

**CLEARCORP DEALINGS SYSTEMS (INDIA)
LIMITED (CLEARCORP)**

**FOREX DEALING SEGMENT
REGULATIONS**

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CHAPTER I : INTRODUCTION

These regulations shall be known as Clearcorp Dealing Systems (India) Limited (FX-Clear) Regulations, 2004.

CHAPTER II : APPLICABILITY

These Regulations shall be applicable to all Members admitted to the Forex Dealing Segment of Clearcorp Dealing Systems (India) Limited.

CHAPTER III : MEMBERSHIP

3.1 Application for Membership

- 3.1.1 Entities including existing Members of Clearing Corporation desirous of seeking Membership to Forex Dealing segment shall submit an application in the prescribed format to Clearcorp, which shall be complete in all respects together with all requisite enclosures as required to be submitted in terms of the application form.
- 3.1.2 The application form shall be submitted along with the fees prescribed, if any, by Clearcorp for Membership to Forex Dealing segment.

3.2 Processing of Applications

- 3.2.1 Every such application received in terms of Regulation (3.1) above shall be forwarded by Clearcorp to the Managing Director (MD)/Membership Approval Committee (MAC) for consideration;
- 3.2.2 Clarifications and/or additional information sought by MD /MAC shall be conveyed to the concerned applicant. Such applications shall be processed further only upon receipt of complete particulars called for by MD / MAC;
- 3.2.3 Mere submission of completed application forms and/or additional information sought by MD /MAC does not by itself confer any privilege on any applicant to claim grant of Membership to the Forex Dealing segment of Clearcorp or hold himself out as a member;
- 3.2.4 Upon receipt of approval from MD / MAC, Clearcorp shall communicate such approval to the applicant with a request to complete other formalities outlined in these regulations;
- 3.2.5 Every applicant upon receipt of approval for Membership shall execute required documentation in such form and manner as may be prescribed by Clearcorp. Such execution shall be carried out by duly authorised signatory (ies) after obtaining the necessary internal approval for the purpose. A certified copy of the internal approval shall be submitted to Clearcorp at the time of submission of original documents as prescribed;

3.2.6 A Member can commence operations in Clearcorp Forex Dealing segment only upon activation of its Membership, which shall be subject to completion of such formalities as may be stipulated by Clearing Corporation / Clearcorp in its various communications to the Member as part of its admission process.

3.3 Membership ID

3.3.1 Every applicant, who is already a Member of any of the existing segments of Clearing Corporation, upon admission as a Member of Forex Dealing segment shall use the existing Membership ID that has already been allotted to him unless specifically advised otherwise by Clearcorp;

3.3.2 A Member shall also be allotted a Member Number and a User Number which shall be unique to him;

3.3.3 Every Member shall use the concerned User Number to log in to the Forex dealing system;

3.3.4 Every Member shall incorporate the Membership ID in all its communications to Clearcorp;

3.3.5 Non-incorporation of Membership ID in any communication by the Member shall absolve Clearcorp of all liabilities or consequences of non-action by Clearcorp;

3.3.6 Every Member shall ensure that incorporation and/or use of its Membership ID, Member Number and User Number is restricted to its authorised personnel only;

3.3.7 If on account of unauthorised and/or wrongful use of Membership ID, Member Number and User Number by any person other than the authorised personnel of the Member, any loss or damage is occasioned, Clearcorp or any of its official shall not be responsible for such loss or damage. In such cases the Members shall be at their own risk in usage of the Membership ID, Member Number and User Number.

CHAPTER IV : BILATERAL LIMITS

- 4.1 Dealing Members shall fix bilateral limits on order matching mode of dealing against each member with whom they propose to trade. In case, a member does not set up limits against another member or if the limit is set to zero, then no deal shall be accepted against that particular member.
- 4.2 The limits are Gross Limits, i.e. they are neutral on order type and serve as turnover limits.
- 4.3 Deal(s) shall be for the quantity up to the least of the limits set by the members against each other.

