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Government of Bombay

# Report of the Stock Exchange Enquiry Committee

[Price—Annas 12 or 1s. 3d.]

BOMBAY

PRINTED AT THE GOVERNMENT CENTRAL PRESS.

1937

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APPENDIX I.

Stock Exchange Enquiry  
Committee :  
Appointment of —

GOVERNMENT OF BOMBAY.

FINANCE DEPARTMENT.

Resolution No. 2902.

Bombay Castle, 24th November 1936.

The Governor in Council is pleased to appoint a Committee to examine and report on the organisation and methods of working of the Native Share and Stock Brokers' Association of Bombay, to consider whether any modifications are desirable in the interests of the investing public, and to make recommendations.

2. The Committee will be constituted as follows :—

- |                                   |    |                      |
|-----------------------------------|----|----------------------|
| (1) Mr. W. B. Morison ..          | .. | <i>Chairman.</i>     |
| (2) Sir Sohrabji Pochkhanawala .. | }  | .. <i>Members.</i>   |
| (3) Sir Rahimtoola Chinoy ..      |    |                      |
| Mr. H. M. Patel, I.C.S. ..        | .. | .. <i>Secretary.</i> |

3. The Committee will assemble in Bombay at such place and time as will hereafter be notified.

4. Associations or persons wishing to make proposals for the reorganisation of the Bombay Stock Exchange or for improving its methods of working are invited to send their written representations to the Secretary, Stock Exchange Enquiry Committee, Finance Department, Secretariat, Bombay, as early as possible and not later than the 23rd of December 1936.

By order of the Governor in Council,

C. G. FREKE,  
Secretary to Government.

## APPENDIX II.

*Questionnaire.*

1. Should forward trading be stopped completely? Or should it be allowed with restrictions? And, if so, with what restrictions? Do the conditions for putting a scrip on the forward list require any modification?

2. Have you any suggestions to offer as regards the control of sub-brokers, their status, position and responsibility?

3. Is strict differentiation between jobbers, tarawniwalas and brokers advisable?

4. *Stock Exchange Building.*—Is present accommodation therein sufficient? Are facilities, such as installation of electric boards for giving latest prices, necessary?

5. Do you consider that the existing powers of the President and the Board of Directors require to be enlarged or modified in any way? Should the Board be given power to prevent individual members of the Association, under certain circumstances, from speculating in forward scrips? Should the Board have power to intervene in transactions between members?

6. Do you consider that the intervention of Government is necessary under any special circumstances?

7. *Holidays.*—Are they excessive at present?

8. *Hours of Business.*—Are any changes therein necessary or desirable?

9. *Brokerage.*—Should there be a fixed minimum scale of commissions?

10. *Amendments to Contract Notes.*—Should it be compulsory for brokerage to be shown separately in an agency contract?

11. *Defaulters.*—Circumstances under which they should be reinstated. Should defaulters who have not paid their creditors in full be allowed to do business, say, as sub-brokers, and under what conditions?

12. Should restrictions imposed under Rule 7 of the Rules of the Native Share and Stock, Brokers' Association on persons having connection with other trades be removed?

13. *Clearing House.*—Should all dealings in shares, either cash or forward, be arranged through the Clearing House? Should monthly clearing be expedited? Should settlements be fortnightly? Is it necessary to publish daily official price lists?

14. Member's card constitutes a security for the benefit of his fellow members. Should members be required to provide additional security for protecting their clients' interests?

15. Are any powers required for the investigation of brokers' books of accounts and contracts in addition to those at present enjoyed by the Board of Directors?

16. Should blank transfers of shares be allowed? If so, should their currency be limited?

17. Should Rule 335 dealing with corners be revived? Have you any suggestions for the improvement of the rules dealing with corners?

18. *Bear Raids*.—Should the present rule 188 be continued? Is it adequate for the purpose? Does it require modification in any respect?

19. Should the scrip of a company not be allowed to be quoted for forward dealings where any partner interested in the managing agency of the company and holding a very large number of shares enters into speculative transactions in shares of his own company?

20. *Margins*.—Whether brokers should be required to insist upon margins from their clients for putting through transactions on their behalf? If so, how can such requirements be enforced on all the parties concerned?

21. *Listing requirements*.—Are they adequate? Or should they be enlarged further with a view to safeguard the interests of the public?

22. Should it be made compulsory to disclose the identity of a client in all circumstances in the broker's books?

23. Whether it is necessary to prevent members from speculating on their own account? If so, how?

24. Are you of the opinion that the Bombay Securities Contracts Control Act, 1925, requires any amendment; and if so, in what manner? Do you think it is desirable that Government should reserve to itself the power it has at present under the Act of sanctioning the rules of the recognised Association?

25. Are there any other factors in addition to the foregoing which, in your opinion, are responsible for overtrading and the periodical difficulties on the Stock Exchange? What steps would you suggest to prevent these?

## APPENDIX III.

*A. List of witnesses examined orally.*

1. Representatives of the Native Share and Stock Brokers' Association (Messrs. K. R. P. Shroff and J. J. Kapadia).
2. Representative of Messrs. Forbes and Lund, Stock and Share Brokers (Mr. E. F. Groombridge).
3. Representatives of the Marwadi Chamber of Commerce—
  - (i) Mr. Begraj Gupta,
  - (ii) Mr. Kedarnath Agarwal,
  - (iii) Mr. Umashanker Dikshit.
4. Representative of the Indian Merchants' Chamber (Mr. Mangaldas B. Mehta accompanied by Mr. Jaisukhlal K. Mehta, the Secretary of the Chamber).
5. Representatives of the Bombay Millowners' Association—
  - (i) Mr. F. E. Stileman, and
  - (ii) Sir H. P. Modi.
6. Mr. R. R. Nabar (Member of the Native Share and Stock Brokers' Association).
7. Representatives of the East India Cotton Association—
  - (i) Mr. Chunilal B. Mehta, and
  - (ii) Mr. Prataprai M. Mehta.
8. Mr. Chunilal B. Mehta (as the representative of the Bombay Shroff Association, as well as in his individual capacity).
9. Mr. Walchand Hirachand.
10. Representative of the Exchange Banks' Association (Mr. D. Laidlaw).
11. Mr. W. I. Thakor.
12. Mr. Jaya Raj (Member of the Native Share and Stock Brokers' Association).
13. Mr. D. C. Mehta (of Messrs. Mehta Vakil & Co., Brokers).
14. Representatives of the Bombay Chamber of Commerce—
  - (i) The Hon'ble Mr. R. H. Parker,
  - (ii) Mr. D. D. Storrar.
15. Representatives of the Bombay Shareholders' Association—
  - (i) Professor S. R. Davar, and
  - (ii) Mr. Mohamed Ali Chahewala.

16. Mr. R. E. M. Patel (of Messrs. Patel and Ramdutt, Share and Stock Brokers).
17. Mr. Minocher H. Engineer.
18. Mr. Ali Mahomed G. Moloobhai.
19. Mr. A. D. Shroff.
20. Mr. Dhirajlal Tribhovandas (on behalf of the Provisional Committee of the sub-brokers of the Bombay Stock Exchange).
21. Mr. Jamnadas Morarjee (of Messrs. Jamnadas Morarjee & Sons, Share and Stock Brokers).

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*B. List of associations and persons who submitted representations or replies to questionnaire.*

1. Mr. M. S. Challa.
2. Mr. Satyapal S. Malhotrá (Member of the Native Share and Stock Brokers' Association).
3. The Ankleshwar Nagari Sahakari Bank Ltd.
4. Mr. M. A. Peerbhoy, Bandra.
5. The Bombay Millowners' Association.
6. Mr. Chhotalal I. Parekh.
7. The Bombay Shroff Association.
8. Mr. D. C. Mehta (of Messrs. Mehta Vakil & Co., Share and Stock Brokers).
9. Mr. R. C. Keshani.
10. Mr. Ardeshir R. Subedar.
11. Mr. A. D. Baria.
12. Mr. C. C. Master.
13. Mr. W. I. Thakor.
14. Mr. R. D. Tanna.
15. The Bombay Exchange Banks' Association.
16. Mr. C. C. Chokshi.
17. Mr. Narandas Vithaldas, Daman.
18. Messrs. E. A. Haveliwala & Sons.



19. The East India Cotton Association, Bombay.
20. Maconochie & Co., Madras (Stock, Share, Exchange and Freight Brokers).
21. The Madras Chamber of Commerce.
22. Mr. Gangadas J. Damania.
23. Mr. J. P. Patel.
24. The Bombay Chamber of Commerce.
25. Mr. Walchand Hirachand.
26. The Indian Merchants' Chamber, Bombay.
27. Mr. C. M. Eastley.
28. Mr. Ishwarlall B. Desai.
29. Chairman and Managing Director, Premier Construction Co., Ltd.
30. Mr. Jaya Raj (Member, Native Share and Stock Brokers' Association).
31. Mr. Vusonji Mulji.
32. Mr. M. M. Desai.
33. Mr. D. N. Bapasola.
34. Mr. E. F. Groombridge (of Messrs. Forbes and Lund, Share and Stock Brokers).
35. The Scindia Steam Navigation Co., Ltd.
36. Mr. M. H. Engineer.
37. Mr. R. R. Nabar (Member, Native Share and Stock Brokers' Association).
38. Mr. Chunilal B. Mehta.
39. Mr. Motilal Bawalal (Share, Stock and Finance Broker).
40. Mr. D. N. Shroff.
41. R. Chhotalal & Co.
42. Mr. Vrajlal Keshavlal.
43. The Marwadi Chamber of Commerce, Bombay.

44. Mr. R. E. M. Patel (of Messrs. Patel and Ramdutt, Share and Stock Brokers).
45. Mr. Jamnadas Morarjee (of Messrs. Jamnadas Morarjee and Sons, Share and Stock Brokers).
46. Mr. Bhagwandas Kariwala.
47. Mr. Veerjee Madhavjee.
48. Mr. A. D. Shroff.
49. Mr. Dhirajlal Tribhovandas (on behalf of the Provisional Committee of Sub-brokers of the Bombay Stock Exchange).
50. Mr. Rajendra Somnarayan Dalal.
51. Mr. Bisesarlal Chirawawala.
52. Mr. Dipchand B. Shah.
53. The Bombay Shareholders' Association.
54. Mr. Shivji Karsandas.
55. Mr. Liladhar Premjee.
56. Mr. C. M. Dalal.
57. Mr. Bhagwandas Ratansej.
58. Mr. Ali Mohammed Moloobhai (of Messrs. Goolamhusein Moloobhai, Share, Stock and Exchange Brokers).
59. The Mahratta Chamber of Commerce and Industries, Poona.
60. The Karachi Indian Merchants' Association.
61. Millowners' Association, Ahmedabad.
62. Mr. J. V. Somayajulu.
63. The Indian Cotton Exchange, Bombay.
64. The Memon Chamber of Commerce, Bombay.
65. Southern India Chamber of Commerce, Madras.
66. The Premier Construction Co. Ltd.
67. Mr. Shantilal B. Kothari.
68. Mr. Chhaganlal M. Mehta.
69. Mr. M. K. Mehta.
70. Mr. Framroj S. Mistry.
71. Mr. J. R. Parik.
72. Mr. K. K. D. and others.

APPENDIX IV.

*Effect of proposals on the Rules of the Association.*

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
1	<p><i>Note.</i>—Association's proposals which have not yet been incorporated in the rules are shown in italics.</p> <p>3. No person shall be eligible for membership of the Association unless—</p> <p style="padding-left: 40px;"><u>Natives of India.</u></p> <p style="padding-left: 40px;">(a) he is a native of India, or</p> <p style="padding-left: 80px;"><u>British subjects.</u></p> <p style="padding-left: 40px;">(b) is a British subject, having resided in the Bombay Presidency for at least 10 years prior to his application for membership.</p>	<p>For the figure "10" in clause (b), substitute the figure "5".</p>	<p>Five years gives enough time to understand local conditions.</p>
2	<p><u>Lady Members.</u></p> <p>3A. <i>Ladies, if otherwise eligible, may be members of the Association; and words importing the masculine gender used in these rules with reference to a member shall be taken to include females.</i></p>	<p>New rule may not be accepted</p>	<p>We have proposed modification of the rights or privileges of relatives in a card and on general grounds we consider that time is not yet ripe to admit ladies to membership.</p>

Other occupations.

7 (a) No person shall be eligible for membership of the Association if he be engaged as principal or employee in any business other than that of a broker in stocks, shares and like securities or of a general financial Broker or of a bullion and exchange Broker, unless he shall undertake on admission to the Association forthwith to sever his connection with such business ;

Exceptions.

(b) Nothing in sub-rule (a) shall apply to any person who prior to 1st March 1926 shall have been duly admitted a Member of the Association ;

Membership of other Associations.

(c) No person shall be eligible for Membership of the Association if he be a Member of or subscriber to or shareholder or debenture holder in any other institution, Association, company or corporation in Bombay where dealings in stock, shares or like securities are carried on, unless he shall undertake on admission to Membership of the Association instantly to sever his connection with such institution, association, company or corporation as the case may be ;

Other occupations when allowed.

(d) A nominee of a member appointed under rule 12 shall be at liberty to carry on any business that the member in whose place he is nominated carried on at the time of his death provided that he is a member of the family of such member.

(i) Delete the words "or of a general financial broker or of a bullion and exchange broker", occurring in sub-rule (a).

(i) *Vide* paragraph 55 of the Report. It was thought inadvisable that members of the Stock Exchange should be engaged in any other business.

(ii) Delete sub-rule (d) and explanation below it.

It was considered that as the principle of rule 7 (a) was sound exceptions to it were undesirable ; *vide* paragraph 56 of the Report.

Serial No.	Rules as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
3— contd.	<p data-bbox="276 344 815 367">7—contd.</p> <p data-bbox="276 401 815 493"><i>Explanation.—In this rule and the following rules the expression "a Member of the family" includes the father, the mother, the wife or the husband and the lineal descendants of the father of the Member concerned.</i></p> <p data-bbox="455 539 637 574" style="text-align: center;"><u>Member's family.</u></p> <p data-bbox="276 596 815 711">11. (a) A Member who desires to resign, may with the sanction of the Board nominate a <i>Member of the family</i> otherwise eligible under these rules for admission to Membership of the Association as a candidate for admission in his place ;</p> <p data-bbox="276 838 815 963">(b) A Member of not less than twenty-five years' standing or a Member 55 years old and of not less than ten years' standing who desires to resign may nominate a person otherwise eligible under these Rules for admission to Membership of the Association as a candidate for admission in his place.</p>	<p data-bbox="815 596 1215 665">(i) Delete sub-Rule (a) and the heading. (ii) Re-number 11 (b) as 11' and substitute the following :—</p> <p data-bbox="873 757 1146 792" style="text-align: center;"><u>"Nomination by Member.</u></p> <p data-bbox="815 838 1215 963">A Member of not less than 7 years' standing who desires to resign may nominate a person otherwise eligible under these Rules for admission to Membership of the Association as a candidate for admission in his place."</p>	<p data-bbox="1215 596 1547 642"><i>Vide</i> paragraphs 51 and 52 of the Report.</p>

RESIGNATION.

Rights of resigning Members.

5

22. A Member may resign from the Association by giving fifteen days' notice in writing to the Secretary of the Association of his intention, and upon the expiration of the notice he shall cease to be a Member of the Association and shall forfeit all rights and privileges as a Member of the Association, including any right to the use of or any claim upon or any interest in any property or funds of the Association, and such right, claim or interest shall vest in and become the absolute property of the Association.

EXCLUSION AND SUSPENSION OF MEMBERS.

Unworthy Conduct.

6

23. The Association may by Resolution expel a Member who is guilty of any conduct which in the opinion of the Members renders him unfit to be a Member. Such Resolution shall be passed by a majority of three-fourths of the Members present at a meeting of not less than seventy-six Members and shall be confirmed by a majority of Members at a meeting of not less than fifty Members, held not less than seven and not more than fourteen days after the first meeting.

Substitute the following for this rule :-

" Resignation of Members.

22. A Member may resign from the Association by giving fifteen days' notice in writing to the Secretary of the Association of his intention, which shall be forthwith posted, and if, on the expiration of the fifteen days, no objection shall have been received, he shall cease to be a Member of the Association."

It is desirable that such notice should be posted so that Members may have an opportunity to notify the Board if for any reason they wished to oppose the resignation.

Delete this rule

.. .. *Vide* paragraph 49 of the Report.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
7	<p style="text-align: center;"><u>Membership of other Associations.</u></p> <p>26. The Board of Directors shall by Resolution expel any Member of the Association who subsequently to his admission shall become a member of or subscriber to or shareholder or debenture holder in any institution, association, company or corporation in Bombay where dealings in stock, shares and like securities are carried on, or shall be connected through a partner with such institution, association, company or corporation.</p> <p><i>Explanation.—For the purpose of this rule, five or more members of the Association making any bid or offer or entering into any contract or transaction in stocks, shares and like securities before, during or after business hours or during holidays at any place other than the floor of the Association shall be deemed to be members of an Association other than the Association.</i></p>	<p>After the word "admission" insert the words "is engaged as principal or employee in any business other than that of stocks, shares and like securities or".</p>	<p><i>Vide</i> remarks against rule 7; rule 26-A becomes unnecessary in view of the amendment proposed to this Rule.</p>
8	<p style="text-align: center;"><u>Other occupations.</u></p> <p>26A. The Board of Directors may by resolution suspend or expel any member of the Association who, subsequently to his admission and during the period he remains an active member of the Association, shall be engaged either directly or indirectly as principal or employee in any business other than that of a Broker in stocks, shares and other like securities or of a general financial broker or of a bullion and exchange broker.</p>	<p>Delete rule 26-A.</p>	

Fraudulent conduct.

28. (a) The Board of Directors may by Resolution expel or suspend a Member of the Association who is guilty of fraudulent conduct.

(b) The said Board may by Resolution suspend and/or fine a Member of the Association who—

Refusal to obey.

(i) may refuse or fail to comply with any Resolution or decision of the said Board ;

Breach of Rule.

(ii) .....

Dishonourable or disgraceful conduct.

(iii) .....

Expulsion of Director by Association.

29. The Association may by Resolution expel a member of the Board of Directors from the said Board ; such Resolution shall be passed by a majority of three-fourths of the Members present at an extraordinary general meeting at which not less than one hundred Members shall have been present.

Add at the end of sub-rule (a) the words " or who is proved to be transacting business in fictitious names ".

In sub-rule (b), insert the word " expel " between the words " Resolution " and " suspend ".

To define the penalty attaching to the use of improper business methods.

The offences in (i), (ii) and (iii) may, on occasions, be serious enough to merit expulsion.

Delete this rule

.. Vide remarks against rule 23 ; and paragraph 49 of the Report.



Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
11	<p style="text-align: center;"><u>Expulsion of Director by Board.</u></p> <p>30. The Board of Directors may by Resolution expel from the said Board any Member of the said Board who may, in the opinion of the said Board, be guilty of improper conduct: such Resolution shall be passed by a majority of three-fourths of the Members present at a meeting of the said Board especially summoned for the purpose at which not less than one-half of all the Members of the said Board shall have been present. The said Board shall be the sole judge of what is improper conduct within the meaning of this Rule.</p>		
12	<p style="text-align: center;"><u>Expulsion of Director interested in syndicate.</u></p> <p>31. The Board of Directors shall by Resolution expel from the said Board a Member of the Board who, having a direct or indirect interest (except brokerage) in any Bull or Bear syndicate or combination formed to rig or to depress the market or who being a partner or sub-partner in such syndicate or who managing the business of such syndicate or who being a responsible representative of such syndicate, does not forthwith tender his resignation as a Member of the said Board. The said Board shall be the sole judge as to whether a Member of the said Board has any such interest or is such a partner, sub-partner, manager or representative, as the case may be, and their decision shall be final.</p>	<p>Substitute the words "remove" and "removal" respectively for the words "expel" and "expulsion" wherever they occur in rules 30 and 31.</p>	<p>Expulsion appears to be an inappropriate expression to use, because the Member is presumably only removed from the Board and continue to be a Member of the Association.</p>

13

Resolution of expulsion how carried.

32. Save where it is otherwise provided in these Rules, a Resolution of the Board of Directors for the expulsion of a Member of the Association or of the said Board must be passed by a majority of three-fourths of the Members present at a meeting of the said Board specially summoned for the purpose at which not less than one-half of all the Members of the said Board shall have been present.

After the word "or" insert the words  
"removal of a member".

For the reason given for the amendment to rule 30.

14

Reconsideration of Resolution of expulsion.

33. The Board of Directors may of its own motion and shall on a written requisition of fifty-one Members of the Association reconsider and may cancel, revoke or modify a Resolution of the said Board expelling a Member of the Association. Such Resolution shall not be deemed valid or come into force unless it is passed by a majority of three-fourths of the Members present at a meeting of the said Board specially summoned for the purpose at which not less than one-half of all the Members of the said Board shall have been present and is confirmed by a majority of the Members of the said Board at a subsequent meeting specially summoned.

Delete the words "and shall on a written requisition of fifty-one Members of the Association".

