

Annexure-A
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ITEM No.1: MEMBERSHIP ELIGIBILITY REQUIREMENTS

1. Membership of the Exchange/ NSE Clearing is open to corporate entities, limited liability partnerships, registered partnership firms and individuals who fulfil the eligibility criteria laid down by SEBI and NSE.

Eligibility

The following persons shall be eligible to become trading members of the Exchange:

- (a) Individuals (Sole Proprietor).
- (b) Partnership firms registered under the Indian Partnership Act, 1932.
- (c) Limited Liability Partnership as defined in the Limited Liability Partnership Act, 2008.
- (d) Bodies corporate including Banks
- (e) Such other persons or entities as may be permitted under the Securities Contracts (Regulation) Rules, 1957 (“SCRR”) as amended from time to time.

1.1. Individuals (Sole Proprietor)

The individual (Sole Proprietor) applicant shall be required to meet the following requirements:

Particulars	Requirement
Status	Indian Citizen
Age	Minimum age of 21 years
Education	At least HSC or equivalent qualification
Experience	Applicant should have a 2 years’ experience in an activity related to dealing in securities or as portfolio manager or as investment consultant or as a merchant banker or in financial services or treasury, broker, authorised person or authorised representative or remisier or apprentice to a member of a recognised stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.

(i) Partnership firms registered under the Indian Partnership Act, 1932.

Where the applicant is a partnership firm, the applicant shall be required to meet the following requirements:

- (a) No trading member shall, at the same time, be a partner in more than one partnership firm which is a trading member of the Exchange.
- (b) No trading member who is a partner in any partnership firm shall assign or in any way encumber his interest in such partnership firm.

Additional Requirements

Particulars	Requirement
Status	Registered Partnership firm under Indian Partnership Act, 1932
Designated Partners	At least two partners to be identified as designated partners who would be taking care of the day-to-day management of the partnership
Age of the Designated Partners	Minimum age of 21 years
Education of the Designated Partners	At least HSC or equivalent qualification
Experience of the Designated Partners	The designated partners should have a 2 years' experience in an activity related to dealing in securities or as portfolio manager or as investment consultant or as a merchant banker or in financial services or treasury, broker, authorised person or authorised representative or remisier or apprentice to a member of a recognised stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.

(ii) Limited Liability Partnership as defined in the Limited Liability Partnership Act, 2008.

Where the applicant is a partnership firm, the applicant shall be required to meet the following requirements:

- (a) such "limited liability partnership" undertakes to comply with such financial requirements and norms as may be provided by the Securities and Exchange Board of India for registration of such limited liability partnerships under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- (b) the designate partners of the 'limited liability partnership' are not disqualified from being members of a stock exchange under sub-rule (1) [except clause (b) and (f) thereof] or sub-rule (3) [except clause (a) & clause (f) of Rule 8 of the Securities Contracts (Regulation) Rules, 1957 {SCRR} and the designated partners of the 'limited liability partnership' had not held the offices of Directors in any company or body corporate or partner in any firm or 'limited liability partnership', which had

been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange.

- (c) Any other eligibility norms as may be specified under SCRR.

Additional Requirements

Particulars	Requirement
Status	Registered under Limited Liability Partnership act, 2008
Designated Partners	At least two partners to be identified as designated partners who would be taking care of the day-to-day management of the partnership
Age of the Designated Partners	Minimum age of 21 years
Education of the Designated Partners	At least HSC or equivalent qualification
Experience of the Designated Partners	The designated partners should have a 2 years' experience in an activity related to dealing in securities or as portfolio manager or as investment consultant or as a merchant banker or in financial services or treasury, broker, authorised person or authorised representative or remisier or apprentice to a member of a recognised stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.

