



<b>Department: Membership</b>	<b>Segment: All</b>
<b>Circular No: MSE/MEM/ 15275/2024</b>	<b>Date: April 30, 2024</b>

**Subject: Master Circular-Membership**

With a view to facilitate members to have access to all the applicable notices/circulars at one place, Exchange has updated the Master Circular as on March 31, 2024.

The aforementioned Master circular is a compilation of relevant circulars issued by the Exchange which are operational as on date of this circular. Efforts have been made to incorporate applicable provisions of existing circulars issued by SEBI. Members are advised to refer respective circulars.

It is hereby clarified that in case of any inconsistency between this Master Circular and the original applicable circular, the content of the original circular shall prevail.

“Notwithstanding such rescission,

- a) Anything done or any action taken or purported to have been done or taken under such revised/ rescinded process including but not limited to any regulatory inspection/ investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/ revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular.
- b) The previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.

For any further clarifications, members are advised to email on [membership@msei.in](mailto:membership@msei.in)

**For and on behalf of  
Metropolitan Stock Exchange of India Limited**

**Praveenkumar Acharya  
AVP –Membership**

**Metropolitan Stock Exchange of India Limited**

## Master Circular for Membership

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## 1. Admission and Deposit Requirements.

a) The Exchange offers the following admission and deposit structure to members.

I. Admission & Processing Fees for membership.

Segments (ECM, EDS, CDS, Debt)	Admission Fees (Rs. in lakh)	Processing Fees (Rs. in lakh)
Any one segment	2.50	0.10
Any two segments	3.50	
Any three segments	4.50	
All segments	5.00	

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.

II. Membership deposit structure:

Segments (ECM, EDS, CDS, Debt)	Cash Deposit (Rs. in lakhs)
ECM	10
EDS	10
CDS	10
Debt	NIL

The above membership deposit will be collected in Cash only.

III. Base Minimum Capital (BMC):

As per SEBI circular dated December 19, 2012 Trading members need to maintain BMC with the Exchange as per below Categories

Categories	BMC Deposit (Rs. in lakhs)
Only Proprietary trading without Algorithmic trading (Algo)	10
Trading only on behalf of Client and without Algo	15
Proprietary trading and trading on behalf of Client without Algo	25
All Trading Members/Brokers with Algo	50

- BMC amount can be collected in the form of Cash / Bank Guarantee / Fixed Deposit / G-Secs and Approved Equity Scrips as prescribed by SEBI / Exchange.
- Funds contributed by TM / CM towards membership deposit will be considered as part of Base Minimum Capital (BMC).

**Reference:**

Circular No. [4845](#) Issued dated January 11, 2017

## **2. Merger/ Amalgamation of Trading Members**

- a) When two or more corporate broking firms merge leading to creation of a new entity, the SEBI registration granted to the extinguishing entity does not automatically devolve upon the emerging entity and the new entity has to fulfil the eligibility criteria and apply afresh for registration and pay the registration fees.
- b) The emerging entity may be allowed to trade on the registration of the extinguishing entity for a period of say 45 days. However, the emerging entity should apply to SEBI at the earliest and give an undertaking to be liable for the act of the extinguishing entity and such applications in any case should be made not later than 30 days of the registration granted by the Registrar of companies to the emerging entity.

**Reference:**

SMD/POLICY(BRK.REG.)/CIR-18/98 dated July 09, 1998

## **3. Admission of Limited Liability Partnerships as Members of Stock Exchanges.**

- a) Securities Contract (Regulation) Rules, 1957 (hereinafter referred to as “SCRR 1957”) do not explicitly mention Limited Liability Partnerships (LLPs) as the Limited Liability Partnership Act, 2008 (hereinafter referred to as “LLP Act 2008”) was a subsequent development. As per the LLP Act 2008, LLP is a body corporate. Sub-rule 4A and 5 of Rule 8 of the SCRR 1957 provide that Limited Liability Companies (LLC) and partnership firms are eligible to be admitted as members of Stock Exchanges. In this context it may be stated that LLPs are akin to LLC and partnership firms.
- b) In view of the above and since the Parliament has put in place a legal framework for LLPs, Stock Exchanges may consider granting membership to LLPs subject to LLP complying with the conditions laid down in Rule 8(4A) of the SCRR 1957, as far as it can apply to LLPs. Please refer the link for more information.

**Reference:**

Circular No. [3548](#) issued dated November 19, 2015

## **4. Single registration for Stock Brokers & Clearing Members.**

- a) As per the amendment to the Stock Brokers Regulations 1992 vide Notification No. LAD-NRO/GN/2014-15/15/1671 dated October 08, 2014, the requirement of obtaining registration as stock broker/ clearing member for each Stock Exchange/ Clearing Corporation has been done away with and instead a single registration with any Stock Exchange/ Clearing Corporation shall be required. For operating in any other Stock Exchange(s)/ Clearing Corporation (s), approval will be required from the concerned Stock Exchange or Clearing Corporation.
- b) Registration requirements will be as per the following guidelines:
  - I. If a new entity desires to register as a stock broker or clearing member with any Stock Exchange or Clearing Corporation, as the case may be, then the entity shall apply to SEBI through the respective Stock Exchange or Clearing Corporation in the manner prescribed in the Stock Brokers Regulations 1992. The entity shall be issued one certificate of

registration, irrespective of the Stock Exchange(s)/ Clearing Corporation(s) or number of segment(s).

- II. If the entity is already registered with SEBI as a stock broker with any Stock Exchange, then for operating on any other Stock Exchange(s) or any Clearing Corporation, the entity can directly apply for approval to the concerned Stock Exchange or Clearing Corporation, as per the procedure prescribed in the Stock Brokers Regulations 1992 for registration. The Stock Exchange/ Clearing Corporation shall report to SEBI about such grant of approval.
  - III. Similarly, if any entity is already registered with SEBI as a clearing member in any Clearing Corporation, then for operating in any other Clearing Corporation(s) or any Stock Exchange, the entity shall follow the procedure as prescribed in para 7.b.II above.
  - IV. Fees shall be applicable for all the stock brokers, self-clearing members and clearing members as per Schedule V of the Stock Brokers Regulations 1992. As per current requirement, the entity shall continue to be liable to pay fees for each segment approved by the Stock Exchange or Clearing Corporation, as per the Schedule to the Stock Brokers Regulations 1992.
- c) The Stock Exchange or Clearing Corporation shall grant approval for operating in any segment(s) or additional segment(s) to the SEBI registered stock broker, self-clearing member or clearing member, as the case may be, after exercising due diligence and on being satisfied about the compliance of all relevant eligibility requirements, and shall also, inter-alia ensure:
- I. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred to as “Intermediaries Regulations 2008”);
  - II. The applicant has taken satisfactory corrective steps to rectify the deficiencies or irregularities observed in the past in actions initiated/ taken by SEBI/ Stock Exchange(s) or other regulators. The Stock Exchange or Clearing Corporation may also seek details whether the Board of the applicant is satisfied about the steps taken. They may also carry out inspection, wherever considered appropriate.
  - III. Recovery of all pending fees/ dues payable to SEBI, Stock Exchange and Clearing Corporation. Please refer the link for more information.