Vide paragraph 49 of the Report.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
15	<p data-bbox="455 390 646 413"><u>Notice of Expulsion.</u></p> <p data-bbox="455 447 664 470"><u>No action maintainable.</u></p> <p data-bbox="282 505 809 746">34. The Board of Directors may in their absolute discretion and in such manner as they think fit notify or cause to be notified to the Members of the Association or the public any Resolution of the Association or of the said Board expelling or suspending a Member of the Association or of the said Board. No action or other proceedings shall under any circumstances be maintainable by the Member expelled or suspended against the Association or the said Board or any Member thereof or any officer or servant of the Association for the publication or circulation of such notification.</p>	<p data-bbox="819 505 1210 551">This rule requires re-drafting in view of the remarks against rule 30.</p>	
16	<p data-bbox="391 803 709 826"><u>Business for or with person expelled.</u></p> <p data-bbox="282 878 809 958">36. (c) A member shall not, without the special permission of the Board of Directors, share commission with or carry on business for or with a person who has been suspended or expelled from the Association.</p>	<p data-bbox="819 878 1037 901">Recommend acceptance.</p>	

17

Card inalienable.

37. A Member shall not be entitled to assign, transfer, pledge, hypothecate or charge, nor shall a Member assign, transfer, pledge, hypothecate or charge his card or right of Membership or any rights or privileges attached thereto and no such attempted transfer, assignment, pledge, hypothecation or charge shall be effective as against the Association for any purpose; nor shall any right or interest in any Card other than the personal right or interest of the Member therein, be recognised by the Association. The Board of Directors shall expel any Member of the Association who acts or attempts to act in violation of the provisions of this Rule.

- (i) Delete the words "be entitled to" ..
- (ii) Delete the word "transfer" wherever it occurs.
- (iii) Delete the words "nor shall a Member assign, transfer, pledge, hypothecate or charge".

Vide paragraph 50 of the Report and alterations to rule 38.

18

Membership a personal right.

38. The Card or right of Membership of a Member and the rights and privileges attached to Membership including all rights to the use of or any claim upon or any interest in any property or funds of the Association shall be the purely personal privilege of the Member attached to his Membership and shall not be deemed part of the property, estate and effects of such Member and shall not pass from such Member to any person or persons by act of the parties or by operation of Law.

Substitute the following for this rule :—

Nomination.

- (i) The right of nomination shall be personal and non-transferable.
- (ii) The right of nomination shall not be exercised by a former member who has been expelled or who has ceased to be a member under rule 28 or 136.
- (iii) The Defaulters' Committee shall have a right of nomination in the case of defaulters, and should the Defaulters' Committee exercise such right of nomination, the proceeds shall be applied in discharge of the defaulters' debt in the Stock Exchange.

Vide paragraphs 50 and 21 to 24 of the Report.

Serial No.  1	Rule as at present or rule as it would be if altered according to the Association's proposals.  2	Amendments as proposed by the Committee.  3	Reasons.  4
18— contd.	38—contd.	<p>(iv) A defaulter shall not be required to obtain a nomination before his readmission. But a defaulter in whose case the Defaulters' Committee has exercised the right of nomination shall not have any right of nomination unless he shall have purchased, on or after readmission, a nomination and registered his name in respect thereof with the Secretary.</p> <p>(v) Nominations must be executed and lodged with the Secretary within 12 months of the death or resignation of the member, or, in the event of his discontinuance of his subscription, within the current Stock Exchange year. If not so executed and lodged, the right of nomination shall pass to the Board of Directors, who may sell such right to any member either immediately or at any future time as they may deem fit.</p> <p>(vi) A nominee must be eligible under these rules, and if a nominee is rejected, a further nomination may be lodged within the prescribed period, i.e., within 12 months from the date on which the member from whom the nomination was obtained or purchased ceased to be a member.</p>	

(vi) When accepted by the Board nominations shall carry all rights and privileges as a member of the Association including any right to the use of or any claim upon or any interest in any property or funds of the association.

(vii) In the case of a deceased member the nomination form shall be issued in accordance with the probate of the will or letters of administration.

(ix) When a member dies, all his debts and other obligations and claims on any member of the Association and to the extent the same shall have been admitted by the Board of Directors shall be paid and satisfied by his legal representatives before the transfer of his right of nomination.

(x) If the legal representatives of any such Member shall be unable to pay and satisfy such debts, obligations and claims, the Card or right of Membership shall be disposed of by the said Board and the proceeds thereof shall be applied in the following order of priority to the following purposes, namely :—

(1) The payment of all debts, fines, monies and other charges due and payable by such Member to the Association or the Clearing House ;

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
18— contd.	38—contd.	<p>(2) The payment and satisfaction of all debts, obligations and claims arising from all contracts made subject to the Rules of the Association and to the extent that such claims shall be admitted by the said Board; and if the proceeds of the Card shall not be sufficient to pay and satisfy such debts, obligations and claims in full, they shall be paid and satisfied <i>pro rata</i>;</p> <p>(3) The payment and satisfaction of all debts, obligations and claims arising out of contracts made subject to the Rules of the Association in respect of which a promissory note shall have been passed, provided that such note shall not be barred by the Law of Limitation;</p> <p>(4) The payment to the legal representatives of any surplus upon the execution by them of such release or indemnities the said Board may require."</p>	

19	<p align="center"><u>Membership rights not to pass on insolvency.</u></p>		
	<p>39. A Member who is adjudicated an insolvent shall thereby cease to be a Member and his Card or right of Membership and all his rights and privileges as a Member of the Association including any right to the use of or any claim upon or any interest in any property or funds of the Association shall stand forfeited to and become the absolute property of the Association.</p>	Delete this rule	..
20	<p align="center"><u>Card of deceased Member.</u></p>		Unnecessary in view of rule 13 <sup>d</sup> and rule 38 as now amended.
	<p>41. When a Member of the Association dies, his Card or right of Membership and all his rights as a Member of the Association including his right to the use of or claim upon or interest in any property or funds of the Association shall, save as is otherwise prescribed by any Rule for the time being in force, vest in and become the absolute property of the Association.</p>	Delete this rule	..
21	<p align="center"><u>Disposal of forfeited Card and proceeds thereof.</u></p>		
	<p>42. A Card or right of Membership which under any rule for the time being in force is forfeited to or vests in the Association, shall belong absolutely to the Association free of all rights, claims or interest of such Member or any person claiming through such Member or in his insolvency, and the Board of Directors shall be entitled to deal with or dispose of the said Card as the said Board may think fit. If the said Board sell such Card, the sale proceeds thereof shall in the first place be applied as provided in rule 14<sup>d</sup> in satisfying the liability of the Member, whose Card is sold, to other Members in respect of any contract made subject to the Rules of the Association, and the balance thereof shall be paid into the funds of the Association :</p>	Delete the words " or in his insolvency "	.. The words appear to be unnecessary.



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21— contd.	<p>42—<i>contd.</i> • Provided always that the Association may in their absolute discretion by a Resolution passed at a general meeting of the Members direct such balance to be disposed of or applied in such other manner as they may think fit.</p>		
22	<p style="text-align: center;"><u>Notice of Partnership.</u></p> <p>43. (1) <i>When—</i>            (a) <i>any two or more members of the Association, or</i>            (b) <i>a member of the Association and one or more members of his family, or</i>            (c) <i>two or more members of the Association and one or more members of the family of any one of them—</i></p> <p><i>intend to carry on business in partnership in the name of a firm such member or members of the Association shall give to the Board of Directors previous notice in writing of such intention and of the name of the firm and thereupon the said Board shall give permission to the member or members concerned to carry on the business in partnership in such name.</i></p> <p style="text-align: center;"><u>Power of Board to disallow.</u></p> <p><i>Provided that the said Board may refuse such permission and may in the case referred to in clauses (b) and (c) require the dissolution of such partnership if they are of opinion that any such member of the family is unfit to be a partner.</i></p>	<p>In clause (1), delete sub-clauses (b) and (c), and omit the numbering for sub-clause (a) and the word "or" occurring at the end of sub-clause (a).</p> <p>Delete the proviso with the heading.</p>	<p>Vide paragraph 50 of the report. The alterations are consequential on recommendations dealing with conditions of membership.</p>

(2) No such partnership shall be recognised until such permission shall have been given by the Board.

Delete clause (2).

23

Register of Partnership.

44. (a) The Secretary of the Association shall keep a register of partnerships and shall enter therein the name of the partnership and the names of the members and any change in such partnership or names ;

Names and change of names to be notified.

- (b) The members of the partnership must communicate to the said Secretary in writing, signed by all the members, the name of the partnership and the names of the members and shall likewise communicate to the said Secretary any change in such partnership or such names. The said Secretary shall forthwith post a notice of the name of the partnership and the names of the members and of any change therein upon the notice board of the Association and no partnership shall be considered altered or dissolved until it is so notified.

- (i) After the first sentence of sub-rule (b) insert the following :—

“The notice to the Secretary, intimating dissolution of a partnership, shall contain a statement as to who undertakes the responsibility of settling all outstanding liabilities.”

This defines the position more clearly.

- (ii) The second sentence of sub-rule (b) should become 44 (c).

24

Partnerships with non-members forbidden.

45. (a) No person who is not a Member of the Association or who is not a member of the family of such Member shall be admitted a member of any partnership firm and a Member of the Association entering into partnership with any such person shall on proof thereof before the Board of Directors and upon a Resolution of the said Board to that effect, cease to be a member of the Association.

- (i) In sub-rule (a), delete “or who is not a member of the family of such member”.

Vide paragraph 50 of the Report.

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24— contd.	<p>45—<i>contd.</i></p> <p><u>Partnerships with expelled or suspended Members forbidden.</u></p> <p>(b) A member shall not <i>without the special permission of the Board of Directors</i> form a partnership with a person who has been suspended or expelled from the Association.</p> <p><u>Contingent partnership.</u></p> <p>(c) A member shall not borrow money or securities from a non-member on terms that the lender shall receive a rate of interest varying with the profits or shall receive a share of the profits.</p> <p><u>Remuneration of employees.</u></p> <p>(d) No employee of a Member shall be paid any remuneration other than a fixed salary. The salary shall not save as provided in rule 194 vary with the business.</p> <p><u>Board sole judge.</u></p> <p>(e) The Board of Directors shall be the sole judge as to what constitutes partnership within the meaning of this rule and their decision shall be final.</p>	<p>(ii) Delete this sub-rule and re-number (c), (d) and (e) as (b), (c) and (d) respectively.</p> <p>(iii) At the end of re-numbered sub-rule (c), add "but may be supplemented by a reasonable bonus".</p>	<p>In view of the fact that partnership, as rule 43 is proposed to be amended, is only permissible with Members of the Association.</p> <p>To enable cash bonuses to be paid to the staff.</p>

Liability to continue.

47. A member of the Association whose name is registered as a member of a partnership firm shall continue liable as such until his name is removed from the register by the Secretary of the Association.

Delete this rule

This rule is unnecessary in view of the amendment proposed to rule 44 (b).

Non-Members as authorised clerks.

52. (a) The Board shall from time to time fix the number of authorised clerks a member may be allowed to employ.

Members as authorised clerks.

(b) Members of the Association may be employed as authorised clerks in excess of the number permitted by this rule. A Member so employed shall not himself be entitled to employ any authorised clerk.

Remisier as authorised clerk.

(c) A member may with the permission of the Board of Directors employ his Remisier also as his authorised clerk but not in addition to the number of authorised clerks allowed to him under this rule.

(i) Delete sub-rule (c), and re-number sub-rule (d) as (c).  
(ii) Insert the following as new sub-rule (d) :-

It was considered undesirable that an individual should act in the dual capacity.

“(d) The employer shall pay to the Association an annual subscription of Rs. 200 in respect of each authorised clerk employed by him. No such subscription shall be payable in respect of a member who acts as an authorised clerk”.

Vide paragraph 58 of the Report.

Admission of clerks.

(d) A member desirous of obtaining admission to the market for his authorised clerks shall apply for the permission of the Board of Directors on such form as the said Board may from time to time prescribe.

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27	<p style="text-align: center;"><b>Power of authorised clerks.</b></p> <p>54. (a) An authorised clerk may make bargains on behalf of his employer but shall not make bargains in his own name or sign Contract Notes in his own name or on behalf of his employer ;</p> <p style="text-align: center;"><u>Member liable for bargains of authorised clerk.</u></p> <p>(b) A Member shall be liable for all bargains made on the market by any authorised clerk employed by him and he shall fulfil such bargains according to the Rules of the Association in the same manner as if such bargains had been made personally by him.</p>	<p>(1) For sub-rule (a) substitute the following :—</p> <p>“ An authorised clerk or a member acting as an authorised clerk shall transact business only on behalf of his employer. He shall not make bargains in his own name or in any name other than that of his employer or sign contracts in his own name or in any other name or on behalf of his employer.”</p> <p>(2) Insert the following as new sub-rule (b) :—</p> <p>“The Board shall expel immediately an authorised clerk or a member acting as an authorised clerk who violates or evades this rule.”</p> <p>(3) Re-number existing Rule 54 (b) as 54 (c).</p>	<p>This amendment is proposed to make the meaning of the rule clear.</p> <p>It is very necessary that severe disciplinary measures should be taken for a breach of a rule which is framed for the protection of the members themselves.</p>

28	<p style="text-align: center;"><u>Substitute clerks.</u></p> <p>56. A Member may, on giving notice in writing to the Secretary of the Association and on payment of a fee prescribed by the Board of Directors, nominate a substitute clerk to act temporarily in the absence of an authorised clerk.</p>	<p>Add at the end of the rule "for a period not exceeding 30 days".</p>	<p>It is obviously desirable that a reasonable time limit should be fixed.</p>
29	<p style="text-align: center;"><u>Relatives as authorised clerks.</u></p> <p>57. A member may <i>after obtaining the consent of the Board of Directors</i> authorise his father, sons, brothers or brothers' sons to act for him in addition to the number of authorised clerks permitted to him under Rule 52. The father, sons, brothers or brothers' sons so authorised shall be in the same position as authorised clerks and the rules applicable to the authorised clerks shall in like manner apply to them.</p>	<p>Delete rule 57 .. ..</p>	<p>Vide paragraph 60 of the Report.</p>
30	<p style="text-align: center;"><u>Admission during good behaviour.</u></p> <p>58. Authorised clerks shall be admitted to the market only during good behaviour and the Board of Directors may by a Resolution in their absolute discretion refuse admission to the market to the authorised clerk of any Member and may at any time suspend or terminate the right of admission of such clerk <i>without assigning any reason whatsoever.</i></p>	<p>Acceptance of the amendment is recommended.</p>	
31	<p style="text-align: center;"><u>Bargains for other than employer forbidden.</u></p> <p>59. (a) An authorised clerk shall not transact any business on behalf of any Member other than his own employer. The Board of Directors shall expel or suspend a clerk violating the provisions of this rule; (b) A Member acting as an authorised clerk or as the representative of another Member shall not make any transaction in his own name.</p>	<p>Delete this rule .. ..</p>	<p>This Rule is merged into Rule 54 (a) except for the words "or as the representative etc." in clause (b). Deletion of these words is contingent upon acceptance of our proposed Rule 189 (d).</p>

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1	2	3	4
32	<p align="center"><u>Penalty for improper use of badge.</u></p>		
61.	<p>The Board of Directors shall expel or suspend an authorised clerk who transfers his badge to any <i>person</i>.</p>		
33	<p>61-A. <i>When a clerk is expelled or suspended for any reason, his employer shall not be permitted to authorise a clerk in his place for a period not exceeding three months.</i></p>		
34	<p align="center"><u>Expelled Members.</u></p>	<p>Acceptance of the amendments to rules 61, 61-A and 65 is recommended.</p>	
65.	<p><i>No Member shall, without the special permission of the Board of Directors, take into, or continue in, his employment, in any capacity in any business carried on by him as a Member, a former member who has been suspended or expelled.</i></p>		
35	<p align="center"><u>Making of Rules.</u></p>		
66.	<p>The Association in an extraordinary general meeting may, subject to the sanction of the Governor in Council as provided in the Bombay Securities Contracts Control Act, 1925, by a Resolution, from time to time make, add to, vary or rescind any rule or rules to carry out the objects of the Association. No such Resolution shall be deemed valid unless it shall have been passed by a majority of three-fourths of the Members present at a meeting of not less than seventy-six Members and shall have been confirmed by a majority of the Members present at a meeting of not less than fifty Members, held not less than seven days and not more than fourteen days after the first.</p>	<p>Delete this rule .. ..</p>	<p>In view of paragraph 49 of the Report.</p>

Rescinding Resolution of the Board.

67. (a) The Association in an extraordinary general meeting may, by a Resolution passed by a majority of the Members present at a meeting of not less than seventy-six Members *alter, amend or rescind* any Resolution of the Board of Directors making, adding to, varying or rescinding any rule or rules of the Association.

Delete this rule .. ..

In view of paragraph 49 of the Report.

Convening of meeting.

(b) Such meeting shall be convened by the President of the Association or the said Board upon a written requisition of not less than fifty-one Members of the Association, made to the said Board within seven days of the posting upon the notice board of a copy of the Resolution of the said Board, and by a notice upon the notice board of the Association, posted not later than three days before the date appointed for the meeting.

Extraordinary General Meeting.

69. (a) The Board of Directors or the President or the Secretary of the Association shall have the power to convene an extraordinary general meeting of the Association at any time by notice upon the notice board of the Association as aforesaid.

Renumber rule 69 (a) as 69, and delete 69 (b) and (c). In rule 69, as renumbered, delete the words "or the Secretary".

Vide paragraph 49 of the report. It is considered undesirable for the Secretary to have this power.

How to be convened.

(b) The said Board or the said President shall on the requisition of not less than fifty-one Members convene an extraordinary general meeting in the manner aforesaid. Such requisition shall state the objects of such meeting to which the discussion shall be strictly confined;



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37— contd.	<p>69—<i>contd.</i></p> <p><u>Secretary or five requisitionists may convene.</u></p> <p>(c) Should the said Board or the said President fail upon such requisition to convene such meeting within fifteen days of the receipt of the requisition, the Secretary of the Association or five of the requisitionists may convene such extraordinary meeting by notice in the manner aforesaid.</p>		
38	<p><u>Proceedings at General Meeting—Who may attend.</u></p> <p>71. (a) No person other than a Member of the Association except the Solicitor of the Association and the officers or servants of the Association shall be entitled to be present at a General Meeting. A Member before taking his seat shall sign his name in the book provided for that purpose ;</p> <p style="text-align: center;"><u>Quorum.</u></p> <p>(b) The quorum for a General Meeting shall be not less than twenty-five Members present unless it is otherwise provided in any rule for the time being in force. No business shall be transacted at any General Meeting unless a quorum shall have been present at the commencement of the transaction of such business :</p> <p style="text-align: center;"><u>No quorum—Adjournment of meeting.</u></p> <p>(c) .....</p>	<p>(1) For the heading to sub-rule (a) substitute "Proceedings at Annual and Extraordinary General Meetings".</p> <p>(2) In sub-rules (a), (b), (d) and (j), before the word "General", wherever it occurs, insert the words "Annual or Extraordinary".</p> <p>(3) For the letter "a" occurring before the word "General" in sub-rules (a) and (b), substitute "an".</p>	<p>To define the classes of meetings which may be held.</p>

Chairman of Meeting.

(d) The President of the Association or in his absence the Vice-President shall be entitled to take the Chair at every General Meeting. If there be no President or Vice-President or if at any meeting the President or Vice-President be not present within fifteen minutes of the time appointed for such meeting, the Members present shall choose a Member of the Board of Directors as Chairman and if no Member of the said Board be present or if all the Members of the said Board present decline to take the Chair, the Members present shall choose one of their number to preside;

Decision by majority—Ballot.

(e) .....

Declaration by Chairman.

(f) .....

Poll.

(g) .....

Validity of Vote.

(h) .....

Voting by proxy.

(i) .....

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38— contd.	<p>71—<i>contd.</i></p> <p style="text-align: center;"><u>Defaulter may not vote.</u></p> <p>(j) A Member who has been declared a defaulter shall not be entitled to be present or to vote at any general meeting ; but a Member shall not be disentitled to be present and vote merely because money is due and payable by him to the Association ;</p> <p style="text-align: center;"><u>Adjournment of Meeting.</u></p> <p>(k) .....</p>		
39	<p style="text-align: center;"><u>Election.</u></p> <p>79. (a) The Association shall, in the month of March of every alternate year in the manner hereinafter provided, elect by ballot sixteen Members of the Association, designated the Board of Directors, to constitute the governing body of the Association. One month's previous notice of any such ballot shall be given by the Board ;</p>	Delete the word " alternate "	.. <i>Vide</i> paragraph 47 of the Report.
40	<p style="text-align: center;"><u>Retiring Directors.</u></p> <p>80. All the Members of the Board of Directors for the time being shall retire on the 31st March of every alternate year and all Members retiring shall be eligible for re-election.</p>	Delete the word " alternate "	.. <i>Vide</i> paragraph 47 of the Report.

Occasional vacancies.

84. (a) An occasional vacancy in the Board of Directors shall be filled by the Election by ballot by Members of the Association on a date fixed by the said Board not later than one month from the date of such vacancy. The surviving or continuing Members of the said Board, notwithstanding any vacancy in their number, may act until the vacancy shall have been filled, provided that such Members constitute a requisite quorum;

Limited powers of surviving Members.

(b) If such Members do not constitute a quorum they shall exercise the powers of the said Board only for the purpose of filling up such vacancies in accordance with the rules applicable thereto.

