



Report
of the
Bombay Stock Exchange
Enquiry Committee

BOMBAY
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APPENDIX 1.

Lien on Seats.

Mr. John R. Doe Passos writes in his book at page 113 as follows:—

"In the case of *Hyde vs Woods* it was held that a provision in the constitution of a Stock and Exchange Board (a voluntary unincorporated society, whose members are elected by ballot and are limited in number)—that a member, upon failing to perform his contracts or becoming insolvent, may assign his seat to be sold, and that the proceeds shall, to the exclusion of his outside creditors, be first applied to the benefit of members to whom he is indebted—is neither contrary to public policy nor in violation of the Bankrupt Act. The reasoning of the court was that the San Francisco Stock and Exchange Board was a voluntary association, and the members had a right to associate themselves upon such terms as they saw fit to prescribe, so long as there was nothing immoral, or contrary to public policy, or in contravention of the law of the land in the terms and conditions adopted. No man was under any obligation to become a member unless he saw fit to do so; and when he did, and subscribed to the constitution and by-laws, thereby accepting and assenting to the conditions prescribed, he acquired just such rights, with such limitations, and no others, as the articles of the association provided for. The decision was affirmed by the Supreme Court of the United States, where the court, through Mr. Justice Miller, said: "There is no reason why the Stock Board should not make membership subject to the rule in question, unless it be that it is a violation of some statute or of some principle of public policy. It does not violate the provision of the Bankrupt Law against preference of creditors, for such a preference is only void when made within four months previous to the commencement of the bankrupt proceedings. Neither the Bankrupt Law nor any principle of morals is violated by this provision, so far as we can see. A seat in this Board is not a matter of absolute purchase. Though we have said it is property it is encumbered with conditions when purchased, without which it could not be obtained. It never was free from the conditions of Article XV, neither when Fenn bought nor at any time before or since. That rule entered into and became an incident of the property when it was created, and remains a part of it, into whose hands soever it may come. As the creators of this right—this property—took nothing from any man's creditors when they created it, no wrong was done to any creditor by the imposition of this condition."

In New York it has also been decided that a person becoming a member, assents to the appropriation of the proceeds of his seat, to the payment of debts on the Exchange.

APPENDIX 2.

Speech of Seymour L. Cromwell, President of the New York Stock Exchange at the Convention of American Bankers' Association held at Atlantic City, 24, 25, 26 and 27th September 1923.

The problems and policies of the New York Stock Exchange.

I propose to discuss with you to-day the business of the Stock Exchange in relation to the public interest of the American nation. Some time, I hope, I shall be able to appear before a gathering of this kind and not talk shop. There are many questions connected only in general with the Stock Exchange which I would like to discuss, but for the present I must stick to the narrower subject matter, which, as officials of the Stock Exchange we cannot, even if we would, put aside. The operation of our institution has provoked and still provokes so much public comment and is the occasion of so much misunderstanding that we must call public attention to it whenever and wherever we can. My object in discussing the Exchange and its problems with you to-day is to remove some of this misunderstanding and to seek your co-operation in explaining to the people of the United States what the Exchange is and under what conditions it can best serve the interests of its clientele, which is the whole American business community.

I have a further purpose in directing your attention to the operation of the Stock Exchange. This institution is not only discussed and misunderstood, it is bitterly criticized and attacked. For the most part we have submitted to these criticisms and attacks and merely done what we could to repel them. We have acted scrupulously on the defensive. But instead of moderating, they have become from year to year more threatening until they are now made the excuse for legislation which, if it were enacted, would seriously and perhaps fatally cripple the Exchange in the performance of its major functions. We shall not act on the defensive any longer. I intend later in this address to announce a new attitude and a new policy on the part of the New York Stock Exchange. It will no longer submit to unwarranted attacks from doubtful sources without turning on its enemies and exposing them. It has nothing to hide. It has everything to gain from publicity. Its opponents have everything to lose. Hereafter it will employ this weapon to the very limit. It will give nation-wide publicity to the nature of the attacks which are being made upon it, to the character of the attackers and their frequently disreputable motives, and to the doubtful purposes which they are hoping to achieve. And as you will see later the weapon is likely to be effective. Whenever we are forced to use it, those who are trying to injure the Exchange will find it difficult to protect themselves. Their own actions have rendered them vulnerable.

What is the New York Stock Exchange? Briefly stated it is incomparably the greatest market for securities in the United States and with the possible exception of the London Stock market, the greatest market in the World. There is no question that the highest standard of business conduct prevails on the Exchange nor that the methods there prevailing serve the interests of the public better than any system that can be devised. The Exchange has grown up under a system of free Government. It has no charter from the State, it has no special privileges, it exists by virtue of the contract between its members incorporated in its constitution. The success of its management is due to its autonomy. Men of character and experience are willing to devote their ability and time to its service. The principle on which free government is founded is that all who are conducting their business in the best interests of the public should be left to conduct their business without interference by the State. The Stock Exchange claims that it has done better under its own government than could possibly be expected under any sort of State control or supervision, and in the light of its success it asks that it be left free from bureaucratic interference.

When I speak of the Exchange as the people's market I do not say something that has a doubtful meaning. I took the list of stocks listed on the Exchange the other day and out of curiosity began to figure how many kinds of goods—if I may use the expression—there were on our shelves. In a short time I had figured up one hundred and fourteen, ranging from aeroplanes, air brakes, asphalt, automobiles, bread and cake, cement, cereals, collars, shirts, leather, sugar, silks, salt, ribbons, tinfoil, typewriters, varnish, underwear, down to cardboard patterns, yeast, writing paper and fire engines. Just imagine a great department store with one hundred and fourteen separate shops and the goods represented in those shops available on short notice to any person situated in any part of the World. It is the listing of the stocks of the companies owning these goods on the New York Stock Exchange, which permits the development of industry and the distribution of the goods themselves. I am not going to discuss to-day the economic functions of the Exchange, but when criticism is made of the amount of Stock Exchange loans, I want to call attention to the tremendous increase in the number of commodities listed on the Exchange as a consequence of the large number of partnership firms that have during recent years been incorporated. This will account for an important total amount of new securities that have come on the market, and as a result I believe it may safely be said that to a large extent the commercial loans of yesterday are the Stock Exchange loans of to-day. It is therefore only just that we should not measure present day Stock Exchange loans by former standards.

There were listed on the New York Exchange on June 30, 1923, the securities of 630 companies representing 892 issues of stocks and having an approximate value of \$24,000,000,000. There were also listed 1669 issues of bonds of 688 companies, Governments, etc., representing more than \$18,528,000,000. This latter amount does not include \$20,000,000,000 Liberty Loan Bonds. These vast figures give you some idea of the New York Stock Exchange.

Much of the antagonism in the Exchange is begotten in economic ignorance. The Stock Exchange operates in terms of capital instead of in terms of commodities and that is why I wanted to point out to you what a large number of commodities are represented in the capital in which the Stock Exchange operates. All progress is conditioned on public understanding and until we have such understanding of the purposes and functions of the New York Stock Exchange it cannot fulfil its natural purpose, which is to supply one of the great elements in the prosperity of the country.

The Stock Exchange is an ally of law enforcement. It is seldom, however, in recent years that the Stock Exchange has been called upon or even permitted to co-operate with law enforcement officers. In the thirty-year-old fight which the Stock Exchange waged against the bucket shops its chief obstacles have been the inertness and lack of co-operation of many public officials. The Stock Exchange destroyed through its own efforts the old "clean sheet" bucket shops and it is bending all its energy toward ending the operations of the new type of swindle. This new bucket shop is a more sinister affair than the old, not only because it steals the people's money as it was stolen in the old days, but because, in most cases, it has an underground backing of tremendous influence and weight, because it is supported by men whose position in the community has the appearance of being free from any taint or connection with such vicious operations. Legislation which has been proposed in recent years has been aimed not at the bucket shop or stock swindlers, but for the most part at the New York Stock Exchange. That practically every legislative proposal of recent years has been applauded by crooks and swindlers; that the endorsers of this legislation aimed against the security of the Exchange have been men known to be engaged in bucketing business, amply justifies the suspicions with which this legislation must be regarded. The New York Stock Exchange has opposed certain proposals for legislative regulation of stock trading because such regulation would have destroyed the autonomy of the Exchange, opened its doors to the dishonest, paralyzed its discipline and unloaded a horde of politicians and potential criminals upon it. I do not say that the men who drew up the legislation realized the effect of the laws they would have enacted, but I do state that the position of the Exchange has been sustained and verified to the letter by the damning revelations of the past few months.

Among the proposals of those who would regulate the New York Stock Exchange through political bureaus, were, licensing of brokers, examination of books, restrictions of the use of securities by firms in the matter of loans, and regulation of the issue and sale of securities. With the last the Exchange has nothing to do except in a general way to oppose laws which might interfere with the markets for legitimate securities offered in the State of New York.

Let me say in the very beginning that licensing and examination of brokers' books would open up to swindlers and that peculiar breed of politician who herds with swindlers, the richest graft in the history of the nation. Licensing has been advocated by men of the highest honesty and with the keenest desire to do everything that will protect the financial markets, but these men have not figured out the effect which will follow from the use of a system which cannot possibly be effective and which can be and will be destructive. The whole subject of licensing brokers was considered by a Commission appointed by Governor Smith in 1919. This Commission was most carefully selected and was composed of men conversant with the subject. In the report of the Smith Commission there appears the following concerning Licensing:

The objection to a law of this character is that every citizen should be free to enter into any legitimate business that he sees fit; and that to require a licensing system and to confer power upon some State official to grant or withhold a license, is an abrogation of individual rights and liberties, is un-American in principle, and has been frequently denounced by the Courts.

This is the conservative opinion of a Committee of men who impartially and at length studied the question. Licensing will not eliminate the fraudulent or unscrupulous dealer in securities, but, on the other hand, it will aid the swindler. He can swindle the public much more readily if he is operating in virtue of a State license, which to the indiscriminating public would be a State guarantee of both his own legality and the merits of the securities offered. You cannot prevent crooks or prospective crooks from obtaining a license. A political body issuing licenses will naturally take political references first and general references second. When the Stock Exchange cut off its quotations from Messrs. Hughes and Dier, a bucket shop, men of the highest political, financial and social standing wrote letters to the Exchange urging that the wires be restored; there were personal interviews, telephonic and every kind of pressure and solicitation from men whose name and record meant much in the community. The Exchange denied these demands; would a political license bureau have done as much? If you have been following the New York papers during the past few months you may have noted the queer mix-up between politicians and the bucket shops. Would you give to these gentlemen—the angels behind the bucket-shops—the power to grant licenses to brokers? Would you permit them to force the New York Stock Exchange to admit to its membership men known to be crooks?

Let me read you a statement by a man prominent in the political life of New York State, a man of national repute, clean in politics and business, active in public life and familiar with all the forms of politics. He was asked whether he would approve of a law licensing brokers. This what he had to say:

I shall fight a law licensing brokers as long as I am in public life and even when I am out of it. It would mean a deluge of licensed crooks. It would mean that every public man in the State of New York would be under continuous pressure to approve some one whom he did not know and who was actually a crook. Suppose I have a friend Mr. X, who is a Banker, and he has a friend Mr. Y who is a business man who deposits with him, and Mr. Y has a man who buys goods from him, whom we shall call Mr. Z. Through some combination of circumstances Mr. D, a crook, knows Mr. Z and gets him to ask Mr. Y to ask Mr. X to ask me for an endorsement. I am under social, political and may be financial obligations to Mr. X. Shall I endorse Mr. D and get him a license and be responsible for having put a crook in a position to steal? That is not a far-fetched illustration. It would be a common one. Licensing would mean a restriction of the usefulness of honest brokers and the overwhelming of the security business by crooks wearing the badge of decency which a State License would impress upon them. Licensing would mean the licensing of the unfit and the chances are that any such license bureau would fall into the hands of shady politicians. That is why I oppose and will always oppose this great potential graft game of licensing brokers. It is not merely foolish, it is futile and dangerous.

A New York Newspaper which has been carrying on an intensive campaign against our most prominent bucketeers and which supported a law licensing brokers last year gravely makes this suggestion:

Some people are discussing with interest the possibilities of graft in a licensing and examination system run by politicians. . . . Such examiners and licensers would possess a "nuisance value" which, skillfully exercised, could realize handsomely in cash.

The members of the New York Stock Exchange object to a licensing system for the reasons already stated and because a great part of the indiscriminating public would put all holders of a State license on a parity: men of questionable probity would be placed on a level with men of accepted character and unquestioned solvency.

In reality, licensing is merely a prelude to the examination of brokers' books. The question is often asked; The books of banks are subject to examination; why not the books of brokers? A very great distinction exists between the banker and the broker. Brokers are agents for their principals. The business of a banker is primarily the business of the bank and involves the affairs of its depositors only incidentally. The business of a broker is the business of his customers and an examination of the books of the broker involves an examination of the private affairs of all his customers. The examination of brokers' books is proposed as a means of protecting their customers, but the customers are the very people who would protest most vigorously against such disclosure of their private affairs. Business done by a broker for his customers is necessarily of a peculiarly confidential nature, to be guarded as strictly as the secrets of a lawyer or a doctor.

The examination of a broker's books would not afford the public any substantial degree of protection: Licensing and examination of books might result in the improper use of information gained. As a result of the large force of inspectors that such an examination, however purfunctory, would require, the opportunities for graft would be

limitless. The confidential information to which the examiners would have access might in some cases reach people disposed to make dishonest use of it. It would open the door to unlimited graft, even if only one examiner out of fifty should prove venal. Consider the price the dishonest operator would pay to learn of the transactions on some brokers' books. Consider the opportunity to trade upon the knowledge obtained.

A proper and competent examination of a brokerage house takes much more time than the examination of a bank of the same relative size. This is because of the diverse and sometimes complicated transactions which occur in the brokerage business. The usual bank examination consists of a verification of assets mainly physical inspection of cash, securities (stocks and bonds) discounted notes, etc., comparison with book figures and determination of sufficiency of total assets to meet liabilities, capital and surplus. It would be a rare instance where a bank examiner would do other than accept discounted notes at face value or where he would confirm depositor's accounts. In a broker's office, however, a determination of the status of and a confirmation of every customer's account is one of the most vital points in the examination. Difficulties involving a brokerage firm may be brought about by partnership operations and would be discovered by inspection and verification of firm accounts. But a firm may also become involved through the operations of its customers making imperative a thorough verification of every customer's account. The need for this and the labor involved is readily appreciated when thought is given to the status of the customers of a broker.

The legal relation is that of principle and agent. The business relation is that of debtor and creditor. It is at this point that the importance of thorough inspection and examination of the customer's account becomes apparent. Is the customer the debtor or the creditor? In many transactions carried on the broker's books the broker buys securities for the customer, the customer paying the broker only part of the purchase price. This is a margin transaction and the customer is indebted to the broker for the remainder of such purchase price. The broker, however, is accountable and liable for the customer's equity. This equity may become endangered or even exhausted because of fraud, incompetence or deceit of partners or employees, injudicious credit allowances, etc., to the extent of impairing the firm's working capital.

Verification of customer's accounts, you can readily see, is a painstaking and lengthy process and is complicated by the diversity of transactions of customers, not only in various stock markets, but in many instances in various commodity, future and spot markets, foreign exchange and money transactions.

A medium size Bank with say one thousand depositors would present no particular difficulties to an examiner, but a brokerage firm with one thousand open accounts would present a complicated problem requiring a staff of examiners with high special training and an understanding of the various lines of business. As the number of brokers and brokerage firms in the State of New York is greatly in excess of the number of banks an enormous staff of experts would be required for even a cursory yearly examination of every brokerage house.

On the other hand, the New York Stock Exchange, by means of its questionnaire, can detect evidences of irregularities or unsoundness in time to check preventable loss to the customers of its members and this power is exercised to the fullest extent with the complete preservation of the secrets of the broker and client. Its staff of accountants are men who are selected for their character, their special knowledge and their intimate familiarity with the details of the brokerage business.

The last of the proposed provisions, to which I have alluded, is that which would prevent any member of the Exchange from pledging any securities belonging to a customer for a sum greater than the amount owed by such customer or to pledge the same with other securities belonging either to other customers or to the broker. This does not aim at those cases where the broker pledges the customers' securities without his consent; it has always been contrary to law for a broker, without the consent of his customer, to pledge the customer's securities for more than the amount due by the customer thereon, whether alone or with other securities. But it is the law of the Stock Exchange:

That an agreement between a Stock Exchange house and a customer, authorizing the Stock Exchange house to pledge securities carried for the account of the customer, either alone or with other securities, either for the amount due thereon or for a greater amount, or to lend such securities does not justify the Stock Exchange house in pledging or loaning more of such securities than is fair and reasonable in view of the obligations of the customer to the broker.

It is further the law of the Exchange:

That no form of general agreement between a Stock Exchange house and a customer warrants the Stock Exchange house in using securities carried for the customer for delivery on sales made by the Stock Exchange house for its own account, or for any account in which the house or any general or special partner therein is directly or indirectly interested.

Thus the Stock Exchange goes further than the law and prevents any member from pledging or loaning more of a customer's securities than is fair and reasonable in view of the customer's indebtedness to the broker.

But the proposed legislation is also intended to prevent a broker, who is a member of an Exchange, even with the consent and authority of his customer, from pledging the customer's securities along with other securities for even the amount owed by the customer thereon. One effect of this provision would be to make it impossible for brokers who are members of the exchange to render to their customers the service which such customers desire, and would practically destroy the business of such brokers. It would discriminate in an extreme degree against brokers who are members of the Exchange in favour of outside institutions and non-member brokers with the result that the members of the Exchange would become mere floor brokers. The greater part of the purchasers of securities on the Exchange are not in a position immediately to put up the full purchase price. They put up part of the purchase price and the balance is supplied by the broker, who must in turn borrow the money from a bank. As business is done, it is wholly impossible for the broker to borrow separately on the separate securities of each customer. It would be mechanically impossible because of the number and volume of transactions. It would be financially impossible because the banks require mixed securities as collateral. The result is that brokers must largely finance their transactions by making large loans, pledging therefor securities belonging to a number of different customers. Of course, in order to do this without violating the rights of their customers they must get their customers' consent, but customers who trust their brokers feel no hesitation in giving the consent which they realize is necessary to enable their brokers to render them the service they want. The control of the Exchange over business transacted on its floor its ability to prevent manipulation, wash sales, and all other improper transactions, would be very materially restricted, if not wholly lost, if this legislation were enacted. The principals in the transactions would be too far out of reach of the Exchange for it to exercise any degree of control over their transactions. The Exchange as a great institution, composed of firms of large capital and a wide clientele, would cease to exist. It would be a mere meeting place for floor brokers.

Every one understands that neither honesty, intelligence, nor official efficiency can be legislated. It is a reassuring fact that in the past ten years every proposal to impose these onerous, futile and dangerous restrictions on the New York Stock Exchange has been defeated in Congress or in the New York State Legislature. These provisions were defeated because study revealed the fact that they were deadly and useless.

A bill was introduced in the winter of 1913 in Congress which would have incorporated the New York Stock Exchange and put it under the complete control of political forces, taking away from it the power to regulate its own doings. The bill was beaten in the spring of 1914. During the critical days at the end of July of that year, when the great war broke out, the Exchange was compelled to close, to prevent a panic and to conserve the finances of the country. If that bill had passed in the spring of 1914 and if the Exchange had been incorporated, any individual could by injunction have prevented the closing of the Exchange and thus have precipitated a panic which might have crippled the country's resources.

There are ten thousand new laws annually which go on the statute books only to be forgotten. There are laws on the statute books of the State of New York covering bucketing, conspiracy to defraud, sale of fraudulent securities, and the other forms of this kind of larceny. Why are they not enforced? The Post Office Department to-day is demonstrating what it can do with the fraud laws on the Federal statute books and is driving stock swindlers out of business throughout the country with a very small force and with a very small appropriation. Its success is due entirely to the fact that Post Office officials mean to put these crooks out of business that they desire to keep them out of business: they do not seek the alibi of new legislation. In law enforcement rather than in new laws lies the solution of the bucket shop problem. Bucketing, stock swindling, fraudulent promotions, are not new. Petty larceny and grand larceny and conspiracy remain the same. The cure is jail sentences; a determined effort by legal officers of the State to enforce the law. Bucketing is larceny and can be punished under the present laws.

Here are some facts that may interest you. E. M. Fuller and Company—the name should be familiar to you—one of the largest bucket shops, failed in the summer of 1922. The District Attorney of New York County obtained soon after the bankruptcy thirteen indictments each against Fuller and McGee, the partners in Fuller and Company. Fuller and McGee obtained separate trials. The trial of Fuller began in the fall of 1922. The judge dismissed the first grand larceny indictment against Fuller without sending it to the jury. Then followed three trials on the first charge of bucketing against Fuller, resulting in a mistrial and two jury disagreements, together with the most scandalous charges of witness-hiding that have characterized any case in New York in years. During all of these efforts of the Prosecuting Attorney to convict Fuller the constant plea was that he was handicapped because he could not obtain access to the books of Fuller and Company. There was a great deal of noise about a court fight which should wrest from the Receivers the use of the books for the redress of bucket shop victims. Such a fight I believe actually was begun more than a year ago in the cases of Fuller, Dier and Ruskey. In the midst of this fight the Referee Harold P. Coffin, assuming rightly that the books belonged to the bankrupt estate and not to the bankrupts, instructed the attorneys for the Receiver to move before him for the delivery of the books by the Receiver to the Trustee without limitation as to their use and thereupon entered an order to that effect. In less than three weeks the order had been sustained by Judge Julian W. Mack of the United States Circuit Court, and in principle by the United States Supreme Court. The Fuller books were immediately made available to the District Attorney, though his own fight still remained in the United States Supreme Court, and no sooner were these books in the hands of the District Attorney than both Fuller and McGee walked into the court room and entered a plea of guilty of operating a bucket shop. Upon this principle thus established the books of other bankrupt brokers are now available to the prosecuting officers. I cite this case merely to show something of the delays in law enforcement and also to show that the continued harping on the idea that bankrupt bucketeers who fail cannot be prosecuted because their books are not available is not an argument based on facts.

The developments in the Fuller case have absolutely sustained the position of the New York Stock Exchange against licensing, against examination of books and confirmed its contention that where there is law enforcement there is plenty of law. It is my hope and wish that the revelations which are now going on in the Fuller case will show still more clearly bucketing in its complications with politics.