**Reference:**

Circular No. [7250](#) issued dated January 25, 2019

**5. Uniform Membership structure across segments.**

- a) SEBI has implemented the mechanism of single registration, whereby a registered TM /CM can operate in any segment of the recognized Stock Exchange / Clearing Corporation under the single registration number granted by SEBI.
- b) In order to implement uniform membership structure across equity cash and derivatives segments, following course of action is provided:

- I. The membership structure as TM, Self-clearing Member (SCM), CM and Professional Clearing Member (PCM) as prevalent in equity derivatives segment has been implemented in cash segment with effect from April 01, 2019.
- II. The existing Stock Brokers in cash segment of a Stock Exchange who are already registered as SCM / CM in derivatives segment have automatically become SCM / CM, as the case may be, in cash segment with effect from April 01, 2019.
- III. The existing Stock Brokers in cash segment of a Stock Exchange who are not registered as SCM / CM in derivatives segment shall continue as SCM in cash segment with effect from April 01, 2019. However,
- IV. Existing Stock Brokers in cash segment shall meet with the net-worth requirement as per formula prescribed by Dr. L.C. Gupta Committee as applicable to SCM / CM in equity derivatives segment on or before September 30, 2019.
- V. Existing Stock Brokers in cash segment who fail to meet the net-worth requirement for SCM / CM on or before September 30, 2019 shall continue to trade as Trading Member in cash segment provided that they shall tie up with a CM / PCM. Please refer the link for more information.

**Reference:**

Circular No. [7207](#) issued dated January 14, 2019

**6. Online Registration Mechanism for Securities Market Intermediaries.**

- a) SEBI Intermediary Portal (<https://siportal.sebi.gov.in>) has been operationalized for the intermediaries to submit all the registration applications online. The SEBI Intermediary Portal includes online application for registration, processing of application, grant of final registration, application for surrender / cancellation, submission of periodical reports, requests for change of name / address / other details etc.
- b) All applications for registration / surrender / other requests shall be made through SEBI Intermediary Portal only. The application in respect of stock brokers and depository participants shall continue to be made through the Stock Exchanges and Depositories respectively.
- c) The applicants will be separately required to submit relevant documents viz. declarations / undertakings, in physical form, only for records without impacting the online processing of applications for registration.
- d) Where applications are made through the Stock Exchanges / Depositories, the hard copy of the applications made by their members shall be preserved by them and shall be made available to SEBI, as and when called for. Please refer the link for more information.

**Reference:**

Circular No. [5110](#) issued dated May 04, 2017

**7. Transfer of business by SEBI registered intermediaries to other legal entity.**

- a) The transferee shall obtain fresh registration from SEBI in the same capacity before the transfer of business if it is not registered with SEBI in the same capacity. SEBI shall issue new registration number to transferee different from transferor's registration number in the following scenario.

“Business is transferred through regulatory process (pursuant to merger/ amalgamation / corporate restructuring by way of order of primary regulator /government / NCLT, etc.) or non-regulatory process (as per private agreement /MOU pursuant to commercial dealing / private arrangement) irrespective of transferor continues to exist or ceases to exist after the said transfer.

- b)** In case of change in control pursuant to both regulatory process and non-regulatory process, prior approval and fresh registration shall be obtained. While granting fresh registration to same legal entity pursuant to change in control, same registration number shall be retained.
- c)** If the transferor ceases to exist, its certificate of registration shall be surrendered.
- d)** If the transferor ceases to exist, its certificate of registration shall be surrendered. In case of partial transfer of business by transferor, it can continue to hold certificate of registration. Please refer the link for more information.

**Reference:**

Circular No. [10264](#) issued dated March 30, 2021

**8. Restriction on use of certain words by Trading Member/Authorized Person in their name.**

- a.** The name of Trading Member/Authorized Person should reflect the registration held by the entity and should not in any way create an impression of performing a role for which the entity is not registered.
- b.** It is observed by Exchange that Trading Members/Authorized Persons are using words such as Advisors, Asset/Wealth/Portfolio Management etc. in their name which is misleading and may indicate to the clients/investors that the Trading Members/Authorized Persons are registered for offering services other than broking services without having the applicable registration for those services with SEBI/other regulators. The list of names/words which are not permitted is mentioned in Annexure A. Members are advised to ensure that their name and the name of their registered Authorized Person should not contain such words unless these entities have registered themselves in that capacity with SEBI/other regulators. However, it may be noted that the list provided is illustrative and not exhaustive. Please refer the link for more information.

**Reference:**

Circular No. [13213](#) issued dated March 20, 2023

**9. Guidelines to curb spam SMSes and misuse of Headers and Content Templates by unauthorized Telemarketers (UTMs).**

- a)** In order to ensure that all promotional messages are sent only through Registered Telemarketers (RTMs) and also to stop misuse of Headers and Message Templates which leads to increase in number of fraud/ spam, the Telecom Regulatory Authority of India (TRAI) has issued two separate directions on February 16, 2023 to all Access Service Providers (ASPs) under the Telecom Commercial Communication Customer Preference Regulations, 2018 (TCCPR-2018). (Copy

enclosed as Annexure A). Both the directions are enclosed herewith for necessary information, onward communication to all members for their compliance.

- b) Further, all intermediaries who send bulk SMS hereinafter referred to as Principal Entities (PEs), may be sensitized and the following directions from TRAI may be noted for implementation –
- I. It is seen that many PES have registered large number of Headers and Content Templates. Unused Headers and Content Templates can be misused by fraudulent entities. Hence, PES shall review all the Headers and Content Templates registered by them and surrender and close unused Headers and Templates immediately.
  - II. Most misuse of Content Templates is being done due to leaking of template IDs. To avoid the misuse, PES shall review and re-register all Content Templates immediately.
  - III. Re-verification of Headers and Content Templates shall be done by PES on a quarterly basis.
  - IV. During registration, the PES may classify the Headers as permanent and temporary as per their own requirement. Time duration of temporary Headers will be given by PES during registration process after which they will be deactivated.
  - V. PES shall limit the number of variables portion in the Content Template of message to two variables only, provided that, for the reasons to be recorded, a third variable may be allowed in case of exigency. Variables shall be non-contiguous and not separated with space, comma and/or any other special character.
  - VI. PES shall engage only Registered Telemarketers (RTMs) and pre-declare the complete chain of Registered Telemarketers engaged by them to their respective Access Providers/Telecom Service Providers (TSPs). It is advisable to keep the number of RTMs in the delivery chain to a minimum. Access Providers shall reject all messages where the chain of RTMs is not defined or does not match.
  - VII. PES or their authorized RTMs in the chain shall not use any telephone numbers for sending any kind of message and do not engage any Unregistered Telemarketers (UTM) for transmission of their message. Any blacklisted RTM should not be given any contract.
  - VIII. PES should ensure appropriate provisions in agreement with RTMs so that Headers and Templates shared by them with all RTMs are not misused.
  - IX. PES may obtain the Delivery Report (DLR) from Access Providers/TSPs, in form of total count of messages delivered, through a system generated report. Please refer the link for more information.

