



Bye-Laws of Indian Gas Exchange Limited (IGX)

Indian Gas Exchange Limited
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1. Preamble

- 1.1 These Bye-Laws shall be known as “the Bye-Laws of Indian Gas Exchange Limited (“**IGX**”)” and are for the sake of brevity and convenience, herein referred to as “ Bye-Laws”.
- 1.2 The Bye-Laws are designed to provide the basic framework for the management of the GTP, which has been established for the purpose of trading in Commodities (*as defined in the Market Rules of IGX*), including Natural Gas, and to regulate the activities of the Members and Clients.
- 1.3 The Bye-Laws, the Market Rules, and directives/ clarifications/ circulars issued under the Bye-Laws may be amended or changed from time to time by IGX and if required with the approval of the Petroleum and Natural Gas Regulatory Board (PNGRB) or any other statutory authority/government authority and shall further be subject to such modification as may be directed by the PNGRB or any other statutory authority/government authority from time to time. It is hereby clarified, that in case of any conflict between applicable laws, including but not limited to the PNGRB Act or any other rules, regulations issued by PNGRB, and these Bye-Laws, the applicable laws shall prevail.
- 1.4 IGX may, from time to time, issue clarifications or directives in form of circulars, as may be required from time to time, to remove any difficulty or ambiguity in implementing the provisions of any of these Bye-Laws and such clarification shall have binding force.
- 1.5 Conflict between Bye-Laws and the Market Rules
 - 1.5.1 In event of any conflict between Bye-Laws and the Market Rules, the Bye-Laws shall supersede. Without prejudice to the generality of the above, in case of any ambiguity or any confusion with regard to any of the provisions of the Market Rules, the clarification given by IGX shall be binding.
 - 1.5.2 All capitalized terms used herein but not defined shall have the meaning as assigned to them in the Market Rules of IGX (“**Market Rules**”).

2. Members of Exchange

Members represent and warrant to IGX that:

- 2.1 they have been duly organised and constituted/ incorporated in accordance with the laws of their jurisdiction of incorporation and have a permanent establishment in India/ is an Indian national;
- 2.2 they are capable of being sued in their own name in a court of competent jurisdiction;
- 2.3 during the term of their membership, they have a net-worth equal to or more than the minimum net worth required to become a Member as per the Market Rules;
- 2.4 the signature and performance of the Membership Application Form and Membership Undertaking:
- 2.5 are within their statutory powers and have been duly authorised by all the measures required under their Bye-Laws/ constitutional documents and:
 - a) do not infringe or breach applicable legal or regulatory provisions or their own statutory documents or any contract, order, injunction, ruling or other legally binding procedure.
 - b) they are not in breach of any applicable laws and the Market Rules and has obtained

all relevant registration, licenses as required under applicable laws.

- 2.6 they are not subject to arbitration or court actions or proceedings or any administrative or other measures that could lead to an evident and substantial deterioration in their business activities, assets or financial situation or that could affect the validity of their membership and the Membership Undertaking;
- 2.7 they are not found to be of unsound mind, by a court of competent jurisdiction;
- 2.8 they have compounded with its creditors or not been adjudicated as an insolvent or application for insolvency is pending before the relevant authorities;
- 2.9 they have been convicted of an offence involving moral turpitude or any other crime;
- 2.10 they undertake to take note of all communications issued as market notices in form of circulars by IGX and to comply with such circulars;
- 2.11 they are fit to operate on the gas market and trade on the GTP, including not being a minor or of an unsound mind as per applicable law and have not been rendered incompetent to enter into contracts under any law in force in India;
- 2.12 a portion of their staff have the qualifications and experience required to establish and manage adequate internal procedures and controls in relation to the intended business on the market;
- 2.13 that, where relevant, they have entered into any agreement provided as required under the Market Rules and met any technical requirements specified by IGX;
- 2.14 they have conducted their own analysis of the documents that they have received, and of the benefits and risks, especially those of an economic, legal or tax-related nature, that may arise from the Market Rules and from each Transaction, having the necessary knowledge and experience and the necessary skills;
- 2.15 they are aware of the potentially volatile nature of the Contracts offered on the Market and accept the risks associated with their use;
- 2.16 the Members have entered into the Member Client Agreement after conducting a diligence of the Client and verification of the credentials of such Clients;
- 2.17 they shall, at all times, be responsible for any act or omissions of their Clients; and
- 2.18 they undertake to immediately inform IGX of any changes concerning the representations made above.

In case of breach of the above representations and warranties, or in case it is determined by IGX, that the relevant Member has made a false representation or warranty, then in such a case, IGX may consider terminating the membership of such a Member and withholding the Initial Deposit and/or the Additional Deposit.

3. Functions of Exchange

3.1 General

IGX may undertake the transactions in Contracts on the GTP in accordance with the Market Rules, the market requirement and relevant regulations notified by the PNGRB or any other government authority/ statutory authority from time to time.

1. Subject to the provisions of these Bye-Laws, IGX shall have the powers to issue directions from time to time:
 - a) for operation of the GTP , and to regulate the functioning and activities of the GTP ,

Members, their authorized persons, approved users and the Clients and their inter se dealings, and to determine terms and conditions of transactions in Contracts admitted on the GTP, including method, manner, clearing, settlement and other operations related thereto.