Part of the trouble to-day is the indifference of the average citizen to political matters. He takes little interest in the election or selection of his law makers or of his public officials. He does not follow their records in office and if he votes at all he votes negligently and with his eyes shut. In time he will compel the sworn officers of the law to enforce the laws regularly and impartially. In the meantime enforcement of law by spasms is worse than non-enforcement.

Heretofore the Exchange has contended itself with ignoring attacks in the public prints, with making appearances before the proper legislative Committees and presenting its arguments against legislation through counsel or officers of the Exchange. Hereafter the Exchange intends to fight. We are tired of the abuse and lie which are daily hurled at the Exchange, and while we do not intend to reciprocate in kind, we do intend that every item of information in our possession which will enlighten the public concerning the men who are attacking us, concerning their methods, their purposes, their records, and their objects, shall be given to the public. If an office holder stops long enough at the Grand Central Station to call up the President of the Exchange and tell him that he wants a certain thing done for some one, contrary to the rules of the Exchange, and that he wants an answer in fifteen minutes because his train leaves for Albany, where he is going "to look into the bill aimed at the Stock Exchange" we shall consider that threat an item of news and give the gentleman's name and his threat to the newspapers.

If another office holder, who has a retaining fee from a notorious bucket shop calls us up and gives us seven minutes in which to restore the wires to that bucket shop, under threat of political reprisal at Albany, we shall give that gentleman's name and a record of the conversation to the public with such other details as the facts may warrant. Again, if the author of a bill which was designed to put the Exchange out of business comes to us and asks for a retaining fee so that he may testify that he has investigated the Exchange and found it perfectly all right, we shall be glad not merely to deny the gentleman the retaining fee as we have done, but to give his name, business, post office address, and other facts which will be of interest undoubtedly to the public. Further more, if any man, whether he be public official or not, holding high place or not, writes to the Governors of the New York Stock Exchange or to its President demanding, with covert threat, that certain bucket shops shall have our wires, we shall publish these letters no matter whether the political position of the gentleman in question be high or low. This is desirable not from our own point of view but from the necessity and desirability of advising these gentlemen's confederates as to the character of the men with whom they are associated.

The Stock Exchange will continue to fight bucket shops and it will fight those affiliated with bucket shops who seek to make money out of the power given them by their political connections. Do not think that I am attacking political parties or the great body of public men who are giving their time and earnest effort to the work of government. The State of New York has in its Legislature men of the highest type and in its other public offices men equally impeccable. It is not with political parties with which I quarrel, but political pirates and those hangers-on of politics who are mixed up with politics and interfere with law enforcement. The political buccaneer knows no party and the public official who is spineless in the enforcement of the law is usually the one who makes gratuitous, purposeless and rabble-raising attacks on decent men and decent institutions. Public Officials should know that crooks take on the protective coloration of respectable business men, but instead of recognizing this fact and realizing that crooks are crooks and merely the barnacles of decent business, decent business is attacked in the pulpits in the magazines in the public prints.

I hope I have made clear the position of the Exchange. It has fought to keep the people's market out of the hands of crooks and their more crooked allies. It has conscientiously endeavored to develop some plan which would prevent swindling of the public.

A Committee of the Stock Exchange for a period of nearly a year made an intensive study of every "blue sky" law and regulatory measure in the United States. Bankers, members of investment houses, bond salesmen, members of blue sky commissions and every person who might have any knowledge as to the working of the blue sky laws either from the regulatory end or from the distributing end appeared before the Committee, and gave facts concerning this kind of legislation. The Committee was unable at the end of this intensive study to recommend any single form of blue sky law in existence in United States. It was unanimously of the opinion that legitimate business would suffer through such legislation and the sale of fraudulent securities would not be checked. The question of the examination of books of brokers has been studied from every angle and I have already given you some of the reasons why such examination would be dangerous, while being absolutely useless. The question of licensing has also been studied in every phase and we have found no reason which would justify such licensing while on the other hand we have found many reasons showing its serious possibilities. There are other regulatory measures which the Exchange has considered and which it is still considering.

The Exchange will not pass upon any question off-hand nor has it ever been the policy of the Exchange to take snap judgment. Its members to-day are under the severest rules and regulations of any organization in the world, but every rule and regulation has been carefully thought out and is the result of knowledge and experience.

In conclusion I want to extend to every member of the American Bankers Association an invitation to visit the New York Stock Exchange and study it from the ground up. I also extend this invitation to every newspaper editor in the United States. In fact, we are already planning to extend a definite invitation for a particular date to the editors of the newspapers of the United States to come and see what the New York Stock Exchange is and to study it carefully and thoroughly. The Exchange wants every man and woman in the United States to have an intimate knowledge of its working, of its purposes, and of the men who are directing its affairs. I have promised a certain kind of publicity to-day and I will add that we welcome any kind of publicity which is based on actual facts. The Stock Exchange and the Banks if they co-operate can bring about that which is of the greatest importance to the whole country economic education and understanding of financial institutions and financial ethics.

APPENDIX 3.

Telegram from Sir Shapurji B. Broacha, Kt. (then Mr. S. B. Broacha) to the Finance Minister.

"I am directed by the Committee of Bombay Share and Stock Exchange to protest strongly against heavy increase of Stamp Duty on Brokers' Contracts and transfer of shares.

Increased tax on Brokers' Contracts will greatly restrict business of Government securities, if not destroy it. Most contracts for Government Paper are under one lac. Contract for \$0,000 will require ten rupees stamp. Brokerage on Government Paper is one sixteenth of one per cent. divided in equal moiety between buying and selling broker. One sixteenth per cent. brokerage on \$0,000 is fifty rupees, which divided between buying and selling broker is 25 rupees for each. Or on \$0,000 rupees contract, stamp ten rupees for rupees twenty-five brokerage, or a charge of forty per cent. on his income. This step is direct discouragement for larger absorption of Government Paper by investors and therefore impolitic and inexpedient. The income negligible. It will induce evasion. Instead of contract notes or memorandums it will induce contracts on parole. Consequences will be similar on all Trustees' securities. In shares Contracts although consequences not so disastrous, contract on parole will be the rule than exception. Increased heavy Stamp Duty on transfers of shares and Debentures instead of increasing will diminish revenue. Fewer shares will be transferred and carrying shares with blank transfers will be the rule. It is direct inducement to Companies to issue Bearer Shares. What applies to Government Paper contracts applies to Exchange contracts and hits the Exchange broker equally hard as the Paper broker. The increase expected from the whole catalogue of Stamp Duties is small. Is the sum adequate to discourage or to very much diminish investment in authorized securities. To hamper the financing of nascent industries and enterprises or weaken the moral tone of people by seeking evasions."

APPENDIX 4.

Stock Exchange Settlements.

An American view.

Return to unfettered business, with proper safeguards.

Commenting upon the decision of the London Stock Exchange that it will revert to the old system of fortnightly settlements next September, the Editor of "Barron's Financial Weekly," of New York, says that the move is more significant and encouraging than the layman might suppose. "Since the outbreak of the war there has been a sort of moratorium for a number of Stock Exchange speculative accounts, and the adjustment of this, running, as it does, into many millions sterling, has been no easy matter. With the outbreak of War in 1914 some Government regulation became inevitable, or at least advisable. Speculation was not forbidden, as so many people anxious to "reform Wall Street" suppose. Trading is limited to cash transactions, which can, of course, be as speculative as the heart could wish. It is on such transactions that the New York Stock Exchange conducts its business.

"What is most satisfactory is that a complicated situation is in a fair way of settlement, and that the meddling hand of Government Bureaus is to be removed from what is still the freest and most diversified Stock Exchange in the world. No doubt geographical considerations, in days of slow transportation, dictated the financial centre of the world. It may be said, roughly, to have moved from Sidon, in Asia Minor, at least five centuries before the Christian era, to Carthage, and from Carthage, perhaps, to Rome, and then, with the interregnum between the fall of Rome and the rise of Christian civilisation, to Genoa, to Venice, to Amsterdam, and, finally, with the westward movement of financial empire to London.

A market for everything.

"But London had, and has, a quality which New York lacks. It was, and is, a free market for everything—not merely for the securities of the whole world, but for gold, copper, pig-iron, jute, lard, tea, grain, coffee, wheat, and scores of other things, each enormously helped by the English doctrine of free trade, and the actual encouragement given by the English common law to every man to mind his own business.

"There are all sorts of arguments for and against fortnightly settlements as distinguished from the daily settlements of the New York Stock Exchange, or even the weekly settlement of its humble neighbour, the Consolidated Stock Exchange. But the restoration of that system in London means a return to unfettered business, with proper safeguards provided, not by a meddling and unintelligent Government Bureau? but by the Stock Exchange Governing Committee, as they should be. The financial centre of the world is not on its way across the Atlantic yet. So long as London and the British Government believe in letting a man take his own risks and reap his own profits there is not much likelihood of a change."

Fortnightly Accounts.

The chief objections to an extension of the period of the account, and there are some who consider that twelve settlements per year would suffice, are (1) the increased possibility of loss in the form of bad debts—the longer the credit the greater the risk—and (2) the additional clerical work to be done. The first point is, of course, contentious. The element of risk is one in which the speculative broker must, of necessity, be his own guardian. It can scarcely be argued seriously that the difference between a fourteen and a nineteen day account is the margin between security and danger. The fact is that risk is a matter of circumstances rather than of time. In any event it is "up to" the broker to look after himself, and additional cover can always be asked, and usually obtained, to balance increased risk. Financial arrangements do not stand in the way of an extension of the account, for loans by the bank can be as easily arranged for one term as for another, within limits, and in point of fact many advances are negotiated on a day-to-day basis, i.e., on the daily total of the customer's overdraft.

Fortnightly account. Its practical operation—views of members.

Over 50 per cent.

Obviously, therefore, the period of the settlement, which in practice begins with the Mining contango on a Friday, and ends with the following Thursday as pay day, is one in which not only recent dealings have to be attended to, but also, and especially in busy time very heavy clerical work. And since in its course it includes a Friday, Monday, Tuesday, Wednesday, and Thursday, and comes into each fortnight of the year, it follows that, the Stock Exchange, being closed on Saturdays, over 50 per cent. (allowing for special holidays) of the working days of members and their staffs throughout the year are given over, to a greater or less extent, to attending to it.

The main arguments against extension to a longer period are (1) the increased possibility of loss in the form of bad debts the longer the credit the greater the risk; and (2) the additional volume of work to be got through during settlement periods if the business to be dealt with is that for, say, three weeks instead of for two-thirds of that time.

As to the latter, the matter boils down to little, if anything, more than a question of individual liking; there does not seem to be any outside issues involved, for from the public's point of view the matter is, on balance, as broad as it is long. In so far as losses which might be made through an extension of the credit period go, the more speculative broker and his clients appear to be those principally concerned, and they need not be regarded as entitled to too much thought.

The more conservative member ought fairly to be expected to go through a three-weekly account without loss of consequence, except possibly, in those times of very abnormal movement, which are, happily, not too frequent.

Even in these he would probably come out very well, and taking the swings with the roundabouts could conveniently and comfortably stand the racket of the period.

The question of finance comes into the discussion, but loans could be as easily arranged for twenty-one days as for fourteen, and in many instances interest is only charged and paid on daily figures—on the day-to-day totals of overdrafts.

Pre-War Practice.

It is argued that the old pre-war practice, under which longer accounts periodically arrived, was, even though nineteen-day accounts were few and far between, a happier and a more agreeable and convenient one. For even if, during the greater part of the year, staffs had to keep their noses to the grindstone, and to be more or less constantly on long duty, as now, it did allow them to from time to time arrange reasonable vacation and give them runs of normal working hours.

It is doubtful whether a change, simple and direct, from the fortnightly to a three weeks account, would work. Many, however, think that without unduly loading it the list of securities dealt, in, as referred to at the outset, for daily settlement, might, since a daily settlement regularises office work, be extended. If that were done a solution, agreeable to the majority, might be found, for with a reasonable extension of the daily list the balance left over to be dealt with at the end of a twenty-one-day account would not be so large, and could, even in busy times, be handled with an effort.

This much is certain, that the all-the-year-round fourteen-day account is a child of whom no one is over-fond.

APPENDIX 5.

THE ECONOMIST (8th October 1923) writes as under:—

Investors and Jobbers' Prices.

The continuance of the boom in tea shares together with the recent revival of interest in nitrates and Electricity supply issues, has brought once more to the front some of the questions that offer perennial matters for misunderstanding between broker and client, matters which require constant correction for them to be properly understood. Most people are aware, in a rather vague way, that Stock Exchange jobbers make prices, that is to say, they quote double prices in a particular share. At the higher price they are prepared to sell, at the lower price to buy, shares from any broker who comes along with an order, and who ascertains this dealing price before he announces what he wishes to do, whether to buy or to sell. This making of prices is one of the fundamental distinctions of the London Stock Exchange, and it is carried to a point in excess of that reached by any other exchange in the World. It is regarded as being the reason for the supremacy of London as a liquid market in so many hundreds of Stock Exchange securities. The willingness of jobbers to stand in the market place ready to sell shares or to buy them indifferently is always held up to be the justification for the system of jobbers that prevails in Capel Court. The tea boom, however, has emphasised one matter which is not readily grasped by the outsider who thinks that jobbers are compelled under the rules of the Stock Exchange, to make prices in everything in which they deal. A client writes a broker to buy certain tea shares, and is annoyed to find from the answer that such shares are not obtainable at all; the broker replies that there are none in the market. Upon this the client promptly demands how it is that the jobber will not make a price at which the broker could buy, however unwilling the jobber might be to sell. The fact of the matter is that jobbers are always willing to make prices in stocks and shares, provided they know where to get the stock if they sell it, or where to sell it if they buy it, or, alternatively, whether they think there is a reasonable business risk of their being able to replace or to sell securities which they sell or buy, respectively, from the brokers. If a jobber has no shares on his book, and does not know where to go for them, he makes a price at a risk which is obviously considerable if the market in the shares happens to be active and popular. Some of the tea shares have been going up by a pound or a couple of pounds per diem, and were a jobber compelled to make prices, whether he wanted to or not, it would be impossible for him to satisfy people, who bought shares from him, if he were unable to get these back and had none of his own with which to supply the purchasers. This seems obvious enough to the Stock Exchange mind; to the outsider it carries little or no weight. If, however, the transaction were thought out to its logical conclusion, it would be obvious that the buyer who was able to force the jobber to sell to him shares which the jobber did not possess and could not buy, that buyer might have to wait some very indefinite time before he could obtain delivery. And such waiting is, naturally, not to the liking of any client. It is the same with sales of stock. A man may be eager to get rid of securities—or, more frequently in securities—if a purchaser could be found at any price at all, and he demands from his broker how it is that the latter will not compel a jobber to make a price. But if the jobber has no buyer, and does not want the shares, if he sees many other sellers eager to get out, and nobody wanting to relieve him of his previous acquired stock, it is hardly fair to suppose that he is obliged to make a price which would ensure, nine times out of ten, his being landed with stock for which he could not find a home. The making of prices is an integral part of London Stock Exchange life, and has more to do than anything else with the liquid character of the London markets. But there are times as I have endeavoured to show, when the making of prices is impossible, and perhaps this brief explanation of what happens in abnormal circumstances may help to dispel the misunderstandings, sometimes even suspicions, that arise in the minds of clients in connection with this particular branch of business procedure in the London Stock Exchange.

APPENDIX 6.

Mr. Samuel F. Streit, Chairman of the New York Stock Exchange Committee on Clearing House and member of the Committee appointed by the American Acceptance Council to study the advisability, ways and means of modifying the present system of settlements on the New York Stock Exchange and substituting therefor some system of periodical settlement, says:

“Because of the tradition that at all times the continuity of liability must be maintained until the final settlement is made, the method of the London Settlement Department involves cumbersome detail not considered necessary in other clearing systems. This is called the trace or continuity system, whereby the settlement Department furnishes to the ultimate purchaser a memorandum or ticket showing the line of responsibility from the original seller to the final buyer, so that in case of default the liability can be traced back to each individual house concerned. The detail necessary to accomplish this result is very great, and at times makes it almost impossible to bring about a balance in time for the opening of business the next morning.

The method of the London Settlement Department carries to its extreme limit the theory of the original liability on contracts, but while it thus apparently increases the security in case of a failure, it is placing every house concerned in danger of possible breakdown of the Clearing machinery, and in times of every great activity it has so fallen down.

The alternative of this system is the *pro rata* clearing which is following by the Continental Bourses and by the Clearing House of the New York Stock Exchange. This system embodies the principles which should be adhered to if a term of settlement is ever adopted in New York.

A *pro rata* clearing was established in London in 1874, but came to an end in 1880; and failed largely because of the fact that there was no proper line of liability, and no authority to enforce it. It was tried in spite of, and almost in defiance of, the Committee at that date, and it has been stated that "The Stock Exchange Committee intended that it never should succeed."

APPENDIX 7.

Honourable Mr. Justice Walter S. Schwabe, Chief Judge of His Majesty's High Court, says:—

"This rule has been the subject of considerable discussion in the Courts of Law, and it has been decided upon evidence given by officials and members of the Stock Exchange, that this 'buying of and selling to' is not a real purchase or sale, but is a mere fiction resorted to for the purpose of arriving, as between members and a defaulter, at the amounts that are to be paid to, or received from, the defaulter's estate.

The result of these fictitious dealings is the same as regards the position of members between themselves, as if an actual resale or repurchase had taken place at the hammer price, and the transactions were thereby closed; but it must be borne in mind that when a non-member is interested these fictitious dealings do not as a rule affect him.

The differences arising under this rule, and paid to the Official Assignee, form a fund which has been decided by the Courts to be purely artificial, and therefore, should the defaulter also be made bankrupt, do not under any circumstances pass to the trustee in bankruptcy.

Differences due to the defaulter in the ordinary course, either by clients or jobbers, form no part of this artificial fund.

Another artificial fund, which the Official Assignee can always retain as against the trustee in bankruptcy of the defaulter, is that made up of differences received by the defaulter in the course of the completion of bargains by means of tickets. As has been seen, a member may be entitled on account day to the difference between the ticket price, or making-up price, and the price of his bargain; and it has been held that these differences are to be treated in the same way as hammer-price differences.

APPENDIX 7.

Translation of a pamphlet 'Corner in the Share Bazar' by Mr. K. R. P. Shroff.

"CORNER IN THE SHARE BAZAR."

BY K. R. P. SHROFF, SHARE, STOCK AND EXCHANGE BROKER.

Nowadays the question of corner in the Share Bazar has become a question of great controversy. It has not been solved as yet, and in my humble opinion is never possible of any solution. After a corner in the shares of a particular concern takes place hot discussion ensues as regards its solution and the settlement arrived at is never satisfactory to either of the contending parties. It is better to devise means to check than to frame rules for the purpose of effecting a settlement after it has taken place. Prevention is better than cure. Now what is a corner? Looking to the huge volume of forward business which is transacted in the Share Bazar, business in shares of every scrip for a larger number than the actual number of shares of the Company is done in two or three days. There is not the least doubt that the purchases and sales of the shares of a particular Company must at the end of the month exceed the actual number of shares of the Company in view of the fact that purchases and sales in the shares of the Company are effected by hundreds every day. But as many of these purchases and sales are fictitious and budla is effected in the end very few are offered for delivery and consequently the existence of a corner therein is not experienced at all. But if fresh forward business were prohibited before the budla and the brokers were called upon to produce the lists of their transactions for both the vaidas, its existence would be immediately detected. Still we don't construe it into a corner for the fictitious sales and purchases adjust themselves. But when either the buyer or the seller refuses to make budla or the bears do not cover their sales till the end the position becomes critical and is construed into a corner, though really speaking it is not so. As long as delivery is not given and taken so long it is futile under the present circumstances to assume the existence of a corner for the reason that unlimited fictitious transactions daily take place without any restriction. Really speaking it is the controlling of shares with the sole object of inflating their price that can be called a corner. If an individual or a syndicate were to secretly buy up almost all the shares of a concern and others being ignorant of such secrecy were to continue to sell them under the belief of covering their sales in the market at the market rate and if they eventually find that they have to purchase them from the very person to whom they have sold at the rate dictated by him then that state of things would be a corner. But if at such a juncture shares are freely available in the market at a reasonable rate and if the short sellers refuse to cover their sales on account of their being obliged to pay heavy losses that state of things cannot be called a corner. For if it is, then the voluminous dealings in every concern would be corners. And it would not be at all difficult nowadays to effect a corner in this way in any scrip.

If various operators not holding any share in a certain concern were to injudiciously effect sales therein and continue to do so till they far exceed the actual number of its shares and if being unable to cover them at a profit, refuse to buy at the market rate or to give delivery at the proper time, would they be justified in alleging a corner in order to avoid payment of the loss they had incurred? Had the market sagged owing to their sales, they would have made a large profit. Would it not therefore be unbecoming on their part to allege a corner when they should honourably pay their loss by covering them in the market at increased rates. I do not mean to say that such corners do always take place on our Exchange, but what I wish to say is that they are possible. For if an individual holding a good number of shares in a particular company continues to purchase more shares of that company at rates forced down through the unlimited fictitious sales made by bears he is in my opinion quite justified in doing so and even in creating a corner if one is created thereby. He is indirectly compelled to do so and that too by the unlimited fictitious sales of the bears. If a furious man in the height of fury were to assault and beat you would you not be justified in your self-defence in beating or even in killing him? Self-defence does not constitute crime. The law does not consider him to be a murderer. Similarly would not a bull be justified in dictating his price when the bear abnormally forces it down by unlimited and injudicious unrestricted fictitious sales. Then what is the remedy to prevent corners? In my opinion it is only after ascertaining the manner and circumstances in which a corner has taken place that you can devise measures to avert it. No laws or enactments passed either in or out of the Exchange will ever remedy the evil. Do you know of any evil being ever checked by laws and enactments? No Government of any country in the world has ever succeeded in eradicating an evil by passing even the most stringent measures, and on many occasions such measures have been productive of more harm than good. It is therefore futile to expect to check corners by passing any number of laws and rules. If an individual or a body corporate is able to create a corner and has the necessary funds to do it, he would succeed in his object, however stringent the rules and regulations might be for cornering in securities or commodities is quite legitimate. There is nothing illegal in it. There have been, there are and there will be corners in cotton, rice, wheat, silver and other commodities. Though they are pernicious, neither the Government nor the public have been able to do anything to prohibit them. What wonder then if corners take place in shares? These corners are not in any way injurious or disadvantageous to the public or the country. If they harm any body, it is the cornerer himself or the individual who encourages or assists him in his game. Those who play this game clearly realise what risks they incur and therefore outsiders should not intervene. They should be allowed a fair play to the end, that is, till the one succeeds and the other suffers. It is only when either of them misbehaves or misconducts himself that outsiders should intervene. Why do then the Stock Exchange authorities interfere in the matter of cornering in shares? Whom do they benefit? Do they intervene to serve their own purpose or to safeguard the interests of the bulls as well as the bears? Does any of the contending parties derive any benefit thereby. It is alleged that the authorities interfere with the sole object of meeting out justice but I for one believe that they never do good to either. Let others dissent from me, but my conviction is that the interference is productive of harm to both. What then should they do? Should they keep quiet with folded hands and complacently watch the game? No, certainly not. It is amusing to watch the game till it is judiciously played. Premature interference results in nothing but harm. The existence of the present rules about corners has encouraged corners and will continue to do so in future. Really speaking the aim of such rules should be not to penalise or strike a blow on the cornering party or to do him harm out of malice, but to protect the innocent party, the capitalists, and the investing public from any loss it may have to suffer. Corners do not in any way cause loss or disadvantage to the investing public. On the contrary they benefit it. The investors sell out their holdings to the cornerers at the inflated rates and again buy them up from them at reduced ones and thereby make double profit. They are never losers.

