

NSE Clearing Limited

Circular

DEPARTMENT: COMPLIANCE

Download Ref No.: NCL/CMPL/62376

Date: June 07, 2024

Circular Ref. No: 22/2024

To All Members

Sub: Membership Compliance – Revision/Updates to the New Membership/Ongoing Membership Compliances

This is with reference to NCL circular on Membership Compliance – Revision/Updates to the Ongoing Membership Compliances issued vide Circular No. NCL/CMPL/61314 dated March 26, 2024, and Master circular for Clearing Members of NSE Clearing Ltd. issued vide Circular No. NCL/CMPL/61844 dated April 30, 2024.

Members are hereby informed to take note of following Revision/Updates to the New Membership/Ongoing Membership Compliances:

- A. Initial Membership Security Deposits with New Membership applications.
- B. Change in the deposit requirement for Self-Clearing Members in Capital Market Segment.
- C. Prior approval for change in Designated Directors/ Non-designated Directors for Banks and Primary Dealers.

A. Initial Membership Security Deposits with New Membership applications.

NCL has decided that initial membership security deposits will be applicable to all new membership registration at NCL. The New membership applicants shall furnish deposits in the form of Physical FDR amounting to Rs. 5,00,000/- lien marked to NCL with the new membership application, subject to inter-alia, the compliance of the following:

- i. Applicants shall furnish initial membership security deposits in the form of Physical FDR amounting to Rs. 5,00,000/- lien marked to NCL with the application for membership
- ii. The FDR issued in physical form should have validity of minimum 1 year and shall be returned to the applicant after enablement of membership with NCL.

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- iii. The FDR should be issued in favour of "NCL A/c APPLICANT NAME" to be deposited with NCL.
- iv. Applicant is required to issue a letter to NCL agreeing that the Clearing Corporation has an irrevocable authority to encash the FDR and to withdraw the FDR amount (including accrued interest) at any time, even prior to maturity of FDR without notice to the applicant, for recovery/adjustment of SEBI/Clearing Corporation dues. The formats of the letter are given as **Annexure A** - 'Format of letter by applicant for submission of FDR to Clearing Corporation'.
- v. Applicant is required to submit a letter from the bank issuing the FDR to the Clearing Corporation in the formats given in **Annexure B**- 'Format of letter to be provided by Bank issuing FDR to the Clearing Corporation'
- vi. The FDR should be issued by any of the branches of approved banks and should be payable in the cities of: Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad and Hyderabad of the Approved Banks. Applicant may refer to the Consolidated Circular issued by NCL for the List of Approved Banks
- vii. Clearing Corporation shall not accept FDRs from applicant, which are issued by the applicant themselves or banks who are associate of applicant. For this purpose, 'associate' shall have the same meaning as defined under Regulation 2 (b) of SECC Regulations 2012.

B. Change in the deposit requirement for Self-Clearing Members in Capital Market Segment.

The current deposit structure for Clearing/ Self Clearing/ Professional Clearing members is as follows:

(in lakhs)

Segment	Type of Membership	Corporate /LLP		Individual/Partnership Firms*	
		Cash Deposit	Non-Cash Deposit	Cash Deposit	Non-Cash Deposit
Capital Market	Self -Clearing	15	25	6	17.5
	Clearing (including PCMs)	25	25	10	17.5

*PCM membership is not applicable for Individual/Partnership Firms.

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In this regard, NCL has decided to discontinue non-cash deposit requirements in Capital Market Segment from Self Clearing Members only.

The New deposit structure for Clearing/ Self Clearing/ Professional Clearing members is as follows:

(in lakhs)

Segment	Type of Membership	Corporate /LLP		Individual/Partnership Firms*	
		Cash Deposit	Non-Cash Deposit	Cash Deposit	Non-Cash Deposit
Capital Market	Self -Clearing	15	0	6	0
	Clearing (including PCMs)	25	25	10	17.5

*PCM membership is not applicable for Individual/Partnership Firms

This circular shall be applicable w.e.f. **July 01, 2024**.

Further, members may request for release of Non-Cash Deposits in Capital Market segment in the manner provided in Consolidated Circular of Capital Market Segment of NCL (Part B - Liquid Assets/Releases of Liquid Assets)

C. **Prior approval for change in Designated Directors/ Non-designated Directors for Banks and Primary Dealers.**

It is to be noted that the members of the CC which are Banks and Primary Dealers are also regulated by RBI and comply with 'Fit and Proper' requirement prescribed by RBI. Thus, exemption from seeking Fee Clearance/Prior Approval of the CC for change in Designated Directors/Non-designated Directors is hereby provided to all the Banks & Primary Dealers whose Directors meets the Fit & Proper criteria laid down by RBI.

Further, Banks and Primary Dealers have to mandatorily ensure that the newly appointed Designated Directors/Non-designated Directors are 'Fit & Proper' as per Schedule II of SEBI (Intermediaries) Regulations, 2008.

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All members are advised to take note of the above and strictly comply.

**For and on behalf of
NSE Clearing Limited**

Jinal Shah
Associate Vice President

Telephone No.	Fax No.	Email id
1800 266 0050	022-26598243	membership@nscl.co.in

ANNEXURE A

Format of letter by applicant for submission of FDR to Clearing Corporation

(To be typed on applicants letter head)

To

Date:

NSE Clearing Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai-400 051

Dear Sir,

As per requirements of NSE Clearing Limited (NCL) and in compliance of prescribed norms of NCL, I/we hereby furnish you:

Deposit Type : New Membership Deposit

Accordingly, I hereby furnish you the same in the form of physical FDR favouring
NSE Clearing Ltd A/c " Applicant Name"

FDR No :
Bank Name :
Amount (INR) : Rs. 5,00,000/- (Rupees Five Lakhs Only)

I/We hereby agree and consent that you shall have an irrevocable authority to encash the said FDR and to withdraw the said FDR amount at any time, even prior to maturity, without notice to me/us for recovery/adjustment of SEBI/NCL dues and we have no objections whatsoever for the same.

I/We agree that you may renew the FDR for periods of one year each time till the FDR is released by you.

I/we agree that on the encashment of the said FDR, you will be entitled to the interest accrued on the said FDR and you are hereby authorised to receive the accrued interest from the Bank along with the principal amount (FDR amount) payable.

Yours faithfully,
Authorised Signatory (***Seal and Signature***)

ANNEXURE B

Format of letter to be provided by Bank issuing physical FDR to the Clearing Corporation

(To be typed on bank's letter head)

To

Date:

NSE Clearing Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai-400 051

Dear Sir,

We refer to the fixed deposit receipt (FDR) bearing no. _____ issued for Rs. 5,00,000/-, (Rs Five Lakhs only) in your name A/c "*Applicant name*" dated _____ at an interest rate of _____.

We hereby agree and confirm that

- i.) There is no lock in period for encashment of the said FDR.
- ii.) There is no requirement for discharge by the applicant.
- iii.) The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the above applicant.
- iv.) Encashment whether premature or otherwise would not require any clearance from any other authority / person.
- v.) On encashment of the FDR by you, the interest accrued thereon will also be released to you.
- vi.) The FDR will be renewed for such periods as may be instructed by you.
- vii.) The FDR is payable at Mumbai (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad and Hyderabad)

Yours faithfully,

Authorised Signatory
_____ Bank Ltd.