(1) Insert the following as new rule 84 (a) :—

*" Vacancy due to absence of a member of the Board :*

(a) If a member of the Board of Directors be absent from the meetings of the said Board for a continuous period of three months without the leave of the said Board, the said Board may by a Resolution declare the seat of such member to be vacated."

Amendments (1) and (3) define more clearly what constitutes a casual vacancy.

(2) Renumber 84 (a) and (b) as 84 (b) and (c), respectively.

(3) In rule 84 (b), so renumbered, for the heading 'Occasional vacancies' substitute 'Casual vacancies'; and for the words 'An occasional vacancy in the Board of Directors' substitute 'If a casual vacancy arises in the Board by reason of death, resignation, removal, expulsion, or absence for a period of three months, such vacancy'."

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1	2	3	4
42	<p style="text-align: center;"><u>Casual vacancy.</u></p> <p>87. If a member of the Board of Directors be absent from the meetings of the said Board for a continuous period of three months without the leave of the said Board, the said Board may by a Resolution declare the seat of such Member to be vacated and may proceed to fill up the vacancy by the appointment of a Member of the Association eligible for election to the said Board.</p>	Delete this rule	Amalgamated with rule 84 as proposed to be amended.
43	<p style="text-align: center;"><u>Decision of Board.</u></p> <p>89. (a) All questions before the Board of Directors shall, where it is not otherwise specially provided by any rule for the time being in force, be decided by a Resolution of the majority of the Members present at the meeting of the said Board.</p> <p style="text-align: center;"><u>Resolution by circular.</u></p> <p>(b) A resolution in writing approved by not less than one-half of the total number of the members of the Board, unless a special majority is otherwise required by any rule for the time being in force, shall be as valid and effective as if it had been passed at a meeting of the Directors duly called and constituted.</p>	<p>(1) Replace sub-rule (a) of this rule by sub-rule (a) of rule 256 as under :—</p> <p><i>Decision by Majority. Members interested not to vote.</i></p> <p>(a) Any question before the Board of Directors or any sub-committee shall be decided by the votes of the majority of the Members present at a meeting unless a specified majority is required by</p>	It is considered desirable to bring together all rules defining the nature of voting required to make them effective.

any Rule for the time being in force but no Member of the said Board or sub-committee shall be competent to vote on any question in which he is personally interested. The Chairman of the meeting shall be the final judge of whether any such Member is so interested within the meaning of this Rule.

(2) Insert the following as a new sub-rule (c) :—

“(c) In deciding the questions or issues involved in rules Nos. 24, 28, 30, 32, 33, 169, 170, 206, 248, 254, 255, 262 and 333, no decision shall be valid unless it shall have been passed by the votes of not less than a majority of three-fourths of those present at a meeting at which not less than three-fourths of the total number of members of the Board shall have been present.”

(N.B.—If new sub-rule (c) is accepted, rules referred to therein will have to be suitably modified.)

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1	2	3	4
44	<p style="text-align: center;"><u>Insolvents ineligible.</u></p> <p>91. (a) No Member who has failed at any time to meet his liabilities in ordinary course on or outside the Market shall be eligible to be elected a Member of the Board of Directors;</p> <p style="text-align: center;"><u>Compounding with creditors.</u></p> <p>(b) No Member who has on any occasion compounded with his creditors on or outside the Market shall be eligible to be elected a Member of the said Board.</p>	<p>In sub-rules (a) and (b), delete the words "on or outside the Market".</p>	<p>These words are superfluous.</p>
45	<p style="text-align: center;"><u>Ordinary Meetings.</u></p> <p>93. (a) The Board of Directors shall ordinarily meet once in every week on such day and at such time as the said Board may from time to time determine. The President of the Association may at any time call a special meeting of the said Board;</p> <p style="text-align: center;"><u>Secretary may convene meeting.</u></p> <p>(b) The Secretary of the Association may at any time call a special meeting of the said Board and shall call a special meeting on a requisition of two or more Members of the said Board;</p>	<p>(1) In the headings to rules 93, and 94 (a) and (b), add the words "of the Board", and in the heading to 94 (b) for the word "Emergent" substitute the word "Emergency".</p> <p>(2) Delete the words "may at any time call a special meeting of the said Board and" occurring in rule 93 (b).</p>	<p>It is not considered desirable that such power should be vested in the Secretary.</p>

Requisitionists may convene meeting.

- (c) Should the said Secretary not call such meeting within twenty-four hours of the receipt of the requisition, such meeting may be called by the Members who signed the requisition or any two Members of the said Board.

46

Notice of special meeting.

94. (a) A notice calling a special meeting shall specify the purpose for which it is called and if the meeting is called at less than twenty-four hours' notice, the notice shall state the urgency of and the business to be transacted at the meeting and no other business shall be transacted at such meeting;

Emergent meetings.

- (b) In case of emergency, one hour's notice of a special meeting shall be deemed sufficient notice, but the nature of the emergency shall be stated in such notice. The President or any two of the directors may convene such a special meeting.

47

Adjourned meeting.

96. (a) The Board of Directors may from time to time adjourn any meeting and it shall be no objection to any Resolution passed or any decision arrived at an adjourned meeting of the said Board that all or any of those present thereat were not present at the former meeting or meetings or that any of those present at any former meeting or meetings were not present at any adjourned meeting;



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47— <i>contd.</i>	<p data-bbox="287 330 378 350">96—<i>contd.</i></p> <p data-bbox="456 350 657 369" style="text-align: center;"><u>Co-opting of Members.</u></p> <p data-bbox="287 391 815 629">(b) When at a meeting of the said Board it is not possible to obtain the presence of a sufficient number of Members of the said Board to constitute the quorum required by any Rule for the time being in force, it shall be competent to those Members of the said Board who are present to co-opt as Members of the said Board for the purpose of that meeting, such Members of any sub-committee as will with the Members of the said Board who are present constitute the requisite quorum and the members so co-opted shall for the purpose of that meeting be deemed members of the said Board.</p>	<p data-bbox="826 391 1215 410">Substitute the following for sub-rule (b):—</p> <p data-bbox="875 410 1215 448">“(b) (1) No quorum shall be necessary for an adjourned meeting.</p> <p data-bbox="875 448 1215 724">(2) If a meeting called for the consideration of any proposal or proposals which do not, in the opinion of the President, and for reasons to be recorded in writing, admit of any delay, a sufficient number of members of the Board are not present to constitute a quorum, the members present shall co-opt for the purpose of that meeting only, from among the members of the Association, as many as are necessary to make up a quorum.”</p>	<p data-bbox="1226 391 1379 410">Self-explanatory.</p>
48	<p data-bbox="487 789 615 809" style="text-align: center;"><u>Minute Books.</u></p> <p data-bbox="287 847 815 963">98. (a) The Secretary of the Association shall keep a minute book in which shall be entered in full account of the proceedings at the meetings of the Board of Directors. The said Board may, subject to any Rules for the time being in force, regulate its own proceedings.</p>	<p data-bbox="826 847 1215 904">Delete the first sentence of sub-rule (a), and the word “said” in its second sentence.</p>	<p data-bbox="1226 847 1434 866">(i) In view of rule 104.</p>

(b) A member shall have access to the minutes of the meetings of the Association but not to the minutes of the meetings of the Board of Directors or to the minutes of the meetings of any special or sub-committee unless such member is personally interested therein.

Delete the words "unless such member is personally interested therein", occurring in sub-rule (b).

(ii) There is no reason why any member should have the right of access to the minute book of the Board.

POWERS OF THE BOARD OF DIRECTORS.

49

Rules.

99. (a) The Board of Directors may, subject to the sanction of the Governor in Council as provided in the Bombay Securities Contracts Control Act, by a Resolution from time to time make, add to, vary or rescind any rule or rules of the Association; and unless such Resolution be rescinded by the Association in Extraordinary General Meeting in the manner provided in rule 87, such Resolution shall be deemed valid eight days after the posting of a copy of such Resolution upon the notice board of the Association:

In sub-rule (a), delete "and unless such Resolution be rescinded by the Association in Extraordinary General Meeting in the manner provided in rule 87".

Vide paragraph 49 of the Report.

Provided always that nothing shall be done whereby a Member other than a member of the native community of the Bombay Presidency shall be or be deemed competent to be a Member of the said Board or a Trustee of the properties or funds of the Association.

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49— contd.	<p>99—<i>contd.</i></p> <p><u>Disposal of Fund and Property.</u></p> <p>(b) <i>The Board of Directors is authorised to make payments or disbursements out of the fund or property of the Association or otherwise dispose of or deal with all or any part of the said fund or property with the sanction of the majority of members of the Association present at an extraordinary general meeting convened for the purpose, at which not less than one hundred members are present.</i></p> <p><u>Delegation of powers by Board.</u></p> <p>(c) <i>The Board of Directors may from time to time delegate to Sub-Committees appointed out of their own number or to the President any of the powers expressly conferred on the said Board by any rule for the time being in force for the conduct and despatch of business of the Association.</i></p> <p><u>Appeals.</u></p> <p>(d) <i>Any Member interested in a decision of any Sub-Committee or President, may appeal to the said Board: Provided that no appeal shall lie to the said Board unless such Member files a written notice of the appeal with the Secretary within seven days of the date of such decision.</i></p>		

General Powers of the Board.

100. The management of the business and the control of the Association and the management and control of the properties and funds of the Association and of its income and expenditure shall, subject to the rules of the Association, vest in the Board of Directors which in addition to the powers and authorities expressly conferred by any Rule for the time being in force, may exercise all such powers and do all such acts and things as may be exercised or done by the Association in general meeting assembled and which are not expressly required to be so exercised and done, and more particularly and without prejudice to any power or authority generally or expressly conferred by any Rule for the time being in force, the said Board is specially authorised subject to any rule for the time being in force, to do any of the following acts or things or exercise any of the following authorities or powers, namely:—

Brokerage.

- (a) to make and from time to time alter the scale of charges for brokerage on all transactions for the sale and purchase of stock, shares and like securities and to fix the unit of dealings in such securities;

Disputes.

- (b) to decide all questions and disputes affecting Members in making, settling or closing of bargains and in their conduct towards each other or towards third parties and to punish such members as may be found guilty;

Acceptance of these amendments is recommended.

Serial No.  1	Rule as at present or rule as it would be if altered according to the Association's proposals.  2	Amendments as proposed by the Committee.  3	Reasons.  4
50— contd.	<p>100—contd.</p> <p style="text-align: center;"><u>Expenses.</u></p> <p>(c) .. .. . <u>Litigation.</u></p> <p>(d) .. .. . (e) to issue from time to time orders ;</p> <p style="text-align: center;"><u>Holidays.</u></p> <p>(i) closing the Market on days other than or in addition to the holidays prescribed by the Rules ;</p> <p style="text-align: center;"><u>Settlement.</u></p> <p>(ii) fixing, altering or postponing ordinary settling days or days for buying-in and selling-out or days and hours for the payment of differences or for the delivery of and payment for securities ;</p> <p style="text-align: center;"><u>Permission to deal.</u></p> <p>(iii) granting or refusing special settlements or admission to dealings in the Market either for ready delivery or for the settlement or permission for dealings in new issues ; and from time to time cancel or modify such orders ;</p>	<p>(1) Substitute the following for clause (e) (i) :— <u>“ Closing the market.</u> (i) closing the market for reasons to be recorded on days other than or in addition to the holidays under rule 245 ; provided that such closing shall be effective for 24 hours only, and for any further period shall be effective only with the previous consent of Government.”</p> <p>(2) Substitute the following for clause (e) (ii) :— “ (ii) fixing at their last meeting in December, 12 Account days, days for buying-in and selling-out, days and hours for the payment of differences, and for the delivery of and payment for securities for the ensuing year.”</p> <p>(3) Delete the last line in clause (e), viz., “ and from time to time cancel or modify such orders ”.</p> <p>(4) Number rule 100 (a) to (e), as “ 100 (1) (a) to (e) ”, and add the following</p>	<p><i>Vide</i> paragraphs 18 and 20 of the Report. Provision is made for holidays in rule 245.</p> <p>It is considered necessary to fix such days for 12 months ahead and that they should not be varied.</p> <p>Self-explanatory.</p>

Resolution of the Board not to be rescinded by Association.

(f) It shall not be competent to the Association to rescind, alter or vary any Resolution passed by the Board of Directors under the powers or authority conferred upon the said Board by the provisions of this Rule or under any other Rule for the time being in force, unless it is otherwise expressly provided, and all such Resolutions shall, when they come into force, be deemed valid and binding upon all Members.

Validity of Resolution.

101. A Resolution of the Board of Directors shall not, save as is otherwise provided in these Rules, be deemed valid or come into force until eight working days after it has been posted on the notice board of the Association, unless it be a Resolution which relates to the admission, expulsion or suspension of Members or their authorised clerks, the declaration or readmission of defaulters, settling disputes between Members or between Members and their constituents, fixing, altering or postponing ordinary settling days or days for buying-in or selling-out and days and hours for the payment of differences, granting or refusing special settlements, permission for dealing in shares, closing the Market, altering hours of business, suspension of forward dealings and buying-in and selling-out rules and declaring making up prices, the appointment, suspension or dismissal of the paid officers and servants of the Association, when it shall come into force when

as proviso to it—

“ Provided that the President shall be entitled to exercise any or all of the powers exercisable by the Board under (a) to (e) whenever he is of the opinion that immediate action is necessary, subject to his action being confirmed by the Board within 24 hours.”

(5) Re-number clause (f) as sub-rule (2) of rule 100, and delete therefrom the words “unless it is otherwise expressly provided.”

Substitute the following for this rule :—

“(a) Except in the cases specified in (b) below, a Resolution of the Board of Directors shall not be deemed valid or come into force until eight working days after it has been posted on the notice board of the Association.

(b) In the following cases, a Resolution of the Board shall come into force as soon as it is passed unless it requires confirmation, in which case it shall come into force when it is confirmed.

(1) The admission, expulsion or suspension of members or their authorised clerks ;

The amendment does not allow the Board to alter or postpone settling days or other days on which the account is in the course of settlement. In other respects it alters the set-up by tabulating the powers.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
51— contd.	<p>101—<i>contd.</i> it is passed, unless any such Resolution requires confirmation when it shall come into force when it is confirmed :</p> <p style="text-align: center;"><u>Urgent Resolutions.</u></p> <p>Provided that the Board of Directors may in case of urgency, the reasons whereof shall be shown in the minutes of its proceedings by a Resolution in which nine Members of the said Board concur, direct that any Resolution of the said Board be deemed valid and come into force forthwith.</p>	<p>(2) the declaration or readmission of defaulters ;</p> <p>(3) settling disputes between Members or between Members and their constituents ;</p> <p>(4) altering hours for the payment of differences ;</p> <p>(5) granting or refusing special settlements ;</p> <p>(6) permission for dealing in shares ;</p> <p>(7) closing the market ;</p> <p>(8) altering hours of business ;</p> <p>(9) suspension of forward dealings and of the buying-in and short selling rules ;</p> <p>(10) declaring making-up prices ; and</p> <p>(11) the appointment, suspension or dismissal of the paid officers and servants of the Association :</p> <p>Provided that the Board of Directors may in case of urgency, the reasons whereof shall be shown in the minutes of its proceedings by a Resolution in which nine Members of the said Board concur, direct that any Resolution of the said Board be deemed valid and come into force forthwith."</p>	<p>In view of para. 20 of the Report.</p>

Secretary not an active Member.

103. The Board of Directors shall appoint a paid Secretary and if necessary paid Assistant Secretary of the Association, but such Secretary or Assistant Secretary shall not be an active member of the Association. *The Secretary shall be the Secretary of the said Board, and shall be the Secretary of each standing and special Committee, unless another Secretary to such Committee has been appointed.* The Secretary or Assistant Secretary shall not, under the penalty of dismissal, be a party to or concerned in any speculative dealing with any Member of the Association. For the purpose of these rules the term Secretary includes Assistant Secretary.

Minute Books.

104. The Secretary shall, unless otherwise ordered by the Board of Directors, attend all meetings of the Association or of the said Board or of sub-committees and shall keep [in Gujarati]\* proper minutes of the proceedings of all such meetings.

Arbitration Committee—Defaulters' Committee.

110. The Association shall every alternate year at their Annual General Meeting elect for the more efficient and harmonious working of the affairs of the Association and for the carrying out of the objects of the Association the following sub-committees:—  
(i) Arbitration Committee;  
(ii) Defaulters' Committee.
- The Association may in general meeting from time to time increase or reduce the number of members of any sub-committee.

Acceptance of the amendments to rules 103 and 104 is recommended.

Substitute the following for the rule:—

“The Board shall every year appoint from among the Members of the Association the following sub-committees:  
Arbitration Committee,  
Defaulters' Committee,  
The Board may from time to time increase or reduce the number of Members of either sub-committee.”

To meet proposed alteration to an annual election.

\* The words in bracket have been deleted.



Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
55	<p style="text-align: center;"><u>Chairman and Honorary Secretary.</u></p> <p>112. A sub-committee <i>may</i> after its election elect from its own body its Chairman and Honorary Secretary.</p>	<p>Substitute the following for this rule :—</p> <p>“A sub-committee shall, immediately after its election, elect from its own body its Chairman. It may also elect from its own body an Honorary Secretary.”</p>	<p>It is considered desirable to lay down that a Chairman shall be elected.</p>
56	<p style="text-align: center;"><u>Removal of Member.</u></p> <p>115. The Association may by a Resolution passed by a majority of three-fourths of the Members present at a meeting specially summoned for the purpose at which not less than one hundred Members shall have been present remove a member of a sub-committee from such committee.</p>	<p>Substitute the following for this rule :—</p> <p>“The Board may, for reasons to be recorded, remove a member of a sub-committee from such sub-committee.”</p>	<p><i>Vide</i> remarks against rule 23. It is undesirable for the Association to have this power.</p>
57	<p style="text-align: center;"><u>Minutes.</u></p> <p>117. True and proper minutes of the proceedings of all meetings of a sub-committee shall be kept in Gujarati.</p>	<p>Delete this rule</p>	<p>Provision is made in rule 104 for the keeping of minutes.</p>

58

Disputes to be referred to Arbitration.

120. All *claims and* disputes between Members of the Association arising out of any transactions made subject to the Rules of the Association, which are not otherwise amicably adjusted, shall be referred to the Arbitration Committee in the manner hereinafter provided.

59

122. (a) Appointment of Arbitrators

(b) Notice.

(c) Both Parties present.

(d) Ex-parte decision and summary disposal.

Remedies at Law.

(e) *The Committee may decline to hear the dispute or may dismiss any case and refer the parties to their remedies at Law, and it shall so refer them upon the joint request of the parties.*

60

Late claims barred.

124. The Arbitration Committee shall not take cognizance of any *claim or* dispute which shall not be referred to them within three months from the date when it arose.

Acceptance of amendments to rules 120, 122 and 124 is recommended.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
61	<p style="text-align: center;"><u>Adjourned Meetings.</u></p> <p>128. (a) It shall be no objection to an award of the Arbitration Committee or of the Board of Directors that the meeting at which a dispute was enquired into or an appeal was heard was adjourned from time to time or that the enquiry was not completed or that the appeal was not finally heard at one meeting.</p> <p>(b) <i>It shall be no objection to an award of the Arbitration Committee or of the Board of Directors that the composition of the said Committee or Board changed during the enquiry or appeal:</i></p> <p style="padding-left: 40px;"><i>Provided however that no member of the Committee or the Board, as the case may be, who shall not have been present at every meeting at which enquiry into the dispute was made or appeal was heard shall participate in giving the final decision.</i></p> <p>(c) <i>Five Members of the said Committee or said Board shall be necessary to constitute a quorum for the purpose of the enquiry or appeal.</i></p> <p>(d) <i>In case the members of the said Committee or the said Board are equally divided, the President or Chairman shall be entitled to have a casting vote.</i></p>	<p>Acceptance of amendments to this rule is recommended.</p>	

Declaration of default.

135. (a) A Member who has failed to fulfil or is unable to fulfil his engagements or to meet his obligations or liabilities to other members arising out of any contract made subject to the Rules of the Association either as a principal or as a constituent or who has failed to submit his clearance sheets (Forms I and II) shall be declared a defaulter in the open Market by direction of the President of the Association or any two Members of the Board of Directors, unless he shall have succeeded in arriving at a compromise with his creditor Members under these rules.

Application for Declaration.

- (b) Such declaration shall be made on application in writing to the Secretary of the Association, signed by a creditor Member of the defaulter or on receipt of complaint from the Clearing House that default has been made in submitting clearance sheets (Forms I and II).
- (c) An application for such declaration in case a member has failed to pay his differences for a particular settlement shall be submitted to the Secretary not later than the day following the Pay Day for the said settlement. Such declaration shall be announced on the Settling Day.

- (1) In sub-rule (a), delete "to other members". Delete also the words "unless he shall have succeeded in arriving at a compromise with his creditor members under these rules."

- (2) For sub-rule (b) substitute the following:—

"(b) It shall be the duty of the Clearing House to inform the Secretary of any failure of a member or a firm of members to submit his or its clearance sheets (Forms I and II). The declaration of default shall be publicly announced on the first day for the delivery of shares, and the Secretary shall forthwith communicate the announcement to the press."