- b) to organize, facilitate, maintain, manage, control and regulate the operations, functions and supervision of the GTP and to regulate the activities and functioning of the Members, and their authorized persons and approved users, as may be necessary or expedient, and
 - c) all other matters considered necessary or expedient to carry out the functions and objectives of the GTP.
2. Without prejudice to the generality of the powers mentioned above, IGX may frame rules or issue directions on the following aspects:

3.1.1 Transaction on the GTP

1. Determination of trading days, trading hours, trading sessions and proceedings in such trading sessions on the software of the GTP or any other trading system used or operated by the GTP, for specified Contracts admitted to be traded on the GTP.
2. Allotment of software to the Members and appointment of approved users.
3. Determination of units of quotation and trading and variations in offers and minimum and maximum size of orders.
4. Determination of the transaction and clearing fees payable by Members for Contracts and other charges that may be collected by the GTP from Members.
5. Determination and appropriation of the charges applicable to Members/Clients subject to provisions of Market Rules.
6. Suspension of trading in one or more Contracts admitted for trading on the GTP.
7. Procedure for settlement of disputes relating to trades on the GTP.
8. Determination of due dates, relevant rates and penalties for non-fulfilment of contracts by giving or receiving deliveries.
9. Validation of the Orders placed on the GTP and finalization of Contracts between the Clients.
10. Determination of the rules of matching.
11. Manner of operations and interface with IGX and the Members for funds clearing and physical delivery scheduling.
12. Other relevant matters in relation to the operations and functions of IGX, GTP, its Members and Clients.

3.1.2 Risk Management

1. Determination of various types of Margins on the transactions.
2. Determination of Initial Deposits and Additional Deposits to be provided by the Members.
3. Rates of all types of Margins and mode of their payment.

4. Special or Additional Margins or other margins, and mode of their payment.
5. Exemption from payment of Margins.
6. Lien on capital and Margin deposits.
7. Rights to define abnormal orders in term of volume and value, and rights to reject such abnormal orders.
8. Right to check Orders with reference to the standing clearance/s issued by the concerned authority/ies and right to reject such orders.
9. Monitoring of any un-business like conduct, concentration, price rigging, price manipulation and any other market abuses, insider dealing and take suitable actions whenever such practices are identified.
10. Report the actions of the Members to the relevant authorities, if it is determined that the Member has undertaken any un-business like conduct, price rigging, price manipulations or other market abuses, insider dealing.
11. Penalty for non-fulfilment and/or evasion of Margin/funds obligation/scheduling requirements.
12. Client's liability to pay Margins.
13. Members' responsibility to collect Margins from the Clients.
14. Members' responsibility to maintain proper books of accounts.
15. Any other matter relating to trading, clearing and settlement on the GTP.

3.1.3 Clearing and settlement of transactions

1. Procedure for determination of price.
2. Procedure for delivery as per the applicable PNGRB regulations and codes.
3. Procedure of payment of transactions in contracts wherever applicable.
4. Norms and procedures for establishment and functioning of the GTP for clearing and Settlement of transactions in Contracts.
5. Supervision of GTP and issuing Market Rules for supervision of clearing and Settlement activities of the Members, among other things.
6. Designation of scheduled commercial banks as Clearing Banks.
7. Norms and procedures for availing of banking services from Clearing Banks and pipeline operators for settlement of transactions in Contracts.
8. Any other matter relating to clearing and Settlement of transactions and deliveries thereto.
9. Procedure for dissemination of information and announcements to be broadcasted by IGX through its trading system and website.

3.1.4 Setting up Settlement Guarantee Fund (SGF), and other funds

1. Norms, procedures, terms and conditions for contribution by Members of the GTP and others to Settlement Guarantee Fund (SGF), or any other fund that may be established by IGX.

2. Norms, procedures, terms and conditions for guaranteeing of Settlement obligations of the Members through the SGF.
3. Administration, utilization, maintenance and investment of the corpus of the SGF.

3.2 Clearing Process

1. Details related to the executed contracts transacted on the GTP shall be sent to the Members for settlement in the manner specified in the Market Rules and circulars and notices issued thereunder;
2. In respect of transactions executed on the GTP, a Full Member shall be entitled to self-clearing and also clear on behalf of his clients and similarly the Trader Member shall be entitled to only clearing of his Client's trades;
3. In respect of transactions executed on the GTP, a Member, shall not:
 - a. Transact Contracts or clear and settle executed contracts without a valid Member Client Agreement in a form prescribed under the Market Rules. A copy of such Member Client Agreement shall be given to IGX and the Member shall ensure that such Member Client Agreement provides for a provision that these Bye-laws and the Market Rules shall be applicable in respect of the Clients;
 - b. Notwithstanding the above, a Direct Client may also opt to directly settle its trades with the GTP by opening its own Settlement Account.
4. Members shall forthwith notify the GTP for any addition to or deletion from the list of Clients. The GTP will accordingly approve or not approve the same as the case may be.
5. The following provisions shall apply in respect of Contracts that are transacted on the GTP and then cleared and settled by the GTP in the manner specified by IGX:
 - a. Every Member shall be fully responsible for all his commitments to the GTP, and his Clients irrespective of whether such Member has one or more Clients with whom he has dealings have defaulted. Default of any one or more Clients shall not affect the rights and obligations of a Member. Default of any one or more Clients shall not affect the rights of other Clients with whom the Member has dealings but who are not in default.
 - b. The GTP shall, in the manner specified in the Market Rules, have the responsibility of receiving and maintaining margin payments, monitoring positions and transmission of documents, payments amongst the Members or the Clients, as applicable.
 - c. The GTP shall not be responsible for the commitments of a defaulting Member to his/its Clients or any other party, with whom the Member has an agreement.
 - d. The GTP shall not be responsible for any defaults of a Client towards its Member and shall in no event, directly engage with the Clients (except Direct Clients for settling the financial obligations).
 - e. No Member shall fail to effect clearance, Settlement or payment of Margin in the manner specified by IGX, or fail to pay damages to IGX.

