

## **THE BHUBANESWAR STOCK EXCHANGE (CORPORATISATION AND DEMUTUALISATION) SCHEME, 2005**

### **1. Title and Commencement**

**1.1** This Scheme shall be called The Bhubaneswar Stock Exchange (Corporatisation and Demutualisation) Scheme, 2005 (hereinafter referred to as "this Scheme").

**1.2** This Scheme shall have effect on its publication under sub-section (4) of Section 4B of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "SCRA").

**1.3** The Bhubaneswar Stock Exchange (hereinafter referred to as "BhSE") shall be corporatised and demutualised in accordance with this Scheme on and from the Appointed Date as may be notified by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") in respect of BhSE under Section 4A of the SCRA:

Provided that the activities specified in the respective clauses of this Scheme shall be implemented as per the time schedule specified in those clauses.

### **2. Definitions**

In this Scheme, unless the context otherwise requires, -

**2.1** "**Administrator**" means the Administrator appointed by SEBI under section 11 of the SCRA.

**2.2** "**Bhubaneswar Stock Exchange (BhSE)**" means the company limited by guarantee incorporated under the Companies Act, 1956, having its registered office at 6<sup>th</sup> Floor, IDCO Towers, Janpath, Bhubaneswar – 751 022 and recognised as a Stock Exchange under the SCRA, and which shall be converted to a company limited by shares, in pursuance of clause 3 of this Scheme.

**2.3** "**Due Date**" means the date, as may be determined by the Administrator, which shall not be later than 3 months from the date of publication of the Order under sub-section (7) of section 4B of the SCRA.

**2.4** "**Governing Board**" means the Board of Directors of BhSE.

**2.5** "**Member**" means a person who is a member of BhSE on the day preceding the date of its conversion, as per the register of members maintained by it.

**2.6** "**Shareholder**" means a person who holds any equity share(s) of BhSE.

**2.7** "Trading Member" means a stock broker of BhSE and registered with SEBI as such under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.

**2.8** Words and expressions used and not defined in this Scheme but defined in the SEBI Act, 1992, the Depositories Act, 1996, the SCRA, the Companies Act, 1956, the Rules and Regulations made under these Acts, the Memorandum and Articles of Association, Rules, Bye-laws and Regulations of BhSE shall have the same meanings respectively assigned to them in the above mentioned Acts, Memorandum and Articles of Association, Rules, Bye-laws and Regulations.

### **3. Conversion**

**3.1** BhSE shall convert itself, prior to Due Date, into a company limited by shares under section 12 of the Companies Act, 1956, in the name and style of "Bhubaneswar Stock Exchange Limited".

**3.2** The members, as may be identified by the Administrator, shall each subscribe to and pay for fully paid-up equity shares, not exceeding 20,000 in number, of Re.1/- each for cash at par of BhSE, for the purpose of its conversion as referred to in clause 3.1.

### **4. Governing Board**

**4.1** The Governing Board, on and from the Due Date or on expiry of the period of supersession under section 11 of SCRA, whichever is later, shall be constituted in accordance with the provisions of the Articles of Association of BhSE in force from time to time:

Provided that –

(i) the representation of Trading Members does not exceed one-fourth of the total strength of the Governing Board, and the remaining directors are appointed in the manner as may be specified by SEBI from time to time, and

(ii) the Chief Executive, by whatever name called, is an ex-officio director.

**4.2** Notwithstanding anything contained in clause 4.1, SEBI may nominate directors on the Governing Board as and when deemed fit.

**5. Allotment of Shares**

- 5.1** Every Member or his nominee, as the case may be, shall be entitled to 20,000 fully paid-up equity shares of Re.1/- each for cash at par of BhSE:

Provided that the entitlement of the Members shall be reduced to the extent they have subscribed and paid for the equity shares under clause 3.2.

- 5.2** BhSE shall allot the equity shares to the entitled Members or their nominees, as the case may be, as referred to in clause 5.1, by the Due Date:

Provided that the allotment to a Member suspended by BhSE shall be held in abeyance till the suspension continues.

- 5.3** The invitation to subscribe to, and the offer, issue and allotment of equity shares of BhSE pursuant to this clause shall not be considered as being an invitation, offer, issue or allotment to the public.

**6. Listing of Shares**

BhSE may at any time list its securities on any recognised stock exchange.

**7. Demutualisation**

- 7.1** A Trading Member may or may not be a Shareholder.

- 7.2** A Shareholder may or may not be a Trading Member.