There have been no instances in which a cornerer has ever compelled the investors to sell their holdings at reduced rates. The latter do not see any necessity to part with their holdings till they get their desired rates; and if the rates were to rise after they dispose of their holdings they do not suffer in the least. It is the short sellers who make fictitious sales that suffer. Are these men innocent? Are they cheated through their ignorance or mistake? Do they need any protection? There may be some who believe that they should be protected and saved from loss. But I ask why, and I get no satisfactory reply. If these persons find themselves driven into a deep pit, it is through their own misdoings, and not through those of others. I however do not mean to say that they should be allowed to rot there. They should be helped out and not allowed to die submerged therein. But they should and must reap the fruits of their folly. It is the duty of us all to mete out proper justice and that should be our aim. But the contention that they should be saved from loss is ridiculous and unjust. Why did they enter into fictitious sales and what need had they to do so? What was their object in effecting them? Just as an individual or a body not holding a single share in a Company is at liberty to sell any amount thereof with impunity in the same way the purchaser is at liberty to buy them up. How can his right to do so be questioned? The Law allows him that freedom completely. Now a short seller makes fictitious sales with the sole object of making a profit by covering them at reduced rates. If he succeeds in his object

he considers himself to be fortunate but if he does not on account of the rates not going down as anticipated by him, he thinks his judgment was wrong. In that case whose fault is it? It is his own folly and he should pay the penalty. Even the change in circumstances should not be advocated by him as the reason of not paying his loss. He must pay the penalty. Professor Huebner says, "Short sellers do not determine prices. By selling they simply express judgment as to what prices will be in the future. If their judgment is wrong they will suffer the penalty of being obliged to go into the market and buy securities at higher prices."

Accordingly it is quite unjust for them to expect to save themselves from the loss without paying the penalty and no Association should save them by affording protection under its rules. If it does it would be tantamount to encouraging them to make fictitious sales and it would be no wonder if they were tempted to effect them. Therefore affording protection to any party whether bearish or bullish would be no justice at all. Though cornering is no crime, it is advantageous to none, and should not therefore be encouraged. No party, secretly buying shares solely with the object of cornering or trying to succeed in its aim by manipulation should on any account be allowed to achieve its aim. Similarly no party making fictitious sales solely with the object of making a profit and causing depression in the market should be encouraged. Sellers as well as buyers should have equal rights and both of them should be uniformly protected.

If an individual or a syndicate were to buy up shares available in the market at the price demanded by the seller, would he be acting unfairly or illegally? Should not he or it buy those shares? Really speaking the seller ought not to have entered into fictitious sales: and if he did, and the buyer took them up at the price demanded by him, it would be quite unfair to blame the buyer, if the seller failed to give delivery. Why should he be blamed? Why should he be penalised? What sort of justice would it be? Did he compel the bear to sell? Did he, by false representations, induce him to sell? Did the bear sell against his wishes? Was he induced by false reports to do so? Such instances have never been cited. The bears effect the sales voluntarily with full knowledge and clear judgment, expecting a decided fall in the price; and with view to make a profit thereby: and if they fail in their attempts no one is to blame, but they themselves. It is natural for rates to go down if people effect fictitious sales on the rumours of a mill-strike, or the failure of the monsoon or dullness in the cloth market and other similar reports and the holders thereof are most likely to suffer. But if they under those circumstances were to keep on buying to minimise their loss and if at the time of delivery the bears failed to give it and by their covering caused a rise in the price tended to create a "Corner," who is to blame? Certainly the bears. Mr. Hartley Withers writes, "So it falls out that bears, if there are too many of them, tend to create a corner against themselves." In such cases the bulls have no intention of creating a corner but it is the bears who compel them to do so.

Mr. J. F. Wheeler, Financial Editor, The Commercial Press Bureau, writes as under:—

"Frequently these corners are not intentionally brought about, but are unintentionally initiated by 'bears' who have operated so extensively as to produce what is known as 'an oversold account'. If much of the available market supply of shares is in the hands of a comparatively few operators, the latter will quickly take advantage of the excessive position open for fall to squeeze the bears."

Therefore the just way to prevent a corner is to put a stop to the unlimited fictitious sales now entered into. The greater the reduction in such sales the less are the chances of a corner taking place. Of course any individual is at full liberty to sell his holdings if he thinks the present circumstances unfavourable to a rise if he thinks the market will fall and the future is gloomy. And he would be perfectly justified in so doing. But if he enters into fictitious sales with the sole object of securing a profit for himself and of ruining others he will not be prevented from doing so, but in that case he must be prepared for whatever consequences that might ensue.

Now there are certain persons who believe that fictitious sales can be prohibited by stopping "Vaida Dealings" and allowing only "Cash ones." But their belief is far mistaken. Fictitious sales are even possible in "Cash business" and we have experienced them. Of course short sales can be made in "Vaida dealings" but it is erroneous to hold that Vaida business cannot be done without them. "Vaida" business is possible without them and it was done in certain countries. It is true that the volume of "Vaida business" would decrease if fictitious sales are not made and the enormous extent to which it is carried on at present would diminish and in my opinion it would be most welcome. But there is no need of putting a stop to "Vaida business" or to completely do away with the fictitious sales. Moderate fictitious sales are necessary on every Exchange, be it a Stock Exchange, a Cotton Exchange or a Bullion Exchange. Germany and France had by passing enactments put a stop to such sales by declaring them "illegal" but they were compelled to revert to them. An Exchange would not be worthy of its name if it consisted wholly of bears or wholly of bulls. There must be both bears and bulls on the Exchange. "In fact there could be no organised market for securities worthy of the name, if there did not exist two sides, the Bull and the Bear."

Just as it is impossible to completely check a corner so it is equally impossible to completely check fictitious sales. The only thing necessary to be done at present is to improve the method and proportion in which vaida business is transacted and for that purpose, corners as well as fictitious sales should be discouraged. No special rules or regulations should be enacted to prevent corners. Such special laws encourage fictitious sales and make the bears believe that they limit their loss to a certain extent. Let us examine how such laws encourage fictitious sales and help corners instead of checking them. Suppose the rate of shares of a certain concern is quoted at Rs. 1,900. Some persons believing that they have been cornered, infer that the Board would interfere and fix their rate and are consequently induced to make fictitious sales somewhere about Rs. 1,900 and actually order their brokers to sell them at that rate. If the broker tries to dissuade them from selling on the ground that the holdings being in strong hands, there is no hope of the price sagging, he is told that the shares being in strong hands, as alleged, and there being the likelihood of a corner the Board would certainly interfere, and fix a price and he would have a very few chances of suffering and paying any loss; but if on the other hand, the rate went down or the Board fixed a low rate with the object of punishing the cornerer, he would be a gainer, and in that case he would give an order to sell 100 shares instead of 10. It is in this way that fictitious sales increase in the market. Similarly those who have already oversold, refuse to cover their sales though advised to do so by their brokers, under the false belief that if the price went up further the Board would interfere and fix it which being lower than their selling price, would bring them a profit. In this way even the bears refuse to cover their sales. However unwilling the bulls may be to create a corner, they are compelled to do so, as the bears refuse to cover their sales under the certain belief that they would be enabled to do so at a very low rate, and that if they failed in their attempts, the rules of the Exchange would afford them protection. So if the present one-sided rule were not in existence, such occasions would hardly have arisen. The bears whilst effecting fictitious sales at the current rate whatever that may be would be deterred from doing so, being afraid of courting a disaster; whilst those who have already oversold, would, for similar reasons, cover their sales forthwith, and thus the danger of a corner would be averted. It was exactly in this manner that the apprehended corner in the New Great and Currimbhoy Mills shares was averted. It is only by creating a fear in the minds of the bears that by entering into unlimited fictitious sales they would bring about their own ruin and perdition, that they would be prevented from overselling to an unlimited extent and *ipso-facto* speculation would diminish. We find in many markets that as a natural rule there is only one bear to nine bulls, and therefore they work smoothly.

Mr. J. F. Wheeler writes in his Book on "Stock Exchange" that when the general public speculates it always sides with the bulls and hardly ever with the bears. Therefore "Mandi transactions" are not transferred from one vaida to another, but are closed at the end of the vaida.

"The speculators amongst the general public are much more often bulls than bears"—Stock Exchange Investment by J. Burn.

But in the Bombay Stock Exchange the reverse is the case. Corners hardly take place in other markets for the operators there fully realize the great risk and disaster they would have to undergo by making fictitious sales. I quote the following passage from Mr. Brown's Book:—

"For some unaccountable reason, many people believe that there is more risk involved in going short of a stock than long. Perhaps the idea has been instilled in their minds by stories of stocks in the past that have been cornered causing the financial ruin of operators that were short."—Practical Points on Stock Trading by S. Browne.

In 1890 a New Company under the name of 'Warner and Company' was floated with a capital of £700,000 and its shares were offered to the public. Though they were all not taken up their price went up from £10 to £12. So many thought that it was quite safe to make fictitious sales at that rate and did so. Taking hold of this opportunity the promoters allotted to themselves the remaining unsubscribed shares and also bought more in the market with the result that the rate went up to £15. Tempted by this fresh rise many made more fictitious sales and the promoters were enabled to secure all of them and subsequently cornered. The London Stock Exchange, after a great delay fixed the day for the special settlement and the price shot up to £130, *i.e.*, a share of the nominal value of Rs. 150 was quoted at Rs. 1,950 and a day after the settlement was over it was again quoted at £10, *i.e.*, Rs. 150. It will thus appear that it is the dread alone of experiencing a serious loss that will deter the bears from overselling and that is the only effective remedy of a corner. And it was from that day the Company came to be called "The Warner's Safe Cure for Bears."

It may be asked would the non-existence of a corner rule or the repeal thereof, if any, avert corners? My answer is corners will take place whether such rules exist or not. They will never be stopped by any law. But the absence of a rule or law will minimise the chances of a corner and prevent its repetition. Once a short-seller is afraid of entering into fictitious sales through fear of incurring a great loss he will cease to do so to an unlimited extent and will thereby discourage a corner. But if in spite of this a corner is created what measures should be adopted? Should the bears be allowed to pay the price dictated by the Bulls? Should they be left at the mercy of the Bulls? Vaida business takes place in almost all the Stock Exchanges of the World, but nowhere does the corner rule exist. Corners do take place there. Then why should

not we follow the system prevailing there or introduce the measures adopted by them under such circumstances? If a seller is unable to give delivery of the share sold by him, law directs that he should pay damages at a fair rate or if the share is available in the market at a reasonable rate he should buy and deliver it. But if the purchaser insists on the delivery of the share and if the same is either not available in the market or the buyer refuses to resell at a reasonable rate the seller is not bound by law to give delivery. The Vendor having broken his contract, the vendee is only entitled to damages and that too at a reasonable market rate, and not at the rate to be dictated by him; and at such a juncture it is the Board of Directors or the Arbitrators appointed for the purpose who should without the help of any rule or enactment, determine what the reasonable rate should be or what damages the seller should pay to the buyer. If they act fairly and impartially their decision would be upheld in a Court of Law. But if they fix a rate which is not the *bona fide* market rate, their decision would be unjust and would not be upheld by any Court. Thus a rule or enactment providing for the payment of reasonable damages would not be productive of any harm to any one. But if a rule were to authorize the Directors or the Arbitrators to direct that damages should not be paid or be paid at a rate they liked, or at a rate much lower than the market current rate, it would be unjust and illegal and the decision given thereunder in favour of one and to the detriment of the other would not be accepted by a Court.

What is the object of a Stock Exchange? It is to uniformly safeguard the interests both of the buyer and the seller, to decide all disputes arising between them, to provide for them facilities in making sales and purchases and to put a stop to improper dealings. A writer has observed "Stock Exchange should be the servant of the public, not its tutor, its business is not to guard the public against its own follies."

The following extract will show what are the legal rights of a buyer and a seller:—

"As between buyer and seller whether members of the Stock Exchange or not, failure to deliver, or to take delivery, and pay, constitutes a breach which gives a right of action for damages for breach of contract and in some cases, an alternative right to enforce specific performance.

The more usual course, on the breach of contract to accept or deliver shares, is to sue for damages in an action at Law.

Where a purchaser fails to accept, or a seller fails to deliver, securities, the measure of damages is the difference between the contract price and the value of the securities at the proper time for performance.

The seller is under no obligation, on his contract being broken, to sell elsewhere; and similarly the buyer is under no obligation to buy elsewhere; and the price realised on a resale, or paid on a repurchase, is not material, except so far as it may be evidence of the market price or value.

Cornering the market consists of purchasing securities from persons who, when the time comes for delivery, will be unable to obtain them. Generally, in a successful corner the persons purchasing have all the securities under their control. The result of such operations is that sellers, or BEARS are CAUGHT, and in order to deliver, have to buy from the very persons to whom they have to deliver, at a price dictated by them, and only limited by the means of the persons so caught. In the absence of fraudulent representations, made with the object of inducing and in fact inducing persons to sell, neither the Courts nor the Stock Exchange Committee will assist persons to escape the results of their having made unwise bargains."—The Law of the Stock Exchange, by Mr. Walter S. Schwabe, one of His Majesty's Counsel, and Mr. G. A. H. Branson, Bar.-at-Law.

Mr. S. Brown writes in his "Tidal Swings of the Stock Market":—

"On the other hand, there are many other stocks of which the 'floating supply' is small and for the most part concentrated in the hands of a few persons. It is quite obvious that those persons can if they wish or if they find it profitable, or if they imagine it will be profitable, establish for such a stock a price higher or lower than would naturally be warranted by the investment conditions affecting it.

"This would do no harm if the public would refuse to buy such a stock at artificially high prices or to sell it at artificially low prices; but the public does not possess that degree of wisdom. Hence the establishment of artificial prices for any stock—usually called 'manipulations'—does do harm to the outside speculators who try to follow the manipulation and would long ago have been suppressed if any body could find a way to suppress it without interfering with the right of freedom of contract and thus doing more damage than good.

"Moreover who shall say when the price of a stock is legitimate and when it is artificial? Evidently this would require some sort of superman, not yet developed on the earthly plane. It very often happens that a price which is regarded as artificial afterwards proves to have been entirely warranted by conditions, those conditions having been at the time known to only a few persons."

Really speaking the rise and fall in the share market cannot be gauged like the tide and ebb in the ocean. They are governed by the principles of economics and not by those of mathematics and astrology.

The views of the above writer will convince every reader that it is quite unjust to interfere with the right of freedom of contract and that such interference causes more harm than good. But what have we experienced here? I leave it to the reader to decide. The following extract will show how strictly the London Stock Exchange acts to enforce that right.

Mr. A. P. Poley, Bar.-at-Law, and Mr. F. H. Carruthers Gould of the London Stock Exchange :—

“The great Stock Exchange doctrine is the inviolability of bargains, a doctrine which Committees from the earliest days have insisted on. Indeed it is difficult to see how business involving enormous sums of money could be transacted every day if this were open to any question. Therefore except in the rarest instances, the Committee will not interfere even to put off or annul special settlement that is once fixed though apparently the circumstances fully justify it, because such a proceeding would necessarily cancel a number of existing bargains. The policy of the Committee may be right or wrong from the public point of view, but it is a policy that is not likely to be altered.”

Why then should we not adopt the policy which the London Stock Exchange has followed for years together without experiencing any bitter consequences?

MOTILAL GANGADAS,
Authorised Government Translator.

APPENDIX 8.

Table of Index Figures showing Fluctuations in shares (by Mr. G. Findlay Shirras).

STOCK EXCHANGE ENQUIRY COMMITTEE.

EVIDENCE OF MR. FINDLAY SHIRRAS.

I. An Index number of 100 securities, divided into the following groups, has been prepared for the Committee at the request of the Secretary :—

TABLE I.—*Securities Index Number.*

Group.	No. of securities.	Pre-war price (July 1914).	July 1915	July 1916	July 1917	July 1918	July 1919	July 1920	July 1921	July 1922	July 1923
Government and Corporation securities ..	7	100	96	87	73	74	77	65	65	63	72
Banks ..	6	100	95	112	126	126	191	174	162	157	145
Railway Companies ..	10	100	113	123	102	97	107	91	92	94	102
Cotton Mills ..	42	100	97	114	138	212	216	438	450	406	229
Cotton Ginning and Pressing Companies ..	8	100	94	102	118	131	126	168	158	163	147
Cement and Manganese Companies ..	4	100	98	245	404	456	627	505	529	413	196
Electric Undertakings ..	2	100	90	122	128	139	237	263	212	175	136
Miscellaneous Companies ..	21	100	105	147	190	185	210	229	203	163	126
Industrial securities ..	93	100	101	130	158	194	216	313	311	267	176
General Average ..	100	100	100	127	151	184	206	296	295	253	169

The basic or standard period has been taken as July 1914 because the month previous to the outbreak of war is usually selected in such indexes. Quotations have been taken month by month from July 1919 onwards. Previous to July 1919 the quotation for July in each year only was selected.

Considerable difficulty was experienced from the absence of daily official lists. The quotations were obtained from the Weekly Reports of "The Times of India", various issues of "Capital", representative brokers in the City and in a few cases from the transfer registers of Companies.

It is desirable that the Bombay Stock Exchange should publish daily official lists on the lines of the London Stock Exchange and similar Exchanges. Where considerable fluctuations take place it is desirable that the opening, closing, highest and lowest prices should be known.

II. The history of the share boom and its aftermath is seen in the coloured charts and in the monthly variations especially of cotton mills and other securities.

TABLE II.—*Cotton Mill Shares (42 Companies).*

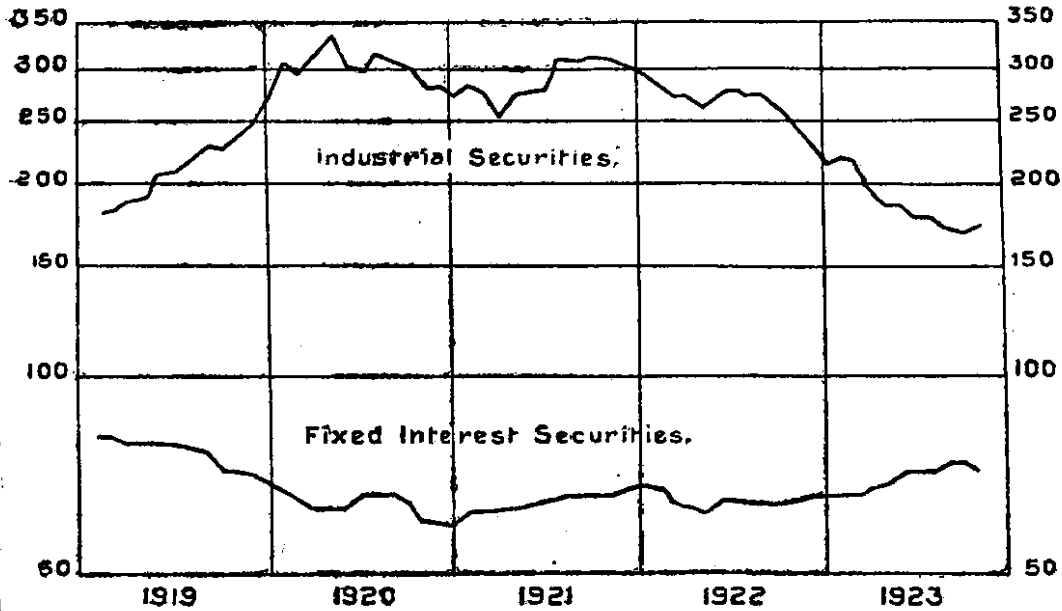
(July 1914 = 100)

Month.	1919	1920	1921	1922	1923
January .. ..	..	389	388	409	292
February .. ..	..	368	380	384	288
March .. ..	..	415	340	391	255
April .. ..	..	475	365	379	241
May .. ..	..	403	375	381	235
June .. ..	..	388	383	401	222
July	216	438	450	406	229
August	230	434	445	388	216
September	227	417	462	373	225
October	252	380	461	344	213
November	282	383	448	298	216
December	317	376	433	283	..

TABLE III.—*Industrials and Fixed Interest-bearing (Government and Corporation Securities).*
(July 1914 = 100)

Year and month.				Fixed Interest Securities.	Industrial Securities.	General average.
1919						
January	..	..	..	80	178	172
February	..	..	..	80	180	174
March	..	..	..	79	183	176
April	..	..	..	79	189	182
May	..	..	..	79	205	197
June	..	..	..	79	207	198
July	..	..	..	77	216	206
August	..	..	..	78	224	213
September	..	..	..	71	221	211
October	..	..	..	70	232	221
November	..	..	..	70	247	235
December	..	..	..	68	265	252
1920						
January	..	..	..	66	304	288
February	..	..	..	65	291	275
March	..	..	..	63	311	294
April	..	..	..	63	338	319
May	..	..	..	63	301	284
June	..	..	..	65	292	276
July	..	..	..	65	313	296
August	..	..	..	65	307	291
September	..	..	..	64	296	281
October	..	..	..	60	277	262
November	..	..	..	59	276	261
December	..	..	..	58	270	255
1921						
January	..	..	..	61	277	262
February	..	..	..	61	273	259
March	..	..	..	62	251	238
April	..	..	..	62	266	252
May	..	..	..	63	271	256
June	..	..	..	64	275	261
July	..	..	..	65	311	295
August	..	..	..	65	306	289
September	..	..	..	65	312	295
October	..	..	..	65	308	292
November	..	..	..	66	300	284
December	..	..	..	67	292	276
1922						
January	..	..	..	66	278	263
February	..	..	..	63	265	251
March	..	..	..	63	267	253
April	..	..	..	62	259	246
May	..	..	..	64	265	251
June	..	..	..	64	277	264
July	..	..	..	63	267	253
August	..	..	..	63	267	253
September	..	..	..	64	257	244
October	..	..	..	64	243	231
November	..	..	..	65	221	210
December	..	..	..	65	210	201
1923						
January	..	..	..	65	216	206
February	..	..	..	65	214	204
March	..	..	..	67	193	185
April	..	..	..	68	186	178
May	..	..	..	71	183	176
June	..	..	..	71	176	168
July	..	..	..	72	176	169
August	..	..	..	73	168	161
September	..	..	..	73	166	159
October	..	..	..	72	163	157
November	..	..	..	71	163	156

SECURITIES INDEX
(Pre-War=100)



APPENDIX 9.