Further, Telecom Regulatory Authority of India (“TRAI”) on May 12, 2023 and June 02, 2023 has issued **revised directions** in order to strengthen the process so that only genuine communications goes to the consumers, which need to be implemented by the PEs in coordination with their Telemarketers/Service providers: -

**Reference:**

Circular No. [13253](#) Issued dated March 28, 2023

Circular No. [14141](#) Issued dated September 15, 2023



**10. Guidelines for seeking NOC by Stock Brokers / Clearing Members for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures in GIFT IFSC.**

- a) SEBI has vide its circular SEBI/HO/MIRSD/DoR/P/CIR/2022/61 dated May 13, 2022 has issued Guidelines for seeking NOC by Stock Brokers / Clearing Members for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures in GIFT IFSC. Please refer the link below for annexure. The above circular is attached as Annexure for information. Please refer the below link for annexure.
- b) Stock Brokers and Clearing Members shall apply through a Stock Exchange where the applicant is a member, along with the required information, documents and NOC received from all Stock Exchanges/Clearing Corporations/Depositories in which the applicant is a member/participant.
- c) Stock Exchanges / Clearing Corporations (where the applicant is only clearing member) are directed to forward the complete application to SEBI, after verification along with its recommendation. Please refer the link for more information.

**Reference:**

Circular No. [11838](#) issued dated May 18, 2022

**11. Refund of security deposit.**

- a) This is in modification to the Exchange Circular Ref. No. MCX-SX/MEM/519/2011 dated February 09, 2011 regarding refund the deposit of the Member with the Exchange after SEBI cancellation of the registration of the Member and retention of deposits of the Member post the surrender of membership.
- b) In this regard, following is advised to all exchanges regarding refund of security deposit on surrender of membership by Trading Members:
  - I. On approval of application for surrender of Trading Member's registration by SEBI, the Exchange shall release Security Deposit of the Trading Member (engaged in trading on behalf of clients) after the period mentioned at point a) or b), whichever is earlier:
    - (a) Three years from the date of receipt of surrender application by Exchange from the Trading Member (in order to meet any investor claims), or
    - (b) Five years from the date of disablement of Trading Member's trading terminals by the Exchange.
  - II. On approval of application for surrender of Trading Member's registration by SEBI, the Exchange shall release Security Deposit of the Trading Member (engaged only in proprietary trading in last three years prior to the date of application) after the period mentioned at point a) or b), whichever is earlier:
    - (a) One year from the date of receipt of surrender application by exchange from the Trading Member, or
    - (b) Three years from the date of disablement of Trading Member's trading terminals by the Exchange. Please refer the link given below to download the annexure.

**Reference:**

Circular No. [9963](#) issued dated January 07, 2021

## 12. Procedure for seeking prior approval for change in control.

- a) In terms of SEBI regulations & Exchange guidelines, members are required to obtain prior approval of SEBI & Exchange in case of change in control and furnish the necessary documents as prescribed by the Exchange for the same.
- b) To streamline the process of providing approval to the proposed change in control of stock broker/clearing member (hereinafter referred as intermediary or applicant), it has been decided as under:
- I. The Intermediary shall make an online application to SEBI for prior approval through the SEBI Intermediary Portal ('SI Portal') (<https://siportal.sebi.gov.in>).
  - II. The online application in SI portal shall be accompanied by the following information/declaration/undertaking about itself, the acquirer(s)/the person(s) who shall have the control and the directors/partners of the acquirer(s)/ the person(s) who shall have the control:
    1. Current and proposed shareholding pattern of the applicant.
    2. Whether any application was made in the past to SEBI seeking registration in any capacity but was not granted? If yes, details thereof.
    3. Whether any action has been initiated / taken under SCRA 1956/SEBI Act 1992 or rules and regulations made thereunder? If yes, the status thereof along with the corrective action taken to avoid such violations in the future. The acquirer/ the person who shall have the control shall also confirm that it shall honour all past liabilities / obligations of the applicant, if any.
    4. Whether any investor complaint is pending? If yes, steps taken and confirmation that the acquirer/ the person who shall have the control shall resolve the same.
    5. Details of litigation(s), if any.
    6. Confirmation that all the fees due to SEBI have been paid.
    7. Declaration cum undertaking of the applicant and the acquirer/ the person who shall have the control (in a format enclosed Annexure), duly stamped and signed by their authorized signatories that:
    8. There will not be any change in the Board of Directors of incumbent, till the time prior approval is granted.
    9. Pursuant to grant of prior approval by SEBI, the incumbent shall inform all the existing investors/ clients about the proposed change prior to effecting the same, in order to enable them to take informed decision regarding their continuance or otherwise with the new management; and
    10. The 'fit and proper person' criteria as specified in Schedule II of the Intermediaries Regulations 2008 are complied with
  - III. In case the incumbent is a registered stock broker, clearing member, depository participant, in addition to the above, it shall obtain approval /NOC from all the stock exchanges/clearing corporations/depositories, where the incumbent is a member/depository participant and submit self-attested copy of the same to SEBI.
- c) To streamline the process of providing approval to the proposed change in control of an intermediary in matters which involve scheme(s) of arrangement which needs sanction of the National Company Law Tribunal ("NCLT") in terms of the provisions of the Companies Act, 2013, the following has been decided:

