

Circular

Department: Compliance	
Download Ref No: NSE/COMP/56144	Date: March 27, 2023
Circular Ref. No: 31/2023	

To All Members,

Sub: Submission of Half Yearly Networth Certificate as on March 31, 2023

As per the continuing membership norms of the Exchange, all Members of the Exchange are required to maintain minimum Networth at all points of time and submit the Net-worth certificate on a half yearly basis to the Exchange. With regard to the same, members are hereby advised to submit the Half Yearly Networth Certificate as on March 31, 2023 on ENIT by **May 31, 2023**.

Further, the members who have availed approval for offering margin trading facility have to submit the net worth certificate in the format prescribed for them **on or before April 30, 2023**. It may be noted that no additional time shall be provided for submission of Networth certificate beyond the due dates mentioned above.

Members are requested to adhere and comply with the applicable Networth (i.e., higher of the Base Networth or Variable Networth) as stated in the SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022. Members are advised to refer to Exchange Circular ref no. NSE/COMP/55447 dated February 01, 2023 for clarification on ascertaining Networth as per SEBI gazette notification.

Members may please note the following and ensure compliance:

- For disciplinary actions in case of Net worth shortfall and non-submission of Networth, refer Exchange circular Ref no. NSE/COMP/47735 dated March 24, 2021.
- In case the reported Networth is less than the minimum Networth required or reported Networth has a variation of 25% or more as compared to the last reported half yearly Networth, members are required to mention the reason for the same when submitting the same on ENIT.
- In case of any shortfall in Networth as on March 31, 2023, a revised Networth certificate as on a subsequent date meeting the minimum required Networth shall be submitted along with the original Networth certificate as on March 31, 2023, before the due date.

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- Non-submission of Networth certificate within the due date or in case of any shortfall, failure to submit a revised Networth certificate along with the original Networth certificate as on March 31, 2023, shall result in immediate withdrawal of trading rights/margin trading facility, as the case may be.
- For Networth requirements, method of computation and formats regarding Half-Yearly Networth Submission, kindly refer to Annexure I.

Further, the link for submitting the Networth shall be made available on ENIT COMPLIANCE NEW shortly. A separate communication shall be issued in this regard along with the User Manual.

For any support, please reach out to the helpdesk on 1800 266 0050 (Select IVR option 3) or email at memcompliance_support@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Swati Sopare
Senior Manager

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ANNEXURE – I

(A) Revised Base Networth Requirement & Method of Computation

Trading members / Clearing members of the Exchange/NCL are required to maintain Networth as prescribed by the Exchange/ NCL at all points of time as per the continuing membership norms of the Exchange/NCL. Revised Base 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	Revised Base Networth - Applicable from 23.02.2023 (Effective 31.03.2023 submissions)		Revised Base Networth - Applicable from 23.02.2024 (Effective 31.03.2024 submissions)	
		Corporate/LLP	Firm / Individual	Corporate/LLP	Firm / Individual
Capital Market	TM	0.75 Crore	0.75 Crore	1 Crore	1 Crore
	TM (Alpha)	0.50 Crore	0.50 Crore	1 Crore	1 Crore
	TM & SCM	3 Crore	3 Crore	5 Crore	5 Crore
	TM & CM	10 Crore	10 Crore	15 Crore	15 Crore
	PCM	25 Crore	NA	50 Crore	NA
Futures & Options	TM	1 Crore	0.75 Crore	1 Crore	1 Crore
	TM (Alpha)	0.50 Crore	0.50 Crore	1 Crore	1 Crore
	TM & SCM	3 Crore	3 Crore	5 Crore	5 Crore
	TM & CM	10 Crores	10 Crores	15 Crores	15 Crores
	PCM	25 Crores	NA	50 Crores	NA
Currency Derivatives	TM	1 Crore	1 Crore	1 Crore	1 Crore
	TM & SCM	5 Crores	5 Crores	5 Crore	5 Crores
	TM & CM	10 Crores	10 Crores	15 Crore	15 Crore
	PCM	25 Crores	NA	50 Crore	NA
Commodity Derivatives	TM	0.50 Crore	0.50 Crore	1 Crore	1 Crore
	TM & SCM	3 Crore	3 Crore	5 Crore	5 Crore
	TM & CM	10 Crores	10 Crores	15 Crore	15 Crore
	PCM	25 Crores	NA	50 Crore	NA
Debt Segment	TM	0.50 Crore	0.50 Crore	1 Crore	1 Crore
	TM & SCM	3 Crore	3 Crore	5 Crore	5 Crore
	TM & CM	10 Crores	10 Crores	15 Crore	15 Crore
	PCM	25 Crores	NA	50 Crore	NA

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TM = Registered Trading Membership.
TM & SCM = Registered Trading and Self Clearing Membership.
TM & CM = Registered Trading and Clearing Membership.
PCM = Registered Professional Clearing Membership.