CHAPTER V : DEALING SYSTEM AND OPERATION

5.1 Dealing System

- 5.1.1 Clearcorp shall provide an automated dealing system to the Members of the Forex Dealing segment. The Forex Dealing System shall be referred to as FX-CLEAR.
- 5.1.2 Each Member shall at all times maintain necessary Information Technology infrastructure, staff, communication facilities and records in order to have orderly participation in Forex Dealing activities and as per the requirements enumerated in the Bye-laws, Rules and Regulations of Clearing Corporation.
- 5.1.3 Dealing shall be allowed only through approved workstation(s) located at approved locations for the office(s) of a Dealing Member.
- 5.1.4 Each Dealing Member shall use its User number to log on to the system.
- 5.1.5 Each Dealing Member may have more than one user and in such cases, the concerned Member shall request Clearcorp for additional user IDs furnishing the details of the users to Clearcorp. However, allocation of multiple User Numbers shall be at the sole discretion of Clearcorp.
- 5.1.6 A Dealing Member shall not in any manner seek to exercise any right, title or interest with respect to dealing system, its facilities, software and the information provided by Clearcorp.
- 5.1.7 The permission to use the dealing system shall be subject to the payment of such charges as Clearcorp may specify from time to time.
- 5.1.8 A Member shall not permit itself or any other person(s) to
- i. use the software provided by Clearcorp for any purpose other than approved and specified by Clearcorp.
 - ii. use the software provided by Clearcorp on any equipment other than the workstation approved by Clearcorp.
 - iii. copy, alter, modify or make available to any other entity or person the software provided by Clearcorp.
 - iv. use the software in any manner other than as specified by Clearcorp.
 - v. install or operate a workstation from an unauthorised location.

vi. shall not in any manner misuse or permit any unauthorised usage of such workstations or software provided by Clearcorp.

5.1.9 The intellectual property rights of such software shall be with Clearcorp and any unauthorised use of the same shall be treated as infringement and dealt with accordingly.

5.1.10 Clearcorp shall not be liable under any circumstances for any failure of the system or otherwise or any loss or damage or other consequences arising therefrom.

5.2 Members of Dealing System and Dealers

5.2.1 Dealing Members are entities as defined under chapter 1 of the Bye-laws of Clearing Corporation

5.3 Dealing Days

5.3.1 The dealing shall be undertaken on all days except Saturdays, Sundays and such holidays as Clearcorp may declare from time to time.

5.3.2 Clearcorp may choose not to operate the Dealing System on days other than or in addition to scheduled holidays or may operate the same on the days originally declared to be holidays as declared under 5.3.1 above for valid reasons and the decision of Clearcorp in this matter shall be final and binding.

5.4 Timings

5.4.1 Clearcorp shall have the absolute discretion to decide on the dealing hours for order driven mode and negotiation mode.

5.4.2 Clearcorp may extend, advance or reduce dealing hours by notifying Members as and when it deems fit and necessary in this regard.

5.5 Dealing Parameters

5.5.1 Clearcorp may from time to time specify various operational parameters relating to the dealing system which, may, inter alia, include:

- (i) determining types of order conditions.
- (ii) fixation of market lots for deal matching.

- (iii) limit of spread between bid and offer prices for different instruments, if required.
- (iv) limit of variation within a day or between days in bid and offer prices.
- (v) fixation of price variation on business day over the previous day's closing price of the instruments.
- (vi) determining functional details of the deal matching system including system design, user infrastructure and system operation.
- (vii) such other parameters as may be decided by Clearcorp from time to time.

5.5.2 Clearcorp may from time to time prescribe different forms of order books to be maintained on the dealing system and may also specify such terms and conditions for eligible orders to be admitted on the system. Such conditions may include "MINIMUM FILL" and "ALL OR NONE" and other order attributes such as "DISCLOSED QUANTITY" "IMMEDIATE OR CANCEL", "GOOD TILL TIME".

5.5.3 Clearcorp shall specify the minimum disclosed quantity for the orders.

5.5.4 Clearcorp may specify from time to time the lot size in which orders can be placed on the dealing system.

5.5.5 Clearcorp may from time to time, fix the price steps in which orders shall be entered on the dealing system.

5.5.6 Clearcorp may specify the number of days after which the Good Till Cancel orders shall stand cancelled on the Dealing system.