- I. The application seeking approval for the proposed change in control of the intermediary shall be filed with SEBI prior to filing the application with NCLT.
  - II. Upon being satisfied with compliance of the applicable regulatory requirements, an in-principle approval will be granted by SEBI;
  - III. The validity of such in-principle approval shall be three months from the date issuance, within which the relevant application shall be made to NCLT.
  - IV. Within fifteen days from the date of order of NCLT, the intermediary shall submit an online application along with the following documents to SEBI for final approval:
    - a. Copy of the NCLT Order approving the scheme;
    - b. Copy of the approved scheme;
    - c. Statement explaining modifications, if any, in the approved scheme vis-à-vis the draft scheme and the reasons for the same; and
    - d. Details of compliance with the conditions/observations, if any, mentioned in the in-principle approval provided by SEBI.
- d)** With respect to transfer of shareholding among immediate relatives and transmission of shareholding, certain provisions are mentioned below:
- I. Transfer /transmission of shareholding in case of unlisted body corporate intermediary: In following scenarios, change in shareholding of the intermediary will not be construed as change in control.
    - a. Transfer of shareholding among immediate relatives shall not result into change in control. Immediate relative shall be construed as defined under Regulation 2(l) of the Takeover Regulations 2011 which inter-alia includes any spouse of that person, or any parent, brother, sister or child of the person or of the spouse;
    - b. Transfer of shareholding by way of transmission to immediate relative or not, shall not result into change in control.
  - II. Transfer /transmission of shareholding in case of a proprietary firm type intermediary: In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and hence by the definition of change in control, such transmission or transfer shall be considered as change in control. The legal heir / transferee in such cases is required to obtain prior approval and thereafter fresh registration shall be obtained in the name legal heir/transferee.
  - III. Transfer /transmission of ownership interest in case of partnership firm type intermediary: Change in partners and their ownership interest of the partnership firm type intermediary shall be dealt in following manner:
    - a. Transfer of ownership interest in case of partnership firm: In case a SEBI registered entity is registered as a partnership firm with more than two partners, then inter-se transfer amongst the partners shall not be construed to be change in control. Where the partnership firm consists of two partners only, the same would stand as dissolved upon the death of one of the partners. However, if a new partner is inducted in the firm, then the same would be considered as a change in control, requiring fresh registration and prior approval of SEBI.
    - b. Transmission of ownership interest in case of partnership firm: Where the partnership deed contains a clause that in case of death of a partner, the legal heir(s) of deceased partner be admitted, then the legal heir(s) may become the partner (s) of the partnership firm. In such scenario the partnership firm is reconstituted. Bequeathing of partnership right to legal heir(s) by way of transmission shall not be considered as change in control.
- e)** Incoming entities/ shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (immediate

relative or not), need to satisfy the fit and proper person criteria stipulated in Schedule II of the Intermediaries Regulations 2008.

- I. Accordingly, Members are notified that the uniform formats for the following activities will be applicable for all the applications received by the exchange, across Exchanges, under the guidance of SEBI: Please refer the link for more information.

- 1) Change in Shareholding / Sharing Pattern without change in control
- 2) Change in Shareholding / Sharing Pattern with change in control.

The above formats are available on the Exchange website:

<https://www.msei.in/members/membership/current-membership/change-requests/changes-requiring-sebis-prior-approval>

<https://www.msei.in/members/membership/current-membership/change-requests/changes-requiring-intimation-to-exchange>

**Reference:**

Circular No. [10757](#) issued dated August 06, 2021

- f) Following are the guidelines for identification of Foreign Entity / Person as Promoter with respect to identification of foreign entity/person as a promoter:

1. Foreign citizens/nationals cannot be identified as promoter.
2. Foreign entity/ies can be identified as promoter/promoter group subject to the following conditions:
  - a) They need to comply with Reserve Bank of India norms and any other requirements of the Securities and Exchange Board of India and / or Exchange as may be applicable from time to time.
  - b) They shall meet the condition of fit and proper person as envisaged in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.
  - c) The identified foreign entities have to comply with any of the following norms:
    - i. The promoting foreign entity or any of its holding company/subsidiary should be either a bank or insurance company regulated by the Central Bank or such other relevant regulatory authority of that respective country and has a networth of at least Rs. 50 crores.
    - ii. The promoting foreign entity or any of its holding company/subsidiary should be broking house/participant in the securities market that is registered or regulated by the relevant regulatory authority of that respective country and that the relevant authority should be a member of International Organization of Securities Commission (IOSCO). The promoting foreign entity should have networth of at least Rs. 50 crores.
    - iii. The promoting foreign entity or any of its holding company/subsidiary should be Government owned Finance and/or Development Institution and has a networth of at least Rs.50 crores.

- iv. The promoting foreign entity or any of its holding company/subsidiary should be Pension fund, Sovereign Wealth Fund, Broad Based Investment Fund which are registered or regulated by relevant regulatory authority of that respective country or specifically exempt from such registration. Pension fund, Sovereign Wealth Fund or broad based investment fund should have minimum of USD 50 million Asset Under Management (AUM). The ultimate fund needs to be a large fund having AUM of at least USD 200 million and the direct investing fund/scheme having AUM of USD 50 million.

**Reference:**

Circular No. [14143](#) Issued dated September 15, 2023

**13. Prior Approval for Change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and its effect on change in control.**

- a) This has reference to SEBI circular Ref No. CIR/MIRSD/14/2011 dated August 02, 2011 on procedure for seeking prior approval for change in control through single window, and Exchange circular Ref no. MSE MCXSX/MEM/633/2011 dated September 12, 2011 forwarding the same.
- b) SEBI has now issued circular ref no. SEBI/HO/MIRSD/DOR/CIR/P/2021/42 dated March 25, 2021 providing clarifications on transfer of shareholdings among immediate relatives, transmission of shareholdings and its effects on change in control. Please refer the link for more information. Please refer the link for more information.

**Reference:**

Circular No. [10258](#) issued dated March 26, 2021

**14. Uniformity in application formats across Exchanges.**

- a) This is with reference to applications to be submitted by the members for obtaining prior approvals of the Exchange / Intimation on on-going activities/process. Please refer the link for more information.
- b) Exchange is pleased to introduce uniform formats for the following activities, across Exchanges, under the guidance of SEBI:
  - I. Change in Designated & Non-Designated Directors (for Corporates)
  - II. Change in Designated Partners & Non-Designated Partners (for LLPs)
  - III. Change in Designated/Managing Partners & Partners (for Partnership Firms)
  - IV. Change in Compliance officer.

The above formats are available on the Exchange website:

<https://www.msei.in/members/membership/current-membership/change-requests/changes-requiring-sebis-prior-approval>

<https://www.msei.in/members/membership/current-membership/change-requests/changes-requiring-intimation-to-exchange>

**Reference:**

Circular No. [10756](#) issued dated August 05, 2021

## 15. Reporting of clients mapped to Authorised Persons (AP)

- a) This is with reference to the SEBI circular MIRSD/DR-1/Cir-16/09 dated November 06, 2009, on “Market Access through Authorised Persons”, wherein the framework for governing the market access through Authorised persons (AP) was introduced.
- b) Accordingly, to have additional information about the APs and to enhance the regulatory oversight over them, after mutual discussion with other Exchanges, it has been decided to obtain and maintain the details of the clients that are mapped to the respective registered APs. In view of the same, Trading members are hereby required to upload the details of such clients, if any as given in Annexure-1, against the respective APs in the Exchange database, as per the following timelines:
  - I. Members shall be required to upload, latest by November 05, 2021, the details of all the clients (registered upto October 31, 2021) and mapped to AP, if any.
  - II. For new clients registered w.e.f. November 01, 2021, the details shall be uploaded on a weekly basis, on or before the next 2 trading days of subsequent week. For e.g., the clients registered from November 01, 2021, to November 05, 2021, shall be uploaded by November 09, 2021, and for the week ending November 12, 2021, by November 16, 2021, and so on.
  - III. A provision for uploading client details, if any, at the time of new AP registration has also been provided
  - IV. The mode of uploading the client data is provided in the user manual attached as Annexure -2. Members are advised to ensure that details of the clients reported should match with the Exchange UCC records. Please refer the link for more information and to download the annexure.