- (3) For sub-rule (c), substitute the following:—

"(c) It shall also be the duty of any member immediately to advise the Secretary of any failure by a member or a firm of members to discharge his or its liabilities in full. An application for the declaration of default in such a case shall be submitted to the Secretary not later than the day following the Pay Day for the said settlement. Such declaration shall be publicly announced on the Settling Day, and the Secretary shall forthwith communicate the announcement to the press."

Vide paragraphs 21 to 23 of the Report.

Alternatively the more simple wording of London Rule 171 might be adopted instead of rule 135(a) as now proposed to be amended.

Rule 135 (b) and (c):—

It is considered to be very necessary to define whose duty it shall be to communicate an act of default to implement a bargain.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4
63	<p>136. (a) <u>Penalty for default.</u></p> <p style="text-align: center;"><u>Insolvent a defaulter.</u></p> <p>(b) A Member who has been adjudicated an insolvent shall be declared a defaulter and shall at once cease to be a Member of the Association <i>although he may not be at the same time a defaulter on the Stock Exchange.</i></p>	<p>Acceptance of amendment to rule 136 is recommended.</p>	
64	<p style="text-align: center;"><u>Defaulter's Books, Accounts.</u></p> <p>137. When a Member has been declared a defaulter, the Defaulters' Committee shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of his affairs and the defaulter shall hand over such books, documents, papers and vouchers to the said Committee.</p>	<p>Insert the following as rule 137 (a), re-numbering the existing rule as 137 (b):—"A member who has been declared a defaulter shall forthwith execute and deliver to the Native Share and Stock Brokers' Association or to such person or persons as may be nominated by that Association a deed of assignment of his property in the form in Appendix ."</p>	<p>It is necessary that the Association on behalf of the Defaulters' Committee should be in possession of an enforceable authority to attach Defaulters' property. The deed of assignment prescribed on the London Stock Exchange, which is printed as Appendix VI may be adopted for use here with necessary modifications.</p>

65 140. (a) Defaulter's assets.

Distribution.

(b) The Defaulter's Committee shall pay all such assets into such Bank and in such names as the Board may from time to time direct and shall distribute the same as soon as possible *pro-rata up to sixteen annas in the rupee but without interest* among the creditor Members of the Association whose claims are admitted in accordance with the Rules.

(c) Payments to Defaulters' Committee.

66 Hammer Prices.

141. *In every case of default, the Board of Directors shall fix the prices current in the Market immediately after the declaration at which prices all Members having contracts open with the Defaulter shall close their transactions by buying of, or selling to, him such securities as he may have contracted to take or deliver, the differences arising from the Defaulter's transactions being paid to, or claimed from, the Defaulter's Committee.*

67 142. (a) Claim against Defaulter .. .. .

(b) Delay in submission of accounts.

(c) Report of delay.

Acceptance of amendments to rules 140, 141 and 142 is recommended.

Serial No.	Rule as at present or Rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
67— contd.	<p>142—contd:</p> <p style="text-align: center;"><u>Statement of Accounts.</u></p> <p>(d) <i>Such statement of accounts for each settlement and ready delivery must be set out on separate forms prescribed by the Board of Directors, showing respectively:—</i></p> <p>(1) <i>All bargains, which have been closed either by repurchase or resale before the day of default;</i></p> <p>(2) <i>All unsettled bargains, temporarily adjusted at the making up prices;</i></p> <p>(3) <i>All bargains open with the Defaulter and closed at Hammer Prices;</i></p> <p>(4) <i>All outstanding bargains for ready delivery closed by purchase or sale in the open Market.</i></p>		
68	<p style="text-align: center;"><u>Accounts of Defaulters' Committee.</u></p> <p>144. (a) .....</p> <p style="text-align: center;"><u>Report.</u></p> <p>(b) .....</p>		

Inspection of Accounts.

(c) All accounts kept by the Defaulters' Committee in accordance with the Rules shall be open to inspection by any Member.

In sub-rule (c), insert the word "creditor" between the words "any" and "Member".

It is not necessary that such a right should be extended to include any one not a creditor.

Scale of charges.

(d) The scale of charges to be paid to the Association on the assets collected shall be as follows:—

Acceptance of amendment is recommended.

5 per cent. on the first Rs. 5,000 collected or part thereof  
and

2 per cent. on any sum in excess of Rs. 5,000.

Application of Assets.

69

145. (a) The Defaulters' Committee shall apply the net assets remaining in their hands after defraying all such costs, charges and expenses referred to in Rule 144 in satisfying rateably the claims of all Members against such defaulter arising out of any contract between a Member and such defaulter in the Market made subject to the Rules of the Association.



Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
69— contd.	<p>145—<i>contd.</i></p> <p><u>Certain claims not to be entertained.</u></p> <p>(b) The Defaulters' Committee shall not entertain any claim against a defaulter which does not arise out of any contract between a Member and such defaulter subject to the Rules of the Association, nor shall it entertain any claim against a defaulter, in respect of any contract unless a comparison shall have been made by initialling the entries as provided in rule 198 or a contract note shall have been rendered as provided in rule 189 and receipt for the same obtained either on the duplicate or counterpart of such contract note or in the peon's book stating the date and number of the contract rendered.</p> <p><u>Private compromise.</u></p> <p>(c) <i>Any claim, arising from any arrangement for settlement of claims without first obtaining the consent of the Board of Directors in lieu of bona fide money payment on the day when such claims become due, cannot be proved against a defaulter's estate.</i></p> <p><u>Loan.</u></p> <p>(d) <i>A loan with or without securities shall not be admitted as a claim against a Defaulter's estate.</i></p>	<p>(1) In sub-rule (c), delete the words "without first obtaining the consent of the Board of Directors".</p> <p>(2) Add the following at the end of sub-rule (c) :—  "Any member or firm guilty of accepting anything less than a full and bona fide money payment in settlement of a debt arising out of a transaction in securities shall be suspended for a period of not less than one year."</p>	<p>Vide paragraphs 21 and 22 of the Report.</p>

Deferred Claims.

146. (a) In distributing the assets of a defaulter the following claims shall not rank against the defaulter's estate until all other claims have been satisfied in full. All such claims subsisting in favour of the defaulter shall be enforced and the assets arising therefrom shall be distributed amongst the creditor Members in the same way as other assets collected by the Defaulter's Committee; but a Member having any of the following claims against a defaulter shall not be entitled to set off such claims against any monies due by him to the defaulter but shall pay such monies to the Defaulter's Committee in full and prove all such claims as a deferred creditor:—

- (1) Claims arising from bargains for ready delivery made more than twenty-one days previous to the declaration of default;
- (2) Claims arising from differences which have been allowed to remain unpaid for more than seven and less than 100 business days beyond the day on which they have become due;
- (3) Claims upon a Promissory Note provided that such Note shall not be barred by the Law of Limitation and was accepted by way of arrangement or compromise made by the defaulter with his creditors with the sanction of the Board of Directors.

Defaulter's failure to settle.

151. (a) A defaulter who fails within six months from the date of his default to settle with his creditors as provided in these rules may on a recommendation of

Acceptance of amendments to Rule 146 is recommended.

- (1) For sub-rule (a), substitute the following three sub-rules:—  
 “ (a) A Member's card shall lapse to the *Vide* paragraph 24 of the Report.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4
71— contd.	<p>151—<i>contd.</i></p> <p>the Defaulters' Committee be declared by the Board of Directors to forfeit to the Association his Card or right of Membership which shall include any rights to the use of or claim upon or interest in the property or funds of the Association and the said Board may deal with or dispose of the Card in the manner provided in Rule 42 ;</p> <p style="text-align: center;"><u>Extension of time.</u></p> <p>(b) The said Board may extend the time during which a defaulter may settle with his creditors for a period not exceeding one year and at the expiry of such time the said Board may deal with the Card of the defaulter in the manner provided in Rule 42.</p>	<p>Board of Directors immediately he is declared a defaulter under Rules 135 and 136 (b).</p> <p>(b) Such forfeited card shall be re-issued to the defaulter if he is re-admitted a member within six months from date of default.</p> <p>(c) If an application for re-admission by a defaulter be rejected by the Board of Directors, or if no such application be made within six months of the declaration of default, the right of nomination of the defaulter may be disposed of by the said Board and the proceeds of the sale thereof shall be dealt with in the manner provided in rule 42 "</p> <p>(2) <i>Delete</i> existing sub-rule (b).</p>	<p>The amendments follow on the recommendation to change the nature of the card of membership and to strengthen the Defaulter Rules.</p>
72	<p style="text-align: center;"><u>Composition scheme by defaulter.</u></p> <p>152. (a) When a defaulter proposes to make a composition for the payment of his debts or a scheme for the arrangement of his affairs, he must lodge a signed proposal with the Secretary of the Association, setting out the terms of such composition or scheme and particulars of any sureties or securities proposed ;</p>	<p><i>Deletes</i> this rule</p>	<p>.. <i>Vide</i> remarks against rule 151 above.</p>

Acceptance of composition.

(b) The said Secretary shall then hold a meeting of the creditors. If the creditors whose claims equal or exceed in value three-fourths of the claims admitted by the Defaulters' Committee accept such composition or scheme the same shall be deemed binding on all the creditors of the defaulter ;

Defaulters' Committee to accept composition.

(c) If a defaulter succeeds in settling with his creditors and obtains from them receipts or releases in full of their claims against him and if the Defaulters' Committee as representing the estate of another defaulter be one of the creditors of the defaulter so settling, the Defaulters' Committee shall accept the settlement accepted by the other creditors.

Readmission of Defaulters.

73

156. The Board of Directors in its discretion may by a Resolution readmit, subject to the following rules, a Member who has been declared a defaulter.

Delete rules 156 and 157. . . .

Vide paragraph 24 of the Report and see amended rule 159.

Twice a defaulter.

74

157. A defaulter shall not be eligible for readmission :-

(a) if he has been declared a defaulter on a previous occasion, unless he shall have, through the Defaulters' Committee satisfied his debts in full ;

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
74— contd.	<p>157—contd.</p> <p style="text-align: center;"><u>Non-disclosure.</u></p> <p>(b) if he has failed to disclose the names of his creditors; or</p> <p style="text-align: center;"><u>Non-delivery of accounts.</u></p> <p>(c) if he has not within fifteen days from the date of the declaration of default delivered to the Defaulters' Committee his original books and accounts and a statement of the sums owing to and by him on any transaction or dealing in the market made subject to the Rules of the Association.</p>		
75	<p style="text-align: center;"><u>Defaulter to pay one-fourth loss.</u></p> <p>158. A defaulter shall not be eligible for re-admission who shall not have paid from his own resources at least one-fourth of the amount of loss he has incurred whether on his own account or on account of constituents on any transaction or dealing in the Market made subject to the Rules of the Association.</p>	Delete this rule	.. In view of amended rule 159.

Payment in full.

159. A defaulter shall be readmitted by the Board of Directors upon the report of the Defaulters' Committee that all his debts and liabilities have been *bona fide* discharged in full within six months from the date of declaration of default or *within such further time as may be granted by the Board under the rules.*

For rule 159, substitute the following:—

"159. (1) Upon an application for re-admission by a defaulter, the Defaulters' Committee shall investigate his conduct and accounts, and no further proceedings shall be taken by the Board with regard to his re-admission until the report of the Defaulters' Committee shall have been submitted together with a statement as to the defaulter's estate signed by himself.

(2) The attention of the Defaulters' Committee shall be directed—

- (i) to ascertain the greatest balance of securities during the previous 3 months; the highest volume of purchases and sales separately on any day during the same period; the proportion of the total purchases and sales during that period on his own account and on account of his constituents;
- (ii) to ascertain the total amount paid to his estate, specifying the sums collected in the Stock Exchange, those received from principals, and those from the defaulter himself;
- (iii) to ascertain the conduct of the defaulter preceding and subsequent to his failure.

The amendments to rules 159 to 161 are considered essential to establish and administer the general principles dealt with in paragraph 24 of the Report.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
76— contd.	159—contd.	<p>159A. (a) The Board may only re-admit such defaulter as, in their opinion,—</p> <ul style="list-style-type: none"> <li>(i) has defaulted owing to default of the principals whom he might reasonably have expected to be good for their commitments;</li> <li>(ii) has not been guilty of bad faith or breach of the rules;</li> <li>(iii) has kept his operations within a reasonable proportion of his means or resources; and</li> <li>(iv) has been irreproachable in his general conduct: Provided that he shall not be eligible for readmission unless he has made a <i>bona fide</i> money payment of not less than six annas in the rupee.</li> </ul> <p>(b) A defaulter shall not be readmitted if his default has been contributed to by dealings on his own account or his conduct has been marked by indiscretion and by the absence of reasonable caution."</p>	

77	<p style="text-align: center;"><u>Readmission of Insolvent.</u></p> <p>160. A Member, who, as an insolvent, has been declared a defaulter, shall not be eligible for readmission until he shall have paid sixteen annas in the rupee or the petition has been withdrawn.</p>	Delete the words " or the petition has been withdrawn "	Vide remarks against rule 159.
78	<p style="text-align: center;"><u>Application for Readmission.</u></p> <p>161. (a) A defaulter applying for readmission shall prove to the satisfaction of the Defaulters' Committee that he has obtained from his creditors receipts or releases in full of all their claims against him and shall at the same time submit to the Board of Directors a list of his creditors, a statement of the sums owing by him and the nature of the settlement in each case ;</p> <p style="text-align: center;"><u>Report of Defaulters' Committee.</u></p> <p>(b) The Defaulters' Committee shall report to the said Board upon the application of the defaulter and the said Board shall then take the application into consideration.</p>	Delete the rule	.. Vide remarks against rule 159.
79	<p style="text-align: center;"><u>Rejection of Application for Readmission.</u></p> <p>164. If an application for readmission by a defaulter be rejected by the Board of Directors or if no such application be made within six months of the declaration of default or <i>within such further time as may be granted by the Board under the rules</i>, the card or right of Membership of the defaulter may be disposed of by the said Board and the proceeds of the sale thereof shall be dealt with in the manner provided in rule 42.</p>	Delete this rule	.. In view of amendments proposed to rule 151.



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80	<p><u>Business with Defaulter forbidden.</u></p> <p>167. (a) A Member shall not carry on business for or with a defaulter before his re-admission to the Association.</p> <p><u>Business for Insolvents.</u></p> <p>(b) A Member may, with the sanction of the Board of Directors, carry on business for a person who has ceased to be a Member under rule 136 (b).</p>	<p>Acceptance of amendment to rule 167 is recommended.</p>	
81	<p><u>Members only parties to bargains.</u></p> <p>170. (a) The Association does not recognise as parties to any transaction or dealing in the Market any parties other than its own Members; and every such transaction or dealing whether for the account of a Member or for the account of a constituent must be made and carried out according to the Rules and Regulations of the Association made subject to the provisions of the Bombay Securities Contracts Control Act, 1925.</p>		

All bargains subject to Rules.

- (b) All contracts made by a Member with another Member for the purchase or sale of stocks, shares and like securities in which dealings have been permitted shall in all cases be deemed made subject to the Rules of the Association made subject to the provisions of the Bombay Securities Contracts Control Act, 1925.

Inviolability of Bargains.

- (c) An application to annul a bargain in the Stock Exchange shall not be entertained by the Board of Directors, except upon a specific allegation of fraud or wilful misrepresentation or upon prima facie evidence of such material mistake in the bargain as in their judgment renders the case one which in fitting for their adjudication.

Acceptance of amendment to rule 170 is recommended.

Majority of one-half of the entire Board.

- (d) A resolution of the said Board under this rule shall not be deemed valid and come into force unless it shall have been passed by the votes of not less than one-half of the total number of Members of the Board at a meeting at which not less than three-fourths of the total number of members of the Board shall have been present and which meeting shall have been specially summoned for the purpose. A resolution so passed shall be final and shall come into force forthwith.

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1	2	3	4
81— contd.	170— <i>contd.</i>  (e) <i>If within fifteen minutes of the time fixed for the special meeting three-fourths of the total number of Members of the Board are not present the members present shall co-opt Members as provided in rule 96 (b).</i>		
82	<u>Havala.</u>  171. (a) Contracts for crossing stock, shares and like securities, that is, for Havala, confirmed by both members on behalf of a constituent at the rate agreed by initialling the relevant entries in their books shall not be cancelled or modified by any subsequent default of the constituent ; but each shall be responsible to the other for due fulfilment of the contracts. <i>Such contract, if not confirmed and initialled as above, can be modified on subsequent default of a constituent by notice in writing given at any time before the payment is made by the Clearing House on the Settling Day and the official making up price shall be binding on both members.</i>	Acceptance of amendment to rule 171 is recommended.	

Dealings in certain securities forbidden.

172. (a) All transactions and dealings in stock, shares and like securities in which permission for dealings has not been granted by the Board of Directors are forbidden and a Member who shall execute any order with a Member or non-Member for the purchase or sale of any such securities shall be suspended or fined by a Resolution of the said Board.

Variation in bids and offers.

- (b) *Bids or offers shall not be made at a variation less than—*

*1/8 of a rupee when market price does not exceed Rs. 25.*

*1/4 of a rupee when market price is between Rs. 25 and Rs. 50.*

*1/2 of a rupee when market price is between Rs. 50 and Rs. 100.*

*5/8 of a rupee when market price is between Rs. 100 and Rs. 250.*

*1 1/4 of a rupee when market price is between Rs. 250 and Rs. 1,000.*

*2 1/2 of a rupee when market price is over Rs. 1,000.*

*1/32 of 1 per cent. in securities of the Government of India, Local Governments, Debentures and stock of Port Trusts, Municipal Corporations and such other securities: Provided that the Board of Directors may from time to time determine that dealings may be made at any other variations.*

Insert the following as new sub-rule (c) :—

“(c) Any offer to buy or sell in the open market, when no amount is named, shall be binding to the amount of Rs. 10,000 at the bargain price calculated to the amount nearest to this sum.”

Vide paragraph 61 of the Report.

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1	2	3	4
84	<p data-bbox="469 353 633 373" style="text-align: center;"><u>Fictitious dealing.</u></p> <p data-bbox="287 391 815 529">173. (a) Fictitious transactions or dealings in the market are forbidden and the member who shall give or execute an order for the purchase or sale of securities which to his knowledge would involve no change of ownership shall be deemed guilty of disgraceful and dishonourable conduct and may be suspended or expelled by a Resolution of the Board of Directors.</p> <p data-bbox="433 548 657 568" style="text-align: center;"><u>Demoralisation of market.</u></p> <p data-bbox="287 606 815 960">(b) <i>Purchases or sales of securities or offers to purchase or sell securities, made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralisation in which prices will not fairly reflect market value shall be forbidden. Any member who makes or assists in making any such purchases or sales or offers to purchase or sell with knowledge of the purpose thereof, or who, with such knowledge, shall be a party to or assist in carrying out any plan or scheme for the making of such purchases or sales or offers to purchase or sell, shall be deemed to be guilty of disgraceful or dishonourable conduct and may be fined or suspended or both fined and suspended by a Resolution of the Board of Directors passed by a majority of three-fourths of the members present at a meeting of the said Board specially summoned for the purpose and at which not less than one-half of all the members shall have been present.</i></p>	<p data-bbox="824 606 1206 625">Proposed sub-rule (b) may not be accepted.</p>	<p data-bbox="1224 606 1547 709">Merged in rule 333 (a). Also, in circumstances such as these, the Board has already got power to take necessary action under rule 28 (b) (iii).</p>

Speculation for employees.

178. No Member shall make a speculative transaction in which an employee of the Association is directly or indirectly interested, unless the written consent of the Board of Directors has first been obtained.

(1) Number rule 178 as 178 (a) and insert the following as 178 (b) :—

“(b) A Member shall not transact forward business directly or indirectly for or with an employee in any public or private establishment, without the written consent of his employer.”

To restrict speculation by employees.

Vide paragraph 29 of the Report.

(2) Add the following explanation to the rule :—

“Explanation.—A Remisier for the purpose of this rule shall be deemed an employee.”

Bargains by suspended Member.

179. (a) A Member who has been suspended shall not be entitled to transact any business or make any bargain in the Market nor shall he be entitled to attend any meeting of the Association.

Suspension of business of a financially weak Member.

(b) Whenever it shall appear to the Board of Directors that a Member is in such financial condition that he cannot be permitted to continue in business with safety to his constituents or to the Members, the Board shall require such Member to suspend all further forward or speculative dealings on the Exchange for such period as the said Board may direct.

Delete sub-rule (b) and re-number sub-rule (c) as sub-rule (b).

Sub-rule (b) is proposed to be deleted because (1) it is administratively a difficult rule to enforce, (2) it may operate very unfairly and (3) the Board has sufficient power under rule 333.

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1	2	3	4
86— contd.	<p data-bbox="282 332 382 350">179—contd.</p> <p data-bbox="282 390 800 585"><i>A resolution under this rule shall not be valid and shall not come into force unless it is passed by a majority of three-fourths of the Members present at a meeting of the said Board specially summoned for the purpose at which not less than three-fourths of all the Members of the said Board shall have been present and unless it is confirmed by a majority of the Members of the said Board, present at a subsequent meeting of the said Board, held not less than seven days and not more than fourteen days after the first meeting.</i></p> <p data-bbox="282 625 800 683"><i>A Member, who refuses or fails to comply with any such requisition of the said Board, shall be liable to be suspended.</i></p> <p data-bbox="391 786 664 809"><u><i>Business for suspended Member.</i></u></p> <p data-bbox="282 843 800 958">(c) <i>No member shall without the permission of the said Board carry on forward business for or with, or make any bargain on behalf of, any member who has been suspended or who has ceased doing business in his own name under this rule or under notice signed by him and published on the Notice Board by the Secretary.</i></p>		

Brokerage for non-Members.

