SEBI approval.

Code of Conduct for the Directors on the Governing Board

- 3.6 The exchange shall frame and apply a set of criteria as near thereto the SEBI (Intermediaries) Regulations, 2008 to the Directors on the Governing Board of the Exchange. All the Directors of the stock exchange shall:

3.6.1 Meetings & minutes

- a. not participate in the discussion on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting.
- b. not encourage the circulation of agenda papers during the meeting, unless circumstances so require.
- c. offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes.
- d. insist on the minutes of the previous meeting being placed for approval in subsequent meeting.
- e. endeavour to have the date of next meeting fixed at each Board Meeting in consultation with other members of the Governing Board.
- f. endeavour that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within 15 days for considering the remaining items.

3.6.2 Strategic Planning



- a. participate in the formulation and execution of strategies in the best interest of the exchange and contribute towards pro-active decision making at the Board level.
- b. give benefit of their experience and expertise to the exchange and provide assistance in strategic planning and execution of decisions.

3.6.3 Regulatory Compliances

- a. endeavour to ensure that the Exchange abides by all the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956, Rules Regulations framed thereunder and the circulars, directions issued by the Government/SEBI from time to time.
- b. endeavour compliance at all levels so that the regulatory system does not suffer any breaches.
- c. endeavour to ensure that the exchange takes commensurate steps to honour the time limit prescribed by SEBI for corrective action.
- d. not support any decision in the meeting of the Governing Board which may adversely affect the interest of investors and shall report forthwith any such decision to SEBI.

3.6.4 General Responsibility

- a. place priority for redressing Investor Grievances and encourage fair trade practice so that the exchange becomes an engine for the growth of the securities market.
- b. endeavour to analyse and administer the exchange issues with professional competence, fairness, impartiality, efficiency and effectiveness.
- c. submit the necessary disclosures/statement of holdings/dealings in securities as required by the exchange from time to time as per their Rules or Articles of Association.
- d. unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty. Further, no such information shall be used for personal gains.
- e. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities.
- f. perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties.
- g. perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion.
- h. not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the exchange.



IV. ARBITRATION IN RECOGNISED STOCK EXCHANGES

Conformity of the Exchange Bye-Laws with the Arbitration and Conciliation Act, 1996

- 4.1 The Bye-laws of the stock exchanges relating to arbitration proceedings shall be in accordance with the Arbitration and Conciliation Act, 1996.

Expeditious disposal of arbitration cases

- 4.2 To ensure expeditious disposal of arbitration proceedings at the exchanges, the following clauses shall be incorporated in the bye-laws of the exchanges –

- i. **Adjournment** - Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing.
- ii. **Time for completion of Arbitration** - The arbitrator(s) shall pass the arbitration award normally within 3 months from the date of entering upon the reference.
- iii. **Request for extension** - The time taken to pass the award may be extended by the Chief Executive, not beyond 3 times, on an application by either of the parties or by the arbitrator, as the case may be.

Notwithstanding the extensions granted in the above manner, the arbitrator shall pass the arbitration award within a period of six months from the date of entering into reference i.e. extension of time of award can be for a maximum period of three months.

- iv. **Date of entering reference** - For the purposes of these bye-laws, the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has held the first hearing.

Debiting the award amount from the deposits of the trading member

- 4.3 The Bye-laws, Rules and Regulations of the stock exchanges shall be amended to provide that:-
- a. The stock exchange shall on receipt of the arbitration award, debit the amount of the award from the security deposit or any other monies of the trading member (against whom an award has been passed) and keep the amount in a separate account. Thereafter, a confirmation may be obtained from the concerned trading member that he has not filed any appeal within the stipulated time under section 34 of the Arbitration and Conciliation Act, 1996 and only then the payment may be made to the

awardee. If an appeal is filed and the same is pending in a Court of law, the amount so kept in the separate account shall be paid to the awardee in accordance with the court orders.

- b. At the time of debiting the amount, the stock exchange may if so desire inform the trading member that the exchange will not be liable for loss of interest, business etc., in case the award is modified by the Court. The exchange may also indicate that if any amount of interest is still payable to the awardee e.g. from the date of debiting the trading member's account till the date of payment of the award amount to the awardee, the same shall be recoverable from the concerned trading member and the stock exchange shall not be liable in this regard.