5.5.7 Clearing Corporation may specify, from time to time, the parameters that are applicable to the Order Matching Mode and the Negotiation Mode.

5.6 Modes of Dealing

5.6.1 Clearcorp may from time to time notify the modes of dealing and the instruments dealt on those modes. The modes of dealing to be permitted may include Order Matching Mode and Negotiation Mode.

5.7 Settlement of trades

5.7.1 Trades to be settled by Forex Segment of Clearing Corporation, shall be directly sent from Forex Dealing Segment of Clearcorp to Forex Segment of Clearing Corporation, for matching conditional upon the members having given their consent in writing to Clearcorp/Clearing Corporation. In the absence of such consent the member shall submit such trades through IFN 300 to Clearing Corporation. Any change in this option shall be communicated in writing by members to Clearing Corporation/ Clearcorp at least 7 days in advance. Settlement of such trades shall be governed by the Regulations of the Forex Segment of Clearing Corporation.

5.8 Order Management

5.8.1 Order Type

Clearcorp may stipulate from time to time, the types of orders that a Dealing Member can place in the Order Matching Mode in the Dealing system. The order attributes may be stipulated by Clearcorp from time to time.

5.8.2 Order Attributes

Clearcorp may notify from time to time various order attributes subject to restrictions as prescribed in the dealing parameters, which may include

AWAITING ACTION

DISCLOSED QUANTITY

IMMEDIATE OR CANCEL

GOOD TILL DAY

GOOD TILL CANCELLED

GOOD TILL TIME

MINIMUM FILL

ALL OR NONE

5.9 Modification and Cancellation of orders

5.9.1 Clearcorp shall have absolute discretion to allow the Members to modify, hold, release or cancel their orders.

5.9.2 A Member may be permitted to modify, hold, release or cancel its orders, provided the order has already not been matched.

5.9.3 The order shall be modified by effecting changes in the input parameters in the manner and subject to such conditions as specified by Clearcorp from time to time.

5.9.4 The modified order shall lose or retain its time priority as per the dealing parameter set by Clearcorp.

5.10 Order Validation

5.10.1 Orders entered into the Dealing System by Dealing Members shall be subject to various validation requirements as laid down Clearcorp from time to time including dealing parameters, turnover limits and/or other restrictions placed on such instruments. Orders that do not meet the validation checks shall not be accepted by the Dealing system.

5.11 Matching rules

5.11.1 Clearcorp may specify from time to time the kinds of orders that can be placed on the dealing system, the order matching algorithms, the matching rules and other parameters.

5.11.2 Clearcorp may at its discretion, modify or change such matching algorithms from time to time.

5.11.3 Where Clearcorp is of the view that it is in the interests of the market to do so, and/or to meet any statutory or regulatory or tax obligations /order/directive, it may at any time make unavailable any particular order books or forms of matching, for a particular instrument for the market as a whole.

5.11.4 Without prejudice to the generality of the above, Clearcorp may notify the order matching rules from time to time which shall include the following:

- i. Orders in the Order Driven Mode shall be matched on the basis of price-time priority.
- ii. The orders for a Dealing Member shall match with the orders of only its Counter Members.

- iii. If the order matches, then the trade shall take place for the quantity, which is upto the least of the bilateral limits set up by members against each other.
- iv. The Best Buy order shall match with the Best Sell order. For dealing on price, the best buy order shall be the one with the highest price and the best sell order shall be the one with the lowest price.
- v. Such other rules as may be notified from time to time by Clearing Corporation / Clearcorp.

5.12 Negotiation mode

- 5.12.1 Dealing members may contact other Dealing members on the Dealing system for negotiation.
- 5.12.2 After the Dealing Members have agreed to strike a deal with each other as per the negotiated terms and conditions agreed to between them, they shall confirm the deal and generate deal tickets.
- 5.12.3 The setting up of the counter parties and setting up of the bilateral limits shall not apply to the negotiation mode.
- 5.12.4 Clearcorp shall from time to time notify the instruments allowed on the Negotiation Mode and the rules applicable thereto.