180. (a) A Member shall not execute an order with a non-Member without charging such non-Member the usual brokerage. *While executing the order the Member shall not take or supply securities, directly or indirectly, for his own account or for any account in which he has a direct or indirect interest except when he is obliged to close the account of his constituent under the rules or when his constituent directly authorises him to act as Principal and provided that the price is fair and justified by the condition of the Market.*

(1) In sub-rule (a) for the words "the usual brokerage" substitute the words "not less than the minimum scale of brokerage."

(2) In sub-rule (a) for the words "authorises him to act as Principal", substitute the words "authorises him in writing to act as a Principal."

The reasons for these amendments are obvious.

Dealings with Members of other Associations forbidden.

(b) A Member of the Association shall not under any circumstances whatever directly or indirectly enter into any transaction relating to stocks, shares and like securities with any stock and share broker who is a Member of any other Association *within a distance of 50 miles from Bombay* dealing in stocks, shares and like securities nor shall he divide brokerage with such broker.

Constituent in default.

181. (a) A Member shall not transact business *directly or indirectly or execute an order* for a constituent who to his knowledge is in default to another Member, unless such constituent shall have made a satisfactory arrangement with the Members who are his creditors.

Acceptance of the amendments is recommended.



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1	2	3	4
88— contd.	<p>181—<i>contd.</i></p> <p style="text-align: center;"><u>Business for an insolvent.</u></p> <p>(b) <i>No Member shall without first obtaining the consent of the Board of Directors, be directly or indirectly interested in or associated in business with, or transact any business directly or indirectly with or for any individual, who has been bankrupt or insolvent even though such individual shall have obtained his final discharge from an Insolvency Court.</i></p>		
89	<p style="text-align: center;"><u>Bargains for ensuing Settlement</u></p> <p>183. No bargains made for a period beyond the current and ensuing Settlements will be recognised and all such bargains shall be deemed void. The Board of Directors shall fix every month a date from which a bargain for the ensuing settlement may be made.</p>	<p>Add the following at the end of rule 183 :— “Such dates shall not be more than four business days previous to and including the Last day.”</p>	<p><i>Vide</i> paragraph 44(1) of the Report.</p>
90	<p style="text-align: center;"><u>Panics or Bear Raids.</u></p> <p>188. (a) <i>In the case of panics or bear raids or reckless heavy sales or when prices of securities are unduly depressed in a crisis the Board may by a resolution of not less than one-half of the total number of members of the Board at a special meeting at which not less than three-fourths of the total number shall have been present—</i></p>	<p>Delete this rule</p>	<p><i>Vide</i> paragraphs 14 and 15 of the Report.</p>

- (1) suspend all further dealings in such security or securities for such period as the Board may from time to time decide,
  - (2) extend the time for payment of the securities to the next settlement and if necessary to the following settlements provided that the sanction of Government shall be obtained before the time for payment is extended beyond a period exceeding the next two settlements and suspend at the same time the selling-out rule with respect to all unsettled contracts in such security or securities. The liability of intermediaries shall continue during such suspension. The buyer shall, however, be entitled to enforce delivery at any of such settlements. If the buyer after issuing tickets (Kapli) for taking delivery fails to take up and pay for all or any of such securities on Pay Day a penalty of 2 per cent. on the making-up price shall be imposed upon him irrespective of any other liability. If the seller fails to give such delivery, the buyer shall be entitled to buy-in and it shall not be necessary to open the market for such buying-in ;
- (b) If within fifteen minutes of the time fixed for the special meeting three-fourths of the total number of members of the Board are not present the members present shall co-opt as provided in rule 98 (b) ;
- (c) when the Board extends the time for payment under sub-clause (a), the Board shall by a resolution—
- (1) fix from time to time the making-up prices for such securities. For the first settlement such making-up prices shall be slightly higher than the prices of such securities prevailing in the market prior to the suspension of business.

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90— contd.	<p>188—<i>contd.</i></p> <p>for each subsequent settlement the Board may reduce the making-up prices as they may deem fit in case of each security but in no case such reduction shall exceed 5 per cent. of the previous making-up prices. All contracts remaining unsettled at the end of each settlement shall be carried over to the following settlement at such making-up prices. All accounts shall be adjusted with such making-up prices and the differences shall be payable on the Pay Day fixed for the settlement,</p> <p>(2) fix from settlement to settlement budlee gala (contango) for such securities determined on the basis of interest at a rate not more than 9 per cent. per annum on such making-up prices payable by the buyer to the seller ;</p> <p>(d) Members shall render contract notes as provided in rule 189 to non-members in respect of each such carry-over and shall be entitled to charge brokerage not exceeding one-half of the usual rate prescribed in Appendix G ;</p> <p>(e) If a member is declared a Defaulter, all members having dealings with him may close all outstanding contracts either forthwith at the making-up prices fixed by the Board, and shall give immediate notice of the same</p>		

in writing to the Defaulters' Committee, or by purchase or sale, as the case may be, in the market on the day of its re-opening.

- (f) If a constituent fails to pay on the Pay Day the differences due by him to his broker, the latter may close all outstanding contracts either at any time thereafter in his discretion during the time such constituent is in default at the making-up prices fixed by the Board or by purchase or sale as the case may be in the market on the day of its re-opening and any balance due on such closing shall be immediately payable by such constituent to his broker.

Suspension of Dealings in companies wound up.

- (g) When a Company is wound up or when dealings in any security or securities on Forward list are suspended and when the Board of Directors shall deem it inadvisable in the public interest or in the interest of just and equitable principles of trade, to allow further trading therein, the said Board may forthwith remove such security from the Forward list and direct that all outstanding contracts for the current and following settlements before the date of suspension shall be closed and concluded by delivery and payment as usual on the date to be fixed by the said Board and at the same time shall fix a settlement price at which all unsettled contracts for the short sales existing at the time of suspension shall be finally closed and concluded; such settlement prices shall not be higher than the prices of such security or securities prevailing in the market prior to the suspension of business.

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90— contd.	<p>188—<i>contd.</i></p> <p><u>Majority of one-half of three-fourths Board.</u></p> <p>(h) <i>A resolution of the said Board under sub-rule (g) shall not be deemed valid and shall not come into force unless it shall have been passed by the votes of not less than one-half of the total number of Members of the Board at a meeting at which not less than three-fourths of the total number of the Members of the Board shall have been present and which meeting shall have been specially summoned for the purpose. A resolution so passed shall be final and shall come into force forthwith.</i></p> <p><u>Closing of Unsettled Contracts.</u></p> <p>(i) <i>Payment of differences between the contract price and the settlement price fixed by the Board of Directors under the provisions of this rule shall be deemed finally to close all unsettled contracts and shall be deemed finally to settle and determine the rights and liabilities under such contracts of one member to another member or of members to constituents or of constituents to members.</i></p>		
91	<p><u>Contract Notes and Brokerage.</u></p> <p>189. (a) <i>Members shall render contract notes to non-Members in respect of every bargain made for such non-Member's account, stating the price at which the bargain has been made. Such contract notes shall contain a charge for commission at rates not exceeding the scale prescribed in Appendix G annexed to these Rules. Such contract notes shall be in</i></p>	<p>(1) In sub-rule (a), substitute "not less than" for "not exceeding".</p> <p>(2) <i>Substitute the following for sub-rule (b):—</i>  <i>"(b) The issue of a net contract is prohibited, i.e., every contract shall show brokerage separately".</i></p>	<p><i>Vide paragraph 35 of the Report.</i></p>

Form A prescribed in Appendix H annexed to these Rules and shall bear the stamp provided by the law for the time being in force ;

Net Contracts.

- (b) Members may issue net contracts without showing brokerage separately, should their constituents so desire, provided commission not exceeding the prescribed scale is charged and provided such contract notes state that the commission is allowed for in the price. Such contract notes shall be in Form A prescribed in Appendix H annexed to these Rules ;

Contracts by Principals.

- (c) In cases where a Member is buying for himself the securities of his constituent or selling his own securities to his constituent or acts in the capacity of a principal with the constituent, no commission shall be charged. Such contract notes shall be in form B prescribed in Appendix H annexed to these Rules ;
- (cc) *A contract note shall be signed by a Member or by his constituted attorney.*
- (d) No contract note not in one of the printed Forms in Appendix H shall be deemed to be valid.

Contracts for Budlee.

- (e) A member may render contract notes in Form A prescribed in Appendix H even if he employs his own resources in carrying forward the purchases of his constituent from one settlement to another.
- (f) *A contract note referred to in this rule or any other rule for the time being in force shall be deemed to mean and include a contract and shall have the same significance as a contract.*

(3) *Delete* sub-rule (c).

(4) Renumber sub-rule (cc) as (c).

(5) *Insert* the following as sub-rule (d) :—

“(d) when a member employs another member as an intermediary, to execute the business of a non-member, such intermediary shall report the business to the member employing him at the same price as he dealt in the market. The broker may pay the intermediary a share of the brokerage charged to the constituent. The contract note shall state that business has been done through a member acting as an intermediary and with whom the brokerage charged has been divided.”

(6) Sub-rules (d), (e) and (f) to be renumbered as (e), (f) and (g), respectively.

(7) *Add* the following as sub-rule (h) :—

“(h) No contract note shall be issued in the name of an individual member of a firm : that is to say, in the case of a firm, every contract shall be issued only in the name of a firm.”

Vide paragraph 36 of the Report.

Vide paragraph 37 of Report.

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92	<p align="center"><u>Budla Transactions.</u></p> <p>191. In cases of Budla transactions, the seller shall not be entitled to claim the identical securities and such transaction may be put through between two non-Members.</p>	<p>Acceptance of the amendment is recommended.</p>	
93	<p align="center"><u>Obligation to charge Brokerage.</u></p> <p>192. (a) Brokerage shall be charged and collected upon the execution of all orders for the purchase or sale or carry over of the securities for account of others. This brokerage shall be at rates not less than the scales prescribed in Appendix G, and shall be net and free from any rebate, return discount or allowance made in any shape or manner or by any method or arrangement direct or indirect.</p> <p align="center"><u>Reduced Brokerage.</u></p> <p>(b) On any transaction in which the consideration money is Rs. 2,000 or under, the full brokerage laid down under Appendix G must be charged. In the case of a transaction in which the consideration money exceeds Rs. 2,000 a Member may at his discretion charge a reduced brokerage provided that such reduced brokerage shall not be less than one-half of the scale prescribed in</p>	<p>(1) At the beginning of sub-rule (a), insert "Save as may be provided in these rules".</p> <p>(2) For the figures "2,000" occurring for the first time in sub-rule (b), substitute "5,000 or under in respect of cash business or Rs. 10,000 or under in respect of forward business" and for the figures "2,000" occurring for the second time in sub-rule (b) substitute "Rs. 5,000 in respect of cash business or Rs. 10,000 in respect of forward business."</p> <p>(3) At the end of the second sentence in sub-rule (b) add the words "on the balance of the transaction".</p>	<p>(2) Vide paragraph 34 of the Report</p> <p>(3) The rule as it is drafted will make it actually cheaper in certain conceivable circumstances to transact business up to Rs. 2,500 than up to Rs. 2,000. Hence the addition.</p>

*Appendix G, and in case of Budli transactions not less than one-fourth of the said scale. The provisions of this rule may not be applied to business which a member may put through for another member.*

Evasion of Brokerage rules.

- (c) *A member shall not act as a Principal for the purpose of evading this rule or adopt any other procedure for a like purpose. Any evasion will be treated as a breach of this rule and also of rule 189.*

Unusual Budli rates.

- (d) *Any agreement or arrangement between a member and his constituent whereby special and unusual rates for carrying over or given, with intent to give special or unusual advantage to such constituent, for the purpose of securing his business shall be deemed to be a breach of this rule.*

Contract invalid.

- (e) *A contract note, containing a charge for brokerage at less than the rates of brokerage prescribed under this rule, shall not be valid and all such bargains shall be deemed void.*

Brokerage on Calls.

- (f) *A Member buying shares and prepaying calls thereon may charge brokerage on the purchase price with the amount of such calls added.*

(4) Delete the last sentence of sub-rule (b).

(5) Renumber sub-rule (c) as (c) (i), and insert the following as (c) (ii) :—

“(ii) Any member guilty of evading or breach of the provisions of sub-rules (a) and (b) of this rule, shall be suspended for such period, not less than 3 months, as the Board may deem necessary.”

(4) In view of amendment proposed to rule 189; if this amendment is not accepted the constituent would not get the benefit of the lower scale in the case of “put through” business.



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94	<p style="text-align: center;"><u>Sub-Brokers.</u></p> <p>194. (a) <i>No Member shall share brokerage with or transact business as Principal with, or act as a broker for, a non-member in the purchase or sale of securities if such non-member acts to the knowledge of the Member as a broker within a distance of 50 miles from Bombay for others and passes his own contracts or advertises his business or issues price lists or circulars respecting such business.</i></p> <p>(b) <i>A Member shall be entitled to employ for the purpose of his Stock Exchange business, Remisiers and to remunerate them with a share not exceeding 40 per cent. of the usual commission charged to the principal they introduce.</i></p> <p style="text-align: center;"><u>Permission necessary for Remisiers.</u></p> <p>(c) <i>A Member desirous of employing Remisiers shall apply for the permission of the Board of Directors on such Form as the said Board may from time to time prescribe.</i></p>	<p>(1) For the heading "Sub-brokers" above sub-rule (a) substitute "Remisiers."</p> <p>(2) In sub-rule (a), delete the words "share brokerage with or".</p> <p>(3) In sub-rule (a), delete the words "to the knowledge of the Member".</p> <p>(4) Insert the following as proviso to sub-rule (a) :—</p> <p style="padding-left: 2em;">" Provided that a member may share his brokerage with any stock and share broker who does not carry on Stock Exchange business within a distance of 50 miles from Bombay and who does not advertise in the public press or in any other manner for such business or issues circulars respecting such business to other than his own constituents :</p> <p style="padding-left: 2em;">" Provided further that the share of the brokerage actually retained by the member is not less than sixty per cent. of the brokerage."</p> <p>(5) Number sub-rule (c) as (c) (i), and insert the following as (c) (ii) and (c) (iii) :—</p> <p style="padding-left: 2em;">" (ii) Such permission shall be refused unless the person desirous of working as remisier gives an undertaking that he shall on registration as remisier forthwith</p>	<p><i>Vide</i> paragraphs 26 and 27 of the Report.</p> <p>(3) These words are calculated only to facilitate evasion.</p> <p>(4) This is sub-rule (l) in column 20. It seems more appropriate to have it as proviso to sub-rule (a). It is customary to allow a share of Brokerage in such circumstances.</p> <p>(5) Sub-rule (c) (ii) applies the same principle to Remisiers as is applied to Members.</p>

dealings in shares and securities.  
(iii) An application by a member or firm to employ a remisier, who previously had been acting as a remisier with another member or firm, must be accompanied by a clearance certificate from the former employer or employers:

Provided that the clearance certificate shall state that the remisier left his former employer or employers clear of all debts and outstanding liabilities, and that his conduct while in that employment was satisfactory."

Sub-rule (c) (iii) is a necessary precaution.

Remisiers to be registered

(d) *The Secretary shall keep a register of Remisiers and shall enter in such register the names and addresses of all Remisiers. The Register shall not be open to the inspection of the Members generally but only to the said Board sitting as such. The said Board shall have full power to refuse registration or to remove the name of any person from the register without assigning any reason.*

Remisier shall act for one Member only.

(e) *No person shall be registered as a Remisier to more than one Member.*

Sub-Agent.

(f) *If a Remisier under whatever circumstances directly or indirectly divides or shares his brokerage with his constituent or sub-agent, his name shall be forthwith removed from the Register.*

Advertisement.

(g) *A Remisier shall not advertise or issue Price Lists or Circulars.*

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
94	<p style="text-align: center;"><u>Sub-Brokers.</u></p> <p>194. (a) <i>No Member shall share brokerage with or transact business as Principal with, or act as a broker for, a non-member in the purchase or sale of securities if such non-member acts to the knowledge of the Member as a broker within a distance of 50 miles from Bombay for others and passes his own contracts or advertises his business or issues price lists or circulars respecting such business.</i></p> <p>(b) <i>A Member shall be entitled to employ for the purpose of his Stock Exchange business, Remisiers and to remunerate them with a share not exceeding 40 per cent. of the usual commission charged to the principal they introduce.</i></p> <p style="text-align: center;"><u>Permission necessary for Remisiers.</u></p> <p>(c) <i>A Member desirous of employing Remisiers shall apply for the permission of the Board of Directors on such Form as the said Board may from time to time prescribe.</i></p>	<p>(1) For the heading "Sub-brokers" above sub-rule (a) substitute "Remisiers."</p> <p>(2) In sub-rule (a), delete the words "share brokerage with or".</p> <p>(3) In sub-rule (a), delete the words "to the knowledge of the Member".</p> <p>(4) Insert the following as proviso to sub-rule (a) :—</p> <p style="padding-left: 2em;">" Provided that a member may share his brokerage with any stock and share broker who does not carry on Stock Exchange business within a distance of 50 miles from Bombay and who does not advertise in the public press or in any other manner for such business or issues circulars respecting such business to other than his own constituents :</p> <p style="padding-left: 2em;">" Provided further that the share of the brokerage actually retained by the member is not less than sixty per cent. of the brokerage."</p> <p>(5) Number sub-rule (c) as (c) (i), and insert the following as (c) (ii) and (c) (iii) :—</p> <p style="padding-left: 2em;">" (ii) Such permission shall be refused unless the person desirous of working as remisier gives an undertaking that he shall on registration as remisier forthwith</p>	<p><i>Vide</i> paragraphs 26 and 27 of the Report.</p> <p>(3) These words are calculated only to facilitate evasion.</p> <p>(4) This is sub-rule (b) in column 20. It seems more appropriate to have it as proviso to sub-rule (a). It is customary to allow a share of Brokerage in such circumstances.</p> <p>(5) Sub-rule (c) (ii) applies the same principle to Remisiers as is applied to Members.</p>

Remisiers to be registered

- (d) *The Secretary shall keep a register of Remisiers and shall enter in such register the names and addresses of all Remisiers. The Register shall not be open to the inspection of the Members generally but only to the said Board sitting as such. The said Board shall have full power to refuse registration or to remove the name of any person from the register without assigning any reason.*

Remisier shall act for one Member only.

- (e) *No person shall be registered as a Remisier to more than one Member.*

Sub-Agent.

- (f) *If a Remisier under whatever circumstances directly or indirectly divides or shares his brokerage with his constituent or sub-agent, his name shall be forthwith removed from the Register.*

Advertisement.

- (g) *A Remisier shall not advertise or issue Price Lists or Circulars.*

dealings in shares and securities.

- (iii) *An application by a member or firm to employ a remisier, who previously had been acting as a remisier with another member or firm, must be accompanied by a clearance certificate from the former employer or employers :*

*Provided that the clearance certificate shall state that the remisier left his former employer or employers clear of all debts and outstanding liabilities, and that his conduct while in that employment was satisfactory."*

Sub-rule (c) (iii) is a necessary precaution.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4
94— contd.	<p>194—contd.</p> <p style="text-align: center;"><u>Employee.</u></p> <p>(h) <i>A Remisier may be an individual or firm, but must not be in the employ of any individual or firm.</i></p> <p style="text-align: center;"><u>Contract Note.</u></p> <p>(i) <i>A Remisier shall give the names of his constituents in whose names contract notes must be rendered by the member for whom the remisier acts in one of the forms prescribed in Appendix H. The Remisier shall not sign contract notes in his own name or on behalf of his employer.</i></p> <p style="text-align: center;"><u>Admission to Market.</u></p> <p>(j) <i>A Remisier shall be entitled to admission to the market on payment of an annual fee of Rs. 100 in advance or such other fee as may be prescribed from time to time by the Board of Directors and shall wear a distinctive badge; but he shall not make bargains in his own name or on behalf of his employer.</i></p>	<p>(6) Insert the following new sub-rule (j):— “(j) A remisier may not act as remisier for his personal business.”</p> <p>(7) Renumber sub-rules (j) and (k) proposed by the Association as (k) and (l) respectively, and for sub-rule (k) so renumbered, substitute the following:— “(k) (i) A Remisier shall, on registration, deposit with the Association, a sum of Rs. 5,000 in cash or in approved securities: Provided that interest shall be payable on such deposit of cash by the Association to the Remisier at a rate not less than the prevailing bank deposit rate:</p>	

Brokerage may be shared with clerks.

- (k) *A Member may share brokerage with a clerk authorised or unauthorised in his own exclusive employment provided that the share of the brokerage actually retained by the Member is not less than 60 per cent. of the brokerage charged to the constituent introduced by the clerk, and provided further that such brokerage is not shared by the clerk with, or is not allowed to, his constituent.*

Brokerage may be shared on certain conditions.

