



## Frequently Asked Questions – New Membership

### GENERAL ISSUES

**1. Who can become member of MSE?**

- a) Individuals /Sole Proprietors
- b) Registered Partnership Firms
- c) Limited Liability Partnerships (LLP)
- d) Corporates
- e) Banks

**2. What are the various segments offered by MSE?**

- a) Equity Market (ECM)
- b) Equity Derivatives (EDM)
- c) Wholesale Debt Market (Debt)
- d) Currency Derivatives (CDS)/IRF

**3. What are the categories of Membership offered by MSE?**

Trading Member (TM)

**4. What are the trading / clearing rights available to various categories of members?**

**Trading Member (TM):** A trading member can trade on own account as well as on account of its clients, but cannot clear such trades by itself.

**5. What are the benefits offered by MSE to its members?**

MSE offers a new way of doing business, where focus is placed on ease of doing business for market participants. The entire eco-system of trading is customized and incentivized for members to avail state of the art connectivity and efficiency. Exchange offerings are tailored towards building strong exchange-member ties and develop ownership of the members towards their exchange.

MSE offers the lowest admission fee and membership deposit requirement for any segment across the industry. The membership deposit funds are also considered towards regulatory requirement of BMC (Base Minimum Capital). Any funds over and above BMC may be utilized towards margin requirements by members. The above offerings ensure least capital requirement, as well its most



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optimum utilization. Refer Circular No [MSEI/MEM/4845/2017](#) dated January 11, 2017.

**6. Can a foreign entity take membership in MSE?**

No. As per SEBI requirements, all entities registered as members of an Exchange have to be incorporated in India.

**7. What will be the cost involved for taking Membership in MSE(TM)?**

<b>Fees Structure</b> (Period - from January, 2017) Membership of Equity Capital Market / Equity Derivatives / Currency Derivatives / Debt Segment		
₹ in lakhs		
Segments (ECM, EDS, CDS, Debt)	Admission Fee	Processing Fee
Any one segment	2.50	0.10
Any two segments	3.50	
Any three segments	4.50	
All segments	5.00	
<div>- Admission and processing fee are one-time charge paid towards initiating membership of the Exchange. The fees shall not be considered towards Base Minimum Capital and/or margin.</div> <div>- GST at applicable rates will be payable on Admission &amp; Processing fee.</div>		

**8. What is the Deposit & Net worth Structure for Equity Capital Market / Equity Derivatives / Currency Derivatives / Debt Segment?**

<b>Net worth Requirements and Deposit Structure</b> Trading Membership of Equity Capital Market / Equity Derivatives / Currency Derivatives / Debt Segment			
₹ in lakhs			
Segment	Membership Type	Net worth Requirements	Membership Deposit
Capital Market	TM	30	10#
Futures & Options	TM	30	10#
Currency Derivatives	TM	100	10#
Debt Segment	TM	50	Nil
<p>Membership deposit of ₹10 lakhs per segment will be collected in Cash only.</p> <p># Payable by Member on Activation of trading</p> <p>Please refer to Circular No: MSE/MEM/11566/2022 Dated March 10, 2022 regarding SEBI notification on revised networth w.e.f. 23-Feb-2023.</p>			

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**9. Is there any lock in period for deposits with Exchange?**

Membership deposits paid to Exchange while taking new membership / activation of trading are refundable only after surrender of membership is approved by SEBI and compliance with relevant Exchange rules & regulations in this regards.

**ISSUES RELATING TO APPLICATION TO THE EXCHANGE**

**10. What documents are required to be submitted for applying for Membership of the Exchange / SEBI Registration by an applicant/Member?**

**For Membership of the Exchange**

- a) Duly completed application form
- b) Cheque / Demand draft / Pay Order for Admission Fees, and Processing Charges inclusive of applicable GST and Exchange Deposit

**For SEBI Registration:**

- c) Form A and Additional Information To SEBI: in the format prescribed by SEBI
- d) Specified documents / details / undertakings: The exhaustive list of documents is available on our website at <http://www.msei.in/members/Membership/New-Membership-Documents>. Existing members of MSE applying for registration in a new segment are required to submit a reduced list of documents (Details specified on the above mentioned link).
- e) In case the member is applying to SEBI for new registration, the application fee of Rs. 50,000/- plus GST at the applicable rates is payable directly to SEBI.