- f. No Client shall fail to affect clearance, Settlement, delivery or payment of margin in the manner specified by the GTP, or fails to pay damages to his respective Member with whom he has an agreement or fail to affect delivery merely on the ground of default of others. In respect of Contracts transacted on the GTP from time to time; and
 - g. IGX shall not be deemed to guarantee the financial obligations of any Member to his/its Clients.
6. IGX shall not be deemed to guarantee the title, genuineness or validity of agreements or any documents passing through the GTP and the Members agree that no such claim will be made by any Member or Client on IGX regarding the same.

3.3 Settlement Guarantee Fund (SGF)

1. IGX may maintain and administer, SGF or other fund(s) for such purposes, as required under the Market Rules.
2. IGX may prescribe from time to time the norms, procedures, terms and conditions governing the SGF and any other fund which may, inter alia, specify the amount of deposit or contribution to be made and continued to be maintained by each Member to the SGF or the relevant fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the SGF, coverage and exclusion of SGF, charges for utilization, penalties and disciplinary actions for non-performance thereof.

3.3.1 Contribution to and deposits with the SGF

1. Each Member shall be required to contribute to and provide a minimum security deposit, as may be determined by the GTP from time to time to the SGF. The SGF shall be held and maintained by the GTP. The money in the SGF shall be utilised in the manner, as may be provided in these Bye-Laws and Market Rules and notices, circulars and orders issued thereunder from time to time.
2. The GTP may specify the amount of additional contribution or deposit to be made and maintained by each Member.
3. The total amount of security deposit and additional contribution deposited and maintained by a Member with the GTP, in any form as specified, shall form part of the SGF. Minimum corpus of SGF shall be Rs 1 crore.
4. The amount deposited by any Member towards the security deposit shall be non-interest bearing, refundable, subject to such terms and conditions as may be specified by the GTP from time to time. Any amount deposited or paid by the Member may be refunded provided further that such amount is in surplus and there is no actual, crystallized, contingent liability or a claim from any Client to be discharged by the Member. In case of any liability, claim is pending to be paid by the Member, then IGX shall have the right to deduct such pending amounts from the deposited amounts.

3.3.2 Utilization for failure to meet obligations

Whenever a Member fails to meet his settlement obligations on the GTP arising out of his clearing and Settlement operations in respect of his transactions, as may be provided in

these Bye-Laws and Market Rules, IGX may utilize the SGF and other monies lying to the credit of the said Member to the extent necessary to fulfil his obligations and in case of any further shortfall shall also utilize the SGF corpus. IGX may specify from time to time the terms and conditions for utilization of the SGF.

3.3.3 Repayment to the Member on his termination

1. A Member shall be entitled to repayment of the actual amount of deposit, if any, made by him, to the SGF, provided it is not part of the admission fee after:
 - a) the Member ceases to be a Member on account of any reason whatsoever;
 - b) all pending transactions at the time the Member ceases to be an Member, which may result in a charge to the SGF, have been closed and settled;
 - c) all obligations to the GTP/ Client for which the Member was responsible while he was a Member have been satisfied, or at the discretion of IGX, have been deducted by the GTP from the Member's actual deposit; provided that, the Member has presented to IGX such indemnities or guarantees as IGX may deem necessary or another Member has been substituted owning liability for all the transactions and obligations of the Member , who had ceased to be a Member;
 - d) a suitable amount, as may be determined by IGX at its absolute discretion, has been set aside for taking care of any loss, damage, liability or obligation arising out of his past transactions, and
 - e) a suitable amount, as may be determined by the GTP at its absolute discretion, has been set aside by IGX towards such other obligations, as may be perceived by IGX to exist or be perceived by the GTP to arise in future.
2. IGX may specify norms for repayment of deposit including the manner, amount and period within which it may be paid. The repayment amount, at no point of time, will exceed the actual deposit available to the credit of the Member after deducting the necessary dues or charges payable by such Member from time to time, including the security deposit.
3. Any obligation of a Member to the GTP, remaining unsatisfied at the time he ceases to be a Member, shall not be affected by his termination of membership, and IGX shall have other available remedies.