(iii) **Bodies corporate**

Where the applicant is a body corporate, the applicant shall be required to meet the following requirements:

- such company is formed in compliance with the relevant provisions of the Companies Act, 2013 (as may be amended from time to time).
- a majority of the directors of such company are shareholders of such company and also members of that stock exchange; and
- the directors of such company, who are members of that stock exchange, have ultimate liability in such company.
- such company undertakes to comply with such financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such company under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- the directors of the company are not disqualified from being members of a stock exchange under 19 [clause (1) [except sub-clause (b) and sub-clause (f) thereof] or clause (3) [except sub-clause (a) and sub-clause (f) thereof]] and the Directors of the

company had not held the offices of the Directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange; and

- (f) Any other eligibility norms as may be specified under SCRR of by SEBI/Exchange from time to time.

Additional Requirements

Particulars	Requirement
Status	Corporate registered under The Companies Act, 2013
Minimum Paid up Equity Capital	INR 30 lakhs
Designated Directors	At least two Directors to be identified as Designated Directors who would be taking care of the day-to-day management of the corporate.
Age of the Designated Directors	Minimum age of 21 years
Education of the Designated Directors	At least HSC or equivalent qualification
Experience of the Designated Directors	The designated Directors should have a 2 years' experience in an activity related to dealing in securities or as portfolio manager or as investment consultant or as a merchant banker or in financial services or treasury, broker, authorised person or authorised representative or remisier or apprentice to a member of a recognised stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.

The eligibility membership criteria for banks in the Currency Derivatives segment is as follows:

- (a) Banks authorized by the Reserve Bank of India under section 10 of the Foreign Exchange Management Act, 1999 as AD Category - I bank are permitted to become trading and clearing members of the currency futures market of the recognized stock exchanges, on their own account and on behalf of their clients, subject to fulfilling the following minimum prudential requirements (Ref RBI Circular RBI/2008-09/123 DBOD.No.FSD.BC. 29 /24.01.001/2008-09 dated August 6, 2008):
- Minimum net worth of ₹ 500 crores.
 - Minimum CRAR of 10 per cent.
 - Net NPA should not exceed 3 per cent.
 - Made net profit for last 3 years.

- (b) The AD Category - I banks which fulfill the prudential requirements are required to lay down detailed guidelines with the approval of their Boards for trading and clearing of currency futures contracts and management of risks.
- (c) AD Category - I banks which do not meet the above minimum prudential requirements and AD Category - I banks which are Urban Co-operative banks or State Co-operative banks can participate in the currency futures market only as clients, subject to approval therefore from the respective regulatory Departments of the Reserve Bank.

OTHER ELIGIBILITY NORMS

- I. Rule 8 (1) (f) of Securities Contracts (Regulation) (Amendment) Rules, 1957 (SCRR) prescribes the following qualifications for admission of members of a Stock Exchange
 - a) No person shall be eligible to be elected as a member if—
 - (i) he is less than twenty-one years of age.
 - (ii) he is not a citizen of India; provided that the governing body may in suitable cases relax this condition with the prior approval of SEBI
 - (iii) he has been adjudged bankrupt or a receiving order in bankruptcy has been made against him or he has been proved to be insolvent even though he has obtained his final discharge.
 - (iv) he has compounded with his creditors unless he has paid sixteen annas in the rupee.
 - (v) he has been convicted of an offence involving fraud or dishonesty.
 - (vi) he is engaged as principal or employee in any business other than that of securities [or commodity derivatives] except as a broker or agent not involving any personal financial liability unless he undertakes on admission to sever his connection with such business (Exceptions provided in clauses (a) to (n) Rule 8 (8) of SCRR)
- II. Rule 5 of Chapter III of NSEIL Rules further stipulates that no person shall be admitted as a trading member of the Exchange if such proposed member:
 - (i) has been at any time expelled or declared a defaulter by any Stock Exchange/Regulator.
 - (ii) has been previously refused admission to membership unless the period of one year has elapsed since the date of rejection.
 - (iii) has compounded with his creditors for less than full discharge of debts.
 - (iv) is a body corporate who has committed any act which renders the person liable to be wound up under the provisions of the law.