**8. Trading Rights**

- 8.1** A Member, who is registered as a stock broker on the day preceding the Due Date, shall become a Trading Member on the Due Date.

- 8.2** A Member, who is not registered as a stock broker on the day preceding the Due Date, shall become a Trading Member on being registered as a stock broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 within 3 months from the Due Date.

**8.3** After the Due Date, a person desirous of becoming a Trading Member shall be admitted if he complies with requirements and brings in specified fees and deposits as specified in the Articles, Rules, Bye-laws and Regulations of BhSE.

**8.4** BhSE shall, for the purpose of admitting any person as a Trading Member, follow uniform standards in terms of capital adequacy, deposits, fees, etc. irrespective of mode of acquisition of trading rights by that person:

Provided that different standards may be followed for admission of a person as a Trading Member who has acquired trading rights by way of transmission.

**8.5** A Trading Member may surrender his trading rights to BhSE in the manner specified in the Articles, Rules, Bye-laws and Regulations of BhSE.

**8.6** Irrespective of the date or mode of acquisition of trading rights, the Trading Members shall have uniform rights and privileges:

Provided that BhSE may, with the prior approval of SEBI, grant additional privileges to those Trading Members who were Members on the day preceding the Due Date.

**8.7** Trading Members on the Due Date shall continue to have the same rights and privileges in respect of their clients and constituents and other members arising out of or under any act, omission or contract or law, notification, order, direction, etc. as had accrued to them while being Members before the Due Date.

**8.8** Trading Members shall be bound by all obligations and liabilities towards their clients and constituents, SEBI, BhSE and other authorities or other persons arising out of or under any act, omission or contract or law, notification, order, direction, etc. while being Members before the Due Date.

**9. Shareholding Rights**

**9.1** BhSE shall ensure that at least 51% of its equity shares are held by public other than shareholders having trading rights in the manner and within the period prescribed in sub-section (8) of section 4B of the SCRA.

**9.2** On and from the Appointed Date, BhSE shall ensure that public, other than shareholders having trading rights, continuously hold at least 51% of equity shares.

**9.3** On and from Due Date, no Shareholder, who is a Trading Member, shall have voting rights (taken together with voting rights held by him and by persons acting in concert with him) exceeding 5% of the voting rights in BhSE.

**10. Memorandum and Articles of Association, etc.**

**10.1** The Memorandum and Articles of Association, Rules, Bye-laws and Regulations of BhSE on the day preceding the Due Date shall, unless contrary to or inconsistent with or excluded by this Scheme, apply to it on and from the Due Date.

**10.2** BhSE shall incorporate the provisions of this Scheme appropriately in its Memorandum and Articles of Association, Rules, Bye-laws and Regulations on or before the Due Date.

**10.3** The Memorandum and Articles of Association, Rules, Bye-laws and Regulations of BhSE may be amended after the Due Date in accordance with the applicable laws, provided that no such amendment is inconsistent with any provision of this Scheme.

**11. Transfer of Clearing and Settlement Functions**

**11.1** BhSE shall, within two years of the Due Date, subject to the prior approval of SEBI, transfer the duties and functions of its clearing house to a Clearing Corporation, recognised under the SCRA.

**11.2** Until the duties and functions of the clearing house are transferred as provided in clause 11.1, the clearing and settlement functions in relation to trading on BhSE shall be carried out by the clearing and settlement mechanism as used by BhSE at present or in such other manner as the Governing Board or the Administrator, as the case may be, may determine.

**12. Utilisation of Assets and Reserves**

**12.1** BhSE shall not do anything contrary to the provisions of section 4B (3) of the SCRA.

**12.2** Without prejudice to the generality of the provisions in clause 12.1, BhSE shall not use its assets and reserves as on the date of publication of this Scheme or the proceeds from disposal of such assets or the proceeds from disposal of successive species of assets acquired from the proceeds of disposal of such assets for any purpose other than discharging the current liabilities outstanding as on the date of publication of this Scheme or the business operations of stock exchange.

**13. Compliance with this Scheme**

**13.1** BhSE shall ensure compliance with the provisions of this Scheme at all times and shall not do anything contrary to the provisions of this Scheme.

**13.2** BhSE shall report compliance with the provisions of this Scheme in such manner as may be required by SEBI from time to time.

**14. Removal of Difficulties**

If any difficulty arises in giving effect to the provisions of this Scheme, SEBI may, at the written request of BhSE, relax any of the provisions of this Scheme.