3.3.4 Recovery of loss and re-distribution

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

3.3.5 Non-availability of SGF

The SGF of the GTP shall not be available for settling obligations of a Member with respect to another Member of the GTP towards transactions where the GTP is not a central counter-party or where the GTP withdraws as a central counter-party on account of fraud or fraudulent transactions as provided in the relevant Bye-Laws and Market Rules from time to time or obligations to a Client by an Member, and to losses, damages, or injuries arising there from or in connection therewith or incidental thereto.

3.4 Conciliation and Arbitration

All disputes arising from or in connection with a executed contract or an initiated trade/ transaction between Members or between a Member and Client shall be referred to and decided by arbitration under the Arbitration and Conciliation Act, 1996 and as provided in these Bye-Laws and Market Rules notified by IGX for the purpose.

3.5 Governing law and jurisdiction

1. Bye-Laws, Market Rules and circulars issued by IGX shall be governed by and construed in accordance with the laws of India.
2. Subject to the powers of PNGRB and the arbitration provisions under the Bye- laws and the Market Rules, the courts of New Delhi, India shall have the exclusive jurisdiction to determine any dispute in relation to or arising under or in connection with these Bye-Laws and Market Rules.
3. The Exchange shall be entitled to bring proceedings in any other competent jurisdiction against a Member to enforce the obligations of a Member which arise under or in connection with these Bye-Laws and Market Rules, or judgment or award.

4. Membership of Exchange

4.1 Admission Process

A person who desires to become a Member of IGX must submit the Membership Application Form to IGX together with a Membership Undertaking duly executed by the applicant. An application must be in the prescribed Membership Application Form and contain the information specified by IGX and must be accompanied by pre-specified applicable fee as given in Market Rules. The prospective entities shall follow all the clauses given in the Market Rules to become a Member of IGX.

4.2 Withdrawal and Termination

1. Membership of GTP shall continue so long as the Membership Undertaking is in force.
2. Suspension or termination of the Membership Undertaking shall result in the suspension or termination of membership of GTP.
3. IGX can suspend or terminate the membership of any Member if the Member does not comply with the terms of the Membership Undertaking, Market Rules, and the Bye-Laws or any applicable law.

4. IGX will suspend a membership in case of default by the Member/Client as provided under these Bye-Laws or the Market Rules.
5. IGX will suspend the membership in case any market abuse is noticed;
6. As soon as possible, IGX shall inform the other Members of the Member's suspension or termination by means of a circular. In the case of a suspension for purely technical reasons and for fewer than five (5) business days, IGX reserves the right not to inform other Members of the suspension.
7. The Membership can also be surrendered either by resignation from the membership of the GTP or transfer of the membership by nomination, subject to the lock-in period of 1 (One) year from the date when an applicant is admitted as a Member, as provided under the Market Rules. In case of resignation, only after the lock in period specified herein above has expired, the Member shall be entitled to receive back his Initial Deposit or Additional Deposit, if any, after the GTP have recovered all outstanding dues from the Member. In case of transfer of the Membership by nomination, the Member shall be entitled to receive back its deposit after the incoming Member (to whom the membership is being transferred) has deposited its deposit with IGX in terms of these Bye-Laws. The admission fee paid by the Member shall be non-refundable.

4.3 Code of Conduct and Disciplinary Actions

1. Every Member shall be bound to promote to the best of his ability the objects and interests of the GTP and to protect and safeguard the interests of his Clients trading on the GTP. The following shall constitute examples of good business practices.

A Member shall be liable to expulsion, suspension and/ or to payment of a fine for any violation of good business practices:

- a. Members shall ensure that Clients are aware of the risks in trading.
- b. Members shall not accept any Order from any Client unless the risks are acknowledged by such Client.
- c. Every Member shall have access to these Bye-Laws and Market Rules and notices, circulars, orders and instructions issued by IGX from time to time and shall also provide all relevant information to its Clients, before executing any Order on behalf of such Client.
- d. Members shall not encourage, abet nor allow their Clients to evade Margin, security deposits, other required payments in respect of trading on the GTP and other financial and non-financial compliance.
- e. Members shall furnish to their Clients all information pertinent to Contracts, settlement schedule and deliveries schedule as notified by IGX or Transporter.
- f. Members shall explain the role of IGX and the scope and benefits of the same to its Clients.
- g. Every Member should take reasonable steps to protect transaction related information of their Clients, if applicable. The Member shall cause all its employees who in the normal course of discharge of their duties are likely to have access to such transaction related information to maintain complete confidentiality in respect

