

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 Aastha Agencies (AA) 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. INE261401017 on September 3, 2010.
- 1.2 AA had not activated its membership on the Exchange till date and there were no deposits of AA with the Exchange.
- 1.3 AA 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 21, 2013, the Exchange official carried out the inspection at the AA's office.
- 1.5 From the documents submitted during and post inspection, it was observed that there was no non-compliance with regards to Rule 8 (1) (f) & 8 (3) (f) of SCRR. However, the net worth of AA was less than the prescribed limit of Rs 1 Crore.
- 1.6 Even after repeated reminders by the Exchange and directions by the Committee, AA did not increase its net worth.

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- 1.7 Hence the Committee, vide order dated March 31, 2014 expelled the AA from the membership of the Exchange.
2. The Committee recalled that another member who was expelled for the same reason, requested the Exchange to revoke the expulsion and that the matter was placed before the Committee in its meeting held on September 24, 2014. The Committee also recalled that based on the legal opinion provided and taking into consideration, the practice followed by the industry, it was decided 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.

The Committee noted that in the matter pertaining to Aastha Agencies is similar to that of the other member and hence the action for both the cases should be decided in the same manner.

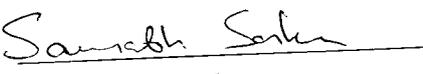
3. Decision

The Committee deliberated on the matter and based on the legal opinion provided and taking into consideration, the practice followed by the Industry, and all the available material in this regard, directed that:

- 3.1 The expulsion order dated March 31, 2014, issued against M/s Aastha Agencies be revoked with immediate effect.
- 3.2 M/s Aastha Agencies be 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 certificate in the format of Dr L C Gupta Committee Report, duly certified by a qualified Chartered Accountant.
- 3.3 In case M/s Aastha Agencies fails to comply, a monetary fine of Rs. 10,000/- (plus applicable service tax) be levied.

Dated this December 9, 2014


Thomas Mathew T.


Saurabh Sarkar



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