Preservation of arbitration records

4.4 The documents vis-à-vis the process of arbitration shall be preserved with the stock exchanges for the purpose of record, as follows -

- a) The original arbitration award with acknowledgements shall be preserved permanently.
- b) Other records pertaining to arbitration shall be preserved for 5 years from the date of award, in case the appeal for setting aside the award is not filed till such time.
- c) In case, an appeal is filed, the records shall be preserved for five years from the date of final disposal by the Court.
- d) The destruction of records shall be subject to the previous order, in writing of the Chief Executive of the exchange.
- e) The exchange shall maintain a register wherein the brief particulars of the records destroyed alongwith the certification regarding the date and mode of destruction.

Guidelines for selection of Arbitrators

4.5 The guidelines for selection of arbitrators that may be adhered to by the stock exchanges while selecting the arbitrators are as under –

- a) Persons with background in law, finance, management, administration and experience in the areas related to securities market may be preferred over other candidates.
- b) Both educational qualification and experience should be considered as factors for selection.



- c) A declaration should be obtained by the Stock Exchanges from the Arbitrators along with bio-data regarding the following:
- Confirming that he/she was not involved in any act of fraud or dishonesty or moral turpitude or found guilty of any economic offence.
 - Disclosing the names of his dependents that are associated with the securities market as Trading Member / sub-brokers or major investors.
- d) While considering re-nomination of arbitrators, the past experience with the arbitrator may be looked into, such as time taken for passing awards, quality of awards passed, complaints received, if any, against the arbitrators etc.

Guidelines for Fair Practices / Code of Conduct for arbitrators

- 4.6 In order to ensure that the arbitration matters at the stock exchanges are conducted in a fair, uniform and effective manner, the arbitrators shall –
- a) Act in a fair, unbiased and objective manner.
 - b) Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties in order to inspire public confidence and shall not engage in acts discreditable to his responsibilities.
 - c) Avoid any interest or activity which is in conflict with the conduct of his duties as an arbitrator.
 - d) Perform his duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, his independence or objectivity.
 - e) Disclose his interest or conflict etc in a particular case i.e. whether any party to the proceeding had any dealings with or is related to the arbitrator.
 - f) Ensure that all the provisions of the Arbitration and Conciliation Act, 1996, SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued by the Government / SEBI in respect of arbitration and dealing in securities are followed.
 - g) Endeavour that the arbitral award is passed within the minimum period stipulated by the Bye-laws, Rules, and Regulations of the Exchange.
 - h) Endeavour that adjournments, if any, are granted as an exception rather than a rule and after recording the reasons thereof in writing.
 - i) Ensure that the awards are detailed and well reasoned.

j) Ensure that principles of natural justice are followed.

4.6 Limitation period for filing of Arbitration reference

1. The Secondary Market Advisory Committee (SMAC), reviewed the existing provisions in the Exchange Byelaws, which specify a limitation period of six months for reference of a complaint/claim/difference/dispute for arbitration.
2. While computing the said limitation period, the time taken in amicable settlement of claims, complaints, differences, disputes through the Investors Grievances Redressal Committee mechanism of the Exchange under its Rules, Bye-laws & Regulations is excluded.
3. Based on the recommendations of the SMAC, it has been decided that the limitation period of six months shall be computed from the end of the quarter during which the disputed transaction(s) were executed. Along with the exclusion mentioned under para (1) above and subject to sufficient documentary proof, the period of one month from the date of receipt of complaint/claim/difference/dispute by the trading member or the actual time taken by the trading member from the date of receipt of complaint/claim/difference/dispute by the trading member to the date of receipt of the trading member's last communication by the investor, to resolve / counter the complaint / claim/ difference/ dispute, whichever ends earlier, shall also be excluded.
4. Apart from the above, in certain instances it was observed by SEBI that the arbitration applications are being rejected on the grounds of having exceeded the limitation period, without going into the circumstances leading to the arbitration not being filed within the time period. In case the arbitration application is not filed within the limitation period for reasons beyond the control of the party, rejection of the same is not in the interest of investors. Accordingly, it has been decided that:
 - The limitation period can be extended in certain cases for a further period of three months by the stock exchange.
 - The stock exchange can decide on extending the limitation period for a period of three months, only after obtaining sufficient documentary proof in this regard and recording the reasons for the same in writing. In this regard, the party shall provide to the stock exchange sufficient documentary proof regarding the reasons for the delay in filing the arbitration case and the stock exchange shall examine, if the reasons /documentary proof submitted, for not filing the arbitration within the limitation period were indeed beyond the control of the party.