Table showing Volume of Business.

Volume of business in Clearing House.

Months.	Amount paid and received in differences by Clearing House.			Amount paid and received as value for shares by Clearing House.		
	Re.	a.	p.	Re.	a.	p.
1921						
June	33,77,508	5	9	Sett. not cleared.		
July	43,10,528	15	7	2,24,87,282	8	0
August	1,24,50,000	0	0	3,93,65,745	0	0
September	40,67,000	0	0	3,05,61,515	0	0
October	58,78,550	3	8	2,67,28,110	0	0
November	99,35,470	4	0	3,05,38,060	0	0
December	58,68,364	4	4	2,21,31,057	8	0
1922						
January	42,09,430	3	0	1,53,36,035	0	0
February	49,14,205	14	6	1,83,51,985	0	0
March	49,53,857	12	2	1,68,62,547	8	0
April	1,32,58,927	8	5	2,41,55,635	0	0
May	33,23,213	12	9	1,79,42,354	0	0
June	65,00,170	3	6	1,48,73,675	0	0
July	34,07,145	4	0	2,33,21,840	0	0
August	61,01,859	14	0	1,84,84,225	0	0
September	93,77,654	10	0	3,35,84,400	0	0
October	46,77,396	13	0	1,49,80,825	0	0
November	26,36,451	11	0	61,73,521	8	0
December	24,99,453	7	6	45,72,905	0	0
1923						
January	16,14,600	4	9	54,14,115	0	0
February	20,61,706	6	3	56,99,607	8	0
March	23,18,153	8	0	49,13,657	8	0
April	40,11,100	10	6	52,91,975	0	0
May	20,68,220	7	9	55,16,660	8	0

1st December 1923.

.....
Manager,
The Clearing House.

APPENDIX 10.

*A List of Companies admitted to Dealings.***List of companies on Forward List.**

1. Ahmedabad Advance Mills Co., Ltd.
2. Bombay Cotton Mills Co., Ltd.
3. Bombay Dyeing Mills Co., Ltd.
4. Century Mills Co., Ltd.
5. Central India Mill (Nagpur).
6. Colaba Land Mills Co., Ltd.
7. Crescent Mills Co., Ltd.
8. Indian Bleaching & Dyeing Co., Ltd.
9. Indore Malwa Mills Co., Ltd.
10. Kohinoor Mills Co., Ltd.
11. New Great Eastern Mills Co., Ltd.
12. Pearl Mills Co., Ltd.
13. Phoenix Mills Co., Ltd.
14. Sir Shapoorji Broacha Mills Co., Ltd.
15. Simplex Mills Co., Ltd.
16. Swan Mills Co., Ltd.
17. Swadesh Mills Co., Ltd.
18. Alcock Ashdown Mills Co., Ltd.
19. Bombay Burma Trading Corporation Co., Ltd. (Old shares).
20. Bombay Electric Supply & Tramways Co., Ltd.
21. Bombay Steam Navigation Co., Ltd.
22. Bundi Portland Cement Co., Ltd.
23. Central India Mining Co., Ltd.
24. Indian Cement Co., Ltd.
25. Kutni Cement Co., Ltd. (Ordinary shares).
26. Shivrajpur Syndicate Co., Ltd.
27. Tata Steel Co., Ltd. (Ordinary shares).
28. Tata Steel Co., Ltd. (Deferred shares).
29. Tata Hydro Electric Supply Co. (Ordinary shares).

The following 11 companies will be quoted for forward business from the 7th January 1924.

30. The Ebrahim Pabaney Mills Co., Ltd.
31. The Fazulbhoj Mills, Ltd.
32. Edward Sassoon Mills, Ltd.
33. Madhowji Dharamsi Manufacturing Co., Ltd.
34. The Mysore Spinning & Manufacturing Co., Ltd.
35. The Mathradas Mills, Ltd.
36. The Finlay Mills, Ltd.
37. Tata Mills, Ltd.
38. Meyer Sassoon Mills, Ltd.
39. Gokak Mills, Ltd.
40. Globe Manufacturing Co., Ltd.

List of companies which are quoted for cash.

1. Alliance Cotton Mills Co., Ltd.
2. Apollo Mills Co., Ltd.
3. Assur Virji Mills Co., Ltd.
4. Bhivani Mills Co., Ltd.
5. Bombay Industrial Mills Co., Ltd.

6. Bradbury Mills Co., Ltd.
7. Kurla Mills Co., Ltd.
8. Currim Mills Co., Ltd.
9. David Mills Co., Ltd.
10. Dawn Mills Co., Ltd.
11. E. D. Sassoon United Mills Co., Ltd.
12. Elphinstone Mills Co., Ltd.
13. Emperor Edward Mills Co., Ltd.
14. Port Canning Mills Co., Ltd.
15. Framji Petit Mills Co., Ltd.
16. Gold Mohor Mills Co., Ltd.
17. Hindustan Mills Co., Ltd.
18. Indian Manufacturing Mills Co., Ltd.
19. Jamshed Mills Co., Ltd.
20. Jivraj Balu Mills Co., Ltd.
21. Kasturchand Mills Co., Ltd.
22. Khandesh Mills Co., Ltd.
23. Khatau Mills Co., Ltd.
24. Laxmi Cotton Mills Co., Ltd.
25. Madhavrao Sindhia Mills Co., Ltd.
26. Madras United Mills Co., Ltd.
27. Maneckji Petit Mills Co., Ltd.
28. Morarji Goculdas Mills Co., Ltd.
29. New City of Bombay Mills Co., Ltd.
30. Planet Mills Co., Ltd.
31. Central India Mill (Nagpur). (Preference shares.)
32. Premier Mills Co., Ltd.
33. Presidency Mills Co., Ltd.
34. Sassoon Cotton Mills Co., Ltd.
35. Sassoon Silk Mills Co., Ltd.
36. Solhapur Mills Co., Ltd.
37. Tata Mills Co., Ltd. (Preference shares.)
38. Union Mills Co., Ltd.
39. Visnu Cotton Mills Co., Ltd. (Ordinary shares.)
40. Visnu Cotton Mills Co., Ltd. (Preference shares.)
41. Western India Mills Co., Ltd.
42. Back Bay Bath Co., Ltd.
43. Badam Pile Co., Ltd.
44. Bombay Burma Trading Corporation, Ltd. (New shares.)
45. Bombay Flour Mills Co., Ltd.
46. Bombay Ice Manufacturing Co., Ltd.
47. Bombay Steam Navigation Co., Ltd. (Preference shares.)
48. Bombay Uganda Co., Ltd.
49. British Burma Petroleum Co., Ltd.
50. Eastern Chemical Co., Ltd. (Ordinary shares.)
51. Eastern Chemical Co., Ltd. (Deferred shares.)
52. Empire of Life Co., Ltd.
53. Gobhai Karanjia Co., Ltd.
54. George Gagan & Co., Ltd.
55. Eastern Cotton Co., Ltd. (Ordinary shares.)
56. Eastern Cotton Co., Ltd. (Preference shares.)
57. John Roberts & Co., Ltd.
58. Jost Engineering Co., Ltd.
59. Camp Co., Ltd.

60. Marks Co., Ltd.		
61. Marsland Price Co., Ltd.		(Ordinary shares.)
62. Marsland Price Co., Ltd.		(Preference shares.)
63. Mackenzie Mills Co., Ltd.		
64. New India Insurance Co., Ltd.		
65. New Union Flour Mills, Co., Ltd.		
66. Oriental Government Security Life Insurance Co., Ltd.		
67. Philips Co., Ltd.		
68. Scindhia Steamer Co., Ltd.		
69. Sardar Carbonic Gas Co., Ltd.		
70. Stewert Jackx Co., Ltd.		
71. Tata Iron Steel Co., Ltd.		(Preference shares.)
72. Tata Iron Co., Ltd.	Second.	(Preference shares.)
73. Thakkar Co., Ltd.		
74. Wadia Woollen Mills Co., Ltd.		
75. Kilachand Mills Co., Ltd.		
76. Indian Woollen Mills Co., Ltd.		
77. Bamankuwa Co., Ltd.		
78. Dwarka Cement Co., Ltd.		
79. Kutni Cement Co., Ltd.		(Deferred shares.)
80. Kutni Cement Co., Ltd.		(Preference shares.)
81. Punjab Cement Co., Ltd.		
82. Ahmedabad Electric City Co., Ltd.		
83. Andhra Valley Co., Ltd.		(Ordinary shares.)
84. Andhra Valley Co., Ltd.		(Preference shares.)
85. Bombay Electric Supply & Tramways Co., Ltd.		(Preference shares.)
86. Karachi Electric Supply Co., Ltd.		
87. Surat Electric City Co., Ltd.		
88. Tata Hydro Electric Supply Co., Ltd.		(Preference shares.)
89. Telephone Co., Ltd.		
90. Akbar Press.		
91. Fort Press.		
92. Harvi & Sabhapati Co., Ltd.		
93. Indian Cotton Co., Ltd.		
94. Manmad Manufacturing Co. Ltd.		
95. New Berar Co., Ltd.		
96. New Moffusal Co., Ltd.		
97. New Prince of Wales Co., Ltd.		
98. Wallcot Co., Ltd.		
99. Ahmedabad Dholka Railway Co., Ltd.		
100. Ahmedabad Prantij Railway Co., Ltd.		
101. Amritsar Pati Railway Co., Ltd.		
102. Central Provinces Railway Co., Ltd.		
103. Chaparmukh Shilghat Railway Co., Ltd.		
103. Dhond Baramati Railway Co., Ltd.		
104. Futwa Islampur Railway.		
105. Gujrat Railway.		
106. Hoshiarpur Doab Railway.		
107. Khulna Bhagiratha Railway.		
108. Larkhana Railway.		
109. Mundrabhon Railway.		
110. Maimansingh Railway.		
111. Panchora Jamner Railway.		
112. Sara Sirajing Railway.		

- 113. Sialkot Naroval Railway.
- 114. Sindha Light Railway.
- 115. Tapti Valley Railway.
- 116. Upper Sindh Light Railway.
- 117. Allahabad Bank.
- 118. Alliance Bank.
- 119. Baroda Bank.
- 120. Imperial Bank.
- 121. Imperial Bank.
- 122. Bank of India.
- 123. Morvi Bank.
- 124. Central Bank.
- 125. Central Co-operative Bank.
- 126. Tata Bank.
- 127. Union Bank.
- 128. Chartered Bank.
- 129. Eastern Bank.
- 130. Hongkong and Shanghai Bank.
- 131. Mercantile Bank.
- 132. National Bank.

(New shares.)

(In liquidation.)

Government Securities.

- 133. 6½ per cent. Development Loan.
- 134. 6 per cent. Income-tax free Loan.
- 135. 5 per cent. Income-tax free Loan.
- 136. 5 per cent. War Loan.
- 137. 4 per cent. Conversion Loan.
- 138. 4 per cent. Terminal Loan.
- 139. 3½ per cent. Small Clean pieces.
- 140. 3 per cent. Small Clean pieces.
- 141. 4 per cent. Port Trust Bond.
- 142. 4 per cent. Port Trust Bond. Long dated.
- 143. 4 per cent. Municipal Bond.
- 144. 4 per cent. Municipal Bond. Short dated.
- 145. City Improvement Trust.
- 146. 5 per cent. Municipal Trust.
- 147. Sanitary.

APPENDIX 11.

List of Companies whose shares were cornered or in a state of corner.

List of Companies whose shares were cornered or in a cornered position.

Name of Company.	Date of Registration.	Date of last return.	Number of shares issued.	Face value of share.
				Rs.
New Great Eastern Spinning and Weaving Co. Ltd.	15th Dec. 1873	1st Mar. 1923	{ Pref. 4,000	200
			{ Ord. 7,600	200
Central India Spinning Weaving and Manufacturing Co., Ltd. (Nagpur).	15th Sept. 1874	8th Oct. 1923	{ 4,875	100
	N. B. Prior to were	Decr. 1922 these	{ Whole shares. 3,000	500
			{ Half shares. 12,750	250
Manockji Petit Manufacturing Co., Ltd.	18th. May 1876	23rd Mar. 1923	3,805	1,000
			9	500
David Mills Co., Ltd.	2nd. Aug. 1886	19th Mar. 1923	1,800	500
			6,000	250
Swadeshi Mills Co., Ltd.	13th Sept. 1886	6th April 1923	4,000	500
Currimbhoy Mills Co., Ltd.	13th July 1888	17th July 1923	8,800	250
Standard Mills Co., Ltd.	25th Jan. 1891	19th Mar. 1923	{ Whole 2,031	500
			{ Quarter 1,476	125
Madhawji Dharamsey Manufacturing Co., Ltd.	19th Dec. 1892	31st July 1923	{ Ord. 15,000	100
			{ Pref. 2,700	250
Kohinoor Mills Co., Ltd.	6th July 1896	7th Mar. 1923	4,000	500
Fazulbhoy Mills, Ltd.	15th July 1905	17th July 1923	8,000	250
Finlay Mills, Ltd.	4th April 1906	8th Feb. 1923	8,000	250
Sir Shapurji Broacha Mills, Ltd.	14th Sept. 1916	30th July 1923	{ Ord. 49,995	100
			{ Pref. 24,931	100
Katni Cement and Industrial Co., Ltd.	13th. Aug. 1912	31st July 1923	{ Ord. 14,342	100
			{ Def. 1,660	40
			{ Pref. 5,000	100
			{ 2nd Pref. 10,000	100

APPENDIX 12.

Table showing the increase in the value of cards from 1910 to 1923.

Year.	Entrance Fee.
	Rs.
1909	2,500
	By resolution dated 17th March 1909 new cards were issued at Rs. 2,500.
1910	1,800
1911	1,800
1912	2,000
1913	2,500
1914	2,900
1915	3,000
1916	6,000
1917	7,000
	By resolution of 1917 75 new cards were issued at Rs. 7,000.
1918	15,000
1919	22,000
1920	from Rs. 30,000 to 48,000
1921	43,000 to 30,000
1922	30,000 to 19,500
1923	19,000 to 15,000

Note.—On 17th March 1909 a resolution was passed by the Board of Directors fixing the entrance at Rs. 2,500. In 1917, 75 members were admitted at an Entrance Fee of Rs. 7,000

APPENDIX 13.

Official List of Holidays.

<i>Government Paper Settlement Days, 1923.</i>		<i>Government Paper Settlement Days, 1923.</i>	
5th January, Friday.		1st August, Wednesday.	
1st February, Thursday.		31st August, Friday.	
1st March, Thursday.		1st October, Monday.	
3rd April, Tuesday.		1st November, Thursday.	
1st May, Tuesday.		2nd December, Monday.	
1st June, Friday.		4th January, Friday, (1924).	
2nd July, Monday.			
Mahashivratri .. .. .	.. .. .	13th February	.. Tuesday
* Holi .. .. .	.. .. .	2nd March	.. Friday
Holi Padwa .. .. .	.. .. .	3rd March	.. Saturday
Jamshedi Naoroz .. .. .	.. .. .	21st March	.. Wednesday
Ramnami .. .. .	.. .. .	26th March	.. Monday
*Mahavir Jayanti and Good Friday	.. .. .	30th March	.. Friday
*Easter Holidays and Chaitri Punam	.. .. .	31st March to 2nd. April	.. Sat. to Mon.
* 21st Day of Ramzan .. .. .	.. .. .	Such day as may be fixed by the Board.	
* Adar Jassan .. .. .	.. .. .	16th May	.. Wednesday
Ramzan-id .. .. .	.. .. .	18th May and another day if fixed by the Board.	Friday
Empire Day .. .. .	.. .. .	24th May	.. Thursday
Birthday of His Majesty The King Emperor.	.. .. .	Such day as may be fixed by the Governor-General in Council.	
Zorthost-No-Diso .. .. .	.. .. .	17th June	.. Sunday
* Ashadi Ekdashi .. .. .	.. .. .	24th July	.. Tuesday
Bakri-id .. .. .	.. .. .	25th July	.. Wednesday
* Ashadi Chomasu (Swetamber) .. .. .	.. .. .	26th July	.. Thursday 2 p.m.
* Ashadi Chomasu (Sthanak Vasi)	.. .. .	27th July	.. Friday 2 p.m.
* Kadmi Pateti .. .. .	.. .. .	11th August	.. Saturday
Muharrum .. .. .	.. .. .	23rd August and another day if fixed by the Board.	Thursday.
Cocoanut Day .. .. .	.. .. .	26th August	.. Sunday
Gokul Ashtami .. .. .	.. .. .	3rd September	.. Monday
Fourth Gatha .. .. .	.. .. .	8th September	.. Saturday
Fifth Gatha and Parsi New Year's Day	.. .. .	9th and 10th September	.. Sun. and Mon.
* Shrri Mahavir Swami's Birthday Celebra- tions (Swetamber and Sthanak Vasi)	.. .. .	11th September	.. Tuesday
Ganesh Chaturthi and Jain-Samvatsari (Swetamber and Sthanak Vasi)	.. .. .	14th September	.. Friday
Khordad Sal .. .. .	.. .. .	15th September	.. Saturday
* Amardad Sal .. .. .	.. .. .	16th September	.. Sunday
* Farvardigan Jassan .. .. .	.. .. .	28th September	.. Friday 2 p.m.
Dussera .. .. .	.. .. .	19th October	.. Friday
Barawafat .. .. .	.. .. .	23rd October	.. Tuesday
* Dhanteras .. .. .	.. .. .	6th November	.. Tuesday
* Kali Chowdas .. .. .	.. .. .	7th November	.. Wednesday
Divali and Hindu New Year .. .. .	.. .. .	8th and 9th November	.. Tuhrs. & Friday
* Kartaki Poonam .. .. .	.. .. .	23rd November	.. Friday
Christmas .. .. .	.. .. .	24th December to 1st Janu- ary, 1924.	Monday to next Tuesday (Both inclusive.)

Holidays marked thus* are not Bank Holidays but Association Holidays.

Sir Dinsha Petit Native Brokers,
Exchange Hall, Dalal Street, Fort,
Bombay, 1st January 1923.

RAJENDRA SOMNARAYAN,
Honourable Secretary and Treasurer.

APPENDIX 14.

Published Notices of Days of Settlement.

THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

Notice.

I hereby beg to notify that the following is the programme for 1923 settlement fixed by the Board :—

Date.	Day of the Week.	Matter.	Business Hours (S. T.)
<i>January.</i>			
5th January 1923	Friday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
6th January 1923	Saturday	....	12 noon to 2 p.m.
8th January 1923	Monday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
9th January 1923	Tuesday	First day for delivering shares	12 noon to 2 p.m.
10th January 1923	Wednesday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
11th January 1923	Thursday	Day for adjusting differences and comparing accounts. Third day for delivering shares.	Closed for forward business.
12th January 1923	Friday	Last day to deliver shares before 3 p.m. to the Clearing House and day for comparing accounts.	Close for forward business.
13th January 1923	Saturday	Day for making payment before 2 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Form No. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
15th January 1923	Monday	No settlement for Cash business	Closed.
16th January 1923	Tuesday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.
Dalal, Street, Fort, Bombay, 13th December 1922.			
<i>February.</i>			
1st February 1923	Thursday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd February 1923	Friday	....	12 noon to 2 p.m.
3rd February 1923	Saturday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
5th February 1923	Monday	First day for delivering shares	12 noon to 2 p.m.
6th February 1923	Tuesday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
7th February 1923	Wednesday	Day for adjusting differences and comparing accounts. Third day for delivering shares.	Closed for forward business.

Date.	Day of the Week.	Matter.	Business Hours (S. T.)
<i>February—contd.</i>			
8th February 1923	Thursday	Last day to deliver shares before 1 p.m. to the Clearing House and day for comparing accounts.	Closed for forward business.
9th February 1923	Friday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Form No. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
10th February 1923	Saturday	No settlement for Cash business	Closed.
12th February 1923	Monday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.
Dalal Street, Fort, Bombay, 8th January 1923.			
<i>March.</i>			
1st March 1923	Thursday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd March 1923	Friday	} Holi and Holi Padwa Holidays.	
3rd March 1923	Saturday		
5th March 1923	Monday			12 noon to 2 p.m.
6th March 1923	Tuesday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
7th March 1923	Wednesday	First day for delivering shares	12 noon to 2 p.m.
8th March 1923	Thursday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
9th March 1923	Friday	Day for adjusting differences and comparing accounts. Third day for delivering shares.	Closed for forward business.
10th March 1923	Saturday	Last day to deliver shares before 1 p.m. to the Clearing House and day for comparing accounts.	Closed for forward business.
12th March 1923	Monday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Form No. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
13th March 1923	Tuesday	} No settlement for Cash business	Closed.
14th March 1923	Wednesday		
15th March 1923	Thursday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares	12 noon to 3 p.m. or till the auction lasts.
Dalal Street, Fort, Bombay, 20th February 1923.			
<i>April.</i>			
3rd April 1923	Tuesday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
4th April 1923	Wednesday	....	12 noon to 2 p.m.
5th April 1923	Thursday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.

Date.	Day of the Week.	Matter.	Business hours (S. T.)
<i>April—contd.</i>			
6th April 1923	Friday	First day for delivering shares	12 noon to 2 p.m.
7th April 1923	Saturday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
9th April 1923	Monday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
10th April 1923	Tuesday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Form No. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
11th April 1923	Wednesday	No settlement for Cash business	Closed.
12th April 1923	Thursday	Do. do.	Do.
13th April 1923	Friday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 7th March 1923.