**11. What is the registration process required to be followed for acquiring membership at MSE?**

**Procedure for admission of New Members:**

- a) Receipt of Application Form along with relevant documents, Admission and Processing fee inclusive of applicable GST.
- b) Verification of documents by the Exchange.
- c) Personal Interview and placing the application before Membership Committee.
- d) Admission of the Member on the exchange.
- e) Registration of member in exchange level through SEBI portal in case they are already registered with other exchange having INZ certificate and inform the same to the SEBI.
- f) Apply for new registration through SEBI portal in case applicant is not registered with any other exchange.
- g) On receipt of SEBI Registration certificate inform member about the same.

**12. What are the SEBI Specified eligibility criteria for various categories of applicants?**

- a) For Individuals / Partners of Partnership firms & Limited Liability Partnerships
  - i. Indian Citizen
  - ii. Minimum 21 years of Age
  - iii. At least HSC / equivalent qualification (10+2)
  - iv. Not less than two years as a partner with, or an authorized assistant or authorized clerk, Authorized Person or remisier or apprentice to a member.
- b) For Corporates
  - I. Minimum 2 directors should be designated directors. The designated directors should meet the following eligibility criteria:
    - i. Can be a citizen of any country
    - ii. Minimum 21 years of Age
    - iii. At least HSC / equivalent qualification (10+2)
    - iv. Not less than two years' experience in dealing in securities; or as portfolio managers; or as investment consultants.
  - II. Minimum paid up capital of the Corporate should be Rs 30 lacs.

**13. What is the method of computation of Net worth?**

The computation of Net worth for ECM, EDS, CDS and IRF segments should be in accordance with the method of computation prescribed by Dr. L C Gupta Committee.

**14. What is Promoter Group? Who can be a part of promoter group?**

A set of individuals / entities that hold "controlling interest" in a corporate trading member is termed as "Promoter Group". The "Promoter Group" can consist of any of the following persons either individually or jointly who hold "controlling interest" in a trading member.

- a) Individual Shareholders
- b) Corporate Shareholders

**15. Who can sign all the Exchange related documents?**

Any person authorized by the Board of the applicant Company / by all partners (in case of Partnership firm) can sign the documents for application to the Exchange / SEBI. A Board Resolution / Authorization Letter duly certifying the specimen signature and authorizing such person to sign the application submitted to the Exchange also needs to be submitted with the application.

**16. Can an applicant carry on business other than dealing in Securities?**

As specified in Securities Contract Regulation Rules (SCRR) Rule 8(i)(f) and 8(iii)(f), any entity applying for membership of the Stock Exchange or after obtaining SEBI registration as a member to trade in Securities, is not allowed to carry on any business other than securities trading / dealing.



**17. What is the meaning of principal activity?**

Principal Activity refers to the main business of the Applicant as mentioned in the object clause of the applicant Company. The Principal Activity, for any entity applying for registration as a trading member of MSEI needs to be related to stock broking / dealing in securities.

**18. What details need to mentioned under the heading “Infrastructure details” in the application form?**

**While providing Infrastructure details in the application form, the applicant needs to provide:**

- a) Details of the office from where the business of the applicant is going to be conducted (in case of a single place of business)
- b) An Annexure with details of all places of business (in case the applicant wishes to conduct business from more than one place)

**19. What are the regulatory requirements for appointment of a Compliance officer?**

SEBI (Stock Brokers & Sub-Brokers) Regulation (Chapter IV Regulation 18A) prescribes appointment of Compliance Officer by every SEBI registered Intermediary.

- a) The Applicant can designate any of its employees as Compliance Officer and intimate the same to the Exchange
- b) Any change in the Compliance Officer needs to be intimated to the Exchange
- c) Compliance officers need to obtain NISM certification (NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination) within 1 year from the date of appointment as Compliance officer.