

MCX STOCK EXCHANGE LTD.

DISCIPLINARY ACTION COMMITTEE

ORDER UNDER RULES 16 & 17 OF CHAPTER V OF THE RULES OF MCX STOCK EXCHANGE LIMITED

**1. Background:**

- 1.1 Jain Broking Pvt. Ltd. (JBPL) is a trading member on the Currency Derivatives (CD) segment of MCX Stock Exchange Ltd. ("the Exchange") and is registered with Securities and Exchange Board of India (SEBI) as a trading Member on CD segment of the Exchange with registration No. INE261090134 on April 27, 2009.
- 1.2 JBPL has not activated its membership on the Exchange till date and there are no deposits of JBPL with the Exchange.
- 1.3 JBPL was selected for inspection in the 'Not Activated' Category for verification of following compliance as advised by SEBI:
  - i. Compliance with Regulation 8 (1) (f) & 8 (3) (f) of SCRR i.e. (not to deal in commodities / business other than securities)
  - ii. Unapproved changes such as change in the control of member entity, Change in the constitution, change in the shareholding, etc.
  - iii. compliance with net worth criteria as prescribed
  - iv. location of Member's office as per the details available with the Exchange
- 1.4 On May 28, 2013, the Exchange official carried out the inspection at the JBPL's registered office.
- 1.5 During inspection, no non-compliance with regards to Rule 8 (1) (f) & 8 (3) (f) of SCRR was observed. However, from the documents submitted during and post inspection, it was observed that the net worth of JBPL was only Rs. 77 lacs, well below the prescribed limit of Rs 1 Crore.

True copy  
by

**MCX'SX**  
India's New Stock Exchange

1.6 Even after repeated reminders by the Exchange and directions by the Committee, the member did not increase its net worth.

1.7 Hence the Committee, vide order dated March 31, 2014 expelled the JBPL from the membership of the Exchange.

**2. Request of JBPL for revocation of Expulsion and Considerations by the Committee:**

2.1 JBPL vide letter date August 5, 2014 requested the Exchange to revoke the expulsion.

2.2 The Exchange vide letter no. MCX-SX/INSP-2013-14/232/8451 dated August 5, 2014 replied to the said letter and also informed JBPL that their request shall be placed before the Committee in its next meeting.

2.3 Accordingly, the matter was placed before the Committee in its meeting held on September 24, 2014.

**3. Decision**

3.1 The Committee deliberated on the matter and based on the legal opinion provided and taking into consideration, the practice followed by the Industry, directed that:

- a) In any of the cases, where any member has been expelled for not maintaining prescribed net worth, its expulsion shall be revoked and a notice shall be issued giving 30 days' time to increase the net worth
- b) In case the member fails to comply, a monetary fine of Rs. 10,000/- shall be levied on the member

3.1.1 Accordingly, the expulsion order dated March 31, 2014, issued against M/s Jain Broking Pvt. Ltd is revoked with immediate effect.

3.1.2 M/s Jain Broking Pvt. Ltd is advised to increase its net worth to the prescribed limit within 30 days of the date of receipt of this order and submit a net worth

True copy  
Jy

**MCX'SX**  
India's New Stock Exchange

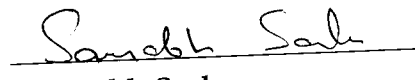
certificate in the format of Dr L C Gupta Committee Report, duly certified by a qualified Chartered Accountant.

3.1.3 In case M/s Jain Broking Pvt. Ltd fails to comply, a monetary fine of Rs. 10,000/- (plus applicable service tax) shall be levied.

Dated this December 9, 2014



Thomas Mathew T.



Saurabh Sarkar

*True copy  
In witness*