Date.	Day of the Week.	Matter.	Business hours (S. T.)
<i>May.</i>			
1st May 1923	Tuesday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd May 1923	Wednesday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
3rd May 1923	Thursday	First day for delivering shares	12 noon to 2 p.m.
4th May 1923	Friday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
5th May 1923	Saturday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
7th May 1923	Monday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Form No. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
8th May 1923	Tuesday	21st day of Ramzan	Do.
9th May 1923	Wednesday	No settlement for Cash business	Do.
10th May 1923	Thursday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 19th April 1923.

Date.	Day of the Week.	Matter.	Business hours (S. T.)
<i>June.</i>			
1st June 1923	Friday	Day for making contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd June 1923	Saturday	Birth-day of His Majesty the King Emperor	Closed.
4th June 1923	Monday	....	12 noon to 2 p.m.

Date.	Day of the Week.	Matter.	Business Hours (S.T.).
<i>June—contd.</i>			
5th June 1923	Tuesday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
6th June 1923	Wednesday	First day for delivering shares	12 noon to 2 p.m.
7th June 1923	Thursday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
8th June 1923	Friday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
9th June 1923	Saturday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
11th June 1923	Monday	No settlement for Cash business	Closed.
12th June 1923	Tuesday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 2 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 1st May 1923.

<i>July.</i>			
2nd July 1923	Monday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
3rd July 1923	Tuesday	.....	12 noon to 2 p.m.
4th July 1923	Wednesday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
5th July 1923	Thursday	First day for delivering shares	12 noon to 2 p.m.
6th July 1923	Friday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
7th July 1923	Saturday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
9th July 1923	Monday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
10th July 1923	Tuesday	No settlement for Cash business	Do.
11th July 1923	Wednesday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 2 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 13th June 1923.

<i>August.</i>			
1st August 1923	Wednesday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd August 1923	Thursday	.....	12 noon to 2 p.m.

Date.	Day of the Week.	Matter.	Business Hours (S.T.).
<i>August—contd.</i>			
3rd August 1923	Friday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
4th August 1923	Saturday	First day for delivering shares	12 noon to 2 p.m.
6th August 1923	Monday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
7th August 1923	Tuesday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
8th August 1923	Wednesday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
9th August 1923	Thursday	No settlement for Cash business	Do.
10th August 1923	Friday	Day for receiving shares from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 4th July 1923.

<i>August—contd.</i>			
31st August 1923	Friday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
<i>September.</i>			
1st September 1923	Saturday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
4th September 1923	Tuesday	First day for delivering shares	12 noon to 2 p.m.
5th September 1923	Wednesday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
6th September 1923	Thursday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
7th September 1923	Friday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
12th September 1923	Wednesday	Day for receiving shares and Payment from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 8th August 1923.

<i>October.</i>			
1st October 1923	Monday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the No. of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
2nd October 1923	Tuesday	....	12 noon to 2 p.m.
3rd October 1923	Wednesday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.

Date.	Day of the week.	Matter.	Business hours (S.T.).
<i>October—contd.</i>			
4th October 1923	Thursday	First day for delivering shares	12 noon to 2 p.m.
5th October 1923	Friday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
6th October 1923	Saturday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
8th October 1923	Monday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
9th October 1923	Tuesday	No settlement for cash business	Do.
10th October 1923	Wednesday	Day for receiving shares and payment from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 5th September 1923.

<i>November.</i>			
13th November 1923	Tuesday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the number of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
14th November 1923	Wednesday	....	12 noon to 2 p.m.
15th November 1923	Thursday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
16th November 1923	Friday	First day for delivering shares	12 noon to 2 p.m.
17th November 1923	Saturday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
18th November 1923	Monday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
20th November 1923	Tuesday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
21st November 1923	Wednesday	No settlement for cash business	Do.
22nd November 1923	Thursday	Day for receiving shares and payment from the Clearing House. Buying-in and selling-out shares.	12 noon to 3 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay, 28th September 1923.

<i>December.</i>			
5th December 1923	Wednesday	Day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the number of shares outstanding to be taken delivery of. No settlement for cash business.	Closed for business.
6th December 1923	Thursday	Day for submitting the clearance lists (Form No. 1) as also the delivery lists (Forms Nos. 2 and 2A) to the Clearing House before 5 p.m.	12 noon to 2 p.m.
7th December 1923	Friday	First day for delivering shares	12 noon to 2 p.m.

Date.	Day of the week.	Matter.	Business hours (S.T.).
<i>December—contd.</i>			
8th December 1923	Saturday	Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (Pucca Havalas) by the Board.	12 noon to 2 p.m. or till the auction lasts.
10th December 1923	Monday	Day for adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House.	Closed for forward business.
11th December 1923	Tuesday	Day for making payment before 3 p.m. to the Clearing House and day for issuing Claim Notes (Form No. 6) for differences and submitting balance sheets (Forms Nos. 7 and 8) to the Clearing House before 3 p.m. No settlement for cash business.	Closed.
12th December 1923	Wednesday	No settlement for cash business	Do.
13th December 1923	Thursday	Day for receiving shares and payment from the Clearing House. Buying-in and selling-out shares.	12 noon to 2 p.m. or till the auction lasts.

Dalal Street, Fort, Bombay,
15th November 1923.

RAJENDRA SOMNARAYAN,
Honorary Secretary and Treasurer.

APPENDIX 15.

Extract from the evidence of Mr. Jamnadas Morarji before the Stock Exchange Enquiry Committee.

Mr. Pherozechah M. Dalal.—We will come to the question of settlements. Your opinion is there are too many settlement days. In your opinion, how many settlement days will suffice?—The *first day* is the day for comparing contracts and for issuing memorandum slips by the buying brokers to the selling brokers showing the number of shares outstanding to be taken delivery of. The market is closed for that day. Only slips have to be passed; the market should be open for half-day, *i.e.*, 2 hours. The *second day* is the day for submitting the clearance lists as also the delivery lists to the Clearing House. It is closed for half-day only. That is all right. The *third day* is the first day for delivering shares. The market is open for two hours. That is all right. The clerks have to prepare the accounts of their constituents, to deliver shares and to bring shares from the constituents. The *fourth day* is allotted for "Buying-in and selling-out shares by the Board. Second day for delivering shares. Day for declaring making-up prices (pucca havalas) by the Board". This day is open for two hours. This is all right. The *fifth day* is the day for "Adjusting differences and comparing accounts. Last day to deliver shares before 1 p.m. to the Clearing House". The market is closed for this day. The *sixth day* is the day for "Making payment to the Clearing House and day for issuing claim notes for differences and submitting balance sheets". The market is now closed for this day. On the seventh day also it is closed. My idea is that the business done on the fourth, fifth, sixth and seventh days should be done on the fifth. On the fourth day pucca havalas will be given by the Board, say at 2 p.m. Then the brokers' clerks must prepare their differences and on the following day they must pass all their chits and the valan should be passed on that day. On the fifth day it must be closed. I admit that in case of big failures, it will be difficult to do all this on that day, but in such a case they can close the market on the sixth day also. But ordinarily it should be enough to close the market on the fifth. Of course there will be more work for the clerks, but in order to facilitate the work of the market, they should not grudge this extra work. So, sixth and seventh day must be working days. On the *eighth day* "Day for receiving shares and payment from the Clearing House; buying-in and selling-out shares", the market is closed for half a day, and I agree to this. So, in the result, out of the eight days, first day will be a half-day, second, half-day; third, half-day; fourth, half-day; fifth, closed; sixth and seventh open; and eighth, half-day. The market will be fully closed only for one day. I also find that the market is closed for cash business on some of these days. Cash business must go on everyday, even on the closed day. If the Clearing House system is properly worked I do not think it is necessary to close for more days. This Clearing House system was introduced for the purpose of reducing the number of closing days. In the beginning the ninth of every month was the day for payment and every twelfth was settlement day. I set out to find how we could make payment and settlement the same day, and I suggested that payment day and settlement day should be the same. Many brokers and clients were opposed to the scheme, but afterwards they agreed and the scheme was passed.

Sir Fazulbhoy Currimbhoy.—One member told us that he wanted these three or four days in order to make arrangements with banks for financing the shares bought. It was not with that idea that the present practice was introduced, although they worked it like that later.

Mr. Pherozechah M. Dalal.—Mr. Shroff told us that after making up the price they must keep the market closed, or otherwise there may be fluctuations in the market, and the liability of the members may increase. Do you agree?—Under my present scheme it will not happen. If the Clearing House made some arrangement by which cheques will be tendered before 3 or 3-30 p.m. on the settlement day, if a broker failed to pay his money to the Clearing House on the next opening day, *i.e.*, the following day, our rule is that transactions may be closed at the defaulter's risk.

So, instead of four days closed and four days half-day, you suggest five days half-day and one-day closed? Yes.

Mr. Pherozechah M. Dalal.—Mr. Shroff said that 14 extra religious holidays are necessary. I understand that on the Stock Exchange there are only three important religious communities, the Hindus, Parsis and Mahomedans, and the other communities are only a small minority. Do you think we can curtail these 14 holidays into 6 or 7 by allotting only two holidays for the major groups and one holiday for the minor groups?—Fourteen holidays in our Exchange is not too much if we curtail these settlement days. In Calcutta they have Puja days and Christmas holidays. I think these 14 days should be allowed.

APPENDIX 16.

Letter from the Association withdrawing incorrect statements reflecting on Messrs. Merwanji and Sons.

THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

Sir Dinshaw Petit Native Brokers' Exchange Hall,
Dalal Street, Fort, Post Box No. 533,
Bombay, 3rd January 1924.

G. DAVIS, Esq., I.C.S.,
Secretary,
Stock Exchange Enquiry Committee,
Secretariat, Bombay.

Sir,

As authorised by my Association I have to request you to expunge from the printed representation made by them on 21st November 1923 to the Stock Exchange Enquiry Committee the following portion of the statement from the first paragraph on page 5, as they are desirous to state that no reflection of any kind was intended to be made on anybody therein.

The portion to be expunged is :—

“ At this time the operator of the corner sold stock of the said Company for the following settlement only through brokers, who dealt chiefly with brokers particularly Messrs. Merwanji and Sons and the late Mr. Parbhuds Keevandas. The object was that these brokers, who were sound parties and well known to Banks, could easily induce the Banks on the strength of their own contracts for forward sales to advance loan to the operator on the security of these shares. Messrs. Merwanji and Sons, who were not doing business directly in our bazar, employed our members, Messrs. Morarji Ardeshir and Narandas Govindji, to effect such sales on the Exchange. Particulars as to how this game was played to finance the shares without a margin can be obtained from Mr. Pherozechah Merwanji Dalal who is a member in the firm of Messrs. Merwanji and Sons.”

I have the honour to be,
Sir,
Your most obedient servant,
A. H. MADAN,
Acting Secretary.

APPENDIX 17.

*List of Witnesses examined by the Committee.**Tuesday, 6th November 1923—3 p.m.*

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).

- Business .. Invitations.

Wednesday, 21st November 1923—3 p.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. B. J. Desai.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witnesses .. Mr. K. R. P. Shroff.
 Mr. Kothari of Madras Stock Exchange.

Thursday, 22nd November 1923—3 p.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. B. F. Madon.

Friday, 23rd November 1923—11-30 a.m. and 2-30 p.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. K. R. P. Shroff.

Saturday, 24th November 1923—2-30 p.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozeshah M. Dalal.
 Mr. Bhulabhai J. Desai.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witnesses .. Mr. F. C. Annesley and Mr. F. Nelson, Bombay Chamber of Commerce representatives.

Monday, 26th November 1923, 11-30 a.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. Méyer Nissim.

3 p.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. R. Lindsay.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. Turle of Calcutta Stock Exchange.

Tuesday, 27th November 1923, 11-30 a.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. F. S. Lund.

3 p.m.

- Witness .. Mr. C. N. Wadia.

Wednesday, 28th November 1923, 11-30 a.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. R. E. Lewis.

Thursday, 29th November 1923, 11-30 a.m.

- Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).
- Witness .. Mr. K. R. P. Shroff.

3 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witnesses .. Mr. A. G. Gray and Mr. A. C. Clarke.

Friday, 30th November 1923, 2-30 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. H. C. B. Mitchell.

Monday, 3rd December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Captain E. V. Sassoon.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Amratlal Kalidas.

2-30 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. E. F. Groombridge.

Tuesday, 4th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. M. A. Havelivala.

2-30 p.m.

Witness .. Mr. R. R. Nabar.

3-30 p.m.

Witness .. Mr. Ardeshir R. Subedar.

Wednesday, 5th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Sir Dinshaw E. Wacha.

2-30 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Munmohundass Ramji of Bombay Piece Goods Association.

3-30 p.m.

Witness .. Mr. Erachshaw D. Wadia.

Thursday, 6th December 1923, 2-30 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Mafatlal Gagalbhai.

Saturday, 8th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozeshah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. K. R. P. Shroff.

2-30 p.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.

Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. K. R. P. Shroff.

Monday, 10th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Mr. R. Lindsay.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Kikabhai Premchand.

2-30 p.m.

Witness .. Mr. F. F. Stileman of Bombay Millowners' Association.

3-30 p.m.

Witness .. Mr. Vasanji Mulji.

Tuesday, 11th December 1923, 2-30 p.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Jamnadas Morarji.

Wednesday, 12th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Jagjivan Ujamsay.

2-30 p.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoy Currimbhoy.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.

Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Manu Subedar of Indian Merchants' Chamber.

Thursday, 13th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoj Currimbhoj.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Jehangir B. Petit.

2-30 p.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoj Currimbhoj.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Bhulabhai J. Desai.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. Naoroji M. Dumasia.

3-30 p.m.

Witness .. Mr. S. H. Batliwala.

Friday, 14th December 1923, 11-30 a.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoj Currimbhoj.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.
 Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. A. H. Madan.

2-30 p.m.

Witness .. Mr. G. Findlay Shirras.

3-30 p.m.

Witness .. Rai Saheb Sangidass Jessram.

Saturday, 15th December 1923, 2-30 p.m.

Present .. Sir Wilfrid Atlay was absent owing to illness.
 Mr. R. Lindsay (Chairman).
 Sir Fazulbhoj Currimbhoj.
 Sir Purshotamdas Thakurdas.
 Captain E. V. Sassoon.
 Mr. Pherozechah M. Dalal.

Mr. A. F. L. Green (Technical Adviser).
 Mr. G. Davis, I.C.S. (Secretary).
 Mr. R. F. Wishart (Assistant Secretary).

Witness .. Mr. B. K. Agarwala.

3 p.m.

Witness .. Mr. Keshani.

3-30 p.m.

Witness .. Mr. W. T. Halai.

4 p.m.

Witness .. Mr. D. D. Kanga.

4-30 p.m.

Witness .. Mr. A. C. Amin.

Summary of attendance at 32 meetings.

Sir Wilfrid Atlay (Chairman)	..	..	..	..	24
Sir Purshotamdas Thakurdas	..	..	..	..	27
Sir Fazulbhoy Currimbhoy	..	..	..	..	23
Mr. R. Lindsay	..	..	..	..	29
Captain E. V. Sassoon	..	..	..	..	29
Mr. Bhulabhai J. Desai	..	..	..	..	9
Mr. Pherozeshah M. Dalal	..	..	..	..	29
Mr. A. F. L. Green (Technical Adviser)	..	..	..	..	32
Mr. G. Davis, I.C.S. (Secretary)	..	..	..	..	32
Mr. R. F. Wishart (Assistant Secretary)	..	..	..	..	31

APPENDIX 18.

Rules and Regulations recommended to the Association for Adoption.

DEFINITIONS.

In these rules unless there is something in the subject or context inconsistent therewith:—

The Exchange means the City of Bombay Stock Exchange.

Member means a member of the Exchange.

Committee means the Committee of Management or the Exchange for the time being.

The Secretary means the person for the time being performing the duties of Honorary Secretary or paid Secretary or paid Assistant Secretary of the Exchange.

The Office means the Secretary's office for the time being of the Exchange.

In Writing and Written include printing, lithography, and other modes of representing or reproducing words in a visible form.

Words importing the singular Number only include the plural number and *vice-versa*.

THE RULES AND REGULATIONS OF THE BOMBAY STOCK EXCHANGE.

1. THE ASSOCIATION hitherto known as the Native Share and Stock Brokers' Association shall hereafter be styled and known as the city of Bombay Stock Exchange.

Constitution of the Exchange.

2. The members whose names are given in the list annexed hereto and marked A and such other persons as shall hereafter be appointed and admitted members in the manner hereinafter mentioned shall henceforth constitute the Bombay Stock Exchange.

The Exchange shall by resolution fix from time to time the maximum number of members of the Exchange.

Objects of the Exchange.

3. The said Exchange is established to support and protect the character and status of brokers and to further the interests of both brokers and the public, dealing in Bombay in shares, stock, and other like securities and exchange, to promote honourable practice, to discourage and to suppress malpractices, to settle disputes amongst brokers, to decide all questions of usage or courtesy in conducting brokerage business.

To erect, construct, extend and maintain at Bombay a suitable building, to be used as a Brokers' Hall and for such other purposes of the Exchange as may be determined upon, such building to be called " Sir Dinshaw Petit Native Brokers' Exchange Hall " and to erect, construct and maintain such other building or buildings as may be considered necessary or desirable for the purposes of the Exchange or the use of the members thereof.

To borrow with the sanction of the members of the Exchange given at a Special General Meeting convened for the purpose, any monies required for the purposes of the Exchange upon such terms as may be determined with or without securities.

To purchase or otherwise acquire, with the sanction of the members of the Exchange given at a Special General Meeting convened for the purpose, any immovable property in Bombay and any rights or privileges necessary or convenient for the purposes of the Exchange and in particular any land, buildings or easements.

To take on lease any property and any rights or privileges necessary or convenient for the purposes of the Exchange.

To invest the monies of the Exchange not immediately required upon such securities and in such investment as may from time to time be determined upon.

To sell, develop, lease, mortgage, dispose of, or otherwise deal with, with the sanction of the members of the Exchange given at a Meeting specially convened for the purpose all or any part of the immovable properties of the Exchange.

To do all such other things as are incidental or conducive to the attainment of the above objects.

Alteration of Rules.

4. No existing rules shall be altered or varied except by a resolution passed by a majority of three-fourths of the members present at an extraordinary general meeting of the Exchange at which not less than 109 members were present and confirmed at another Extraordinary meeting of the Exchange held not less than seven days and not more than fourteen days from the date of the first meeting at which not less than 75 members were present.

Who may be Members.

5. Any person who is a native of India or who is a British subject and has resided in the Bombay Presidency for at least ten years prior to his application for membership or who is a British subject and whose father has resided in the Bombay Presidency for at least ten years prior to his application for membership may be admitted as a member of the Exchange.

6. No person who has been adjudged or has become bankrupt or insolvent and has not obtained his final discharge from the Court shall be eligible for membership.

7. No person who has not attained majority according to the law to which he is subject shall be eligible for membership.

8. No person who has compounded with his creditors shall be eligible for membership (unless he shall have paid 16 annas in the rupee).

9. No person shall be eligible for membership if he be a member of or subscriber to or a shareholder or debenture holder in any other Institution, Association, Company or Corporation in Bombay where dealings in stocks or shares are carried on.

If any member of the Exchange subsequently to his admission as such shall become a member of or subscriber to or a shareholder or debenture holder in any such Institution, Association, Company or Corporation as aforesaid, he shall thereafter be liable to be expelled from the Exchange by resolution of the Committee of Management.

10. A candidate for admission must be recommended by two members of not less than five years standing.

Application for Admission.

11. Every application for admission to membership shall be in writing and shall be in the form given below or in such other form as the Committee of Management of the Exchange shall from time to time prescribe and shall be signed by the candidate.

12. Every applicant for admission, except candidates who are applying for cards in the hands of the Committee of Management, shall be required to obtain the nomination of a member resigning his membership under Rule 30 or 31 or of the executors or administrators of a deceased member.

13. Notice of every application with the names of the recommenders shall be posted in the Exchange on the notice board for at least 15 days previous to election. The notice shall state on what date it is posted.

14. If any member of the Exchange has any objection to the admission of a candidate he shall communicate the ground of his objections to the Committee of Management by letter within 15 days of the date of posting of the notice of the application.

15. After the expiration of the period hereinbefore prescribed for communicating objections to any application for admission, the same shall be placed before the Committee of Management with all objections received.

16. The applicant for admission, together with his recommenders, shall attend the meeting of the Committee to answer any questions that may be put to them.

17. The election of new members shall be by ballot and must be carried by a majority of at least three-fourths in a meeting of the Committee of Management at which at least eight members are present.

18. If an applicant is elected a member, intimation of the election shall be sent to him in the form following or in such other form as the Committee of Management may from time to time prescribe.

Form of Application for admission.

To

The Honorary Secretary,
The Bombay Stock Exchange, Bombay.

Sir,

Please acquaint the Committee of Management that I am desirous of being admitted a member of the Stock Exchange upon the terms of and under and subject in all respects to the Rules and Regulations of the Bombay Stock Exchange which now are, or hereafter may be for the time being in force. I have read the rules and Regulations of the Stock Exchange.

I solemnly declare that

(a) I am a native of India

or

I am a British subject and $\frac{\text{I have been}}{\text{my father has been}}$ a resident of Bombay Presidency for the last ten years.

(b) I am neither a member of, nor subscriber to nor share-holder or Debenture holder in any other Institution, Association, Company or Corporation in Bombay in which dealings in stocks or shares are carried on.

(c) I do declare that if admitted a member of the Stock Exchange, I will not be interested, directly or indirectly, in any other institution dealing in stocks or shares during the time I remain a member thereof, under penalty of immediate expulsion.

Signature.

Full name.

Address.

Occupation.

Reasons for giving up the present business.

We recommend Mr. _____ as fit
person to be admitted a member of the Stock Exchange.

Signature of two members.

Form of first letter to be sent to new member on election.

Sir,

I am directed to inform you that you are elected a member of the Stock Exchange upon the terms of and under and subject in all respects to the Rules and Regulations of the Stock Exchange which now are, or hereafter may for the time being be in force.

Upon your paying the price of the card of Rs. _____ and annual subscription of Rs. _____ within one month of the receipt of this letter further notice will be sent to you giving you the date from which you can exercise the privileges of membership.

Yours faithfully,

Secretary to the Committee of Management.

Power to Reject Application.

19. The Committee of Management may at their discretion reject any application without assigning any reason.

Annual Subscription.

20. Every member shall pay an annual subscription of five rupees or such amount as may from time to time be fixed by the Exchange. Such subscription shall be payable on the first day of January in each year in advance.

21. Every newly elected member shall immediately on receipt of intimation of election pay the annual subscription for the current year, together with, in the case of a candidate who has purchased a card from the Committee of Management, the amount agreed upon for such card.