Method of computation applicable is as prescribed by Schedule VI of Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022.

Circular**(B) Formats of Networth Certificate****Format: C-1 (Networth Certificate for Corporates, Firms & Individuals)**

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (*Higher of 'Base Networth' or 'Variable Networth'*):

1. Base Networth is Rs. _____/-
2. Variable Networth is Rs. _____/-

This is to certify that the Networth of M/s./Mr./Ms. _____ (Name of Member) as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ only).

We further certify that:

- M/s./Mr./Ms. _____ (Name of Trading Member) is not engaged in any fund-based activities or business other than that of securities or commodity derivatives. Existing fund based assets, if any, have been divested from the books of account and have not been included for the purpose of calculation of Networth.
- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:

For (Name of Certifying Firm)

Date:

UDIN:

Name of Partner/Proprietor

Chartered Accountants / Company Secretaries

Membership Number

*Shall be read with amendments, circular, notification issued in this regard till date.

Circular**Format: C-1 (Networth Certificate for Professional Clearing Members)**

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (*Higher of 'Base Networth' or 'Variable Networth'*):

1. Base Networth is Rs. _____/-
2. Variable Networth is Rs. _____/-

This is to certify that the Networth of M/s. _____ (**Name of Member**) as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ only).

We further certify that:

- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:**For (Name of Certifying Firm)****Date:****UDIN:****Name of Partner/Proprietor****Chartered Accountant / Company Secretary****Membership Number**

*Shall be read with amendments, circular, notification issued in this regard till date.

Circular**Format: C-1 (Networth Certificate for Banks)**

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (**Higher of 'Base Networth' or 'Variable Networth'**):

1. Base Networth is Rs. _____/-
2. Variable Networth is Rs. _____/-

This is to certify that the Net worth of M/s. _____ (Name of the Member) as on _____ as per RBI guidelines is Rs. _____ only.

We further certify that:

- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:**For (Name of Certifying Firm)****Date:****UDIN:****Name of Partner/Proprietor****Chartered Accountant / Company Secretary****Membership Number**

*Shall be read with amendments, circular, notification issued in this regard till date.

Circular**Format: C-1 (Networth Certificate for members who have availed approval for offering margin trading facility)**

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (*Higher of 'Base Networth' or 'Variable Networth'*):

1. Base Networth is Rs. _____/-
2. Variable Networth is Rs. _____/-

This is to certify that the Networth of M/s. _____ (Name of Trading Member) as on _____ as per the statement of computation of even date annexed to this report is Rupees _____ only).

We further certify that:

- M/s. _____ (Name of Trading Member) is not engaged in any fund-based activities or business other than that of securities or commodity derivatives. Existing fund-based assets, if any, have been divested from the books of account and have not been included for the purpose of calculation of Networth.
- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.

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We further certify that the member has complied with all the regulatory requirements related to Margin Trading including those listed in NSE Circular ref. no. NSE/COMP/35125 dated June 15, 2017, NSE Circular ref. no. NSE/COMP/35260 dated June 30, 2017, NSE Circular ref. no. NSE/COMP/35521 dated August 03, 2017 and NSE Circular ref. no. NSE/COMP/36350 dated November 22, 2017.

Place:**For (Name of Certifying Firm)****Date:****UDIN:****Name of Partner/Proprietor****Chartered Accountant****Membership Number**

*Shall be read with amendments, circular, notification issued in this regard till date.

Circular**Format C-1****Method of computation of Networth as per Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022**

The method of computation of Networth as prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022 is as follows:

Capital + Free Reserves

Less: Non-allowable assets viz.,

- (a) Fixed Assets
- (b) Pledged Securities
- (c) Member's Card
- (d) Non-allowable securities (unlisted securities)
- (e) Bad deliveries
- (f) Any Debts and Advances (except trade debtors of less than 3 months)
- (g) Prepaid expenses, losses
- (h) Intangible Assets
- (i) 30% of Marketable securities