**Reference:**

**Circular No. [10854](#) issued dated September 04, 2021**

## 16. Fit and Proper criteria

Fit and Proper Criteria as per the provisions of Schedule II of the SEBI (Intermediaries) (Third Amendment) Regulations, 2021:

- a) The applicant or intermediary shall meet the criteria, as provided in the respective regulations applicable to such an applicant or intermediary including:
  - I. the competence and capability in terms of infrastructure and manpower requirements; and
  - II. the financial soundness, which includes meeting the net worth requirements.
- b) The fit and proper person's criteria shall apply to the following persons:
  - I. the applicant or the intermediary;
  - II. the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and
  - III. the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly:

Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the fit and proper person' criteria. Explanation— For the purpose of this sub-clause, the expressions —controlling interest|| and —control|| in case of an applicant or intermediary, shall be construed with reference to the respective regulations applicable to the applicant or intermediary.

- c) For the purpose of determining as to whether any person is a fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:
- I. Integrity, honesty, ethical behaviour, reputation, fairness and character of the person;
  - II. the person not incurring any of the following disqualifications.
    - 1) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;
    - 2) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending.
    - 3) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;
    - 4) recovery proceedings have been initiated by the Board against such person and are pending;
    - 5) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;
    - 6) any winding up proceedings have been initiated or an order for winding up has been passed against such person;
    - 7) such person has been declared insolvent and not discharged;
    - 8) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
    - 9) such person has been categorized as a wilful defaulter; x. such person has been declared a fugitive economic offender; or
    - 10) such person has been declared a fugitive economic offender; or
    - 11) any other disqualification as may be specified by the Board from time to time.
- d) Where any person has been declared as not fit and proper person 'by an order of the Board, such a person shall not be eligible to apply for any registration during the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.
- e) At the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under these regulations or under section 11(4) or section 11B of the Act against the applicant or any other person referred in clause (2), then such an application shall not be considered for grant of registration for a period of one year from the date of issuance of such notice or until the conclusion of the proceedings, whichever is earlier.
- f) Any disqualification of an associate or group entity of the applicant or intermediary of the nature as referred in sub-clause (b) of clause (3), shall not have any bearing on the fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter:

Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the fit and proper person 'criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the fit and proper person 'criteria may be invoked against the intermediary:

Provided further that if any person as referred in sub-clause (c) of clause (2) fails to satisfy the fit and proper person 'criteria, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months from the date of such disqualification failing which the fit and proper person 'criteria may be invoked against such intermediary.

- g) The fit and proper person 'criteria shall be applicable at the time of application of registration and during the continuity of registration and the intermediary shall ensure that the persons as referred in sub-clauses (b) and (c) of clause (2) comply with the fit and proper person 'criteria.

**Reference:**

Circular No. [11292](#) issued dated December 28, 2021

**17. Approved Users.**

- a) As per the existing rules & regulation of the exchange, Approved Users of a member in CD, CM & FO cannot operate with more than one Trading Member. Further Members are also required to submit the details of the terminals along with the name/PAN of the user, details of the NISM/NCFM certificate etc., to the Exchange before routing any order through such terminals.
- b) It has come to the notice of the Exchange that despite Approved users discontinuing their association/employment with the Member, the details of such Approved users the terminals are neither being disabled by the Member, nor a different user is assigned against such terminals.
- c) In this regard, all Members are hereby advised to immediately evaluate all their existing active trading terminals to ensure that the same are being operated only by their Approved Users only. In case any user has already left the organization or is not associated with your Authorised Persons, Members are directed to immediately deactivate the said terminal or assign/report a different user to the respective terminals. Further on an ongoing basis, Members are also advised to ensure immediate deactivation of trading terminals when the concerned user is no longer associated with the Member in any capacity or assign the said terminal to a different user. Please refer the link for more information.

**Reference:**

Circular No. [11236](#) issued dated December 16, 2021

**18. Approval for change in Directors for Banks and Primary Dealers.**

- a) It is has been noted that members of the Exchange which are Banks and Primary Dealers are also regulated by RBI and comply with 'Fit and Proper' requirements prescribed by RBI while appointing their Directors. Based on the above, the Exchange has received SEBI letter ref no MIRSD/DOR/AC/OW/03140/2020/3 dated January 23, 2020 clarifying that, exemption from



seeking Fee Clearance / Prior Approval of the Exchange for change in Designated Directors / Non-designated Directors is provided to all the Banks & Primary Dealers whose Directors meet the Fit & Proper criteria laid down by RBI.

- b) Accordingly, Banks and Primary Dealers have to mandatorily ensure that the newly appointed Designated Directors / Non-designated Directors also meet the 'Fit & Proper requirements' as per Schedule II of SEBI (Intermediaries) Regulations, 2008 and may submit their changes in Directors on post facto basis to the Exchange. Please refer the link for more information.

**Reference:**

Circular No. [8712](#) dated February 25, 2020

**19. Submission of undertaking pursuant to SEBI circular on Standard Operating Procedure in the cases of Trading Member leading to default.**

- a) This is further to SEBI circular no. SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020, and Exchange circular MSE/INSP/9201/2020 dated July 03, 2020 on "Standard Operating Procedure in the cases of Trading Member /Clearing Member leading to default".
- b) In accordance of the abovementioned SEBI circular all members are advised to provide.
- I. A list of all its bank accounts.
  - II. An undertaking enabling the Exchanges / Clearing Corporations to instruct the bank(s) of the members to freeze the bank account(s) for debits under the conditions specified in the above mentioned SEBI circular.
- c) Members are requested to note that.
- I. As per SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated Sep 26, 2016, as and when any new bank accounts are opened,
  - II. Members are required to submit the details of the same within seven days of the opening of the account. Please refer the link for more information.

