

Department: Membership	Segment: All
Circular No: MSE/MEM/10980/2021	Date : October 08, 2021

Subject: Revised policy on disciplinary action in case of shortfall in Networth and non-submission of Networth within the stipulated timeframe

As per membership norms laid down by the MSE / MCCIL and SEBI (Stock-Brokers) Regulations, 1992, all Members are required to maintain minimum Net-worth at all points of time and submit the Net-worth certificate & computation within 2 months from the end of the half year.

With a view to ensure enhanced compliance with respect to maintaining Networth and Networth submission, Exchange has revised the policy relating to the timelines for submission of the half yearly net worth certificate and the disciplinary actions in case of short fall and delayed/non submission of Net-worth Certificate. The same is enclosed as Annexure A.

The revised policy shall be applicable for all networth submission from the half year ending September 30, 2021 onwards.

All the members are requested to take note of the same and ensure compliance.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Mahendra Choudhari
AVP –Membership & Inspection

Metropolitan Stock Exchange of India Limited

Revised policy for Disciplinary Action in case of Networth shortfall and Non-submission of Networth

A. Networth requirement and Timeline for submission of Half Yearly Networth Certificate & Computation

- Members are advised to submit their Net worth Certificate and Computation of net worth within 2 months from the end of the respective half year in the prescribed format to MSE. No additional time shall be provided for submission of Networth certificate.
- Members are required to maintain minimum net worth at all points of time as specified by the Exchange. Details of Net worth requirements for different categories of members are as under:

Segment	Membership Type	Net worth (Amount INR in Lacs)
Capital Market	TM / SCM / TCM / PCM	30 / 100 /300 / 300
Futures & Options	TM / SCM / TCM / PCM	30 / 100 /300 / 300
Currency Derivatives	TM / SCM / TCM / PCM	100 / 500 /1000 /1000
Debt Market	TM / SCM / TCM / PCM	50 / 100 / 300 / 300

B. Action for Shortfall / Non-submission in Networth

Action for Shortfall in Net worth	
For Trading members and Trading cum Self clearing members	<p>Requirement - In case of a Net Worth shortfall as on 31st March / 30th September, Members are required to mandatorily submit, a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement.</p> <p>Action in case of shortfall and failure to submit revised Certificate with adequate Net worth: - Member’s trading rights shall be immediately disabled within 2working days from the date of submission, in all segments of the Exchange.</p>
For Trading cum Clearing member	<p>Requirement - In case of a Net Worth shortfall as on 31st March / 30th September, Members are required to mandatorily submit, a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement.</p> <p>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</p> <p>A. In the capacity of Trading Member Member’s trading rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Exchange.</p>

Metropolitan Stock Exchange of India Limited

	<p>B. In the capacity of Clearing Member</p> <p>One-month notice to be given to recoup the Networth and submit the revised Networth, failing which the following action shall be initiated:</p> <ul style="list-style-type: none"> • Total deposits shall be blocked in accordance to % of shortfall as given in Section C below. No Exposure shall be permitted on such blocked deposit. • Restriction on onboarding new Trading Members. • 2-months’ notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.
--	---

Action for Delayed/Non-Submission	
For Trading members and Trading cum Self clearing members	Member’s trading rights shall be immediately disabled within 2 working days from the due date of submission, in all segments of the Exchange.
For Trading cum Clearing member	<p>The following actions shall be taken on immediate basis if the Networth is not submitted within 2 months from the end of the half year.</p> <p>A. In the capacity of Trading Member</p> <p>Member’s trading rights shall be immediately disabled within 2 working days from the due date of submission, in all segments of the Exchange.</p> <p>B. In the capacity of Clearing Member</p> <ul style="list-style-type: none"> • 90% of Total deposits shall be blocked. No Exposure shall be permitted on such blocked deposit • Restriction on onboarding new Trading Members. • 2-months’ notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.

C. Blocking of Deposits -

In case of clearing Members of Capital Market, F&O, Currency Derivatives and Debt Segments

Category	Deposit to be blocked
Networth shortfall less than or equal to 10% of the prescribed minimum	10% of Total Deposits (cash and collateral)
Networth shortfall less than or equal to 20% of the prescribed minimum.	25% of Total Deposits (cash and collateral)
Networth shortfall less than or equal to 50% of the prescribed minimum.	50% of Total Deposits (cash and collateral)
Networth shortfall greater than 50%	90% of Total Deposits (cash and collateral)

Metropolitan Stock Exchange of India Limited