Securities Laws (Amendment) Act, 2004

Section 5 - Insertion of New Section 8a

After Section 8 of the principal Act, the following Section shall be inserted, namely:-

"8A. Clearing corporation.-- (1) A recognised stock exchange may, with the prior approval of the Securities and Exchange Board of India, transfer the duties and functions of a clearing house to a clearing corporation, being a company incorporated under the Companies Act, 1956 (1 of 1956), for the purpose of -

(a) the periodical settlement of contracts and differences thereunder;

(b) the delivery of, and payment for, securities ;

(c) any other matter incidental to, or connected with, such transfer.

(2) Every clearing corporation shall, for the purpose of transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-Section (1), make bye-laws and submit the same to the Securities and Exchange Board of India for its approval.

(3) The Securities and Exchange Board of India may, on being satisfied that it is in the interest of the trade and also in the public interest to transfer the duties and functions of a clearing house to a clearing corporation, grant approval to the bye-laws submitted to it under sub-Section (2) and approve transfer of the duties and functions of a clearing house to a clearing corporation referred to in sub-Section (1).

(4) The provisions of Sections 4, 5, 6, 7, 8, 9, 10, 11 and 12 shall, as far as may be, apply to a clearing corporation referred to in sub-Section (1) as they apply in relation to a recognised stock exchange.".
