Annexure 3

Net worth Requirements / Action for Non-Compliance with Annual Submission

I. Net worth Requirements

Trading members of the Exchange are required to maintain Networth as prescribed by the Exchange at all points of time. Networth for various classes of members as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, is as under:

Segment	Type of Membership	Base Networth Applicable from 23.02.2023 (Effective 31.03.2023 submissions) Amount in Crores Corporate/LLP/ Partnership Firm /Individual	Variable Networth # (in Rs.) Applicable from 23.02.2023 (Effective 31.03.2023 submissions and onwards)
Capital Market	TM	0.30	10% of average daily cash balance of clients retained with the member across segments/ exchanges in the previous 6 months.
Futures & Options	TM	0.30	
Currency Derivatives	TM	1	
Debt Segment	TM	0.50	

- Networth requirement for members shall be Base Networth or Variable Networth, whichever is higher.
- Please note that Reason should be provided in case where the Variable Networth is submitted as "Nil".
- Please refer Exchange Circular Ref. No. MSE/MEM/12988/2023 dated February 3, 2023 for clarification on ascertaining Variable Networth as per SEBI gazette notification.

II. Action for Non-Compliance with Annual Submission

a) Penalties for Delayed Submissions / Non-Submission / Incomplete Submissions:

Period	Penalty (INR)
During 1st month after due date till the date of submission	@ 200/- per day
During 2nd month after due date till the date of submission	@ 500/- per day

In the case of non-submission / delayed submission / incomplete submission of Net worth details for more than 2 months, a notice of 2 week shall be given to the Member, and subsequent to which the Member shall be disabled in ***all segments*** by the Exchange.

b) Action for Shortfall in Net worth

In case the net worth submitted by the member is below the specified minimum net worth requirement; the Exchange would initiate appropriate disciplinary action including the following penalties:

Sr. No	Percentage of Shortfall in Net worth of the minimum Specified.	Penalty for TM's (Amount)
1.	Less than or equal to 10%	INR 10,000/-
2.	Less than or equal to 20%	INR 15,000/-
3.	Less than or equal to 50%	INR 20,000/-
4.	More than 50%	INR 30,000/-

Additional non-monetary actions:

Members having negative net worth shall be suspended from trading till such time the members meet the minimum net worth as applicable.

In case of trading members who have submitted a shortfall in net worth, such members are required to submit a revised Networth certificate after increasing the Networth within 2 months from the due date of submission of half yearly Networth certificate (***i.e. by December 31, 2023***). In case of non-submission of fresh certificate with adequate Networth within the timelines, an additional 2 weeks' notice shall be given to the Member, subsequent to which the member shall be disabled in the applicable segments of the Exchange.