- (v) is a body corporate who has had a provisional liquidator or receiver, or official liquidator appointed to the person.
 - (vi) incurs such disqualification under the provisions of the Securities Contracts (Regulation) Act, 1956 or Rules made thereunder as disentitles such person from seeking membership of a stock exchange.
- III. As per Regulation 9 of SEBI (Stockbroker) Regulations, 1992, registration shall be granted by SEBI under regulation 6 shall be subject to the following conditions,
- (a) the stockbroker holds the membership of any Stock Exchange.
 - (b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;
 - (c) where the stock broker proposes change in control, he shall obtain prior approval of the Board for continuing to act as such after the change;
 - (d) he shall pay fees charged by the Board in the manner provided in these regulations.
 - (e) he shall take adequate steps for redressal of grievances, of the investors within one month of the date of receipt of the complaint and inform the Board as and when required by the Board;
 - (f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and
 - (g) he shall at all times maintain the minimum networth as specified in Schedule VI.
 - (h) Every stock-broker who act as an underwriter shall enter into a valid agreement with the body corporate on whose behalf it is acting as underwriter and shall abide by the regulations made under the Act in respect of the activities carried on by it as underwriter.
 - (i) Every Stock-broker shall be entitled to act as an underwriter only out of its own net worth/funds as may be prescribed from time to time.]
- IV. Other requirements
- (i) No person shall be eligible to be admitted to the trading membership of the Exchange unless he has passed the relevant Certification Programme as it may prescribed from time to time by SEBI/Exchange.
 - (ii) Each Trading Member shall at all times maintain such infrastructure, staff, communication facilities and records so as to be able to service his constituents satisfactorily and as per the requirements enumerated in the Exchange Byelaws, Rules and Regulations or any other relevant Act(s) in force for the time being.
 - (iii) In the case of foreign promoters, the guidelines issued by Exchange from time to time shall be adhered to.

2. ADMISSION PROCESS

- (i) Any person desirous of becoming a trading member shall apply to the Exchange for admission to the trading membership of the relevant trading segment of the Exchange. Every applicant shall be dealt with by the relevant authority who shall be entitled to admit or reject such applications at its discretion.
- (ii) The application shall be made in such formats as may be specified by the relevant authority from time to time for application for admission of trading members to each trading segment.
- (iii) The application shall have to be submitted along with such fees, security deposit and other monies in such form and in such manner as may be specified by the relevant authority from time to time.
- (iv) The applicant shall have to furnish such declarations as may be specified from time to time by the relevant authority.
- (v) The relevant authority shall have the right to call upon the applicant to pay such fees or deposit such additional security in cash or kind, to furnish any additional guarantee or to require the deposit of any building fund, computerization fund, training fund or fee as the relevant authority may prescribe from time to time.
- (vi) The relevant authority may admit the applicant to the trading membership of the Exchange provided that the person satisfies the eligibility conditions and other procedures and requirements of admission. The relevant authority may at its absolute discretion reject any application for admission without communicating the reason thereof.
- (vii) If for any reason the application is rejected, the admission fee shall be refunded to the applicant, without any interest.
- (viii) The relevant authority may at any time from the date of admission to the trading membership of the Exchange cancel the admission and expel a trading member if he has in or at the time of his application for admission to membership or during the course of the inquiry made by the relevant authority preceding his admission:
 - (a) made any wilful misrepresentation; or
 - (b) suppressed any material information required of him as to his character and antecedents; or
 - (c) has directly or indirectly given false particulars or information or made a false declaration.
- (ix) When a person is admitted to the trading membership of the Exchange, intimation of the person's admission shall be sent to the person and to the Securities and Exchange Board of India. If the person admitted to the membership of the Exchange and after intimation of his admission is duly sent, does not become a member by complying with

acts and procedures for exercising the privileges of membership as may be prescribed by the relevant authority within a specified time period from the date of despatch of the intimation of admission, the admission fee paid by him shall be forfeited by the Exchange.