22. Upon payment of the price of the card and annual subscription, the Secretary shall send to the newly admitted member a further letter fixing the date from which the member may exercise the privileges of membership, and a card of membership and the notice of the same shall be posted on the Notice Board of the Exchange. The letter shall be in the form following or such other form as the Committee may from time to time prescribe and the card shall be in such form as the Committee of Management may from time to time prescribe.

Form of second letter to be sent to new members on admission.

Sir,

Referring to my previous notice of the
I am directed to inform you that, the provisions of the Rules relating to the Admission of Members having been complied with, you are entitled to exercise from this day the privilege of Membership of the Stock Exchange. A card of membership is sent herewith.

Yours faithfully,

Secretary to the Committee of Management.

Price of card and subscription to be paid before privileges exercised.

23. An elected admitted member shall not be entitled to exercise any of the privileges of a member unless he shall have paid the price of the card and annual subscription nor before the date intimated in that behalf in the notice sent pursuant to Regulation 22 and if a newly elected member fails to pay the price of card and annual subscription within one month his election shall become void and inoperative and he shall be deemed never to have been elected a member.

Power to increase fee and subscription.

24. The Exchange may from time to time in general meeting increase or reduce the annual subscription and fix the minimum price of cards at their disposal.

Power to withdraw from Association.

25. Any member may withdraw from the Exchange by giving two calendar months' notice in writing to the Secretary of his intention so to do, and upon the expiration of the notice, he shall cease to be a member.

Arrears to be paid by withdrawing members.

26. Any person who shall by any means cease to be a member shall nevertheless remain liable for and shall pay to the Exchange all monies which at the time of his ceasing to be a member may be due from him to the Exchange.

Powers as regards members in arrears.

27. If any member shall fail to pay the annual subscription or any other money, due from him to the Exchange for two months after the same has become due the Committee of Management may by notice in writing request him to pay the same. The notice shall appoint a day and place of payment. If the requisitions of such notice are not complied with the Committee of Management may by notice on the Notice Committee of the Exchange suspend the privilege of such member until said dues are paid and the member so suspended shall not be entitled to act as a member until the notice of suspension is revoked by further notice put up on the Notice Board of the Exchange.

If the said dues are not paid by the suspended member within one year after his suspension another written notice requiring such member to pay the moneys due within two months of the service of the notice shall be served to him. If the requisitions of such notice are not complied with, the Committee of Management may by resolution passed by a majority of three-fourths of the members of the Committee for the time being direct the name of such member to be removed from the list of members of the Exchange and thereupon such member shall cease to be a member and shall be deemed to have been expelled, notice of such resolution shall forthwith be put on the Notice Board of the Exchange.

The Committee of Management shall be at liberty on another application of the member whose name is so removed and on proper cause being shown to its satisfaction to rescind such resolution by like majority.

Firm as a member of the Exchange.

28. Any two or more members of the Exchange may with the previous sanction of the Committee of Management continue to carry on business in partnership in a firm name to be previously submitted to the Committee.

The name of the firm and the names of the members constituting the same shall be registered with the Secretary in writing signed by all the members of the firm and every change in the constitution of the firm shall be notified in writing to the Secretary.

When business is done in the name of a firm, all members of the firm shall be liable jointly and severally in respect of all dealings of the firm.

Every member of the Exchange whose name is registered as a member of firm shall continue liable as such until his name is removed in due course from the Register.

If any firm commits any act which if done by an individual member of the Exchange would render such member liable to expulsion all members of the Exchange who are partners in such firm shall be liable to be expelled.

The Committee of Management may from time to time prescribe forms to be used for application for leave to carry on business in firm name and for notices of change in the constitution of the firm.

Rights of Members and their sons.

29. The seat or card of a member and the rights and privileges attached to membership including the rights and privileges of conducting business in the Exchange and the rights to the use of or claims upon or interest in any property of the Exchange shall be a purely personal privilege of the member attached to his membership and shall not be part of the property, estate and effects of the member and shall not pass from the member to any other person or persons by act of parties or by operation of law.

30. If any member desires that he should be allowed to resign his membership and his son or brother may be admitted a member in his place, the Committee of Management may on the application of such member and of the son or brother proposed to be admitted accept the resignation of the member and elect and admit such son or brother a member without payment of any price of card and confer on such son or brother the card or seat of the resigning member provided such son or brother is otherwise qualified to be admitted a member.

31. If a member of not less than 10 years standing, who is in the opinion of the Committee of Management unable to carry on active business wishes to resign and to have his nominee admitted in his place as a member and applies in writing to the Committee in that behalf, the Committee may allow such member to resign his membership and in their discretion admit the person nominated by him as a member in his place without payment of any price of card, provided the proposed new member is qualified to be elected a member and is approved of by the Committee.

32. On the death of a member his membership and all rights and privileges attached thereto shall, save as hereinafter otherwise provided, cease and determine.

33. If after the death of a member, his heirs, executors or administrators apply to the Committee of Management to elect and admit one of them or any other person nominated by them as a member in place of the deceased, the Committee may elect and admit such person as a member without payment of any price of card and confer upon such person the card or seat of the deceased member provided the proposed new member is otherwise qualified to be elected a member.

Cards not to be assigned.

34. No member shall be entitled to assign or transfer or pledge, hypothecate or charge or shall assign, transfer, pledge, hypothecate or charge his seat or card or membership or any rights and privileges attached thereto and no such attempted transfer, assignment, pledge, hypothecate

cation or charge shall be effective as regards the Exchange for any purpose, nor shall any right or interest be recognised by the Exchange in a card or membership, save the absolute interest therein of a member. If any member purports to act in violation of the provisions of this clause he shall be liable to be expelled by resolution of the Committee of Management.

Authorised Clerks.

35. Each member of the exchange may employ three authorised clerks who are not members of the Exchange. Any of such authorised clerks may conclude bargains and sign contract notes on behalf of his principal. Provided that when the member is a partnership firm such partnership may employ five authorised clerks. No member shall employ more authorised clerks than is authorised above.

36. A member shall be liable for all bargains made on his behalf by any authorised clerk employed by him and shall fulfil such bargains according to the rules and usages of the Exchange in the same manner as if the bargains had been made personally by such member. The name of each authorised clerk employed by a member shall be furnished by the member to the Secretary who shall keep a register thereof. If a member determines the employment of a registered authorised clerk he shall forthwith give notice of the same to the Secretary and the Secretary shall make a note of the same in the Register and notify on Notice Board. The responsibility of the member for the acts of the authorised clerk shall continue until one day after the notice of the determination of the employment of the clerk is received by the Secretary.

37. Admission of authorised clerks shall be only during the good behaviour of such clerks. The Committee reserve the absolute right to decline to admit any clerk whose name has been proposed by a member, or at any time to suspend or terminate such privilege of admission as regards any authorised clerk.

38. An expelled member shall not be admitted as a clerk to any member either as an authorised clerk or otherwise.

39. A member may by writing registered with the Secretary of the Exchange authorise in addition to the number of authorised clerks allowed under Rule 35 any one person at a time, being his son, brother or nephew to act for him on the Exchange. The person so authorised shall be in the same position as an authorised clerk and the above rules as to authorised clerks shall apply to the person so authorised.

Annual General Meeting of the Members.

40. In the month of March in each year or as soon thereafter as may be practicable but in no case later than the month of May the Committee shall convene a meeting of the Members of the Exchange to be called the annual general meeting of the said Association and shall submit to such meeting the annual report of the proceedings of the Exchange and also the Treasurer's account of the previous year together with the auditor's report thereon.

Annual General or Special General Meeting how to be convened.

41. The Annual General Meeting of the Exchange shall be convened by advertisement to be inserted in at least one English and one Gujarati Daily Newspaper published in Bombay at least three days before the time appointed for such meeting.

42. The Committee of Management may and they shall on the requisition of seventy-five or more members of the Exchange convene a special meeting of the Exchange also by advertisement to be given in manner provided above for annual General Meetings. Such requisition shall state the object of the meeting to which the discussion shall be strictly confined.

43. If the Committee do not call such special meeting within 15 days of the receipt of the requisition, the Secretary or, in case of his refusal, any five of the petitioners may convene such special meeting by advertisement to be given in manner provided above for Annual General Meeting.

Business to be transacted at annual General Meeting.

44. No business other than that referred to in Rule 40 above and the appointment of Auditors shall be brought forward or transacted at any Annual General Meeting unless the Advertisement convening such Meeting shall specify what other business is intended to be brought forward.

Proceedings of general meetings.

45. (a) No person other than a member of the Exchange except the Solicitor of the Exchange shall be entitled to be present at a general meeting. Each member before taking his seat shall sign his name in the book provided for that purpose.

(b) The quorum for a general meeting shall be at least 50 members personally present.

(c) No business shall be transacted at any general meeting unless the quorum requisite shall be present at the commencement of the business.

(d) The President of the Exchange shall be entitled to take the chair at every general meeting. If there be no president, or if at any meeting the President or Vice-President shall not be present within fifteen minutes after the time appointed for holding such meeting, the members present shall choose another member of the Committee of Management as Chairman, and if no member of the Committee be present or if all the members of the Committee present decline to take the chair, then the members present shall choose one of their members to be chairman.

(e) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon such requisition as is referred to in Rule 42, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned meeting a quorum is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.

(f) Every question submitted to a meeting shall be decided by a majority of the votes of the members present. Votes shall be taken by a show of hands unless a ballot be demanded by at least five of the members present. In the case of an equality of votes the chairman shall have a casting vote in addition to the vote to which he may be entitled as a member.

(g) At any general meeting a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book of proceedings of the Exchange shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(h) The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting.

(i) If a poll is duly demanded, it shall be taken at such time and place, and either immediately or after an interval or adjournment, and either by open voting or by ballot, as the Chairman directs, and the result of the poll shall be deemed the resolution of the meeting at which the poll is demanded.

(j) The Chairman of a general meeting may, with the consent of the meeting, adjourn the same from time to time, and from place to place; but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(k) Every member present is person at a meeting shall have one vote. No voting by proxy or by power of Attorney shall be allowed.

(l) No member shall be entitled to be present or to vote on any question at any general meeting if he shall have been declared a defaulter on the Exchange. A member shall not be disqualified to vote because money is due and payable by him to the Exchange in respect of subscription or otherwise.

Committee of Management.

46. Save as otherwise expressly provided in these presents the affairs of the Exchange shall be managed and controlled by a Governing Body to be styled the Committee of Management composed of 16 members of the Exchange, being Natives of the Bombay Presidency. The Committee of Management shall be elected by ballot every year at a general meeting of the Exchange to be held in December of each year and the same meeting shall also nominate one out of the 16 members so elected as member of the Committee to be the President of the Exchange who shall also be the President of the Committee of Management. The meeting shall also elect a member of the Committee to act as Vice-President. The Committee of Management so elected shall hold office for one year from the 1st January next following the date of their election.

47. The President shall preside at all Meetings of the Exchange and all Meetings of the Exchange and all Meetings of the Committee of Management and also at all Meetings of any Committee of the Exchange of which he may be a member and shall have a Casting vote in addition to his vote as a member.

48. Any occasional vacancy in the said Committee of Management shall be filled up by a ballot of Members at a General Meeting of the Exchange to be held on a day to be fixed by the Committee. The surviving or continuing Members on the Committee, notwithstanding any vacancy in their number, may act until the same shall be filled up.

If the office of President become vacant the Committee shall forthwith call a General Meeting of the Members of the Exchange to fill the vacancy.

49. All the 16 members of the Committee of Management for the time being shall retire on the 31st December in each year and all members retiring shall be eligible for re-election.

Fifteen business days' notice previous to any ballot, of intention to propose any person eligible for election to the Committee of Management must be given to the Secretary in writing and signed by two members.

50. The quorum of the said Committee shall be six members personally present.

51. If any member of the Committee of Management shall be absent from Meetings of the Committee for a continuous period of three months without leave of the Committee, the Committee may declare the seat of such member in the Committee vacated and may proceed to fill the vacancy.

Qualifications of Members of the Committee of Management.

52. No member shall be elected to the Committee of Management who is not a native of the Bombay Presidency and has not been for at least five years, immediately preceding the day of election a member of the Exchange.

53. No member who has failed at any time to meet his liabilities in ordinary course on or outside the Exchange shall be eligible to be elected a member of the Committee of Management. No member who has on any occasion compounded with his creditors on or outside the Exchange shall be eligible to be a member of the Committee of Management.

54. Not more than one member of a firm which carries on business in firm name on the Exchange shall be a Member of the Committee of Management at the same time.

Resolution for Expulsion of Members of the Committee of Management.

55. The Committee of Management may expel any of their own members from the Committee by resolution passed by three-fourths majority of the Committee at a meeting specially summoned for the purpose, at which not less than 12 members of the Committee were present.

Honorary Secretary and Treasurer.

56. The Committee of Management shall immediately after its election elect from their number a Treasurer who shall be the Treasurer of the Exchange. The appointment shall remain in force till the Committee appointing him retires.

If a majority of the Committee cannot agree to the election from the members of the Committee of a Treasurer the Committee may elect any other member of the Exchange to this post, but such Treasurer shall have no right to vote.

57. The Committee shall appoint a paid Secretary or a paid Assistant Secretary but such paid Secretary or Assistant Secretary shall not be a member of the Exchange.

58. The Secretary shall attend all meetings of the Exchange and of the Committee of Management and of Committees of Members and shall keep proper minutes of the proceedings of all meetings of members or of Committees.

59. The Secretary shall have, subject to the direction of the Committee general charge and control of the Books, papers and registers of the Exchange and of the staff employed by the Committee of Management.

60. All members of the Exchange shall keep their accounts in ink, shall give the Secretary all such information as the Committee require for the purposes of the Exchange and shall attend such Meetings of the Committee or of any Sub-Committee as they may be requested by the Secretary.

Powers of the Committee of Management.

61. The Committee of Management shall have the sole and entire management, control and superintendence of the business affairs, concerns, funds and properties and Income and Expenditure of the Exchange and shall be entitled to do all such acts and things and to exercise all such powers as the Exchange could do or exercise in general meeting except such as are by law or by these regulations or by any other regulations for the time being in force required to be done or exercised by the Exchange in General Meeting.

62. (1) A Resolution of the Committee shall not be valid or put in force until confirmed at a subsequent meeting, unless it relate to the shutting of the Exchange, the admission of Members, the re-admission of Defaulters or Insolvents and the fixing of settling days.

(2) If a Resolution be not confirmed and another Resolution be substituted, the substituted Resolution shall require confirmation at a subsequent Meeting.

(3) In cases which do not admit of delay, two-thirds of the Committee present must concur in favour of the immediate confirmation of the Resolution, and the urgency of the case must be stated upon the Minutes.

63. Without prejudice to the general authority hereinabove conferred on the Committee of Management, the Committee of Management is hereby specially authorised to do any of the following acts, matters and things :—

- (a) to make and from time to time alter as they may think fit a scale of charges for brokerage on all transactions for the sale and purchase of stocks, shares, Government securities, Bonds and Debentures,

- (b) to commence, prosecute and defend all such actions, suits and proceedings whether Civil or Criminal as the Committee may consider necessary and the same to compromise or submit to arbitration and to make, give, sign, and execute all documents in that behalf,
- (c) to issue from time to time orders as to shutting of the Exchange, the fixing of ordinary settling days, or the granting or refusing of permission to deal in new securities and to amend, repeal and withdraw the same as they may consider necessary or proper,
- (d) to suspend any member, who—
 - (1) may violate or act in breach of any of the Rules and Resolutions of the Exchange for the time being in force,
 - (2) may refuse or fail to comply with any decision or Resolution of the Committee of Management or of the Exchange, or who may wilfully obstruct the business of the Exchange,
 - (3) and to expel or suspend any member who may in the opinion of the Committee be guilty of dishonourable or disgraceful conduct.

A Resolution for expulsion or suspension under this sub-clause shall not be valid or effectual unless it is passed by a majority of three-fourths at a meeting of the Committee specially summoned at which not less than twelve members were present and is confirmed by a majority at a subsequent meeting of the Committee specially summoned for the purpose.

- (e) The Committee shall also have power from time to time to make, alter and repeal such rules as they may think expedient to govern the transactions of all business in stocks, shares, Government Securities, bonds and debentures by members of the Exchange.
- (f) The Committee of Management may, in their absolute discretion, and in such manner as they may think fit, notify or cause to be notified to the members of the Exchange and to the Public, any Resolution of the Exchange or of the Committee expelling or suspending a member. No action or other proceedings shall under any circumstances be maintainable by the member referred to in such notification against the Exchange or the Committee or the member thereof or the officers of the Exchange for or in respect of such publication.

64. When a member is expelled his card or seat and all his rights as a member of the Exchange including his rights to the use of or claim upon or interest in any property or funds of the Exchange shall stand forfeited to the Exchange.

65. Any seat or card which is forfeited to the Exchange under any of the regulations herein contained shall belong absolutely to the Exchange free of all rights or claims of the member who forfeited the same or any person or persons claiming through him or in his insolvency and the Exchange shall be entitled to deal with or dispose of the same as it may think fit. If such card is sold by the Exchange the sale-proceeds shall in the first place be applied in satisfying the liability of such member to other members of the Exchange in respect of transactions on the Exchange and the balance if any shall be paid into the Funds of the Exchange. Provided always that the Exchange at their absolute discretion by resolution passed at a General Meeting of members direct such balance to be disposed of or applied in such other manner as it may think fit.

66. Every member of the Association shall immediately report to the Committee any violation by a member of the rules of the Exchange which may come under his notice. Any complaint or report so made by a member to the Board or the Secretary shall be privileged.

Proceedings of the Committee of Management.

67. The Committee of Management may ordinarily meet once in every week on such days and at such times as they may determine from time to time. A special meeting of the Committee may, at any time be called by the President or by the Secretary and shall be called by the Secretary on a written requisition from two or more members of the Committee. If the Secretary does not call such meeting within 24 hours of the receipt of the requisition the members who signed the requisition or any two of the members of the Committee may call the meeting. In case of emergency one hour's notice of such special meetings shall be deemed sufficient notice. The notice calling the meeting shall specify the purpose for which it is called and if the meeting is called at less than 24 hours notice, the urgency of the matter, and no business shall be transacted at such meeting except the business specified in the notice.

68. All proceedings of the Committee of Management shall be recorded in a book to be kept for the purpose by the Secretary. Six members present shall be the quorum for meetings of the Committee, except in cases requiring a quorum specially fixed otherwise by Rule.

69. Subject to the Rules and Regulations of the Exchange for the time being in force, the Committee of Management may regulate its own proceedings.

Power to purchase and sell lands, etc.

70. The Committee of Management shall be at liberty (with the sanction of a General Meeting specially convened for the purpose) to purchase or sell, take on lease or otherwise acquire lands, or buildings or erect buildings in any locality or localities in the Island of Bombay for the use of the Members of the Exchange or otherwise for the purposes of the Exchange.

Duties of the Treasurer.

71. *The Treasurer* of the Exchange shall recover and receive all the subscriptions, donations and all other moneys due to the Exchange, and shall give receipts for the same. Such receipts shall be signed by the Treasurer and countersigned by the President of the Exchange or by a member of the Committee specially appointed in that behalf by Resolution of the Committee. The President or other member so appointed shall be entitled to countersign on the strength of previous signature of the Treasurer and shall not incur any personal liability or responsibility in consequence of his having so countersigned a receipt. The Treasurer shall defray and pay all the expenses of the Exchange in conformity with the directions of the Committee communicated through the Secretary and shall keep a full and detailed account of all receipts and disbursements and of the general income and expenditure and of the funds and investments of the Exchange and shall submit such accounts to the Committee when required and such accounts shall be open to the inspection of the members at such time and place as may be appointed for the purpose by the Committee. The Treasurer shall also prepare the Annual Finance Statement to be laid before the Annual General Meeting and the same shall be published annually for the information of the members of the Exchange.

Auditors.

72. The Annual General Meeting shall appoint an auditor and fix his annual remuneration. The auditor so appointed shall examine the accounts of the Exchange, examine the securities and other investments of the funds of the Exchange and all the necessary vouchers and papers and make his report which shall be submitted to the Annual General Meeting of the Exchange. If any casual vacancy occurs at any time in the office of the auditor the Committee shall forthwith fill up the same.

Trustees to be appointed as occasion may require.

73. The members of the Exchange at the Annual General Meeting or at special meeting convened for the purpose as occasion shall require, shall from time to time appoint such members, being natives of the Bombay Presidency, as they please, Trustees of the Funds and properties of the Exchange and shall have power from time to time to remove such Trustees or one or more of them as they shall see occasion and to appoint another or others in their or his place or stead and all grants, conveyance, and assurances of any immoveable property purchased by or out of the Funds of the Exchange and all instruments and assurances for the security and indemnity of the Exchange and of the Members of the Committee of Management, officers, property, capital, stock and of acts thereof shall be taken in the names of such Trustees.

Deed Declaring Trust.

74. The Committee of Management shall from time to time as occasion shall require cause a deed or instrument to be executed, declaring the Trust upon which the Trustees hold or will hold any property of the Exchange vested in them and they shall do so on every appointment of any Trustees and the Committee of Management shall cause such of the property of the Exchange as shall be directed or intended by the General Meeting, appointing such Trustee or Trustees to be vested in his or their name or under their or his legal control, jointly with any continuing or other Trustee or Trustees or solely as the case may be to be so vested.

Receipt of the Trustees to be a sufficient discharge.

75. The receipt of the Trustees for the time being of the properties of the Exchange for the purchase moneys of any property held by the Trustees and sold by or on behalf of the Exchange shall be good and sufficient discharge to the persons, paying or delivering such moneys or effects for the money, or effects which in or by such receipt shall be expressed to be or to have been received and the persons paying or delivering such money or effects and taking such receipts aforesaid shall not be obliged or required to see to the application of the same money or effects or be answerable or accountable for the mis-application or non-application thereof.

The present Trustees, and provisions for the appointment of new Trustees.

76. Messrs. shall be the Trustees of the Exchange for the several purposes herein expressed, and they shall respectively continue in Office, till they or any of them die or become insolvent, or leave Bombay or be removed or be desirous of withdrawing from the Trusts reposed in him or them and that

upon the happening of any such events, the Members of the said Exchange shall at a duly convened Annual General or Special Meeting nominate and appoint a successor or successors, who shall thereupon be and become a Trustee or Trustees in the room of such Trustee or Trustees, so dying, becoming insolvent, leaving Bombay, being removed, or relinquishing his Trust as aforesaid. Provided also that none but members of the Native Community of the Bombay Presidency shall be appointed Trustees under these presents or members of the Committee of Management.