- to such transaction related information.
- h. No Member shall misuse the transaction related information.
 - i. Every Member shall have adequately trained staff and appropriate infrastructure to render fair and prompt service to his Clients.
 - j. Every Member shall ensure that the transaction related information of Clients is not disclosed unless required to do so under any law.
 - k. A Member will not utilize its Client's funds for his own trading or any other Clients' trading. The Member transacting on other's behalf, will have to ensure that the funds pay out of one Client cannot be adjusted with that of the funds pay in of another Client and vice-versa. The Member will collect the funds pay in/ Margin from the Buyer in advance and also ensure that the funds pay-out is given to the Seller immediately.
2. Every Member shall abide by the decisions of the GTP and shall abide by all these Bye-Laws and Market Rules as well as notices, circulars, orders and instructions issued by the Exchange from time to time.
3. Any Member shall be liable to expulsion, suspension and/or to payment of a fine for any of the following acts or omissions, as may be determined by IGX:
- a. Refusal to abide by awards: For neglecting or refusing to submit to, abide by and carry out any award or decision or order of any arbitrators or any committee (including the DAC), the Board Members or the GTP made in conformity with these Bye-Laws and Market Rules.
 - b. Unbecoming conduct: For acting in any manner detrimental to the interests of the GTP or unbecoming of a Member.
 - c. Misconduct: For any misconduct or violation of insider dealing, market manipulation, anti-money laundering and financial crime legislation in India, good business conduct rules and principles, or for any misconduct in his dealing with or relation to the GTP or any Member thereof or for any disreputable or fraudulent transactions with any person whether a Member or not of which complaint is made to the GTP, any committee or the Board Members or by Members or Clients and is found to be valid by the GTP.
 - d. Disobedience: For violating, disobeying or disregarding and Bye-Laws and Market Rules, any enactment, order, ordinance or notification issued by the State or the Central Government in respect of trading in Commodities, including Natural Gas, or the provisions of the PNGRB Act , and the rules and regulations made thereunder and any directions issued by the PNGRB.
 - e. Misinformation: For publishing or permitting to be published in any newspapers, circulars, or otherwise, any misrepresentation relating to the transactions in Natural Gas, and other Contracts of the GTP calculated to mislead the Members and/or the public.
 - f. Indifference and willful negligence: For not complying with any notice or request made to it by or on behalf of IGX requiring it to attend any meeting of the Board

Members or of any committee or to produce any books, documents, correspondence or other papers in its possession, power or control, or for refusing or neglecting to answer any question put to him by IGX, relevant to any business at any such meeting.

- g. Failure to pay any dues: For failure to pay any amount due under Bye-Laws and Market Rules, and orders and instructions issued thereunder by IGX, and/or arbitration or any other fees when due or for non-payment of any fine imposed on it pursuant to these Bye-Laws or for failure to pay any other amount due by it under these Bye-Laws or under any order of the GTP within 10 (ten) days after the same shall become payable.
 - h. Failure in physical delivery: Any default related to physical delivery including taking and giving delivery with intention of gaming / market manipulation.
 - i. Refusal of the Member from removal of any of its Client which is found to be in non-compliance with the Bye-Laws/Market Rules or applicable law.
4. Action detrimental to the GTP: For any misconduct, in the sense of clauses referred to above inclusive as below, in its dealing with or relation to the GTP:
- a. Wilful or intentional non-fulfilment of contractual or fraudulent or flagrant breach of contract.
 - b. Frivolous repudiation of contract(s).
 - c. Refuse to refer any question in dispute to arbitration or any committee or umpire.
 - d. Communicating secretly or indirectly with any arbitrator, umpire or member of any committee of IGX to which the dispute has been referred to under these Bye-Laws and Market Rules.
 - e. For any conduct, act or omission knowingly carried out to subvert the objects and purposes of the GTP and the its markets, or which is subversive of these Bye-Laws and Market Rules of the GTP, or which defeats the agreements entered into by the GTP with other organizations, agencies or entities for promoting the interests and activities of the GTP.
 - f. For any conduct, act, omission or negligence which renders the Member liable to be declared a 'defaulter' by the GTP under any of the provisions of these Bye-Laws and Market Rules or orders, circulars, notices and instructions issued by the GTP.
 - g. Disclosure of one Member/Client's positions to other Clients/Members.
5. Whenever the GTP shall consider either by reason of complaint made to it in writing by a Member or by reason of any knowledge or if declared "not fit and proper" by any other regulator/institution or information that there is sufficient reason for inquiring as to whether there has been any act or omission on the part of a Member rendering it liable to expulsion, suspension and/or payment of a fine, IGX may give notice in writing to such Member or to any other Member requiring it to appear before the Disciplinary Action Committee (DAC) or any other committees within such time as stated in the notice.
6. IGX shall hear the Member with regard to whom it is proposed to recommend any resolution for expulsion, suspension and or imposition of a fine under these Bye- Laws,

and hear the evidence or statements of himself or any witnesses present on its behalf at any such meeting. IGX may also require the Member to produce for inspection any books, documents, correspondence or papers in its possession or under its control or that of his firm or company.