CHAPTER VI : DEALINGS BY DEALING MEMBERS

6.1 Jurisdiction

6.1.1 Any deal entered into through the automated dealing system of Clearcorp shall be deemed to have been entered at the computerised processing unit of Clearcorp at Mumbai and place of contracting also at Mumbai. All such deals entered into through the automated dealing system of Clearcorp shall be subject to exclusive jurisdiction of the Civil Courts in Mumbai.

6.1.2 The record of the Clearcorp as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner shall constitute the agreed and authentic record in relation to any transaction entered into through automated dealing system. For the purposes of any dispute the record as maintained by the computer processing units by Clearcorp shall be conclusive evidence.

6.2 Indemnity

6.2.1 Clearcorp shall not be liable for any unauthorized dealings on the Dealing Platform by any person(s) acting in the name of dealing member(s).

6.3 Dealing Members only Parties to Trades

6.3.1 Clearcorp does not recognize as parties to any deal any persons other than its own dealing members, and

6.3.2 Every dealing member is directly and wholly liable, in accordance with the Bye-Laws, Rules and Regulations of Clearing Corporation, to every other dealing member with whom such dealing member effects any deal on the Dealing Platform for due fulfillment of the deal.

6.4 Adherence to RBI/FEDAI Code of Conduct

6.4.1 Dealing Members shall at all times subscribe to the code of conduct as prescribed by the Reserve Bank of India and/or Foreign Exchange Dealers Association of India (FEDAI).

CHAPTER VII : SURVEILLANCE

- 7.1. Clearcorp shall monitor the functionality of the Dealing System during dealing hours and compliance with all provisions of these Terms and Conditions. Clearcorp shall take all measures necessary for the smooth operation of functions and orderly dealing.
- 7.2. In order to ensure orderly system functionality, the commencement of dealing may, at the order of Clearcorp, be postponed for the entire System or dealing hours may be extended.
- 7.3. In the event of technical problems, Clearcorp shall, for individual or all the Members, temporarily suspend the access to or dealing in the System.
- 7.4. In the event of respective measures which considerably affect the operation of the System, the Members affected thereby shall, to the extent possible, be promptly notified thereof via the System or – in the case of a system failure – by other suitable means.
- 7.5. If participation in dealing on Clearcorp system is not possible to individual Members due to technical disruptions, the System shall continue to be available to the other dealing participants.

CHAPTER VIII : REPORTS

- 8.1. Clearcorp shall have the absolute authority to make changes in the Report formats as it may consider necessary from time to time. Changes, if any, shall be advised to Members prior to being brought into operation;
- 8.2. Clearcorp shall, in its absolute discretion, decide the mode and manner of delivery/receipt of reports to/from its Members.

CHAPTER IX : MISCELLANEOUS

- 9.1. The Terms and Conditions including its Appendices shall be adopted by the Board of Clearcorp. Clearcorp is entitled in its absolute discretion to amend or supplement these terms and conditions as well as the Appendices from time to time, to the extent necessitated by the market conditions and the same shall be binding on the Members.
- 9.2. The Members shall be notified of any changes with due advance notice prior to the effective date thereof, unless any emergent action of Clearcorp becomes necessary due to any market conditions.

Amendments and supplements to these terms and conditions and the appendices shall be announced by Clearcorp from time to time.

9.3 Suspension rights of Clearcorp

- a) Clearcorp may suspend its members as specified in the Regulations.
- b) Managing Director of Clearcorp or a Committee of not less than two officials nominated by the Managing Director (MD) may disable a Member from accessing the facilities of Clearcorp if in the opinion of the MD or the Committee of officials circumstances exist warranting disablement pending suspension. Provided that, within 4 hours after such disablement, the MD or the Committee of officials as the case may be shall record in writing the reasons for such disablement provided however that the same shall be reported at the next Board or the Committee meeting whichever is earlier. After such disablement, Clearcorp shall communicate the information to other members.