Power of the Trustees to invest.

77. The Trustees for the time being shall from time to time, on the application of the Committee of Management, invest all moneys belonging to the said Exchange in securities of the Government of India, or any Local Government, Port Trust Bonds, Municipal Bonds, or such other securities authorised by law for investment of Trust Fund as the Committee may direct, or in houses and landed property in Bombay or by depositing the same at a fixed rate of interest with any respectable Bank or Joint Stock Company and shall from time to time by the direction of the Committee alter and transpose the funds, and securities in or upon which the moneys for the time being shall be invested.

Investment of Surplus Funds with the Treasurer.

78. Any surplus fund which may from time to time remain in the hands of the Treasurer may if the Committee think fit be invested in the securities or in manner aforesaid, in the names of the Trustees for the time being.

Liabilities of Trustees and liberty to re-imburse.

79. The Trustees for the time being shall not at any time be made liable for any more money, than shall actually come in to his or their own proper hands, or for the loss, or variation in the price of securities or for the failure of any Bank or Company or the dishonesty of any clerk or servants or other person with whom any part of the trust property may be deposited or be placed in charge or be liable for any other than his own immediate and respective wilful acts, deeds, and defaults and every such Trustee shall be at liberty from and out of all any, any part of the trust moneys, in the first place, to re-imburse himself all sums of moneys, costs, charges, damages, expenses and demands whatsoever which he can, shall or may reasonably incur, bear, sustain, or be put into in any manner howsoever by reason or on account of his acceptance or execution of the Trusts anything hereinbefore contained to the contrary thereof in anywise notwithstanding.

Sub-Committees.

80. For the more efficient and harmonious working of the affairs of the Exchange and for carrying out the provisions of these presents the following Sub-Committees of the Committee of Management shall be appointed :—

1. Committee for Defaulters.
2. Committee of New Issues.

The quorum of each Sub-Committee shall be three.

Sub-Committee for Defaulters.

81. *Definitions.*—In these rules unless there be something in the subject or context inconsistent therewith

Defaulter shall mean and include a member of the Exchange who has been declared a Defaulter pursuant to the Rules of the Exchange in that behalf and for the time being in force.

Debtor shall mean and include a member indebted to another member in respect of a transaction entered into, subject to the Rules and Regulations of the Exchange.

Creditor shall mean and include a member having a claim against another member in respect of a transaction entered into, subject to the Rules and Regulations of the Exchange.

Defaulter's Assets or Defaulter's Estate shall mean and include all monies, properties and effects of a member which the Sub-Committee is entitled under the Rules of the Exchange to collect, recover, realise, distribute and deal with and all such moneys, property and effects in the hands of the Sub-Committee.

82. The Sub-Committee for Defaulters shall consist of six members.

83. A member who has failed to fulfil or is unable to fulfil his engagements on the Exchange shall be publicly declared a Defaulter by direction of any two members of the Committee of Management, on application for such declaration handed to the Secretary by any of the creditors on the Exchange. The member so declared shall at once cease to be a member of the Exchange.

84. Clerks of Defaulters and of suspended or expelled members shall be excluded from the Exchange.

85. A member who is adjudicated an insolvent shall cease to be a member upon resolution of the Committee of Management to that effect, although he might not have been declared a Defaulter.

86. Whenever any member of the Exchange becomes or is declared a defaulter on the Exchange, the Sub-Committee shall be entitled to take charge of and shall take charge of all his books of accounts, documents, papers and vouchers to ascertain the state of affairs of the defaulter. The defaulter member shall hand over all such books, papers, vouchers and account books to the Sub-Committee.

87. The defaulting member shall file with the Sub-Committee within fifteen days after his failure, a written statement, containing a complete list of his debtors and creditors and of the amount due by and due to each.

88. The defaulting member shall also submit to the Sub-Committee such Statements of Accounts, information and particulars as the Sub-Committee may require from time to time in connection with his business and affairs, and shall also attend meetings of the Sub-Committee and meetings of his creditors on the Exchange.

89. The Sub-Committee shall be entitled to enquire into the affairs and dealings of the defaulting member and shall report to the Committee of Management anything improper or unbusinesslike or unbecoming of the members of the Exchange which may come to their knowledge in connection with the affairs and dealings of the defaulting member.

90. Immediately after a member has been declared a defaulter, all members having contracts subject to the rules of the Exchange with the defaulter shall without unnecessary delay close their outstanding business by purchase or sale as the case may be in the open market.

91. Within a fortnight after a member is declared a defaulter every member shall send to the Secretary either a statement of his accounts with the defaulter.

If any member fails to send such statement or certificate as aforesaid within the period aforesaid, the secretary shall call upon him to send such statement within a week of the date of demand. If a member fails within such period of one week to send to the secretary such statement of account, the secretary shall report the matter to the Committee of Management and the Committee shall be entitled by resolution to suspend such member.

If the Committee is satisfied that any statement of account sent by any member was false or misleading, the Committee shall be entitled by resolution to suspend or expel such member.

92. The Sub-Committee shall be entitled to recover all moneys, shares or securities due, payable or deliverable to the defaulting member by any other member or members of the Exchange, and shall pay the assets into such Bank and in such names as the Committee of Management may from time to time direct, and the same shall be distributed as soon as possible *pro rata* among Stock Exchange creditors of the defaulter whose claims are admitted.

93. All moneys, shares or securities, due, payable or deliverable to the defaulter must be paid or delivered to the Sub-Committee within thirty days from the day of his being declared a defaulter. Any member violating this rule shall be liable to be declared a defaulter.

94. The Sub-Committee shall keep a separate account in respect of all moneys, shares or securities so received and shall be entitled to pay thereout all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings taken by the Sub-Committee in connection with the business or affairs, assets or liabilities of such defaulting member, and the Sub-Committee shall apply the net assets in their hands after paying all such charges and expenses as above in satisfying rateably the claims of all members of the Exchange against such defaulting member arising out of any business or dealings on the Exchange subject to the rules and regulations of the Exchange.

95. The Sub-Committee shall not entertain any claim against a defaulter which does not arise out of a Stock Exchange transaction made in accordance with the rules of the Exchange. Provided always that in the distribution of the assets of the Defaulter by the Sub-Committee the claims specified below against a defaulter will not be allowed to rank against the defaulter's estate until all other claims have been paid in full. Provided further that claims of the nature specified below subsisting in favour of the defaulter shall be enforced and the assets thereby collected shall be distributed amongst the creditors on the Exchange in the same way as other assets collected by the Sub-Committee.

(1) Claims arising from bargains done for cash delivery more than 15 days previous to the day of the default.

(2) Claims arising from differences which have been allowed to remain unpaid for more than four business days beyond the day on which they became due.

(3) Claims arising from a promissory note.

(4) Claims arising from a loan of money made upon securities.

96. A member who shall have received a difference on an account or made any settlement, prior to the regular day fixed by the Committee for settling the same shall in the event of the member, from whom he received such difference or consideration failing to pay all his other

creditors on the Exchange moneys becoming due from him on such settling day and being declared a defaulter refund the same to the Sub-Committee for the general benefit of the creditors and any member, who shall have paid or given such difference or consideration to any other member prior to such settling day shall again pay the same to the Sub-Committee in the event of such other member failing to pay moneys becoming due to members of the Exchange on such settling day and being declared a defaulter.

97. If the Sub-Committee for Defaulters as representing the estate of a defaulting member has a claim against another defaulting member, such claim shall not have any priority over other creditors but shall rank or participate with other creditors.

98. The Exchange, being one of the creditors of a defaulter, shall have a prior claim on the defaulter's estate.

99. The Sub-Committee shall be entitled to take any proceedings in a Court of Law either in their own names or in the name of the defaulting member as they may be advised for recovering the property and assets of the defaulting member which they are entitled to recover under these presents.

100. No member of the Exchange shall without the written permission of the Committee of Management be entitled to file any suits or proceedings in a Court of Law in respect of any money or property alleged to be due by the defaulting member in respect of any business or dealings on the Exchange or business or dealings made or entered into, subject to the rules and regulations of the Exchange.

101. The Sub-Committee shall present a report to the Committees of Management every six months in respect of the affairs of every defaulting member taken charge of by the Sub-Committee pursuant to these presents shewing the assets realised and liabilities discharged and dividends given, and all accounts kept by the Sub-Committee pursuant to these presents shall be open to inspection by every member of the Exchange.

102. If any member of the Exchange becomes or is adjudicated an insolvent all assets and property of such member which the Sub-Committee for defaulters would be entitled to collect realise and deal with under these presents shall not on such insolvency be deemed to be a part of the assets of the insolvents for the purposes of the Insolvency and shall not vest in the Official Assignee or other Assignee in insolvency but shall be collected, recovered, realised and dealt with by the Sub-Committee in accordance with these presents and the rights of the Official Assignee or Assignee in Insolvency as to such assets and property shall be only to such part of the said assets and property if any as may remain over after the claims of the members of the Exchange in relation to business done on the Exchange or subject to the rules and regulations of the Exchange have been first satisfied in full.

103. If any member who has become a defaulter fails within six months from the date of his becoming defaulter to settle with his creditors, at the date of his default, and to obtain from them receipts or releases in full of their claims against the defaulter, the Committee of Management shall be entitled on recommendation of the Sub-Committee for defaulters to sell and dispose of the Card of such member and the net sale proceeds of such card shall be handed over to the Sub-Committee to be dealt with as part of the assets or funds of the defaulter raised by the Sub-Committee pursuant to these presents, and the balance if any shall be paid into the Funds of the Exchange. Provided always that the Exchange at their absolute discretion by resolution passed at a General meeting of members direct such balance to be disposed of or applied in such other manner as it may think fit.

104. The Committee of Management may extend the time of settlement for periods not exceeding one year. At the expiration of the time granted, the card of such member shall be disposed of as above provided.

105. When the 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, setting out the terms of the scheme which he desires to submit to his creditors, and the particulars of any sureties or securities proposed.

106. The Secretary must then hold a meeting of creditors. If three-fourths in value of the creditors decide to accept the proposal, the same shall be deemed to be duly accepted by the creditors and shall be binding on all the creditors.

107. 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 Sub-Committee for defaulters as representing the estate of another defaulting member be one of the creditors of such defaults, the Sub-Committee shall accept the arrangement for settlement accepted by the other creditors. If the Sub-Committee for defaulters as representing the estate of a defaulting member has a claim against another defaulting member, such claim shall not have any priority over other creditors but shall rank or participate with the other creditors.

108. Not less than one month before declaring a dividend, the Sub-Committee must give notice of their intention to do so to the Secretary. This notice must state the latest date, not less than 15 days from the date of the notice, up to which the claim must be lodged and must

be posted in the Exchange on the Notice Board. A creditor failing to enter his claim within the time so limited is debarred from dividend, but is entitled to the payment of any future dividend or dividends declared subsequently to the proof of his claim.

109. After the expiration of this period, the Sub-Committee must declare the dividend of which notice has been given, giving notice thereof to each creditor whose claims have been admitted without regard to the claims of any other person. Dividends shall be paid by cheques drawn on any local Bank authorised by the Committee of Management. A creditor may have his dividend cheque sent by post at his own request and risk.

110. If the Sub-Committee have any dividend which has been unclaimed for more than six months, or where, after paying a final dividend they have any unclaimed or undistributed moneys arising from the property of the defaulter, they must pay the same to the Famine Relief Funds of the Exchange. Unclaimed dividend means dividend which has been declared on claims admitted but which the member entitled to it has failed or neglected to claim.

111. A defaulter may at the discretion of the Committee be re-admitted by resolution of the Committee of Management provided he has complied with the conditions of Rule 113.

112. A defaulter who has failed to disclose the name of his creditors or who has not, within 15 days from the date of his failure delivered to the Sub-Committee, his original books and account and a statement of the sums owing to, and by him, in the Exchange at the time of his failure shall not be eligible for re-admission.

113. A defaulter who has not paid from his own resources at least one-fourth of the amount of the loss he has incurred on the Exchange shall not be eligible for re-admission.

114. A defaulter may be re-admitted by the Committee of Management when it is proved upon the report of the Sub-Committee that all his liabilities to his creditors have been *bond fide* discharged in full.

115. A member, who has ceased to be a member under Rule 85 though not declared a defaulter may be re-admitted by the Committee of Management when the Committee is satisfied that he has paid 16 annas in the rupee on all his debts.

116. A defaulter applying for re-admission shall furnish to the Committee of Management a list of his creditors, a statement of the amounts originally owing, and nature of the settlement in each case. Upon the applicants furnishing satisfactory proof of settlement with all his creditors to the Sub-Committee the Committee of Management shall take the application into consideration upon the report of the Sub-Committee.

117. Notice of every application by a defaulter, for re-admission shall be posted in the Exchange on the notice board for at least 15 days previous to re-admission.

118. A member intending to object to the re-admission of a defaulter, shall communicate the grounds of his objection to the Committee of Management by letter within 15 days of the date of posting of the notice of the application.

119. If an application for re-admission be rejected by the Committee of Management or if no such application is made within six months after the member was declared a defaulter, his card shall be disposed of by the Committee and proceeds of sale thereof shall be dealt with as provided in Rule 103.

120. A member shall not carry on business for or with a defaulter before his re-admission to the Exchange.

121. A member, being a creditor of a defaulter's estate, shall not sell, assign or pledge his claim on such estate without the consent of the Committee of Management.

Sub-Committee on New Issues.

122. The Sub-Committee shall consist of five members who shall report to the Committee of Management upon all matters relating to quotations on the Exchange and to the granting of permission to deal in New Issues.

123. A list of all securities admitted to dealings shall be published daily under the authority of the Committee of Management.

The list shall contain the following particulars:—

- (i) The Capital of the Company.
- (ii) The nominal value of each share.
- (iii) The amount paid up on each share.
- (iv) The closing quotation.
- (v) The prices at which bargains have been recorded.

124. Bargains may be marked during official hours; the Committee strongly recommends constituents to instruct their Brokers to record their business.

Clearing House.

125. There shall be a clearing house under the control of the Committee of Management for the purposes of acting as the common agent of the members of the Exchange in settling transactions by receiving and delivering shares and making and receiving payments therefor and clearing the differences. The clearing house shall not be deemed to guarantee the genuineness or regularity of any share or transfer or document passing through them and their only obligation in the matter shall be to facilitate the delivery of shares and documents from selling members to purchasing members.

126. The Clearance Lists, Balance sheets, Delivery forms, Claim Notes, Vouchers, etc., used for the purposes of the Clearing House shall be in form from time to time prescribed or sanctioned by the Committee.

127. (a) All members shall comply with and carry out all directions, notices and circulars given or issued by the Committee regarding the working of the Clearing House and the Committee may impose penalty not exceeding five rupees for each case of neglect of attention to or disregard of any such directions, circulars or notices, errors, or omissions or illegibility in the making up of forms, balance sheets and other documents and delays in submitting them or any of them to the Clearing House.

127. (b) If a member fails to give or take delivery of all or any of the shares specified in Form No. 2 or 2A submitted by him to the Clearing House, the Committee may in their discretion impose on the members so failing to give or take delivery a penalty not exceeding 2 per cent. of the market value of the shares in addition to any loss he may suffer on account of the shares being bought-in or sold-out by the Exchange under the Rules, in consequence of such failure. Such penalty shall be in addition to the commission of the Clearing House on auctions.

128. The Committee shall designate from time to time the shares which shall be cleared and in all transactions for forward delivery in such shares, the deliveries shall be made through the Clearing House. The Committee shall fix the making-up price of all securities cleared, by taking the actual market price at the opening of business on the day before the payment day; on the morning of the payment day all unsettled bargains shall be brought down and temporarily adjusted at such making-up price.

129. The Committee shall at their discretion have power to admit shares of any particular company except Banks to the settlement provided that the following conditions and requirements are complied with.

No shares in Banking companies shall be admitted to settlement unless :—

- (1) All the shares are fully paid up.
- (2) The Company undertakes to split up a share certificate in lots required by a shareholder who holds a certificate for a larger number of shares.
- (3) The Company undertakes to close the transfer books whenever they have an occasion to do so on such days as may be convenient to the Exchange for the settlement of the transactions done.

A resolution allowing such dealings for settlement must be carried by a majority of three-fourths of the Committee present at a meeting specially summoned and consisting of not less than 12 members.

130. Nothing in the conduct of the business of the Clearing shall attach any liability to the Exchange, or to any member of the Committee of Management in respect of the genuineness or true ownership of any shares passing through the Clearing House or otherwise in respect of any such shares and delays on the part of the Clearing House shall not attach any liability to members who are clearing.

Comparison of Contracts.

131. It shall be the duty of the seller to compare each transaction at the table of the buyer in the settlement room within two working days after the sale.

132. It shall be the duty of the buyer to investigate before the fourth working day after the purchase each transaction which has not been compared by the seller.

133. If a difference in the respective contracts of the parties be discovered during comparison pursuant to Rules 131 and 132 and if such difference be not adjusted by mutual agreement within twenty-four hours, any party intending to make a claim against the other must forthwith close the transaction by purchase or sale as the case may be so as to determine the amount of damages to be claimed and the matter shall then be referred to arbitration.

134. If a member fails to comply with the provisions of Rules 131 or 132 and if a difference in the contracts which would have been discovered on comparison under Rules 131 or 132 is subsequently discovered, the member who so fails to comply shall not be entitled to call for performance of the contract except as it appears in the books or records of the other party to the transaction.

135. The comparison shall be made by the members or their clerks by putting their initials in the Contract Books.

Liability on Contracts, Payment and Delivery.

136. In all transactions for ready delivery, necessary forms of transfers duly signed by the transferor and witnessed and filled with his full name and address shall be delivered by the seller to the buyer before five o'clock p. m. on any day not later than the fifth day from the date of sale, and when such deliveries of transfer forms are not made by that time, the shares may be bought-in by the buyer in manner hereinafter provided.

137. Unless otherwise stipulated or agreed upon at the time of sale, the buyer is entitled to require from the seller transfer forms to be delivered to him in the following lots.

Each transfer of 50 shares if the face value does not exceed Rs. 10.

Each transfer of 25 shares if the face value exceeds Rs. 10 and does not exceed Rs. 25.

Each transfer of 10 shares if the face value exceeds Rs. 25 and does not exceed Rs. 50.

Each transfer of 5 shares if the face value exceeds Rs. 50 and does not exceed Rs. 100.

Each transfer of 1 share if the face value exceeds Rs. 100.

138. The denomination of share certificates shall be the same as denomination of the transfer deed delivered in accordance with the provision of the above rule.

139. Delivery of the shares sold must be made by the seller on the fifth day after the day on which the transfer forms were delivered and before 2 p. m. on that date. If delivery of shares is not made by that time the shares may be bought-in by the buyer in the manner hereinafter provided.

140. The buyer shall not be required to pay for shares presented after two o'clock p. m. on the date fixed by Rule 139 for delivery of shares. He must accept and pay for all, or any part of the number of shares bought which may be delivered within the prescribed time and he may buy-in the undelivered portion in accordance with the provision of the above rule.

141. If the buyer fails to take up and pay for shares on the due date when delivered, the seller has a right to sell out the same in the manner hereinafter provided.

142. In every case the party in default shall be liable for any damages which may arise by such buying-in or selling-out.

Buying-in and Selling-out.

143. Buying-in and selling-out must be effected by the Secretary in the open market. Only the members of the Exchange shall have a right to make bid or offer, non-members being excluded.

144. 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. The right conferred by this rule shall not be exercised in the case of corners or over-bought or over-sold positions unless the Committee are satisfied that a *prima facie* case of fraud has been established.

A resolution under this rule must be carried by a majority of three-fourths of the committee present at a meeting specially summoned for the purpose and consisting of not less than twelve members.

145. The shares of a company shall not be bought-in or sold-out during the period its transfer books are closed for payments of dividend or bonus or the receipt of calls or for any other reason.

146. Notice in writing of intention to buy-in or sell-out shares must be delivered at the office of the member in default the next business day after the due date. And if such notice is not given, the buyer or the seller as the case may be shall not be entitled to buy-in or sell-out and claim damages. This rule shall not apply to buying-in or selling-out effected by the Exchange in course of clearance through the Clearing House.

147. A member who has given notice of intention to buy-in or sell-out must so buy-in or sell-out within three days from the due date, and if he fails to do so, he shall not be entitled to damages exceeding what would have been due if the buying-in or selling-out had been effected on the 3rd day after due date.

148. If the buying-in or selling-out is not effected within the above period and if the member buys-in or sells-out at a later date and satisfies the Committee that it was impracticable to buy-in or sell-out earlier than he did, the Committee may allow damages on the footing of the rates at which the shares were bought-in or sold-out or such other rates as the Committee may think fit.

149. Any notice of intention to buy-in or sell-out under rule 146 may be withdrawn in writing, and on such withdrawal, the parties shall be in the same position as if the notice had not been given at all.

150. If a buyer has issued a notice of intention to buy-in the shares for default in delivery, and if the seller makes a proper tender before the notice is withdrawn as above or before the shares have been bought-in, the buyer must receive and pay for the shares.

151. If a seller has issued a notice of intention to sell-out the shares for default in payment, and if the buyer tenders payment before the notice is withdrawn or before the shares are sold-out, then in that case, the seller must deliver the shares and accept the payment.

152. Shares bought-in and not delivered the next business day may be again bought-in for immediate delivery without further notice, and any loss shall be paid by the member causing such further buying-in.

153. Shares sold-out and not paid for the next business day may be again sold-out for immediate payment without further notice and any loss shall be paid by the member causing such further selling-out.

154. The member for whose account buying-in or selling-out is effected shall not be permitted to make the bid or offer.

155. A member buying-in or selling-out the shares, must within two days of the buying-in or selling-out give notice of the same to the member in default and claim the damages, if any, arising therefrom. The member on whose account the buying-in or selling-out is effected shall, notwithstanding that he is in default, be entitled to the difference or profit which may arise by the buying-in or selling-out on his account as the case may be.

Settlement of Contracts.

156. In all deliveries of shares, the party delivering shall have right to require the purchase money to be paid against delivery on due date provided however, that payment on deliveries through the Clearing House shall be made in conformity with Rules and By-laws of the said Clearing House.

157. While the transfer books of a company are closed, shares of that company shall not be delivered and payment claimed, during the closing of the transfer books.

158. All contracts falling due during the closing of transfer books shall be settled on the day on which transfer books re-open.