7. Whenever IGX is of the opinion that a Member has become liable to expulsion, the Disciplinary Action Committee (DAC) or committee members (as applicable) may by issuing an order to expel such Member permanently or for certain period from all rights of membership, except the right to go for arbitration in respect of matters prior to such expulsion. Such order shall be final and binding. The members of the DAC or IGX shall not be called upon to give any explanation or reason thereof to any person.
8. Whenever IGX shall be of opinion that a Member has become liable to suspension and/or payment of a fine, the Disciplinary Action Committee (DAC) may by an order suspend it for any term not exceeding [six] calendar months from all rights of membership except the right to go to arbitration for matters in dispute prior to such suspension. Any such resolution of the DAC shall be final and binding and the DAC shall not be called upon to give any explanation or reason thereof. In addition to suspension or in lieu thereof or otherwise as recommended by IGX, the DAC may at its absolute discretion impose a fine on such Member as it may deem appropriate. Failure to pay such fine within the stipulated period shall render a Member liable to suspension, if it has not been suspended already, or expulsion, if he has been only suspended.
9. Before passing any order under sub clause (7) or (8), IGX shall give the Member concerned a notice in writing stating that the DAC proposes to consider the passing of an order for the expulsion, suspension and/or fining of such Member and requiring it to attend a meeting of the DAC called for the purpose at which the said Member may produce whatever evidence or statements he wishes to present in its defence.
10. A suspended Member shall during the period of suspension be deprived of and excluded from all the rights and privileges of membership, except in respect of transactions outstanding at the time of suspension which it shall be bound to fulfil and in regard to which it shall be subjected to all the obligations and have all the rights thereof and of these Bye-Laws including the obligation and right to go to arbitration. The suspended Member shall also be liable to pay all fines, and other monies due or to become due from it during its suspension in the same manner as if he had not been suspended.
11. A Member expelled by the DAC shall forfeit all the rights and privileges of membership including those conferred on it by these Bye-Laws and Market Rules and it shall as from the date of the resolution cease to be a Member, but it shall continue to be liable for and fulfil its obligations to the Exchange or to any other Member at the date of its expulsion and for these purposes shall have the right and be under obligation to go to arbitration under these Bye-Laws.
12. In case a Member has been suspended, deactivated, expelled or declared deemed defaulter or defaulter, no other Member shall do business for or on behalf of such Member.

4.4 Arbitration

4.4.1. Reference to Conciliation & Arbitration

All claims, differences or disputes between the Members inter se or between a Member and a Client and arising out of or in relation to, Contracts and transactions executed on the GTP shall be submitted for conciliation to such person or persons and if conciliation does not get resolved within a period of 15 (fifteen) days then the dispute or difference

shall be referred to arbitration to be conducted by a sole arbitrator or arbitration tribunal consisting of three arbitrators, in all cases as chosen by the parties. The arbitrators shall be chosen from the designated arbitration panel to be designated by the executive of IGX designated for the purpose by the Board Members and in accordance with the Rules that may be notified by IGX. The arbitration shall be in accordance with the provisions of the Arbitration & conciliation Act, 1996.

4.5 Delay or failure to comply

Any delay or failure by the Members to observe or comply with any requirement, either in full or in part under these Bye-Laws and Market Rules, may be dealt with by IGX as a violation of these Bye-Laws and Market Rules and shall be considered as a default by the Member.

4.6 Severability

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

4.7 Limitation of Liability

1. IGX shall not be liable for any activities of its Members or of any other person, authorized or unauthorized, acting in the name of any Member, either singly or jointly.
2. IGX shall not incur or shall not be deemed to have incurred any liability and accordingly, no claim or recourse shall lie against IGX, its directors, officers, employees or agents or any other authorized person acting for and on behalf of IGX, in respect of or in relation to any transactions entered into on the GTP made by its Members and any other matters connected therewith or related thereto, which are undertaken for promoting, facilitating, assisting, regulating, or otherwise managing the affairs of IGX to achieve its objects, and any applicable law.

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

- a. any Force Majeure event including and not limited to any change in law or regulations which is beyond the reasonable control of IGX,
- b. any losses or damages, including consequential losses and damages, which may be incurred by the Member or which may arise directly or indirectly with respect to the activities and functions of IGX,
- c. any failure, omission or error on the part of IGX including any losses or damages with respect to trading, clearing and settlement on the GTP, or suspension, interruption, cancellation or closure of IGX/GTP, or any inoperability or malfunction of the software or any equipment, software, computer system or any other product operated, supplied or used by the GTP,
- d. any decision of the DAC or any other committee exercising their powers, or IGX accepting a Member's resignation, or IGX's decision to suspend or terminate the membership of any Member, or declare any Member to be a defaulting Member,

- e. the exercise or failure to exercise of any discretion or rights under these Bye- Laws and Market Rules.
 - f. any subsequent modifications made in the clearance / allotment issued by the Transporter to IGX, or any subsequent modifications made in the operating code by the Transporter on the basis of which the actions have been taken by IGX.
3. Without any prejudice to the foregoing, IGX does not make any warranty, express or implied, and shall not have any liability to any person in connection to or as result of:
- a. any failure by IGX to provide any information to its Members ,
 - b. any failure of the trading software or the digital network
 - c. the accuracy, originality, completeness or timeliness of any information, data, or indices,
 - d. the merchantability and fitness for a particular purpose of, or use of any indices, information or data, or the software or any computer, trading, clearing and settlement systems of the GTP/ IGX,
 - e. any direct or indirect, special, punitive, consequential damages or loss of profits.
4. IGX shall not have any liability in relation to the operation or use of any such systems, including but not limited to, whether for any breach of any law, any act or omission, injury, death, damage to physical property, any direct or indirect losses, loss of operation time or loss of equipment or process, loss of reputation or losses or damages, economic loss, incidental or consequential to the use or operation or installation of any such systems. All warranties and conditions including express and implied as to the description, condition, performance, quality, fitness for purpose, durability or otherwise of such systems or any components thereof are excluded except required by law. Further, IGX does not warrant or forecast that such systems or any components thereof or any services performed in respect thereof will fulfil or meet the requirements of any user, or that operation of such systems will be error-free or uninterrupted or that any services performed in with respect to such systems will error-free or be uninterrupted.
5. In the event that an obligation of the GTP/ IGX must be performed by or prior to a particular time but does not occur on or before that time, IGX shall not be in violation of these Bye-Laws and Market Rules provided that it performs the relevant obligation promptly after such particular time.
6. No power conferred on IGX by these Bye-Laws and Market Rules including but not limited to, any power to close out, transfer or call margin shall impose any duty on IGX to exercise such power or to exercise such power in a particular way, and no person shall have any claim against IGX in relation to any decision made in good faith to exercise or refrain from exercising such powers.