**Reference:**

Circular No. [9477](#) issued dated September 11, 2020

**20. Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by Market Intermediaries.**

- a) Any set of applications / software / programs / executable / systems (computer systems)-cumulatively called application and systems,
- I. that are offered to investors (individuals and institutions) by market intermediaries to facilitate investing and trading,  
OR
  - II. to disseminate investments strategies and advice,  
OR
  - III. to carry out compliance operations / activities,

where AI / ML is portrayed as a part of the public product offering or under usage for compliance or management purposes, is included in the scope of this circular. Here, "AI"

/ “ML” refers to the terms “Artificial Intelligence” and “Machine Learning” used as a part of the product offerings. In order to make the scope of this circular inclusive of various AI and ML technologies in use, the scope also covers Fin-Tech and Reg-Tech initiatives undertaken by market participants that involves AI and ML

- b) Technologies that are considered to be categorized as AI and ML technologies in the scope of this circular, are explained in Annexure.
- c) All registered Stock Brokers offering or using applications or systems as defined in Annexure, should participate in the reporting process by completing the AI / ML reporting form (see Annexure-25).
- d) All registered Stock Brokers offering or using applications or systems as defined in Annexure, should participate in the reporting process by completing the AI / ML reporting form (see Annexure).
- e) Stock Exchanges have to consolidate and compile a report, on AI / ML applications and systems reported by registered Stock Brokers in the reporting format (Annexure) on quarterly basis. The said report (Annexure) shall be submitted in soft copy only at AI\_SE@sebi.gov.in to SEBI within thirty calendar days of the expiry of the quarter. Please refer the link for more information and to download the annexure.

Further, as per communication received from SEBI, the timeline for reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered is revised vide Exchange Circular No. MSE/MEM/14585/2023 dated December 13, 2023 as per the following table:

<b>Intermediary</b>	<b>Timeline for reporting of AI/ML applications</b>
Trading Members using Algorithm software	Half yearly basis within 15 calendar days of the expiry of the half year
Other Trading Members	Annually within 15 calendar days of the expiry of a year

**Reference:**

Circular No. [13295](#) Issue dated February 04, 2019

Circular No. [14585](#) Issue dated December 13, 2023

**21. Change in Clearing Member affiliation under Interoperability.**

- a) All Trading Members registered in the Capital Market segment, Futures & Options, Currency Derivatives and Debt segment intending to change their association / affiliation from one Clearing Member to another are required to submit the following documents:-
  - I. Letter from the Trading Member, requesting the change in affiliation as per Annexure I.
  - II. Letter from the dis-affiliating / outgoing Clearing Member as per Annexure II.
  - III. Letter from the affiliating / incoming Clearing Member as per Annexure III.
  - IV. Trading Member – Clearing Member Agreement.

(The said agreement shall be provided as per the applicable format of the designated Clearing Corporation of the incoming clearing member).

- b) Process for the change in clearing member will be as below:

- I. Trading member needs to send the required documents via email (membership@msei.in) to the Exchange with the subject line “Request for change in clearing member affiliation”.
- II. The abovementioned documents need to be sent at least 3 working days prior to “effective date”. “Effective date” would be the day of affiliation (start of market hours) with the new clearing member. Please refer the link for more information and to download the annexure.

**Reference:**

Circular No. [7713](#) Issued dated May 31, 2019

**22. Exposure on deposits placed with Exchanges.**

- a) Currently, Trading Members place deposits with various stock exchanges, as per the requirement of the concerned Stock Exchange, over and above the base minimum capital. On such additional deposits, the Clearing Corporation clearing the trades of the Exchange may grant exposure to the clearing member rendering clearing and settlement services to such Trading Members.
- b) In the Interoperability scenario, while the Trading Member may continue to execute trades through various Stock Exchanges, its clearing activities for a segment would be restricted to one clearing member clearing through one clearing corporation.
- c) In this regard, it has been jointly agreed between the Stock Exchanges & Clearing corporations that the designated Clearing corporation shall grant exposure on the free & un-encumbered deposits (excluding the minimum deposits prescribed by SEBI i.e. Base Minimum Capital) placed by Trading Members at each segment level with all the concerned Exchanges. Please refer the link for more information.

**Reference:**

Circular No. [7750](#) Issued dated June 10, 2019.

**23. Reminder for Submission of GST Identification Number (GSTIN) details.**

- a) In view of the proposal from the Government to introduce Goods & Service Tax (GST) w.e.f. July 1, 2017, the Exchange requires details relating to Members GST registration in order to ensure seamless transit into the new tax regime. Please refer the link for more information and to download the annexure.
- b) Accordingly, members are requested to provide their details in the format provided as Annexure 1 and email the same to [mseigst@msei.in](mailto:mseigst@msei.in). Please refer the link given below for annexure:-

**Reference:**

Circular No. [5170](#) Issued dated May 26, 2017

#### 24. Eligibility of One Person Company (OPC) to be registered as a stock broker/sub broker.

- a) The Companies Act, 2013 has permitted formation of One Person Company (OPC), which is eligible to:-
- I. Be registered as a stock broker, provided it satisfies the condition of minimum two Directors, as stipulated under Rule 8 (4A) (v) of Securities Contract (Regulation) Rules, 1957;
  - II. Be registered as a stock broker, however, such entity shall not be permitted to trade in their proprietary account;
  - III. Be registered as a sub-broker subject to fulfilling the eligibility criteria as specified under Regulation 11 A (5) of SEBI (Stock Broker and Sub-Broker) Regulations, 1992.
- b) Further, the entity shall ensure compliance with the provisions of the SEBI Act, 1992, Regulations, Circulars/ Guidelines/ Directives/ Instructions etc. as may be issued from time to time by SEBI or the Government of India relating to the activities carried on by it. Please refer the link for more information.

**Reference:**

Circular No. [3876](#) Issued dated February 24, 2016

#### 25. Waiver of processing fees for appointment of Authorised Person.

- a) In order to widen the distribution network of the Exchange and to increase the participation of intermediaries and reach of trading terminals of the Exchange, the Exchange here by notifies all the members of the Exchange that the processing fee for appointment of authorised person in all the segments has been waived off till further notice. All members are requested to take benefit of the same. Please refer the link for more information.

**Reference:**

Circular No. [3956](#) Issued dated March 15, 2016

#### 26. Processing Fee towards Resignation of Membership.

- a) The Exchange had issued a circular dated February 09, 2011 ref. no: MCX-SX/MEM/519/2011 towards the procedure and fee requirement for resignation/surrender of membership. In this regard, the Exchange has decided to revise the resignation/surrender processing fee w.e.f. April 01, 2015. The revised details are as under:

Sr. No.	Particulars	Processing fee
1	Total Resignation/Surrender of Membership (Where member ceased from Exchange)	200000
2	Segmental Resignation/Surrender of Membership (Where member remains registered at least one segment of the Exchange)	200000

Note: GST is payable towards processing fee as applicable.  
Please refer the link for more information.