SCHEDULE

Chapter I (Allotment of Codes to Stock Exchanges)

The earlier circulars / directions issued by SEBI relating to allotment of codes to Stock Exchanges, which are compiled in this master circular, are as under -

1. Circular No. Ref.SMD-I/22532 dated October 19, 1993.
2. Circular No. SMD/POLICY/CIR (DBA-II)-37/98 dated December 04, 1998.
3. Circular No. MRD/DSA/SE/CIR- 28 /2008 dated October 17, 2008.

Chapter II (Subsidiary Management by Stock Exchanges)

The earlier circulars / directions issued by SEBI relating to Subsidiary management by Stock Exchanges, which are compiled in this master circular, are as under:

1. Circular No. SMD-II/POLICY/CIR-37/99 dated November 26, 1999.
2. Circular No. SMD-I/POLICY/CIR-40/99 dated December 16, 1999.
3. Circular No. SMD-II/ALLSE/CIR-02/2000 dated January 10, 2000
4. Circular No. SMDRP/Policy/Cir-8/2001 dated February 07, 2001
5. Circular No. SMDRP/Policy/Cir-41/2001 dated August 09, 2001
6. Circular No. SMD/POLICY/CIR-4/2003 dated February 11, 2003.
7. Letter No. SMD/SEAD/9971/03 dated May 21, 2003.
8. Circular No. SEBI/SMD/SE/Cir-20/2003/02/06 dated June 02, 2003
9. Circular No. SEBI/MRD/SE/15958/2003 dated August 22, 2003
10. Circular No. MRD/POLICY/CIR-33/2004 dated September 30, 2004.
11. Letter no. MRD/DSA/C&D/72675/06 dated July 27, 2006.

Chapter III (Governance of recognised Stock Exchanges)

The earlier circulars / directions issued by SEBI relating to Governance of recognised Stock Exchanges, which are compiled in this master circular, are as under -

1. Circular No. SMD-II/11615/92 dated November 20, 1992.
2. Circular No. SMD/SED/6919/93 dated April 20, 1993.
3. Circular No. SMD-II(N)/24456/93 dated December 7, 1993
4. Circular No. SMD/536/95 dated March 28, 1995
5. Circular No. Ref. SMD-II/52 dated January 10, 1996
6. Letter No. SMD/RCG/3737/96 dated August 13, 1996.



7. Circular No. SMD/POLICY/IECG/5694/96 dated December 20, 1996.
8. Circular No. SMD/POLICY/IECG/2-97 dated February 25, 1997.
9. Circular No. SMD/POLICY/CIRCULAR-27/97 dated November 05, 1997.
10. Circular No. SMD/POLICY/CIRCULAR-09/98 dated February 24, 1998.
11. Circular No. SMDRP/Policy/Cir-33/98 dated November 12, 1998.
12. Circular No. SMDRP/Policy/Cir - 25 /99 dated August 12, 1999
13. Circular No. SMD/POLICY/CIR-2/2002 dated January 10, 2002.
14. Letter dated September 02, 2002.
15. Circular No. SEBI/SMD/SE/Cir- 19/2003/02/06 dated June 02, 2003
16. Circular No. SMD/Policy/Cir-8/2003 dated March 4, 2003
17. Circular No. MRD/DOP/SE/Cir-5/2005 dated February 9, 2005
18. Letters dated August 31, 2005 / September 21, 2005.
19. Letter dated November 6, 2008.
20. Letters dated February 20, 2009

Chapter IV (Arbitration in recognised Stock Exchanges)

The earlier circulars / directions issued by SEBI relating to Arbitration in recognised Stock Exchanges, which are compiled in this master circular, are as under:

1. Circular No. SMD/POLICY/CIRCULAR/3-97, dated March 31, 1997
2. Circular No. SMDRP/POLICY/CIR - 22/99, dated July 9, 1999
3. Circular No. SMD/Policy/Cir-06/2002 dated March 27, 2002
4. Circular No. SMD/Policy/Cir-18/2002 dated August 28, 2002
5. Circular No. SMD/POLICY/Cir-26/2002 dated October 30, 2002.
6. Circular No. SEBI/SMD/SE/13 /2003/10/04 dated April 10, 2003.
7. Letter No. MRD/DSA/Arb/4623/2004 dated March 05, 2004.
8. Circular No. MRD/DSA/SE/CIR-18/2009 dated December 2, 2009.