4.8 Third party rights

A person who is not a Member has no rights to enforce any provisions of these Bye- Laws and Market Rules.

5. Management of Exchange

5.1 General

1. The management of IGX shall at all times be under the supervision and control of the Board Members of IGX (“**Board Members**”) and shall be conducted in compliance with such directions as the Board Members may issue from time to time.
2. The Board Members shall be constituted in accordance with memorandum and articles of association of IGX, subject to fulfilment of requirements, if any under the Market Rules.
3. The powers and duties of managing director or the committee or office bearers of IGX are dealt within memorandum and articles of association of IGX. The Managing Director or office bearers of IGX shall carry out such other duties as are assigned under the Market Rules.
4. Subject to its overall supervision and control, the Board Members may constitute, and/or reconstitute committees to undertake various functions of IGX. The committees shall have such responsibilities and powers as may be delegated to it by the Board Members from time to time. The Board Members will have the power to withdraw services of a committee member at any point of time, if it so desires.
5. Unless otherwise decided by the Board Members such committees will generally have 3 (three) persons with one of the persons being designated as Chairperson. The Board Members shall from time to time fill in any vacancy in the membership of any committee.
6. The quorum for every meeting of the committee shall be one-third of the total strength of each committee or 2 (two), whichever is higher. In case the quorum is not present to transact any matter the same shall be referred to the Board Members for decision.
7. The meetings of the committees, panels and advisory council(s) may be conducted by means of telephone or audio-visual conferences during which all participants and committee members are able to hear and to be heard at all times by all other participants and committee members. The participation to such conferences shall be deemed to constitute presence in person to such meetings.
8. The decision of the committee shall be by majority and in case of equality of votes the Chairperson shall have a casting vote.
9. Subject to the powers vested in the committee, the Board Members may delegate powers to the Chief Executive Officer, Managing Director, other directors, officers of IGX and others as may be considered appropriate.
10. The CEO or Managing Director or director or any employee or other persons of IGX to whom the powers are delegated as provided in the Articles of Association of IGX shall not be directly or indirectly associated with any Member or Client or participant of the GTP or with a holding or subsidiary company thereof. The Member may however be appointed as a member of any Committee constituted by the Board Members subject to the restrictions/limitations imposed by the Market Rules.
11. IGX may avail services of any consultant or advisor as long as there is no dealing with price sensitive information of the GTP and there is no conflict of interest between assignments undertaken for other persons served by the consultant or advisor and IGX.

12. A member of any committee who is on the committee by virtue of being a Member or officer of IGX shall cease to hold such office forthwith if he ceases to be a Member or officer of IGX ; or upon suspension, expulsion or declaration as defaulter by IGX.

5.2 IGX Committees

IGX shall maintain the following Committees, as amended from time to time and in addition thereto such other committees as may be considered appropriate:

5.2.1 Membership Committee (MC)

The Membership Committee (MC) manages the Member registration process and related documentation. Occasionally, the MC will provide input and feedback regarding membership needs, programs and policies.

5.2.2 Disciplinary Action Committee (DAC)

The DAC shall be responsible for deciding and ascertaining whether the actions of the Member of GTP warrant expulsion, suspension or payment of fines by a Member. The committee is empowered to pass orders in this regard as specified in these Bye-Laws.

5.2.3 Risk Management Committee (RMC)

This Committee shall stipulate risk containment measures and monitor adherence of the same. The functions of the RMC will be the following -

1. Ensure that IGX adopts best practices while formulating prudent and dynamic risk management processes based on the changing risk profiles of the market.
2. Members, transacting on behalf of their Clients, to have a prudent risk management and timely Margin collection system from their Clients. The quantum of margins/ obligation/scheduling settlement of Members/Client shall be as per Market Rules of IGX.
3. The Risk Management Committee shall review risk management framework and process of IGX on a quarterly basis. The RMC report shall be submitted to the Board Members.

5.2.4 Market Surveillance Committee (MSC)

This committee shall be responsible for overseeing the market in transparent and neutral manner as stipulated by PNGRB or other authorities from time to time. The committee shall meet every quarter to review previous quarter surveillance report. The MSC report shall be submitted to the Board Members

The Committee shall perform the following functions-

1. To ensure fair, transparent and unbiased market platform to Members.
2. To ensure that interest of Clients are safeguarded.
3. To ensure that movement in price and volume is monitored closely and efficiently.
4. To ensure that the risk management tools adopted by the surveillance department are efficient.