**Reference:**

Circular No. [2858](#) Issued dated March 31, 2015

## 27. Regularization of Changes carried out by Member.

- a) In terms of the provisions of the Rules, Bye-Laws and Regulations of the Metropolitan Stock Exchange of India Limited (Exchange), the members of the Exchange are notified that as per Rules 18 ca Chapter III of the Exchange, a trading member may not effect any change in its status or constitution, unless it has made an application seeking prior approval of the Exchange in such manner and with such fees as may be specified by the relevant authority and such approval has been accorded.
- b) It is observed that, in some cases members are not taking approval/intimating the Exchange for the changes carried out by them such as change in Director Details, Shareholding pattern, registered office address, Change in control etc.
- c) Further, as informed, vide Exchange circular reference MSEI/MEM/275/2010 dated Jan 28, 2010 and circular reference no: MSEI/MEM/585/2011 dated June 10, 2011, SEBI has clarified the circumstances for which fee clearance and prior approval respectively, are required to be sought from the Exchange. Please refer the link for more information.

**Reference:**

Circular No. [3583](#) Issued dated November 26, 2015

## 28. Membership requirement for Interest Rate Futures.

- a) SEBI vide its circular no: SEBI/DNPD/Cir- 46/2009 dated August 28, 2009 has issued guidelines for providing trading in IRF on Stock Exchanges and further permitted to introduce Cash Settled IRF vide its circular No.: CIR/MRD/DRMNP/35/2013 dated December 05, 2013.
- b) As per SEBI circular dated August 28, 2009 mentioned above, members trading in Currency Derivatives (CD) and Futures & Options segments of the Exchange are eligible to trade in IRF, subject to meeting the Balance Sheet Networth requirement of ₹1 Crore for acting as trading member and ₹10 Crore for acting as clearing member in IRF under CD segment.
- c) In view of the above, members may please note the following.
  - I. Existing members trading in CD segment are enabled by Exchange to trade in IRF under CD segment.
  - II. Existing members trading only in Futures & Options segment of the Exchange i.e. members not registered under CD segment are required to submit the documents as specified in Annexure-I.
  - III. Any other entities/members desirous to trade in IRF are required to follow the process of membership registration for CD segment of the Exchange as applicable. Please refer the link for more information.

**Reference:**

Circular No. [1715](#) Issued dated January 17, 2014

## 29. Appointment of Authorised Person.

- a) Authorised Person ("AP") means a person who is an individual, a registered partnership firm, a limited liability partnership or a body corporate as defined under the Companies Act, 1956 or any other category of person(s) allowed by SEBI, who is appointed as such by a Trading Member after obtaining

specific prior approval of the Exchange for providing access to trading platform of the Exchange, as an agent of the Trading Member.

- b) Members of the Exchange can appoint AP provided such applicant meets all the criteria specified by SEBI vide its circular MIRSD/ DR-1/ Cir-16/09 dated November 06, 2009.
- c) Members desirous of appointing a AP shall submit an application form along with supporting documents, complete in all respects to the Exchange as per formats enclosed herewith (refer Annexure A) along with relevant processing fees.
- d) Further, Members shall apply for the cancellation/withdrawal of Authorised Person as per formats enclosed herewith (refer Annexure B) along with relevant processing fees. Please refer the link given below to download the annexure.

**Reference:**

Circular No. [942](#) Issued dated January 14, 2013

**30. Membership of Debt Segment.**

- a) SEBI vide its circular no: CIR/MRD/DP/03/2013 dated January 24, 2013 has issued guidelines for providing dedicated Debt segment on Stock Exchanges. In this regard, Exchange is in the process of setting up Debt Segment platform for the purpose of trading in debt securities and instruments.
- b) In order to expedite the implementation of Debt Segment as per the SEBI circular referred above, it has been decided to seek Debt Segment membership application from eligible applicants so that these can be processed internally for final registration with SEBI, after Exchange receives SEBI approval. All such applicants will be entitled to trade on Exchange provided they meet the Exchange and SEBI compliances. Please refer the link below for more information.
- c) Members of Debt segment are hereby notified that as a strategic decision, the Exchange has decided to temporarily suspend its operations of Debt Segment. The Exchange will discontinue the Debt Segment from the close of business hours of September 18, 2020.
- d) Trading in the Debt Segment shall be relaunched after developing a robust eco system of market participants to trade on MSE's Debt platform. Trading will be resumed after giving prior notice to the market.

**Reference:**

Circular No. [1195](#) Issued dated May 20, 2013

Circular No. [9433](#) Issued dated September 02, 2020

**31. Simplification of registration requirements for Stock Brokers.**

- a) SEBI vide its circular ref no: CIR/MIRSD/8/2013 dated September 30, 2013 informed the Exchange/Clearing Corporation about the simplification of registration requirements for Stock Brokers.
- b) In this regard, members may please note that as per the provisions of the aforesaid SEBI circular, the existing practice of obtaining multiple registrations for operating in different segments of a stock

exchange / clearing corporation has been done away with and an existing member may start operations in further segments of the Exchange after approval by the Exchange. SEBI has also laid down the pre-requisites for grant of such approval. Please refer the link given below to download the annexure.

**Reference:**

Circular No. [1496](#) Issued dated October 05, 2013

**32. Documents for Stock Brokers seeking to operate in additional Segments.**

- a) In terms of Regulation 10(2) of SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992 an existing registered member of the Exchange who desires to operate in other segments of the Exchange may apply to the Exchange in the manner specified.
- b) The Exchange has now uploaded formats of application forms and related documents for use of existing members of the Exchange/MCX-SX CCL seeking approvals for operating on additional segments of the Exchange/MCX-SX CCL. Approvals for operating in additional segments may be given by the Exchange after fulfilment of requisite compliances prescribed by SEBI/ Exchange. The formats of documents are available on the Exchange website under Members → Membership → Membership Documents. Interested members are advised to use the formats while making the necessary applications. Please refer the link for more information.

**Reference:**

Circular No. [1657](#) Issued dated December 24, 2013

**33. Periodical Report-Grant of Prior Approval to Members of Stock Exchanges.**

- a) With the amendment in the Stock Brokers Regulations 1992 vide Notification No. LAD-NRO/GN/2011-12/03/12650 dated April 19, 2011, the requirement of members of the Stock Exchanges to obtain prior approval from SEBI for change in status or constitution has been done away with. However, the members of the Stock Exchanges would be required to take prior approval from SEBI for change in control.
- b) The Stock Exchanges will continue to grant prior approval to their members for change in status or constitution, which would include the following:
  - I. In case of a body corporate —
    1. Amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 230 of the Companies Act, 2013 or the corresponding provision of any other law for the time being in force;
    2. Change in its managing director, whole-time director or director appointed in compliance with clause (v) of sub-rule (4A) of rule 8 of the SCRR 1957; and.
    3. Any change in control over the body corporate;
  - I. Any change between the following legal forms - individual, partnership firm, Hindu undivided family, private company, public company, unlimited company or statutory corporation and other similar changes;
  - II. In case of a partnership firm any change in partners not amounting to dissolution of the firm;
  - III. Any other purpose as may be considered appropriate by the Stock Exchanges.