- (l) *A Member may share his brokerage with any stock and share broker who does not carry on Stock Exchange business within a distance of 50 miles from Bombay and who does not advertise in the public press or in any other manner for such business or issues circulars respecting such business to other than his own constituents; provided that the share of the brokerage actually retained by the member is not less than 60 per cent. of the brokerage charged to the constituents introduced by such outside broker and provided further that such outside broker shall not under any circumstances either directly or indirectly divide or share his proportion of such brokerage with, or allow the same to, his constituent or any other person.*

Provided, further, that the deposit shall be liable to forfeiture if the Remisier's name is removed from the register for an offence, which, if committed by a member, would lead to his expulsion. Removal for any other reason shall not entail forfeiture.

- (ii) A Remisier shall pay to the Association an annual fee of Rs. 200 in advance, or such other fee as may be provided by the Board of Directors from time to time. A Remisier who has paid his subscription shall be entitled to admission to the market and shall wear a distinctive badge."

- (8) Delete sub-rule (l) proposed by the Association.

- (8) In view of the amendment proposed to sub-rule (a) of rule 194.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
94— contd.	<p data-bbox="333 265 438 282">194—contd.</p> <p data-bbox="374 293 820 311"><u>Remisiers not to share commission with constituents.</u></p> <p data-bbox="333 330 857 431">(m) Members shall be held responsible that Remisiers or clerks remunerated with a share of brokerage under this or any other rule make no allowance or return of such brokerage directly or indirectly to the constituent they introduce, or to any other person or agent.</p> <p data-bbox="333 445 848 497"><u>Member not to share brokerage with a Remisier or clerk of another Member.</u></p> <p data-bbox="333 510 857 548">(n) A Member shall not share brokerage with a Remisier or clerk of another Member.</p> <p data-bbox="484 560 729 577"><u>Sharing Brokerage forbidden.</u></p> <p data-bbox="333 591 857 686">(o) No bonus or percentage or portion of brokerage or any portion of profit shall be given, paid or allowed directly or indirectly to any person for business sought or procured except specifically permitted under this or any other rule for the time being in force.</p> <p data-bbox="484 697 684 715"><u>Insolvents as Remisiers.</u></p> <p data-bbox="333 728 857 824">(p) A Member may employ with the consent of the Board of Directors as his Remisier a person who has ceased to be a Member under rule 136 (b) or 151; but no such Remisier shall be allowed to enter the market to effect bargains as an authorised clerk.</p> <p data-bbox="484 835 684 852"><u>Indemnity to Members.</u></p> <p data-bbox="333 866 857 1019">(q) A Remisier appointed under these rules or a clerk sharing brokerage as provided in sub-rule (k) shall, in the absence of an agreement in writing to the contrary, be deemed to have agreed to give a full and complete indemnity to the member with whom he is working for any loss which such Member may incur by the failure of the constituents introduced by such Remisier or clerk to fulfil their obligations.</p>		

95

Delivery of Transfers.

199. (a) In all ready delivery contracts the necessary transfer forms duly signed by the transferor and witnessed shall be delivered by the seller to the buyer before 5 p.m. on any business day or before 3 p.m. on Saturday, but not later than the seventh day from the day of sale. When transfer forms are not so delivered, securities may be bought in by the buyer in the manner provided in these Rules.

Add the following proviso to sub-rule (a) :—  
"Provided that any procedure which may be adopted which shall appear to the Board to be an evasion of this rule, shall be treated as though it were a breach or violation of the rule, and shall bring the member under the provisions of rule 28 (b) (iii)."

To enable the Board of Directors to bring offenders under the disciplinary rule.

96

Delivery of Shares.

200. (a) Delivery of shares sold must be made by the seller before 2 p.m. on Mondays and Thursdays only provided that such delivery shall not be made earlier than the 6th and later than the 8th day from the day on which the transfer forms were delivered. If delivery of shares is not so made, the shares may be bought in by the buyer in the manner provided in these rules.

Acceptance of the amendments is recommended.

BUYING-IN AND SELLING-OUT.

97

In Open Market.

204. Buying-in and selling-out must be effected by the Secretary of the Association in the open Market during the official business hours save as otherwise provided in these rules. Only Members may make a bid or offer. *The charges for buying-in and selling-out shall be half of those authorised by Appendix G.*



Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
98	<p data-bbox="327 396 737 419"><u>When securities may be bought-in or sold-out.</u></p> <p data-bbox="282 453 809 556">205. (a) Securities (including new issues) may be bought-in or sold-out on failure to comply with any Rule of the Association applicable to delivery or payment or on any failure to carry out any special conditions subject to which bargain for <i>ready delivery</i> was made ;</p> <p data-bbox="464 591 600 614"><u>Until 30 days.</u></p> <p data-bbox="282 648 809 751">(b) Buying-in or selling-out may be effected on the day following failure to make payment or give delivery of transfer or securities in accordance with the Rules or on any day thereafter not later than the thirtieth day after such failure ;</p> <p data-bbox="455 786 627 809"><u>Forfeiture of right.</u></p> <p data-bbox="282 843 809 968">(c) A Member who fails to exercise his right to sell-out or buy-in in the manner provided in this Rule shall forfeit all right of recourse against the Member in default, unless it shall appear that such Member has not exercised his right on the written request of the other Member ;</p>	<p data-bbox="828 648 1210 740">In sub-rule (b), delete the heading "Until 30 days", and also the words "not later than the thirtieth day after such failure".</p>	<p data-bbox="1219 648 1545 717">There seems no reason for withdrawing the buyer's right after 30 days.</p>

Buying-in or selling-out when forbidden.

206. (a) The shares of a company shall not be bought-in or sold-out while its transfer books are closed for payment of dividend or bonus or the receipt of calls or for any other reason.

Suspension of buying-in.

- (b) *The Committee may suspend the buying-in of securities when circumstances appear to them to make such suspension desirable in the general interest. The liability of intermediaries shall continue during such suspension, unless otherwise determined by the Committee.*

Majority of one-half of the entire Board.

- (c) *A resolution of the said Board under this rule shall not be deemed valid and shall not come into force unless it shall have been passed by the votes of not less than one-half of the total number of the Members of the Board at a meeting at which not less than three-fourths of the total number of the Members of the Board shall have been present and which meeting shall have been specially summoned for the purpose. A Resolution so passed shall be final and come into force forthwith.*
- (d) *If, within fifteen minutes of the time fixed for the special meeting, three-fourths of the total number of Members of the Board are not present, the Members present shall co-opt Members as provided in rule 96 (b).*

Nature of Payment.

213. (a) When securities are delivered the party delivering the securities shall have the right to require the purchase money to be paid in cash against delivery on due date in accordance with the Rules :

Insert at the beginning of sub-rule (b) the words "Subject to the previous consent of Government"; and for the word "Committee" wherever it occurs in sub-rule (b), substitute the word "Board".

*Vide* paragraphs 16, 18 and 20 of the Report.

Acceptance of amendment to rule 213 is recommended.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
100— contd.	<p>213—contd.</p> <p>Provided that when delivery is made through the Clearing House payment shall be made in accordance with the rules relating to the Clearing House.</p> <p style="text-align: center;"><u>Cash Payment.</u></p> <p>(b) If a Member requires cash in payment for securities sold, he must give notice in writing to his buyer to that effect before 3 p.m. on the day previous to the day of delivery and payment shall be made, against delivery of the securities:</p> <p>Provided that the buyer shall have the right or option of requiring the party delivering the securities to receive payment at the office of any bank situated in the Fort area.</p> <p>(c) If the buyer wishes to exercise his rights or option under this rule, he must hand over to the seller not later than 12 noon a Receipt and Pay Order properly signed by him or his client.</p> <p style="text-align: center;"><u>Payment by Cheque.</u></p> <p>(d) Cheques must be drawn by the Member who has bought securities. They must be crossed and marked "Payee's account only".</p>		

Application for Rights.

224. The buyer is entitled to new shares issued in right of old, provided that he specially claims the same in writing from the seller not later than 1 p.m. on the second day preceding the latest day fixed for the receipt of applications by the company.

Renumber rule 224 as 224 (a) and insert the following as 224 (b) :—

"(b) Notwithstanding the provisions of the above clause, the seller, if he be in possession of the new securities, shall be responsible to the buyer for the same, although claimed by him later than one o'clock on the abovenamed day, and should he not be in possession of the new securities, he is bound to render every assistance to the buyer in tracing them."

See London Rule 114 (3). The amendment provides for securing to the buyer privileges which clearly belong to him.

## DOCUMENTS AND REGISTRATION.

Regularity and genuineness of documents.

229. (a) A Member who receives payment against delivery of all necessary documents either on his own account or on behalf of his constituent shall be personally responsible to the Member to whom the same are delivered for their *title*, regularity and genuineness provided the documents are lodged with the company for registration within *twenty-one* days of the date of receipt of such documents by him. If the documents are not lodged within the prescribed period of *twenty-one days*, then except in the case of fraud or bad faith on the part of the selling Member the liability of the selling Member to both the buying Member and his constituent as also the liability of the buying Member to his constituent shall cease in all respects.

Acceptance of amendments to rule 229 is recommended.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
102— contd.	<p data-bbox="287 334 384 351">229—contd.</p> <p data-bbox="451 374 675 391" style="text-align: center;"><u>Liability of Constituents.</u></p> <p data-bbox="287 431 815 592">(b) Nothing in this Rule shall affect the liability of the Constituent (which term shall in cases where a Member has dealt on his account include such Member) from whom the Member may have received the document in any action at law or in any other proceedings. The Member who delivered the document shall however be bound to render every assistance to the buyer in any proceedings he may take against the seller.</p>		
103	<p data-bbox="323 626 766 644" style="text-align: center;"><u>Replacement of Irregular Documents and Refund.</u></p> <p data-bbox="287 684 815 960">230. If a Member to whom the documents are delivered gives intimation in writing to the Member who delivered them, of his objection as to their <i>title, irregularity or genuineness as soon as it comes to his knowledge</i>, the Member who delivered them shall within a week from the date of such intimation remove any irregularity or establish the <i>title or genuineness</i> of the documents, as the case may be, or deliver other <i>regular, genuine and valid documents</i>; but in the event of such Member failing to deliver such other documents, he shall refund on return of the documents the monies paid against such documents, provided that the documents were lodged for registration within <i>twenty-one days</i> from the receipt thereof as provided by rule 229 (a).</p>	<p data-bbox="851 902 1215 942">Acceptance of amendments to rules 230 to 232 is recommended.</p>	

Refund does not cancel contract.

231. (a) A refund of the price on the return of documents shall not operate as cancellation of the contract and if the selling Member within a period of *twenty-one* days from the refund tenders to the buying Member *regular, genuine and valid* documents the buying Member shall be bound to accept such documents in fulfilment of the original contract and pay the purchase price ;

Sale not conditional on transfer.

232. Save as is provided in Rule 237 a sale of shares is not conditional on the Company transferring the shares into the name of the buyer. The only obligation on the seller on the sale of shares is to tender delivery of the necessary certificates with a properly executed transfer. Such seller shall not be deemed to guarantee that the Company will transfer the shares into the name of the buyer and shall incur no liability by reason of the refusal of the Company in exercise of the power vested in it under the Articles of Association to transfer such shares.

*Explanation.—A transfer signed on behalf of the vendor by a person purporting to be his constituted attorney shall not be considered a properly executed transfer if the Power of Attorney in question is conditional and not absolute.*

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
106	<p><u>Refusal by Company to transfer on account of lien.</u></p> <p>237. The provisions of Rules 232 and 234 shall not apply where the company refuses to transfer the shares on the ground that the shares are subject to a lien on account of any debt or liability of the transferor; and if the transfer is refused on that ground the selling Member shall within seven days of his being called upon to do so by the buying Member either release the shares from such lien or give other shares free of lien, and if the selling Member fails to effect such release or to give such shares, the buying Member shall be entitled to rescind the sale and recover the price paid and damages for any loss sustained. In the case of every such share, the buying Member shall be entitled to the benefit of this rule provided he has applied to the Company to have the share transferred within fifteen days of the date of the delivery of such share.</p>	<p>For the word "fifteen", substitute the word "twenty-one".</p>	<p>To bring this Rule into line with other similar Rules.</p>
107	<p><u>Dispute after registration.</u></p> <p>239. <i>When the official certificate of registration of securities bought has been issued by the Company concerned, neither the selling Member nor the buying Member shall be personally responsible to the buyer for any subsequent dispute as to the title unless bad faith or fraud is alleged against such Member or unless such Member has dealt on his own account.</i></p> <p><i>Nothing in this rule shall affect the liability of the transferor or</i></p>		

actual seller who may have received payment against delivery of securities, in any action at law or in any other proceedings. The provisions of this rule shall apply only to the rights and obligations of Members inter se.

### HOURS OF BUSINESS.

#### Entrance.

240. Except as otherwise ordered by the Board of Directors the Broker's Hall shall be open to Members on every business day at 10 a.m. and shall remain open till 6 p.m. except on Saturdays when it shall remain open till 4 p.m.

#### Hours of business.

241. (a) The hours of business in the Market shall be from 12 noon to 3 p.m. on all working days and 12 noon to 2 p.m. on all Saturdays or such other hours as may be fixed by a Resolution of the Board of Directors from time to time ;

#### Opening and closing of Market.

(b) The opening and closing of the hours of Forward business shall be announced by the ringing of a bell and a warning bell shall be rung fifteen minutes before the closing.

Acceptance of amendments to Rules 239 and 240 is recommended.

Substitute the following for sub-rule (a) :—

“(a) The hours of business shall be as under :—

#### Stocks and Shares other than Government Securities.

Forward business .. 12 to 2 p.m. on every business day.

Ready Delivery 12 to 5 p.m. from business. Monday to Friday.  
12 to 2 p.m. on Saturday.

This amendment brings together all the Rules governing the hours of business.

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Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
110	<p align="center"><u>Business in certain hours forbidden.</u></p> <p>242. No bargain shall be made before or after the hours fixed for business in accordance with the provisions of Rules 241 and 372 and a Member who shall make any bid or offer or enter into any contract or transaction within or without the market contrary to the provisions of this rule or on Sundays or holidays may be suspended or fined by a Resolution of the Board of Directors, provided that bargains for <i>ready delivery</i> in stocks, shares and like securities not admitted to the Forward list may be made till 5 p.m.</p>	<p align="center"><u>Government Securities.</u></p> <p>Ready Delivery and Forward Dealings. 11-30 a.m. to 5 p.m. from Monday to Friday. 11-30 a.m. to 2 p.m. on Saturday."</p> <p>Delete "and 372".</p>	<p>In view of the proposed re-drafting of rule 241.</p>
111	<p align="center"><u>Extending or curtailing business hours.</u></p> <p>243. The Board of Directors may by a Resolution extend or curtail the business hours on any particular day, provided that if it be not possible to <i>hold a meeting</i> of the said Board, the President of the Association may exercise the power conferred upon the said Board by this rule.</p>	<p>(1) In the heading of this rule, delete the words "or curtailing".</p> <p>(2) Delete the words "or curtail" in lines 1 and 2.</p>	<p>It is considered undesirable that the Board should have the power to curtail the hours of business in view of powers held under other rules. While it is proposed to leave to the Board the power of extension, it should be understood this is not intended to cover a re-opening of the market on any one day.</p>

Closing in Crisis.

244. (a) The President shall have power in a grave crisis or emergency to stop immediately dealings in the shares of any company or in any security or even to close the Exchange by ringing the bell, subject to the confirmation of the Board within twenty-four hours. In either of these events the Secretary shall convene a meeting of the Board of Directors within an hour of such closing.

Ban on short Selling.

(b) *In a crisis or emergency or when it is obvious to the Board that a crisis is at hand or that a fair or normal market may not exist, and the Board is satisfied that a temporary suspension of short selling is in the public interest, the Board shall prohibit short selling in any security for such period as the Board may from time to time decide by a resolution of not less than one-half of the total number of Members of the Board at a special meeting at which not less than three-fourths of the total number shall have been present.*

*A resolution so passed shall be final and shall come into force forthwith.*

Period of closing extended.

(c) The Board may at a special meeting by a majority of two-thirds of the members present extend the period in clause (a) up to a maximum of five business days.

(1) Delete sub-rule (a)

(2) Renumber rule 244 (b) as 244 and substitute the following for it :—

" 244. In a crisis or emergency, or when it is obvious to the Board that a crisis is at hand or that a fair or normal market may not exist, and the Board is satisfied that a temporary suspension of short selling is in the public interest, the Board shall, with the previous consent of Government, prohibit short selling in any security, provided that the President shall not approach Government for their consent unless at least 9 members of the Board shall have voted in favour of such suspension."

(3) Delete sub-rules (c), (d) and (e).

.. (1) In view of the proposed amendment to rule 100 (e) (i).

(2) *Vide* paragraphs 17, 18 and 20 of the Report.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4
112— contd.	<p>244—<i>contd.</i></p> <p><u>Copy of Resolution to be sent to Government.</u></p> <p>(d) A copy of the Resolution of the said Board under this rule together with the reasons for it shall be sent to the Government of Bombay in the Finance Department within twenty-four hours of the passing of such Resolution.</p> <p><u>Procedure.</u></p> <p>(e) <i>In the exercise of the powers under this rule, the said Board may adopt such procedure and issue such orders and directions as the Board may deem necessary and appropriate to carry out the object of this rule.</i></p>		
113	<p><u>Holidays.</u></p> <p>245. The Market will be closed on the following days, namely all Sundays, all Bank holidays declared by the Government of Bombay under the Negotiable Instruments Act and the Association's holidays, namely :—</p> <p>Holi (1 Day besides Bank holiday for Holi Padwa). Mahavir Jayanti. Chaitri Punam. Adar Jassan.</p>	<p>Substitute the following for this rule :—</p> <p>“ 245. The market shall be closed on the following days, namely :— All Sundays, All Bank Holidays declared by the Government of Bombay under the Negotiable Instruments Act, and the</p>	<p><i>Vide</i> paragraph 67 of the Report.</p> <p>We consider that only those holidays should be retained as Association holidays as are now observed as whole holidays, while in so far as the Christmas holidays are concerned, they should be restricted to those holidays which are Bank</p>

21st Day of Ramsan.  
 Ashadi Ekadaahi.  
 Ashadi Chomasu (Swetamber) at 2 p.m.  
 Ashadi Chomasu (Sthanak Vasi) at 2 p.m.  
 Kadmi Pateti.  
 Ramsan Idd (one day extra if it falls on day other than Bank Holiday).  
 Moharrum (one day extra if it falls on day other than Bank Holiday).  
 Shri Mahavir Swami's Birthday celebrations (Swetamber).  
 Shri Mahavir Swami's Birthday celebrations (Sthanak Vasi).  
 Samvatsari (Sthanak Vasi).  
 Fourth Gatha.  
 Amardad Sal.  
 Farvardigan Jassan at 2 p.m.  
 Dhanteras.  
 Kali Chawdas.  
 Kartiki Poonam.  
 Solar Eclipse.  
 Christmas (24th December to 31st December).

The Board of Directors may by a resolution passed at a meeting at which not less than three-fourths of the total number shall have been present cancel from time to time any of the Association's holidays for a particular year.

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Additional Holidays.

246. The Board of Directors may by a Resolution declare any day other than the days specified in Rule 245 an additional holiday and direct the Market to be closed that day.

following Association holidays.  
 Holidays :—

Shree Mahavir Swami's Birthday, Jain Samvatsari, and 21st day of Ramsan.

Delete rule 246

.. In view of amendment to Rule 100 (e), (i), we do not think it necessary for the Board to have power to declare additional holidays.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
115	<p data-bbox="464 373 627 396" style="text-align: center;"><u>Removal from List.</u></p> <p data-bbox="282 413 809 510">247. (a) <i>The Board of Directors may admit to dealing, upon the Exchange, securities and may suspend dealing therein or may remove the same from the list for breach of or non-compliance with any of the requirements or conditions herein.</i></p> <p data-bbox="445 574 637 591" style="text-align: center;"><u>Permission necessary.</u></p> <p data-bbox="282 631 809 706">(b) No dealings whether for <i>ready delivery</i> or for the account in the shares or securities of any Company will be allowed unless permission for such dealings shall have been given by the Board of Directors.</p> <p data-bbox="391 769 682 786" style="text-align: center;"><u>Amalgamation or Reorganisation.</u></p> <p data-bbox="282 826 809 901">(c) Permission is not necessary for dealings in new issues arising from the reorganisation or amalgamation of companies in the shares or securities of which dealings have already been allowed.</p>	Delete rule 247	<p data-bbox="1219 413 1547 453">In view of rule 255, this rule is superfluous.</p> <p data-bbox="1219 826 1547 947">As regards sub-rule (c), it should be necessary to ask permission for dealings in new issues arising from reorganisation, etc., since not every reorganisation or amalgamation is of a sound nature.</p>

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Grant or Rejection of Application.

248. The Board of Directors shall consider and may in their discretion grant or reject any application for the admission of the shares or securities of a company to dealings on the market, provided that no application for such admission shall be granted unless the requirements and conditions hereinafter set out shall be complied with, provided however that the Board of Directors may by a resolution passed by a majority of two-thirds of the members present at a meeting dispense with the strict enforcement of this rule for the purpose of ready delivery transactions only.

Acceptance of the amendment to rule 248 is recommended.

Vendor's Securities.

251. No dealings shall be allowed in the shares or securities issued by a company to vendors and credited as fully or partly paid until six months after the date on which permission has been granted for dealings in shares or securities of a like class or description issued to the general public. For the purpose of this Rule, shares or securities issued as fully or partly paid to a person or persons or firm or corporation in consideration of the sale or transfer of property or in consideration of services rendered in the formation or promotion of the company shall be deemed vendor's shares or securities.