159. All contracts falling due on holidays shall be settled on the next business day.

160. Parties receiving shares shall not be entitled to deduct from the purchase price, any sum due to them or any damages claimed by them.

161. The buyer is entitled to deduct the dividend when paying for shares on which the dividend has been declared and in respect of which the transfer books were closed before the date of delivery.

162. Stamp duties payable to Government and fees charged by the Company registering transfers of the shares and known as transfer fees shall be paid by the buyer.

163. The seller shall not be obliged to deliver or transfer the shares and receive payment thereof at the office of the buyer who or one of his clerks is required to be present in the settling-room for the purpose.

Dividend and Rights.

164. The buyer shall be entitled to receive all interest, dividends, rights and privileges, except voting power, which may pertain to the shares bought, and for which the transfer books shall close during the pendency of the contract.

165. All transactions in shares shall be ex-dividend from the day on which interest or dividend is payable; they shall be ex-rights from the latest day fixed for the receipt of applications for rights by the Company, but all transactions before that day shall be cum-dividend and cum-rights. Provided that shares admitted to settlement dealings shall be quoted cum-rights till the day fixed by the Board in that behalf. Thereafter transactions shall be made ex-right.

166. Members shall not be personally liable between themselves for dividends, bonus or rights on shares sold by them when said shares were delivered by them not less than four working days before the closing of Books of the Company to enable the buyer to get the shares transferred to his name; but nothing herein contained shall affect the rights and obligations of buyers and sellers between themselves, as constituents or principals, for recovery of such dividends or bonus or rights.

167. 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 one o'clock p.m. on the day preceding the latest day fixed for the receipt of applications by the company.

168. Rights are to be settled by letters of Renunciation, when practicable. When proper letters of Renunciation are delivered or tendered to the buyer before 2 p.m. on the day preceding the latest day fixed for receipt of applications, the seller shall be relieved from all further liability in respect of said rights. A member shall not be bound to accept letters of Renunciation not tendered within the time above fixed.

169. If settlement of claims to Rights be not made by letters of Renunciation by reason of the failure of the seller to deliver such letters within the time above fixed, the seller shall then bear the extra expense, if any, of transfer. Provided however that, where no letters of Renunciation are issued or recognised by the company, any expense of transfer shall be borne by the buyer.

170. When letters of Renunciation are not issued, all payments as and when required by the Company are to be advanced to the seller by the buyer, who may demand a receipt for the same, the seller being a trustee of them for the buyer.

171. When securities are sold cum-rights and are delivered after closing of the transfer books for Rights and when the new securities cannot be obtained by letters of Renunciation, the Committee shall fix a price, which may be deducted by the buyer from the purchase money of the old securities. The buyer shall pay this price, i.e., the balance due on the contract, when the seller delivers the new securities at any time on or before the day fixed by the Committee for settlement of Rights.

Responsibility for Genuineness of Documents and Registration.

172. A member who receives payment against the delivery of complete documents, i.e., shares and transfer deeds, etc., shall be responsible to the member to whom the same are delivered, for the regularity and genuineness of the documents delivered for a period of 15 days from the date of delivery, except in case of fraud or bad faith on the part of such member in the transaction. After this period, the liability of the member who delivered the documents shall cease and the Committee shall not entertain any complaint in respect of the irregularity or non-genuineness of any document so delivered. Nothing herein contained shall affect the liability of the constituent (which term shall, in cases where the member has dealt on his own account, include such member) from whom the member may have received the document, in an action at law or in any other proceedings and the above rule shall apply only to the rights and obligations of members between themselves. 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.

173. If within the aforesaid period of fifteen days, the member to whom the documents are delivered intimates in writing to the member who delivered the same his objections to the regularity and or genuineness of the documents, the member who delivered the same shall, within a week from the date such objection is so intimated, remove the irregularity or establish the genuineness of the document as the case may be or deliver other regular genuine documents; and if he fails to do so he shall refund the moneys paid against the documents on return of the documents.

174. Such refund of the price and return of the documents shall not operate as cancellation of the contract, and if the seller within 15 days of the refund tenders to the buyer proper documents, the buyer shall be bound to accept the same in fulfilment of the original contract and pay the price.

175. If the seller fails to tender such proper documents within the said period of 15 days, the buying member shall be entitled to buy-in the same against him and claim the damages, if any.

176. Save as next hereinafter provided, the sales of the shares are not conditional on the company transferring the shares into the name of the buyer. The only obligation on a seller on a sale of shares is to tender and deliver relative certificates of shares with a properly executed transfer. The seller shall not be taken 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 to transfer in exercise of the power in that behalf under the articles of association of the company.

177. The purchaser shall pay every call or contribution which become payable after delivery of the certificates and transfer, and if he fails to do so and the seller has to pay the same the seller shall be entitled to claim and recover the same from the purchaser, notwithstanding the fact that the purchaser applied to transfer the shares but the directors have refused to transfer the same.

178. The two rules preceding namely Rules 176 and 177 shall not apply to cases where the company refuses to transfer the shares on the ground that the shares are subject to lien in respect of any debt or liability of the seller, and if transfer is refused on that ground the seller shall, within seven days after being called upon to do so by the buyer, either release the shares from such lien or give other shares free of any lien, and if he fails to do so the buyer shall be entitled to rescind the sale and to recover the price paid and to recover damages for any loss sustained.

179. If the company has been wound up at the date of the contract or is wound up between the date of contract and the due date for payment, the seller is entitled to claim and recover from the purchaser the purchase money on the due date and any contribution required to be paid even though the liquidator refuses his consent to the transfer. If in any such case, the buyer cannot get the shares transferred to his name, the seller shall, if required to do so by the buyer and at the cost of the buyer, assign his title and rights in the shares sold to the buyer and execute a Power of Attorney in favour of the buyer to enable him to recover all or any dividends becoming payable in respect of shares bought by him after the date of the contract of sale.

Hours of Business.

180. The hours of business on the Exchange shall be from on all working days and 12 Noon to 2 p.m. on all Saturdays or such other hours as may from time to time be fixed by the Committee. The opening and closing of the Exchange shall be announced officially by the ringing of a bell.

181. The Committee shall, in November, fix twelve Account days for the ensuing year.

182. Dealings upon the Exchange shall be limited to the hours fixed for business.

183. The Exchange will be closed on the following days, viz.,

All Sundays.

All Bank Holidays (declared by the Government of Bombay under the Negotiable Instrument Act).

Stock Exchange Holidays. Namely:—

Holi (1 Day besides Bank holiday for Holi Padwa).

Mahavir Jayanti.

Chaitri Punam.

Adar Jassan.

21st Day of Ramzan.

Ashadi Ekadashi.

Ashadi Chomasu. (Swetamber).

Ashadi Chomasu. (Sthanak Vasi).

Kadmi Pateti.

Ramzan 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 (Sthanak Vasi).

Shri Mahavir Swami's Birthday (Swetamber).

Samvatsari (Sthanak Vasi).

Fourth Gatha.

Amardad Sal.

Farvardigan Jassan.

Dhanteras.

Kali Chowdas.

Kartaki Poonam.

Solar Eclipses.

Christmas (24th December to 31st December).

184. The Committee may at their discretion by a resolution passed by them close the market on any day or days other than those above mentioned.

Bargains on the Exchange.

185. Only members and their authorised clerks are allowed to enter the market. Clerks shall have to wear badges, when in the market.

186. A member shall not do any business on the Exchange with a clerk of another member except on account of such member.

187. A member may put business through for another member.

188. A member shall not transact speculative business directly or indirectly for or with an official or clerk in any public or private establishment without the written consent of his employer.

189. A member shall not form a partnership with or carry on business for or with a person, who has been suspended or expelled from the Exchange.

190. All contracts of a member of the Exchange with any other member for the purchase or sale of shares admitted to dealings by the Committee shall be and shall always be taken to be contracts subject to the Rules, Regulations and usages of the Exchange.

191. Contracts for crossing shares, i.e., for Havala confirmed by both parties by putting initials in their contract books, shall not be cancelled or altered by any subsequent default either of the confirming member or of his client.

192. The Committee will not recognise any bargain effected for a period beyond the current and ensuing settlement.

193. The Exchange does not recognise as regards dealings on the Exchange any other parties than its own members; and every bargain by a member whether for account of the member effecting it or for the account of a principal must be fulfilled according to the Rules, Regulations and usages of the Stock Exchange.

194. An application which has for its object to annul any bargain shall not be entertained by the Committee, 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 is fitting for their adjudication.

195. Offers to buy or sell dividend are forbidden.

196. Option business is prohibited.

197. Fictitious transactions are forbidden and a member who shall give or execute an order for the purchase or sale of shares which to his knowledge would involve no change of ownership shall be deemed guilty of disgraceful conduct and shall be liable to be dealt with as prescribed in Rule 63 (d).

198. Reckless or unbusinesslike dealing on the Exchange and the circulation in any manner of rumours of a sensational character by members will be deemed to be dishonourable or disgraceful conduct and the offending member shall be liable to be dealt with as prescribed in Rule 63 (d).

199. The Committee of Management shall receive and consider, and at their discretion, approve or disapprove all applications for admitting shares of a new company to dealings on the Exchange provided however that the Committee shall not allow such dealings unless and until the company has fulfilled the requirements and conditions of the Exchange, annexed hereto and marked B or such other requirements and conditions as may be in force in that behalf for the time being.

200. When a company intends to increase its capital by issue of further or new shares, fifteen days' notice of such proposed increase must be officially given to the Exchange before such increase may be admitted to dealings. The tender or delivery of shares in such new capital shall not be valid under contract for shares of such company unless such new shares are admitted to dealings.

General Rules.

201. The expulsion or suspension of a member shall not affect the rights of creditors.

202. A suspended member shall not during the term of his suspension exercise or enjoy any of the rights and privileges of membership.

203. A member may apply for the admission of a defaulter as his clerk for the settling room, but such clerk shall not be allowed to enter the market to effect the bargains as an authorised clerk.

204. Members and their clerks shall attend the Committee of Management or any Sub-Committee whenever required, and shall give such information as may be in their possession relative to any matter under investigation.

205. A member authorising a clerk to transact business shall not be held answerable for money borrowed by the clerk with or without security.

206. The Committee shall have the power to investigate and adjudicate upon all charges affecting the character and dealings of any member.

207. The Committee may, by a two-thirds vote of their members present, require that a member of the Exchange concerned, shall submit to the Committee or any Sub-Committee or special committee for examination such portion of his books and such papers as may appear to the Committee or such Committee, material and relevant to any matter under investigation by the Committee or by any Sub-Committee or special committee. Any member who shall refuse or neglect to comply with such requirement or shall wilfully destroy any such required evidence, or who, being duly summoned shall refuse or neglect to appear before the Committee or any Sub-Committee or special committee as a witness or refuse to testify before any such Committee shall be deemed guilty of disgraceful conduct and shall be liable to be dealt with as prescribed in Rule 63 (d).

208. No member of the Exchange shall be allowed to be represented by a professional legal adviser in an investigation or hearing before the Committee of Management or any Sub-Committee.

209. Should it appear to the Committee or any Sub-Committee before whom any dispute or charge or complaint is brought for disposal or investigation that the same was frivolous or vexatious or malicious the Committee or Sub-Committee dealing with the matter shall have power to fine the Member or Members by whom or at whose instance the dispute or charge or complaint was brought before the Committee or Sub-Committee.

210. If a non-member shall make any claim or complaint against a member, the Committee shall in the first place consider whether such claim or complaint is fitting for their adjudication, and in the event of their deciding in the affirmative, the non-member shall, previously to the case being heard by the Committee sign the form Reference C in the Appendix.

211. All disputes between members not affecting the general interests of the Stock Exchange which arise out of Stock Exchange transactions or are connected with Stock Exchange business and including partnership disputes shall be referred to arbitration. Each party to the dispute shall appoint an arbitrator and the Arbitrators so appointed shall appoint an Umpire; both the Arbitrators and the Umpire shall be members of the Stock Exchange and shall be members of a panel appointed by the Committee.

212. When a member dies, all debts, other obligations and claims arising out of contracts subject to the rules of the Exchange shall, if and to the extent the same are allowed by the Committee be paid by his heirs, executors and administrators before the transfer of his membership as provided in Rule 33. If they are unable to meet and pay such debts, obligations and claims, his card shall be disposed of by the Committee and the proceeds thereof shall be applied to the following purposes and in the following order of priority, *viz.* :—

First.—The payment of all fines, dues, charges and all indebtedness of such member to the Exchange or the Clearing House.

Second.—The payment of all claims arising from contracts subject to the rules of the Exchange, if and to the extent that the same shall be allowed by the Committee. If the said proceeds shall be insufficient to pay the said debts, obligations and claims, as so allowed, in full, the same shall be applied to the payment thereof *pro-rata*.

Third.—The surplus, if any, of said proceeds, shall be paid to his heirs or legal representatives upon the execution by them of such release or indemnity as the Committee may require.

213. When a member is in debt to another member the death of the creditor member and the transfer of his membership shall not affect the rights of the estate of the creditor member to share in the estate of the debtor member in the same manner and to the same extent if such creditor member had not died or his membership had not been transferred.

214. If on the death of a member, his heirs or legal representatives be desirous that his business be allowed to be continued for some time for their benefit by any specified person who is eligible for membership and shall testify such desire by letter addressed to the Secretary, then it shall be within the discretion of the Committee to permit such business to be carried on in the market for such period as the Committee may fix on behalf of such heirs or representatives.

215. All fines or penalties levied upon members for any reason shall go to the funds of the Exchange.

216. No member is allowed to advertise. The Secretary will on application forward a list of members to any one who asks for it.

217. Members who fail to pay within 14 days after notice in writing from the Committee through the Secretary, any fines or penalties imposed by the Committee in terms of any of the Rules or of the Bye-laws shall be liable to be suspended by the Committee from exercising their rights of membership until payment by them of the said fines or penalties, and any member failing to make such payment within 30 days after the expiry of the said fourteen days, shall be liable to be expelled by Resolution of the Committee.

218. All communications to the Committee or the Secretary shall be made in writing and shall be signed, and the Committee shall not take notice of or act upon any anonymous communication.

219. All questions before the Committee or any Sub-Committee shall be decided by a majority, except in cases where a specified majority is required by the Rules for the time being in force.

220. All shares, stock, debentures, Government and other securities from time to time lodged with a member by his client or constituent, or held by a member on behalf of his client or constituent, for the purpose of any business done or intended to be done by such member for such client or constituent on the Exchange and also any cash lying to his credit with the member, shall be subject to the lien of the member for any general balance of account or margin or other monies that might at any time be due by the client or constituent singly or jointly with another or others to the member in respect of business done on the Exchange for such client or constituent and shall be a general security for payment to the member of all monies (including interest, commission, brokerage, and expenses) from time to time owing by the client or constituent or

for which he may be liable singly or jointly with another or other to the member in respect of business done for such client or constituent on the Exchange. The member who is entitled to such lien or security shall be at liberty to sell, pledge or borrow money against such shares, stock, any securities or any one of them, in any way he may consider expedient, whenever he finds it necessary to do so for making payments of any money on account of the client or constituent when due or for reimbursing any moneys due to the member by such client constituent in respect of such business as aforesaid.

. . . *Commissions.*

221. (1) Members shall render contract notes to non-members in respect of every bargain done for such non-members' account, stating the price at which the bargain has been done. Such contract notes shall contain a charge for commission at a rate not less than the scale laid down in Rule 224.

(2) Members may issue net contracts, should their constituents so desire, provided commission in accordance with the scale is charged and provided such contract notes state that commission is allowed for in the price.

(3) In cases where members are buying or selling their own shares the fact shall be clearly stated on the contract note. In such cases no commission may be charged.

222. A member shall not receive Brokerage from more than one Principal on a transaction carried through directly between two non-members.

223. The designation of sub-Broker is not recognised. A Broker may share his commission with an Agent provided that the share of the commission actually retained by him is not less than one-half of the Minimum Scale laid down in Rule 224.

224. The Minimum rates of brokerage to be charged by members for the purchase or sale of shares, debentures or other securities with a minimum charge of Rupee one on each transaction shall be as follows, provided however that this rule shall not apply to cases of underwriting or of the placing of New Issues :—

On Government of India Securities.	}	½ per cent. on stock.
On Local Government Securities.	}	
On Debentures of Port Trusts, Municipal Corporations, Improvement Trust, etc.	}	½ per cent. on stock.
On Debentures of Railways and other Joint Stock Companies.	}	½ per cent. on stock.
On shares of Joint Companies :—		
Contract price,		

exceeding Rs.	not exceeding Rs.	10 Rs.	10 Rs.	0-2-0	per share.
10	but not exceeding	25	25	0-4-0	" "
" "	25	" "	50	0-8-0	" "
" "	50	" "	75	0-12-0	" "
" "	75	" "	100	1-0-0	" "
" "	100	" "	250	1-4-0	" "
" "	250	" "	300	1-8-0	" "
" "	300	" "	400	2-0-0	" "
" "	400	" "	500	2-8-0	" "
" "	500	" "	600	3-0-0	" "
" "	600	" "	700	3-8-0	" "
" "	700	" "	800	4-0-0	" "
" "	800	" "	900	4-8-0	" "
" "	900	" "	1,000	5-0-0	" "
" "	1,000	" "	1,500	6-4-0	" "
" "	1,500	" "	2,000	7-8-0	" "
" "	2,000	" "	2,500	8-12-0	" "
" "	2,500	" "	3,000	10-0-0	" "
" "	3,000	" "	3,500	11-4-0	" "
" "	3,500	" "	4,000	12-8-0	" "
" "	4,000	" "	4,500	13-12-0	" "
" "	4,500	" "	6,000	15-0-0	" "
" "	6,000	½ per cent. on value of such share.			

Provided however that a member may, at his discretion, charge commission at a rate not less than half the above scale on any transaction entered into for another member.

225. Members buying shares and prepaying calls thereon, may charge brokerage on the purchase price with amount of such calls added.

APPENDIX B.

Rules and Regulations for granting permission for Bargains in Securities of Newly Floated companies.

1. The Committee may grant permission for bargains in shares or securities of such new companies as they think fit.
2. Application for permission must be made to the Secretary of the Association in writing by the Secretary of the new company or by a member of the Exchange who desires to have quotations of such new company and such application must comply with the following conditions and requirements and with such conditions and requirements as may from time to time be prescribed by the Committee in that behalf.
3. The Secretary shall place any such application on the notice board for information of members for one week previous to its being submitted to the Committee for consideration.
4. A member who applies for permission for bargains in any new company must furnish the Committee with such full authentic information and particulars as they may require.
5. All shares issued by a company to vendors credited as fully or partly paid shall not be quoted until six months after the date fixed for granting quotation in shares or securities of the same class issued to the general public. For the purposes of this rule all shares issued as fully or partly paid to a person or persons or firm or corporation in consideration of sale or transfer of property or in consideration of services rendered in the formation or promotion of the Company, shall be deemed to be vendor's shares.
6. The Committee will grant permission under rule 199 only when the following conditions are fulfilled and particulars supplied :
 - (a) Articles of Association shall contain the following provisions :—
 - (i) That none of the funds of the company shall be employed in the purchase of, or in loans upon the security of its own shares.
 - (ii) That the borrowing powers of the Committee are limited.
 - (iii) That the non-forfeiture of dividends is secured.
 - (iv) That the common form of transfer shall be used.
 - (v) That fully paid shares shall be free from all lien.
 - (b) That a new company desirous of issuing the full number of authorised shares or a part thereof, shall have invited applications from the public and shall have allotted them unconditionally at least 33 per cent. of the number of shares issued in equal proportion of any class or kind, vendor's shares not being considered to form a part of such public allotment for the purposes of this rule. Provided however that if the company satisfies the Committee that the company invited applications from the public for at least eight days for at least 33 per cent. of the shares issued, and that the public did not apply for 33 per cent. of the number of shares issued and consequently a less number of shares than 33 per cent. is allotted to the public, the requirements of this rule shall be deemed to have been complied with. If an existing company issues shares of another new company and gives such shares as bonus to its own shareholders, the bargains in such shares of such company shall be allowed.
 - (c) That the company has been registered under the Indian Companies Act, and its prospectus has been filed with the Registrar of Joint Stock Companies in India and a copy of prospectus thus filed has been publicly advertised in papers in Bombay.
 - (d) That the prospectus has been advertised in the public press and that the subscription list has been kept open for at least four days.
 - (e) That the following particulars have been supplied in writing by the Secretary of the new company under his signature to the Exchange namely the number of shares allotted to the vendors and their distinctive numbers, the number of shares offered to the public, the number of shares applied for by the public, and the number of shares allotted to the public unconditionally pursuant to such application and the proportion of allotment, number of shares allotted for cash, the total number of allottees, and the largest number of shares applied for by and allotted to any one applicant ; in cases where the whole of the capital has not been issued at the time when shares were offered for subscription, whether the unissued shares are vendors' shares or are held in reserve for future issue.
 - (f) That the company had to undertake to split up a share certificate in lots as required by a shareholder who holds a certificate for a larger number of shares.
7. The Committee will not allow dealings in shares of a new company until it duly notifies that its Transfer Books have been opened for registration.
8. When a company has to close its Transfer Books, it will not do so during the settlement days of the Exchange, and shall comply with the request of the Exchange to close them at such time as may be convenient to the Exchange.

9. If the Exchange entertains any difficulties in respect of the bargains of a company and consequently makes reasonable suggestions to obviate such difficulties the company shall have to accept such suggestions.

APPENDIX C.

Reference by non-members.

Form of Reference by non-member :—

To the Committee of Management, Bombay Stock Exchange, Bombay.

In the Matter of a Complaint between

and

Gentlemen,

I do hereby consent to refer this matter to you, and I undertake to be bound by the said reference, and to abide by and forthwith to carry into effect your award, resolution or decision in this matter, in the same manner as if I were a member of the Bombay Stock Exchange ; and I further undertake not to institute, prosecute, or cause, or procure to be instituted, or prosecuted, or take any part in proceedings, either civil or criminal, in respect of the case submitted. And I consent that the Committee may proceed in accordance with their ordinary rules of procedure, and I undertake to be bound by the same. Also that the Committee may proceed *ex-parte* after notice, and that it shall be no objection that the members of the Committee present vary during the enquiry, or that any of them may not have heard the whole of the evidence, and any award or resolution of the Committee, signed by the President for the time being, shall be conclusive that the same was duly made or passed, and that the reference was conducted in accordance with the practice of the Committee. And I hereby agree that this letter shall be deemed to be a submission to arbitration.

Agreement Stamp.