- c) The Stock Exchanges shall submit a periodical report with details of the changes in status or constitution of the members, as per the format. Please refer the link given below to download the annexure.

**Reference:**

Circular No. [585](#) Issued dated June 10, 2011

**34. Submission of Annual Return and Half Yearly Networth.**

- a) Trading Members should ensure the below mentioned compliances:

Compliance requirement	Timelines for filing	Remarks
Annual Returns	Due date – 31st October	Refer to MSEI notice being issued in this regard
Half Yearly Networth Certificate submission as on 31st March	Due date – 31st May	Refer to MSEI notice being issued in this regard
Half Yearly Networth Certificate submission as on 30th September	Due date – 30th November	Refer to MSEI notice being issued in this regard

- b) Gazette Notification of SEBI (STOCK BROKERS) (AMENDMENT) REGULATIONS, 2022 No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, on the following;

- I. Variable Networth {within 1 year of the date of notification of the Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022}
  - 10% of average daily cash balance of clients retained with the member across segments/exchanges in the previous 6 months.
- II. Clarification to Gazette Notification of SEBI (Stock Brokers) (Amendment) Regulations, 2022
  - As specified in the 'Table 1' of the said circular, the revised Networth requirement as stated therein would be applicable to the members from February 23, 2023 and February 23, 2024 respectively from the date of issue of the aforesaid SEBI Gazette notification.
  - 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 aforesaid SEBI gazette notification with effect from February 23, 2023.
  - Accordingly, Members are requested to note that the reporting requirement as per the above-mentioned SEBI gazette notification would be applicable from Half Yearly Networth submission for March 31, 2023 onwards. The period to be considered for ascertaining Variable Networth as on March 31, 2023, would be the previous six months i.e., October 01, 2022 to March 31, 2023.
  - The formats for Networth submission and FAQs are provided in the below mentioned circular.

**Reference:**

Circular No. [12988](#) Issued dated February 03, 2023



**35. Disciplinary action in case of Networth shortfall and non-submission of Networth (Actions For Non-Compliance) and Action for Non-Compliance with Annual Submission / Net worth Requirements.**

**a) Networth requirement and timeline for submission of Half Yearly Networth Certificate & Computation.**

- I. 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.
- II. As per Gazette Notification of SEBI (STOCK BROKERS) (AMENDMENT) REGULATIONS, 2022 No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 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 (Rs. in Crores)
Capital Market	TM	1.00
Futures & Options	TM	1.00
Currency Derivatives	TM	1.00
Debt Market	TM	1.00

**b) Action for Non Compliance with Networth Submission for Trading Members (TM):**

- Action for Shortfall / Non-submission in Networth.

<b>Action for Shortfall in Net worth</b>	<p><b>Requirement</b> - 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><b>Action in case of shortfall and failure to submit revised Certificate with adequate Net worth:</b> - Member's trading rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Exchange.</p>
<b>Action for Non-Submission</b>	Member's trading rights shall be immediately disabled within 2 working days from the due date of submission, in all segments of the Exchange.

**c) Action for Non-Compliance with Annual Return Submission / Net worth Requirements for Trading Members (TM).**

**1. 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.

## 2. 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 10%	INR 15,000/-
3	Less than or equal to 50%	INR 20,000/-
4	More than 50%	INR 20,000/-

## 36. Appendix: List of Circulars/Notifications/Communications

Sr. No.	Circular No	Issued Date	Subject
1	4845	11-Jan-17	Revision of Admission and Deposit Requirements
2	3548	19-Nov-15	Admission of Limited Liability Partnerships as Members of Stock Exchanges
3	7250	25-Jan-19	Single registration for Stock Brokers & Clearing Members.
4	7207	14-Jan-19	Uniform membership structure across segments.
5	5110	04-May-17	Online Registration Mechanism for Securities Market Intermediaries.
6	10264	30-Mar-21	Transfer of business by SEBI Registered intermediaries to other legal entity.
7	13213	20-Mar-23	Restriction on use of certain words by Trading Member/Authorized Person in their name
8	13253	28-Mar-23	Guidelines to curb spam SMSes and misuse of Headers and Content Templates by unauthorized Telemarketers (UTMs).
9	14141	15-Sep-23	Revised guidelines to curb spam SMSes and misuse of Headers and Content Templates by unauthorized Telemarketers (UTMs) from Telecom Regulatory Authority of India
10	11838	18-May-22	Guidelines for seeking NOC by Stock Brokers / Clearing Members for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures in GIFT IFSC
11	9963	07-Jan-21	Refund of security deposit
12	10757	06-Aug-21	Procedure for seeking prior approval for change in control.
13	14143	15-Sep-23	Guidelines for identification of Foreign Entity / Person as Promoter
14	10258	26-Mar-21	Prior Approval for Change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and its effect on change in control.
15	10756	05-Aug-21	Uniformity in application formats across Exchanges
16	10854	04-Sep-21	Reporting of clients mapped to Authorised Persons (AP)
17	11292	28-Dec-21	Fit and Proper criteria
18	11236	16-Dec-21	Approved Users
19	8712	25-Feb-20	Approval for change in Directors for Banks and Primary Dealers

20	9477	11-Sep-20	Submission of undertaking pursuant to SEBI circular on Standard Operating Procedure in the cases of Trading Member leading to default
21	13295	04-Feb-19	Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by Market Intermediaries
22	14585	13-Dec-23	Change in submission timeline for reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries
23	7713	31-May-19	Change in Clearing Member affiliation under Interoperability
24	7750	10-Jun-19	Exposure on deposits placed with Exchanges
25	5170	26-May-17	Reminder for Submission of GST Identification Number (GSTIN) details
26	3876	24-Feb-16	Eligibility of One Person Company (OPC) to be registered as a stock broker/sub broker
27	3956	15-Mar-16	Waiver of processing fees for appointment of Authorised Person
28	2858	31-Mar-15	Processing Fee towards Resignation of Membership
29	3583	26-Nov-15	Regularization of Changes carried out by Member
30	1715	17-Jan-14	Membership requirement for Interest Rate Futures
31	942	14-Jan-13	Appointment of Authorised Person.
32	1195	20-May-13	Membership of Debt Segment
33	9433	02-Sep-20	Temporary suspension of trading in Debt Segment
34	1496	05-Oct-13	Simplification of registration requirements for Stock Brokers
35	1657	24-Dec-13	Documents for Stock Brokers seeking to operate in additional Segments
36	585	10-Jun-11	Grant of Prior Approval to Members of Stock Exchanges/Sub-Brokers
37	12988	03-Feb-23	Clarification to Gazette Notification of SEBI (Stock Brokers) (Amendment) Regulations, 2022