This rule opens the way to irregular dealings in vendor's shares outside the Exchange, and the Board might with advantage consider the advisability of amending the rule.

Conditions of admitting Shares and Securities of Companies to dealings.

252. The Board of Directors shall not allow dealings in shares or securities of a company unless—

(1) In the first line of this rule, substitute the word "may" for the word "shall".

Transfer Books open for Registration.

(a) The company notifies the Association that its transfer books have been opened for registration,

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118— contd.	<p>252—<i>contd.</i></p> <p><u>Notice to company of Settlement days.</u></p> <p>(b) The company agrees not to close its transfer books during days fixed by the Association for Settlement and of which three months' notice shall have been given by the Association to the company.</p> <p><u>Articles of Association.</u></p> <p>(c) The Articles of Association contain the following provisions :—</p> <p>(i) that none of the funds of the company shall be employed in the purchase of or in loan upon the security of its own shares ;</p> <p>(ii) that the borrowing powers of the Board of the Company's Directors are limited to a reasonable amount not exceeding the issued capital ;</p> <p>(iii) that the non-forfeiture of dividends is secured ;</p> <p>(iv) that a common form of transfer shall be used and there shall not be any restriction on the transfer of fully paid shares ;</p> <p>(v) that fully paid shares shall be free from all lien and in the case of contributory shares the company may have a lien only for all monies called or payable at a fixed time in respect of such shares ;</p>	<p>(2) We would suggest modification or deletion, as the case may be, of clauses (ii), (iii) and (v) of sub-rule (c), if they are found to go beyond the requirements proscribed in this respect in the amended Indian Companies Act.</p>	

(vi) that the Company in general meeting shall have power by Extraordinary Resolution to remove any Director before the expiration of his period of office.

*Note.—The Board of Directors will take exception to any provisions contained in the Articles of Association which may, in any way, restrict free dealings in the shares or which may, in the opinion of the said Board, be unreasonable in the case of a Public Company.*

Fair allotment.

(d) (i) *At least 50 per cent. of the issue, whether such issue be the whole or part of the authorised capital, shall have been offered to the public in equal proportion as to class or kind and allotted fairly and unconditionally. For the purpose of this rule, vendor's shares or securities shall not be considered to form part of such public allotment.*

Compliance with conditions of fair allotment.

(ii) If the Company satisfies the Board of Directors that the Company invited applications for at least 50 per cent. of the shares or securities issued, for a period of not less than eight days and that the public did not apply for 50 per cent. of the number of shares or securities issued and that in consequence less than 50 per cent. of such shares or securities have been allotted to the public, the Company shall be deemed to have complied with the provisions of this Rule.

(3) Note below sub-rule (c): Instead of keeping this as a note, it is better to insert it as a proviso to sub-rule (c).

(4) Substitute the following for sub-rule (d) (ii) :—

“(ii) The Company shall satisfy the Board of Directors that it invited applications for at least 50 per cent. of the shares or securities issued for a period of not less than three days, that the public did not apply for 50 per cent. of the number of shares or securities issued, and that in consequence less than 50 per cent. of such shares or securities were allotted to the public.”

(4) It seems unnecessary to fix a longer period than three days.



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118— contd.	<p data-bbox="283 334 384 351">252—<i>contd.</i></p> <p data-bbox="433 374 651 391" style="text-align: center;"><u>Dealings in bonus shares.</u></p> <p data-bbox="283 431 811 569">(iii) Dealings shall be allowed in the shares or securities of a new Company which have been issued by an existing Company already admitted to dealings and which has given such shares or securities as bonus to its own shareholder; and the provisions of this Rule prescribing the allotment of a proportion of shares or securities to the public shall not apply to such shares or securities.</p> <p data-bbox="496 626 615 644" style="text-align: center;"><u>Registration.</u></p> <p data-bbox="283 689 811 787">(e) The Company shall have been registered under the Indian Companies Act and its prospectus shall have been filed with the Registrar of Joint Stock Companies in India and a copy of the prospectus thus filed shall have been advertised in newspapers published in Bombay;</p> <p data-bbox="493 827 593 844" style="text-align: center;"><u>Prospectus.</u></p> <p data-bbox="283 885 811 948">(f) The prospectus shall have been advertised in the public press and the public subscription list shall have been kept open for at least four days:</p>	<p data-bbox="820 431 1212 512">(5) In sub-rule (d) (iii) delete the word "the" occurring for the first time, and also the words "of a new Company".</p> <p data-bbox="820 529 1212 609">(6) At the end of sub-rule (d) (iii), insert the words "provided that the bonus shares are identical in all respects with existing shares".</p> <p data-bbox="820 689 1212 730">(7) Add at the end of sub-rule (e) "save as is provided under rule 253-A".</p> <p data-bbox="820 885 1212 959">(8) In sub-rule (f), delete the words "and the public subscription list shall have been kept open for at least four days".</p>	Consequential.
			This is covered by sub-clause (d) (ii).

Information.

(g) The following documents and particulars shall be sent to the Association by the Secretary of a new Company under his signature, namely Articles of Association and in the case of a debenture issue a copy of the Trust Deed, certified copies of agreement relating to issue of shares, credited as fully paid, of all material contracts, agreements, concessions and other similar documents, the number of shares allotted to vendors and their distinctive numbers, the number of shares offered to the public, distinctive numbers of shares for which permission to deal is applied for, the number of shares applied for by the public and the number of shares allotted to the public unconditionally pursuant to such applications and the proportion of the allotment, the list of allottees and the largest number of shares applied for by and allotted to any one applicant where the whole of the capital has not been issued at the time when shares are offered for subscription, the Company shall state whether the unissued shares are vendor's shares or are held in reserve for future issue.

119 253. Dealings in shares or securities of a company shall not be permitted unless the company shall have undertaken under its seal--

Splitting of share certificates.

(1) to split share certificates, Letters of Allotment, and if a "Rights" issue to split Letters of Rights, into smaller denominations in the same name and to have any such "splits" certified by an official of the Company;

(0) Delete the word "new" in sub-rule (g), and add the following :-

"The company shall, on request, submit its allotment sheets to the Association for inspection."

(10) Sub-rule (g) will be improved if the documents, etc., specified in it are set out serially.

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119— contd.	<p>253—contd.</p> <p style="text-align: center;"><u>Issue of Certificates.</u></p> <p>(2) to issue the Definitive certificates within one month of the date of the lodgment of the transfer and to issue balance certificates, if required, within the same period.</p> <p style="text-align: center;"><u>Verification of Signature.</u></p> <p>(3) to verify the signature of the shareholder on the transfer form by an official of the Company and to notify the shareholder as soon as a transfer from his name has been certified by the company's officials;</p> <p style="text-align: center;"><u>Declaration of Dividend.</u></p> <p>(4) to advise the Association by letter of all dividends recommended or declared immediately a meeting of the Board has been held to fix the same;</p> <p style="text-align: center;"><u>Change of Business.</u></p> <p>(5) to notify the Association promptly of any change in the general character or nature of its business;</p>	<p>(a) In clause (3) delete the words "to verify the signature of the shareholder on the transfer form by an official of the company and".</p> <p>(b) In clause (5) insert the word "material" between the words "any" and "change".</p>	<p>(a) This is calculated to encourage blank transfers and thrust an unnecessary responsibility on Joint Stock Companies.</p>

Disposal of Property.

(6) to notify the Association immediately if the company or any subsidiary or controlled company disposes of any property or any stock or interest in any of the subsidiary or controlled companies, when such disposal would impair or materially affect its financial position or the nature or extent of its operations as theretofore conducted ;

Publication of earnings.

(7) to publish periodical statements of earnings, as agreed upon with the Board of Directors of the Association ;

Changes in Directorate.

(8) to notify the Association of any changes in the Directorate by death, resignation, removal or otherwise ;

Reports and financial Statements.

(9) to forward to the Association copies of statutory and annual reports and Audited Accounts as soon as issued ; and to furnish, on demand, such further financial statements and such reasonable information concerning the Company as may be deemed necessary or appropriate for the protection of investors and as may be called for by the Board of Directors of the Association ;

Amendments.

(10) to forward to the Association copies of all notices sent to the share-holders and to file with the Association certified copies of Resolutions of the Company as soon as such Resolutions have become effective ;

(c) Delete clauses (6) and (7)

.. (c) In view of the general power of the Board to withdraw permission to deal in any security these provisions which may be regarded as provocative, are unnecessary.

(d) In clause (9), delete after the first semi-colon "and to furnish, on demand, such further..... by the Board of Directors of the Association ;"

(d) To ask for all this information appears to be as unreasonable as it is unnecessary.

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119— contd.	<p data-bbox="278 330 378 347">253—contd.</p> <p data-bbox="451 370 633 388" style="text-align: center;"><u>Share Transfer Office.</u></p> <p data-bbox="333 410 806 531">(11) <i>to maintain a transfer office or agency in the city of Bombay, where all securities shall be registered or deposited for the purpose of transfer and to arrange at its own cost and expense that its transfer office or agency will receive and redeliver all securities deposited at such office for the purpose of transfer ;</i></p> <p data-bbox="451 571 633 588" style="text-align: center;"><u>Increase of Capital.</u></p> <p data-bbox="333 611 806 887">(12) <i>to notify the Association promptly in the event of the reissue of forfeited shares or securities or the issue of shares or securities held in reserve for future issue or the issue or creation in any form or manner, of new shares or securities or of any other rights, privileges or benefits to subscribe to ; and to give the shareholders reasonable time within which to record their interests and to exercise their rights, and to issue in the first instance all such securities or rights pro rata to the existing share-holders in the form approved by the Board of Directors of the Association and to give to the Association at least fifteen days' notice in advance of the closing of the transfer books for the purpose ; and</i></p>	<p data-bbox="824 410 1206 474">(e) In clause (11) for the words " city of Bombay " substitute the words " Bombay Presidency ".</p> <p data-bbox="824 491 1206 548">(f) At the end of clause (11) add " subject to reasonable registration fees being borne by the transferee ".</p> <p data-bbox="824 611 1206 964">(g) Substitute the following for clause (12):— " to notify the Association promptly of the issue of shares or securities held in reserve for future issue, or the issue or creation in any form or manner of new shares or securities or of any other rights, privileges or benefits to subscribe to, and to give the shareholders reasonable time within which to record their interests and to exercise their rights, if any, and to give to the Association at least fifteen days' notice in advance of the closing of the transfer books for the purpose."</p>	<p data-bbox="1224 611 1552 709">(g) It may not always be possible to make a <i>pro rata</i> allotment. The powers of the Board to grant or reject applications to deal provide any necessary safeguard.</p>

Listing of additional Securities.

(13) to make an application to the Association for the listing of additional amounts of securities. The tender for delivery of such additional shares or securities shall not be valid on the contract for the sale of shares or securities of such company unless such additional shares or securities shall have been admitted to dealings.

(h) In clause (13) for the words "additional amounts of securities", substitute the words "any new issues of shares or securities except as provided in rule 252 (d) (iii)".

(i) For the second sentence of sub-rule (13) substitute the following :—  
 "Such additional shares or securities shall not be a good delivery until such further issues have been admitted to dealings."

(i) To put such new issues on an equality with the old issues.

119-A

.....

Add the following new rule as rule 253-A :—

"253-A. On the application of a member, the Board may grant permission to deal in shares and securities which are admitted to dealings on the London Stock Exchange, and which have or will undertake to provide a Register in the Bombay Presidency."

It is understood that dealings in such shares do, in fact, take place on a large scale, and it is considered desirable to regularise the practice.

120

Conditions of admission to Forward dealings.

254. (a) The Board of Directors in their discretion, have power to admit the shares of any particular Company (except the shares of a Bank) to dealings for the Account and Settlement subject to the following conditions :—

(1) the Company undertakes to maintain an office in Bombay for registering the shares in the name of the transferee and to use the common form of transfer ;

In clause (1) of sub-rule (a), for the words "in Bombay", substitute the words "in Bombay Presidency".

Vide paragraph 42 of the Report.

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120— contd.	<p>254—<i>contd.</i></p> <p>(2) all the shares are fully paid up ;</p> <p>(3) the Company shall have paid to the shareholders dividends for the three years last preceding the application for admission under this rule ;</p> <p>(4) the Company undertakes to split up its share certificates in the lots required by a shareholder who holds a certificate for a larger number of shares ;</p> <p>(5) the Company undertakes to close its transfer books on such days as may be convenient to the Association for the purpose of Settlement and on the days of which the Company shall have had three months' notice ;</p> <p>(6) the Company agrees to pay an annual fee in respect of the clearing charges if required.</p> <p><u>Resolution admitting to Forward dealings.</u></p> <p>(b) A Resolution of the Board of Directors admitting the shares of Company to the Account and Settlement must be passed by a majority of two-thirds of the Members present at a meeting of the said Board specially summoned and at which not less than three-fourths of the total number of the Members shall have been present ;</p>		

Provided that the Board of Directors may by a resolution passed by not less than three-fourths of the total number of Directors admit to dealings for Account and Settlement under this rule the shares of a company which has not complied with condition 3 but which shall have been incorporated for not less than three years previous to the date of its application for the admission of its shares.

121

Withdrawal of permission to deal.

255. The Board of Directors may by a Resolution passed by a majority of three-fourths of the Members present at a meeting specially summoned at which not less than three-fourths of the total number of the Members of the said Board shall have been present after one month's notice in writing has been served upon the Company, for breach or non-compliance with any of the conditions of the foregoing clauses to be recorded in the minutes of the said Board, remove such share either from the list of shares admitted to *ready delivery* or forward dealings or from both as the case may be.

For the words "breach or non-compliance with any of the conditions of the foregoing clauses", substitute the word "reasons".

We consider it desirable that the Board's powers in this connection should not be circumscribed in any way.

122

Decision by Majority. Members interested not to vote.

256. (a) Any question before the Board of Directors or any sub-committee shall be decided by the votes of the majority of the Members present at a meeting unless a specified majority is required by any Rule for the time being in force but no Member of the said Board or sub-committee shall be competent to vote on any question in which he is personally interested. The Chairman of the meeting shall be the final judge of whether any such Member is so interested within the meaning of this Rule;

Delete this rule .. .. .

(1) Sub-rule (a) is proposed to be deleted in view of amended rule 89.  
(2) Sub-rule (b) is proposed to be deleted. It is preferable not to fetter the discretion of the Board, because circumstances may arise making reconsideration desirable at any time.



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122— contd.	256— <i>contd.</i> (b) Any question decided by the Board of Directors or any sub-committee shall not be reconsidered by the said Board or the sub-committee until the expiry of a period of six months from the date of such decision.		
123	<u>Members and clerks to attend meetings if required.</u>	Acceptance of amendments to rule 257 is recommended.	
257.	Members, <i>their partners, employees and remisiers</i> shall attend such meetings of the Board of Directors or of any sub-committee as they may be directed by the said Board or sub-committee through the Secretary of the Association or the sub-committee to attend, and all such Members, <i>their partners, employees and remisiers</i> shall give all such information as may be in their possession relative to any matter before the said Board or sub-committee.		
124	<u>Members not to be employed by Non-Member.</u>	Delete this rule .. .. .	In view of the principles underlying rule 7 (a); and in view of paragraph 55 of the Report.
258.	(a) An active Member shall not accept employment in any capacity from any one who is not a Member of the Association without first obtaining the consent of the Board of Directors, which may be given or withheld by the Board at its discretion ;  <u>Present Employees.</u>  (b) Any active Member who may have been so employed when these Rules came into force shall ask the consent of the Board of Directors within one month of the date on which this rule shall come into force ;		

Expulsion as Penalty.

- (c) The decision of the Board of Directors, that an active Member is so employed without its consent, shall be final and such member shall thereupon be expelled by a resolution of the said Board.

125

Investigation of charges and complaints.

260. (a) The Board of Directors shall have the power to investigate and to give a decision between Members, their partners, employees and remisiers upon all charges affecting their character or dealings and to punish such persons as may be found guilty.

Adjournment of Enquiries.

- (b) Any hearing or enquiry may be adjourned, from time to time, by the Board of Directors in its discretion, but no Member of the Board who shall not have been present at every meeting of the said Board at which the enquiry is made shall participate in the final decision.

126

Members to produce Books.

262. (a) The Board of Directors may by a resolution passed by a majority of two-thirds of the Members present at a meeting, call upon any Member of the Association, his partners, employees and remisiers to appear and testify before, or to furnish any information regarding transactions entered into on the Exchange, to the said Board or any Sub-Committee or to submit to the said Board or to the said Sub-Committee such of his books and papers as may appear to the said Board or said Sub-Committee relevant and material to any matter under investigation by the said Board or said Sub-Committee.

Acceptance of amendments to rules 260 and 262 is recommended.

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126— contd.	<p>262—<i>contd.</i></p> <p style="text-align: center;"><u>Members to give information.</u></p> <p>(b) A Member who shall refuse or neglect to comply with any such direction of the said Board or sub-committee or shall wilfully destroy any book or paper which has been directed by the said Board or said sub-committee to be produced before them or who on being served with a notice by the Secretary of the Association or sub-committee to appear before the said Board or said sub-committee refuses to appear and to give to the said Board or said sub-committee all information in his power relative to the subject matter of the enquiry, shall be deemed guilty of disgraceful or dishonourable conduct and may be suspended by a Resolution of the said Board in the manner prescribed in these rules.</p>		
127	<p style="text-align: center;"><u>Transfer of card by nomination or on death.</u></p>		
	<p>268. (a) Upon any transfer of the Card of a Member (whether by nomination or on the death of a Member) all his debts and other obligations and claims arising out of any contracts made subject to the rules of the Association and to the extent the same shall have been admitted by the Board of Directors shall be paid and satisfied before the transfer of his card or right of membership.</p>	Delete rule 268	This rule has been embodied in amended rule 38 with some modifications.

Satisfaction of debts of deceased Member.

- (b) If the legal representatives of any such Member shall be unable to pay and satisfy such debts, obligations and claims, the Card or right of Membership shall be disposed of by the said Board and the proceeds thereof shall be applied in the following order of priority to the following purposes, namely.

Insufficient assets.

- (1) The payment of all debts, fines, monies and other charges due and payable by such Member to the Association or the Clearing.
- (2) The payment and satisfaction of all debts, obligations and claims arising from all contracts made subject to the Rules of the Association and to the extent that such claims shall be admitted by the said Board; and if the proceeds of the Card shall not be sufficient to pay and satisfy such debts, obligations and claims in full, they shall be paid and satisfied *pro rata*.

Debts on Promissory Notes.

- (3) The payment and satisfaction of all debts, obligations and claims arising out of contracts made subject to the Rules of the Association in respect of which a promissory note shall have been passed, provided that such note shall not be barred by the Law of Limitation.

Surplus and indemnity.

- (4) The payment to the legal representatives of any surplus upon the execution by them of such release or indemnities the said Board may require.

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128	<u>Business of deceased Member.</u>	<p>Substitute the following for rule 269 :—</p> <p>“If on the death of a member his legal representatives or the persons mentioned in Appendix C nominate his son who is a minor and desire that his business should be continued for some time for the benefit of the deceased's family by any specified person who is eligible for membership and intimate their desire by a letter to the Secretary of the Association, it shall be within the discretion of the Board of Directors to permit such business to be carried on by such person on behalf of the minor until he reaches his majority.”</p>	<i>Vide</i> paragraph 51 of the Report.
129	<u>Fines and penalties.</u>	After the word “violation” insert the words “or evasion”.	Self-explanator
<p>269. If on the death of a Member his legal representatives or the persons mentioned in Appendix C desire that his business should be continued for some time for their benefit by any specified person who is eligible for Membership and intimate their desire by a letter to the Secretary of the Association, it shall be within the discretion of the Board of Directors to permit such business to be carried on by such person on behalf of the legal representatives or the persons mentioned in Appendix C of the deceased Member for such period as the said Board may determine.</p>	<p>271. The Board of Directors shall have the power to fix the amount of any fine or to <i>prescribe penalties for</i></p>		

violation of rules and for neglect or refusal to comply with orders, directions or decisions of the said Board or of any Sub-Committee and for other offences.

130

Advertisement.

273. *No Member shall advertise for business purpose or issue regularly circulars or other business communications to persons other than his own Principals, Members of the Association, Banks and Joint Stock Companies. Every Member shall furnish to the Secretary a copy of the Circular issued by him.*

Deletes the last sentence of rule 273

It is hoped that members will use a proper discretion in the subject matter of their circulars and obviate any need for a request that this power should be given.

131

278. (b) A constituent shall pay to his broker all sums which his broker is liable to pay on behalf of his constituent and such payment must be made in time to enable the broker to comply with the provisions of the rules relating to such payment.

In sub-rule (b), for the words "his constituent", substitute the words "such constituent".

Better expressed as amended.

132

Constituent to pay Broker.