5. To ensure market safety and promote market integrity.

5.2.5 Settlement Guarantee Fund (SGF) Management Committee

The committee shall be responsible for management of SGF, monitor adherence of regulatory directions in respect of SGF, contribution of Members to the SGF Management Committee, its investment and utilization & recoupage of SGF in case it is utilized to meet residual defaults.

5.3 Arbitration Panel

IGX shall maintain an arbitration panel consisting of persons amongst whom IGX will appoint arbitrators to adjudicate and settle disputes between Members inter-se, and

between Members and their Clients in relation to the Contracts and matters concerning the transactions undertaken in IGX.

5.4 Market Advisory Committee

IGX may appoint an advisory committee consisting of experts having experience in gas market. Such experts may be Members of IGX or professionals. IGX may also form regional advisory committee of professionals if required.

5.5 Acts done by the Board or committees valid notwithstanding defective appointment

All acts done by any or committee thereof, or by any person acting as a director or member of a committee shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as such director and such person had been appointed and was qualified to be a director or committee member as the case may be.

5.6 Confidentiality of information

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

5.7 Indemnity

Each Member of IGX, shall indemnify and keep indemnified IGX, from and against all harm, loss, damages, injury and penalty suffered or incurred and all costs, charges and expenses incurred in instituting and/or carrying on and/or defending any suits, action, litigation, arbitration, disciplinary action, prosecution or any other legal proceedings suffered or incurred by IGX on account of or as a result of any act of PNGRB or omission or default in complying with any of the provisions of the regulations made there under or these Bye-Laws and Market Rules or due to any agreement, contract or transaction executed or made in pursuance thereof or on account of negligence or fraud on the part of any Member of IGX as aforesaid and their directors, officers, employees, servants and agents.

Where any loss or damage is caused to or incurred by any party or person on account of or as a result of any act of PNGRB or omission or default in complying with any of the provisions of the PNGRB Act and regulations made there-under, or these Bye- Laws and Market Rules

of IGX or any agreement, transaction or contract executed or made in pursuance thereof on account of negligence or fraud on the part of any Member of IGX that is not a part of IGX but is an independent entity or their directors, officers, employees, or agents, in the event of IGX making good or being required to make good such loss or damages (or any part thereof) to such party or person, IGX shall be entitled to recover the amount so made good by it from the Member of IGX, in default.

5.8 Exit Scheme

1. The exit scheme sets out the manner in which the running contracts on GTP shall be closed in the event of decision taken by IGX or directions from PNGRB or any other statutory authority/government authority.
2. In the event of closure/exit, IGX will cease to accept any fresh trading or new bidding on the GTP.
3. The closing down of running Contracts on the GTP, shall be in accordance with the Bye-Laws and Market Rules of IGX or in accordance with such directions as may be issued by IGX from time to time. Any liability which may arise on the part of IGX in the closing down of running contracts on the GTP, shall be subjected to the provisions of Bye-Laws and Market Rules, be met out of the Settlement Guarantee Fund which will be utilized to the extent necessary to meet any loss or liability accruing to IGX on account of such closing down of running contracts on the GTP.
4. The contracts executed and entered into up to the date of withdrawal or cancellation shall remain valid and shall be executed and carried out in accordance with the Bye- Laws and Market Rules of IGX.
5. In the event of taking over of the business of IGX by any agency or merger/amalgamation of IGX with another exchange, all contracts traded on the GTP and to which IGX is a party and subsisting or having effect on IGX, shall remain in force and effect against or in favour of the resulting company/ agency appointed by PNGRB or as appointed by law, as the case may be, and may be enforced by or against the resulting company/agency as fully and effectually as if, instead of IGX the resulting company/agency had been a party thereto. IGX shall enter into and/or issue and/or execute deeds, letters or confirmations or enter into any tripartite arrangements, confirmations, to which the resulting company/ agency will, if necessary, also be party in order to give formal effect to the provisions thereto, if so required or becomes necessary.
6. The resulting company/ agency shall be deemed to be authorized to execute any such deeds, letters or confirmations on behalf of IGX and to implement or carry out all formalities required on the part of IGX/GTP to give effect to the provisions of the exit scheme.
7. With the taking over of the business of IGX, any suit, appeal or other judicial proceeding of whatsoever nature by or against IGX shall not abate or be discontinued or in any way be prejudicially affected, but such suit, appeal or other legal proceeding(s) may be continued, prosecuted and enforced by the resulting company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against IGX prior to the taking over of the business of IGX.
8. In the event of an act of terrorism, act of God, Force Majeure or any act beyond the reasonable contemplation of IGX including a failure on account of the Clearing Banks to meet its obligations to IGX, non-availability of Natural Gas Pipeline capacity, failure of the automatic trading system or any other event resulting in the GTP being rendered incapable of permitting transactions to be effected through the automatic trading system, IGX will act on a best effort basis.

9. The expenses incurred towards defraying any emergency contemplated in Clause 5.8(8) above shall be defrayed from the SGF.

6. Miscellaneous

6.1 Protection for acts done in good faith

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