279. (a) A constituent shall pay to his Broker before 11 a.m. on the Pay Day fixed by the Board of Directors all sums which the Broker is liable to pay on behalf of his constituent on account of dealings for the current Settlement;

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132— contd.	<p data-bbox="287 353 385 369">279—contd.</p> <p data-bbox="438 414 669 430"><u>Broker may close account.</u></p> <p data-bbox="287 494 815 609">(b) A Broker may close the account of any constituent who fails to make such payment either forthwith or at any time thereafter in his discretion during the time such constituent is in default and any balance due on such closing shall be immediately payable by such constituent to his Broker.</p> <p data-bbox="414 712 669 728"><u>Constituent may close account.</u></p> <p data-bbox="287 789 815 942">(c) If a Broker is declared a defaulter or fails to pay the difference due by him to his constituent on the day following the Settling Day, such constituent may by giving notice in writing close all outstanding contracts, either forthwith or at any time thereafter in his discretion during the time the Broker is in default and any balance due on such closing shall be payable immediately by the Broker to such constituent.</p>	<p data-bbox="826 789 1215 847">In sub-rule (c), before the word "Broker" occurring for the last time, insert the word "defaulting".</p>	

CLEARING HOUSE.

133

Function of Clearing House.

283. (a) There shall be a Clearing House under the control of the Board of Directors which shall act as the common agent of the Members for clearing contracts between the Members and for delivering securities to and receiving securities from the Members and for receiving or paying any amounts payable to or payable by such members in connection with any of the contracts and to do all things necessary or proper to carry out the foregoing purposes.

134

Delivery and payments through Banks.

285. (a) The Clearing House shall maintain a list of Banks, trusts, companies and other firms approved by the Board of Directors who may act for Members and their constituents in giving and taking delivery of securities, transfers and other documents and in making and accepting payment for the same at the making-up price. The said Board may from time to time add names to such list and remove names therefrom.

Acceptance of amendments to rules 283 and 285 is recommended.



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134— contd.	<p>285—<i>contd.</i></p> <p style="text-align: center;"><u>Forms.</u></p> <p>(b) Securities to be delivered or received through Banks, <i>Trusts, Companies or other firms</i>, shall be entered in forms (Forms Nos. IV and V) specially provided for this purpose.</p>		
135	<p style="text-align: center;"><u>Forms to be prescribed.</u></p> <p>293. (a) The Clearing Lists, Balance Sheets, Delivery Forms, Claim Notes, Vouchers and other documents used for the purpose of the Clearing House shall be in such form as the Board of Directors may from time to time prescribe and shall be signed by a Member or his clerk nominated to represent him.</p> <p style="text-align: center;"><u>Charges for Forms.</u></p> <p>(b) The said Board shall from time to time prescribe the charges for the necessary forms to be supplied by the Clearing House.</p>	<p>Acceptance of amendments to Rule 293 is recommended.</p>	

Forms.

(c) *The Board shall have the power from time to time to fix or alter the time prescribed for the lodging of forms and for the taking and giving delivery of securities.*

136

Which securities to be cleared.

295. (a) *The Board of Directors may from time to time specify the securities which shall be cleared through the Clearing House and deliveries and payments in all forward bargains in such shares must be made through the Clearing House :*

*Provided that any Member, who holds for account of his different constituents contracts both for sale and purchase in the same settlement that offset each other, shall be entitled to offset such contracts and in that case he shall be entitled to give and take delivery outside the Clearing House.*

Prohibition of certain Bargains.

(b) *No forward bargains in securities not so specified shall be permitted in the Market.*

Acceptance of amendments to sub-rules (a) and (c) of rule 295 is recommended.

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Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
136— contd.	<p>295—<i>contd.</i></p> <p><u>All bargains cleared through Clearing House.</u></p> <p>(c) A Member shall clear and settle through the Clearing House all forward bargains in such securities to which he may be a party <i>unless otherwise stipulated at the time of the contract or it is otherwise agreed by the parties to the contract.</i></p> <p><u>Release of intermediaries.</u></p> <p>(d) If a Member elect to deliver the securities outside the Clearing House Members making and accepting such delivery shall release all intermediate parties from all liabilities. The deliverer shall alone remain responsible to the receiver.</p> <p><u>Rules form part of contracts.</u></p> <p>(e) <i>The rules of the Clearing House from time to time in force subject to the Bombay Securities Contracts Control Act, 1925, and notices and directions which the Board of Directors may from time to time issue thereunder or under any other rule for the time being in force and publish on the Notice Board, shall be a part of the terms and conditions of every contract which is cleared or settled through the Clearing House. Such contracts shall also be subject to the power of the Board of Directors to declare any day to be a holiday or to close the Exchange by reason of any emergency or otherwise.</i></p>	<p>Delete the words "to declare any day to be a holiday or" from sub-rule (e).</p>	<p>Consequential on deletion of rule 246 and amendment to rule 100 (e) (i).</p>

137

Making-up price.

296. (a) The Secretary with the concurrence of the Members of the Board of Directors present at the time shall fix a making-up price of all securities cleared through the Clearing House by taking the actual Market price at the closing of business on the business day fixed by the Board in that behalf ;

In sub-rule (a) of rule 296, for the words "business day fixed by the Board in that behalf", substitute the words "Last day".

It is considered very desirable to revert to the original Rule to the extent that a definite day is fixed.

Temporary adjustment.

(b) On the morning of Pay Day all unsettled bargains in such securities shall be brought down and temporarily adjusted with such making-up price.

138

300. (a) Memorandum Slip Errors.

Acceptance is recommended of amendments to rule 300.

Liability of one party.

(b) *If the amounts of securities to be delivered to and received from the Clearing House do not agree the Board of Directors shall be entitled to buy-in or sell-out, as the case may be, on the Settling Day in order to adjust the disagreements, the Member to whom such memorandum slip was given shall be liable to pay the auction commission and the damages, if any, if the amount of securities shown in the memorandum slip does not agree with the amount of securities shown in the clearance sheet ;*

(c) Liability of other party.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
139	<p style="text-align: center;"><u>Settlement through Tickets.</u></p> <p>305. (a) It shall be competent to the Board of Directors to order that all bargains in any specified security shall be settled by a Process of Tickets instead of by Clearance Lists or <i>vice versa</i> ;</p> <p>(b) <u>Notice.</u></p>	<p>Accepted provided that this amendment does not interfere with our proposals regarding Blank Transfers.</p>	
140	<p style="text-align: center;"><u>Altering Settlement Days..</u></p> <p>324. The Board of Directors, in special circumstances which shall be set out in the minutes of their proceedings, have power at any time to alter or to postpone to a fixed date or dates, days fixed for Settlement for buying-in and selling-out Pay Days and Settling Days. If the Board postpones the Pay Day fixed for any settlement to a period beyond a week the Board shall by a resolution fix the budlee gala (contango) payable by the purchaser to the seller for each security on the basis of the budlee gala of the previous settlement.</p>	<p>Delete this rule .. ..</p>	<p>See amendments to rule 100 (c) (ii).</p>

Liability of Member for genuineness of document.

330. The deliverer of securities shall be responsible to the Member to whom the same are delivered subject to the provisions of rule 229 for the regularity, genuineness and validity of the documents delivered and shall be liable for loss or damages, if any, arising therefrom. If he fails to pay such loss or damages he shall be liable to be declared a defaulter and the original contracting parties shall each pay the amount of such loss or damages *pro rata* as provided in Rule 322.

Acceptance is recommended.

Investigation of dealings.

333. (a) The Board of Directors shall have the power to investigate and examine any dealing or transaction of Members and may require any Member to submit to the President his Clearing House Lists, his books and papers material to such inquiry and when such investigation or examination, in the opinion of the said Board, is in the public interest, or in the interest of just and equitable principles of trade or in the interest and welfare of the Association, the said Board shall direct any Member to furnish to the President a statement, covering all information required by the said Board in the form prescribed in Appendix K, or in such other form as may be then prescribed by the said Board, of his dealings or transactions in any security or securities, on his own account or on behalf of his constituents.

(1) Insert the following as an explanation below sub-rule (a) :—

“Explanation: The Board may exercise its power under this rule when it is of the opinion that the purchases or sales of securities or offers to purchase or sell securities are made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralisation in which prices will not fairly reflect market values.”

This takes the place of the amendment proposed by the Association to rule 173.

Fine.

(b) The said Board may fine any Member who fails to comply forthwith with such requisition ;

(2) Insert the following as new sub-rule (b) :—

“(b) If the Board is satisfied after such examination that the Member is conducting his business in

Suspension or Expulsion.

(c) The said Board may suspend or expel a Member who after a fine has been imposed upon him fails to comply with any such requisition.

Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
142 cont'd.	<p data-bbox="300 327 409 350">333—cont'd.</p> <p data-bbox="373 367 718 390"><u>Majority of one-half of the entire Board.</u></p> <p data-bbox="300 424 828 608">(d) <i>A resolution of the said Board under this rule shall not be deemed valid and shall not come into force unless it shall have been passed by the votes of not less than one-half of the total number of the Members of the Board at a meeting at which not less than three-fourths of the total number of the Members of the Board shall have been present and which meeting shall have been specially summoned for the purpose. A resolution so passed shall be final and shall come into force forthwith.</i></p> <p data-bbox="300 642 828 728">(e) <i>If within fifteen minutes of the time fixed for the special meeting three-fourths of the total number of members of the Board are not present, the members present may co-opt other Members as provided in Rule 96 (b).</i></p> <p data-bbox="427 803 718 826"><u>False or misleading statements.</u></p> <p data-bbox="300 860 828 947">(f) <i>The said Board may suspend or expel a Member who makes any false or misleading statement in his clearance sheets or forms submitted under the provisions of this rule.</i></p>	<p data-bbox="928 430 1228 545">a manner prejudicial to the interests of the Association, the Board may require such member to suspend dealing for forward or speculative business for such period as the Board may determine.”</p> <p data-bbox="846 568 1228 671">(3) Re-number the succeeding sub-rules. It may be noted that existing clauses (b) and (c) are unnecessary in view of the general power the Board has got under rule 28 (b) (i).</p>	

CORNERS.

143

General Prohibition.

334. (a) Save as is provided in these rules, the Board of Directors shall not be empowered to fix prices at which stock, shares or like securities shall or shall not be bought or sold; nor, save as is provided in these Rules, shall the said Board be empowered to fix rates at which or above which or below which sales or purchases in stock, shares or like securities shall or shall not be made.

(b) *When the Board of Directors is satisfied that there is rigging in any scrip admitted to forward dealings or that there is fraud connected with dealings in any such scrip or that it is in the public interest to prohibit all further trading in any scrip, the said Board may intervene and prohibit all further dealings in such scrip from a date to be fixed by the said Board and may remove such scrip from the Forward List and at the same time allow all outstanding transactions before the date of intervention to be closed and concluded by purchase or sale, as the case may be. All unsettled contracts shall be closed and concluded by delivery and payment as usual on the Pay Day.*

(c) *A Resolution under this rule must be carried by the votes of not less than ten Members present at a meeting specially summoned and consisting of the full Board. A resolution so passed shall be final and shall come into force forthwith.*

Delete rules 334 to 347 .. ..

.. .. *Vide paragraphs 16, 18 and 20 of the Report; and in view of Rule 206 (b).*

165



Serial No.	Rule as at present or rule as it would be if altered according to the Association's proposals.	Amendments as proposed by the Committee.	Reasons.
1	2	3	4
143— contd.	<p>334—<i>contd.</i></p> <p>(d) <i>If within fifteen minutes of the time fixed for the special meeting the full Board be not present, the members present shall co-opt members as provided in rule 96 (b).</i></p> <p>(e) <i>Any scrip which has been removed from the Forward list may, when the Board of Directors is satisfied that such scrip is well distributed among the public, be re-admitted to such list by a Resolution of the said Board passed in like manner as a Resolution of the said Board removing such scrip and prohibiting such dealings and in like manner shall be deemed to be final, and shall come into force.</i></p> <p>(f) <i>When the said Board intervenes under this rule, the circumstances and reasons of the intervention by the said Board shall be fully set out and recorded in the minutes of its proceedings; such minutes shall be signed by each Member of the said Board concurring in the intervention and the reasons of any Member not so concurring shall likewise be set out and recorded and shall be signed by such Member. A copy of the minutes of such proceedings of the said Board shall be forthwith sent to the Secretary to the Government of Bombay in the Finance Department. The said minutes shall be deemed privileged and confidential.</i></p> <p>335 to 347. (<u>Rules relating to corners</u>)</p>	<p>.. The deletion of these rules is consequential upon the deletion of rule 334.</p>	

**BARGAINS GENERALLY.**

144

Bargains.

348. Bargains in securities and stock to which these Rules apply may be for *ready delivery* or for the settlement.

Acceptance of amendment to rule 348 is recommended.

**READY DELIVERY BARGAINS.**

145

Delivery and Payment.

351. (a) A bargain for *ready delivery* shall be for delivery and payment before 3 p.m. on the business day next following the bargain unless otherwise stipulated at the time of the bargain. If such day is Saturday delivery and payment shall be made on the business day next following;

In sub-rule (a) of rule 351, delete the words "unless otherwise stipulated at the time of the bargain".

(b) A bargain for *ready delivery* shall not be valid if the delivery is to be made more than seven days from the date of contract.

Insert the following as new sub-rule (c):—  
“(c) A bargain for *ready delivery* shall be completed by the delivery of and payment for the securities not later than 7 days from the date of the original contract.”

With a view to making the definition really definite and less open to evasion. See paragraph 72 (2) of the Report.

146

Cheques release intermediaries.

362. (c) *A party delivering securities sold shall accept a cheque in payment thereof, if tendered during clearing hours, but all intermediate parties shall be released from all liability, if the securities are delivered before the cheque is honoured.*

Acceptance is recommended of this amendment.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4
147	<p align="center"><u>Amendments proposed by the Association.</u></p> <p>In the heading "CASH OR FORWARD BARGAINS" after rule 365, for the word "CASH" the words "READY DELIVERY" shall be substituted.</p>		
148	<p align="center"><u>Cross Endorsements.</u></p> <p>369. The buyer may refuse to accept the Notes and to pay for them if there is a cross endorsement or if interest is left undrawn for more than <i>one year or if the notes tendered are of lesser denomination than Rs. 500 or if interest payable on or after the pay day is drawn by the seller.</i></p>	<p>Acceptance is recommended of these amendments.</p>	
149	<p align="center"><u>Liability of Broker.</u></p> <p>371. The Member acting as a broker on behalf of a <i>constituent</i> is not responsible for the genuineness, <i>regularity and validity</i> of securities passing by endorsement and delivery and delivered by the seller to the buyer.</p>		

Hours of Business in Government Securities.

372. The hours of business for forward bargains shall be from 12 noon to 4 p.m. and for *ready delivery* dealings from 12 noon to 5 p.m. every business day except on Saturdays when they shall be from 12 noon to 2 p.m. The Board of Directors may by resolution extend these hours of business from time to time either earlier opening or later closing. The market shall be closed one hour earlier on the occasion of the death of a Member as a token of respect for the memory of the deceased.\*

Delete rule 372 ..

In view of amendment proposed to rule 241.

\* Such acts of respect should not be allowed to interfere with the facilities which the public have a right to expect. It should, therefore, be left to individuals to pay such marks of respect as they, in their individual capacities, consider proper.

Brokerage.

373. Brokerage shall be charged at the following rates. There shall be a minimum charge of one rupee for each transaction.

After the word "at" insert the words "not less than".

The amendment only establishes the principle of a minimum scale of commission.

Securities.Brokerages.

Securities of the Government of India and Local Governments.	1/16 per centum on stock for <i>ready delivery</i> or forward business over Rs. 25,000 face value, and 1/32 per centum for <i>Badli</i> business.
	1/8 per centum on stock for <i>ready delivery</i> under Rs. 25,000 face value.
Debentures and stock of Port Trust, Municipal Corporations and other Securities.	1/8th per centum face value on stock.

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1	2	3	4
151— <i>contd.</i>	<p>373—<i>contd.</i></p> <p>This rule shall not apply to underwriting or the placing of New Issues or <i>dealings between Members.</i></p> <p><u>Scale of Brokerage for Negotiation of loans.</u></p> <p>Subject to a maximum of 3/16 per cent. a member may charge as brokerage at rates not exceeding 1/64 per cent. per month on the amount of the loan against securities of the Government of India, Local Governments, debentures and stock of Port Trusts, Municipal Corporations and such other securities.</p>		
152	<p><u>APPENDIX H.</u></p> <p>(Rule 189.)</p> <p>Form A.</p> <p>Contract Notes for Members acting for constituents as Brokers.</p> <p>* * * * *</p> <p>Form B.</p> <p>Contract Notes for Members acting with constituents as Principals.</p> <p>* * * * *</p>	<p>Form A to be replaced by the form in Appendix V to the Report.</p> <p>Delete this form .. .. .</p>	<p><i>Vide</i> paragraph 70 of the Report.</p> <p>In view of amendment to rule 189 and paragraphs 35 and 70 of the Report.</p>

APPENDIX J.

*Forms of Clearing House.*

Form No. 1, Page No. 1.

Bombay, 19

The Manager,  
The Native Share and Stock Brokers'  
Association, Clearing House,  
Bombay.

Dear Sir,

In accordance with Rule 301 of the Association, I herewith submit a clearance list showing the balance of securities to be delivered to and taken over from the following members for settlement and I hereby confirm that the same is a complete and true statement.

Acceptance is recommended of Appendix J.

Yours faithfully,  
Broker No.

Name of Security.

Bought.	Bro- ker No.	Broker's name.	Sold.	Bought.	Bro- ker No.	Broker's name.	Sold.

Serial No. 1	Rule as at present or rule as it would be if altered according to the Association's proposals. 2	Amendments as proposed by the Committee. 3	Reasons. 4					
154	<p style="text-align: center;"><u>APPENDIX K.</u></p> <p><i>Name of Company</i> .....</p> <p><i>Broker's Name</i> .....</p> <p><i>Broker's No.</i> .....</p>	Acceptance is recommended of Appendix K.						
	<table border="0"> <tr> <td style="text-align: center;"><i>Number of shares bought.</i></td> <td style="text-align: center;"><i>Client's name.</i></td> <td style="text-align: center;"><i>Number of shares sold for</i></td> <td style="text-align: center;"><i>Trans- feror's name.</i></td> <td style="text-align: center;"><i>Distinc- tive Nos.</i></td> </tr> </table>		<i>Number of shares bought.</i>	<i>Client's name.</i>	<i>Number of shares sold for</i>	<i>Trans- feror's name.</i>	<i>Distinc- tive Nos.</i>	
<i>Number of shares bought.</i>	<i>Client's name.</i>	<i>Number of shares sold for</i>	<i>Trans- feror's name.</i>	<i>Distinc- tive Nos.</i>				

## APPENDIX V.

*Appendix H to the Rules of the Native Share and  
Stock Brokers' Association.*

(Rule 189.)

A.—Contract Note issued by Members acting for Constituents as  
Brokers.

Name of the Firm

Names of Partners.

Stamp as required under Article 43 of Schedule I to the Indian Stamp Act.
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To

We have this day done by your order and on your account the following  
transactions for SETTLEMENT on

Bought for you.			
Quantity.	Kind of Security.	Rate.	Amount.
	Brokerage ..		

Amount due from you.

This Contract is made subject to the Rules and Regulations of the  
Native Share and Stock Brokers' Association.

Bombay,

Date,



B.—Contract Note issued by Members acting for Constituents as Brokers.

Name of the Firm

Names of Partners.

Stamp as required  
under Article 43  
of Schedule I to  
the Indian  
Stamp Act.

To

We have this day done by your order and on your account the following transactions for SETTLEMENT on

Sold for you.			
Quantity.	Kind of Security.	Rate.	Amount.
	Less— Brokerage ..		

Amount due to you.

This Contract is made subject to the Rules and Regulations of the Native Share and Stock Brokers' Association.

Yours faithfully,

Members of the Native Share and  
Stock Brokers' Association.

Bombay,

Date,



2. The Defaulters and each of them hereby declare that they hold or respectively hold and will stand possessed of the excepted property which may be disclaimed as aforesaid if any UPON TRUST to deal with and dispose of the same and the income and proceeds thereof if the Official Assignee shall so require in such manner as he shall from time to time direct to the intent and so that any net proceeds thereof or any benefit to result therefrom may be handed over to the Official Assignee and may form part of and be dealt with and administered in like manner as and as part of the property hereinbefore assigned and conveyed.

3. The Defaulters and each of them hereby respectively and irrevocably appoint the Official Assignee and his assigns aforesaid to be their and his Attorney in their and his name and on their and his behalf to execute and sign all deeds or other documents which the Official Assignee or his aforesaid assigns shall deem necessary or expedient for transferring any stocks, shares or securities registered or inscribed in the name of the Defaulters or either of them or for assigning or dealing with any of the excepted property the subject of the last preceding clause or for any other purposes necessary or deemed expedient for giving effect to and carrying out the purposes of these presents.

4. Any difference or dispute of whatsoever nature which may arise with regard to the effect or operation of these presents or of any of the provisions thereof expressed or implied or incorporated therein or as to any claim to participate or the amount of ranking or otherwise howsoever in relation thereto shall be referred to and settled by the Committee for General Purposes of The Stock Exchange and their decision shall be final and bind all parties.

AS WITNESS the hands and seals of the parties hereto the day and year first aforesaid.

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*Schedule.*

[Rules 170 (1), 171, 172, 174 to 189, 191 and the Appendix 36.]

APPENDIX VII.

*Cost of the Committee.*

The total cost of the Committee (including the probable cost of printing this report), is estimated at Rs. 21,000.

**CHECKED**  
**2022.04**