- (x) A trading member shall nominate one or more of his successor(s) as per the applicable succession laws. If the trading member has no successor(s) willing to carry on the trading membership, then, the trading member may nominate person(s) other than his successor(s).
- (xi) If the trading member has not nominated any person and is rendered incompetent to carry on his business on the Exchange on account of physical disability, then the trading member may, within a period of six months, make a nomination
- (xii) If the trading member has not nominated any person, the successor(s) of the trading member may nominate one or more persons from among themselves within six months from the date of the death of the trading member.
- (xiii) If more than one person(s) are nominated by the trading member or the successor(s), then such nominated person(s) shall be required to form a company to carry on the trading membership;
- (xiv) A nomination made by a trading member or successor(s) may be revoked with the prior written approval of the relevant authority and subject to such terms and conditions as the relevant authority may prescribe from time to time. No such revocation shall be permitted after the nomination becomes effective.
- (xv) The nomination shall become effective in the case of a nomination made by a trading member, from the date of his death or physical disability or from the date of approval by the relevant authority, whichever is later and in the case of a nomination made by successor(s), from the date on which such nomination is made or from the date of approval by the relevant authority, whichever is later.
- (xvi) The relevant authority may, after levying such transfer fees, as may be prescribed from time to time, permit the transfer of Membership in the following circumstances:
 - (a) Death of a trading member.
 - (b) If in the opinion of the relevant authority, the trading member is rendered incompetent to carry on his business on the Exchange on account of physical disability.
 - (c) Upon amalgamation or merger of a trading member company.
 - (d) Upon takeover of a trading member company; and
 - (e) Upon the death of or resignation or notice of dissolution by a partner of a trading member firm, and re-alignment, if any, by the partners in such firm or by the partners in such firm and the nominee(s)/successor(s) of the outgoing

partner or by the partners in such firm and person(s) other than the nominee(s)/successor(s) of the outgoing partner in a new firm, within a period of six months from the date of such death or resignation or notice of dissolution.

3. ONLINE REGISTRATION OF TRADING MEMBERS

The Exchange has launched a new functionality for the applicants who wish to apply for registration as a Trading Member with the Exchange *vide* Circular Ref. No. NSE/COMP/60295 dated January 17, 2024. The membership application can be submitted via online portal, which is accessible on the NSE website under the tab “Become a Member” - <https://www.nseindia.com/trade/membership-types>. The applicants will also be separately required to submit relevant documents as per the checklist/formats available at <https://www.nseindia.com/trade/documents-for-membership>, in physical form for records (as required by SEBI). The user manual for submitting the application through online portal is attached as **Exhibit A**.

4. TERMINATION OF MEMBERSHIP

As per Rule 29 of Chapter III of NSEIL Rules, any trading member may cease to be a member, if one or more apply:

- (a) by resignation.
- (b) by death
- (c) by expulsion in accordance with the provisions contained in the Bye Laws, Rules and Regulations.
- (d) by being declared a defaulter in accordance with the Bye Laws, Rules and Regulations of the Exchange.
- (e) by dissolution in case of partnership firm.
- (f) by winding up or dissolution of such company in case of a limited company.

5. SURRENDER OF MEMBERSHIP

5.1. A Trading Member desirous of surrendering its membership of the Exchange shall submit its request through ENIT.

5.2. Trading Members shall, before submission of an application for surrender of membership, be required to comply with all the Pre-requisites for application of surrender as given below:

- (i) **Cancellation of Authorised person:** All authorized persons affiliated to the surrendering trading member should either cancel their registration or change their affiliation to any other trading member.
- (ii) **Surrender of all connectivity:** VSATs and leased lines connectivity at all the offices of the surrendering trading members should be surrendered prior to submission of the

application for surrender of trading membership. In cases where the VSAT is used by the trading member for NSDL operations, such VSATs would have to be surrendered prior to submission of the application for surrender of trading membership. The Trading member may apply VSAT in the name of NSDL if they wish to continue their operations with NSDL.

- (iii) **Clearance of all dues:** The member is required to clear all the dues towards NSEIL and NSE Clearing Limited (“NCL”) as well as the obligations in respect of Arbitration awards, investor complaints, etc. However, this provision would not be applicable to members who have applied for surrender as a result of their disablement due to non-compliance of capital adequacy requirements for continued admittance to the trading membership of the Exchange for more than 12 months from the date of disablement.
- (iv) **Clearance of all pending complaints and liability/dues towards clients** – The member shall ensure that there are no complaints / arbitration / disciplinary proceedings pending against them (including previous names, if any) and their whole time/designated directors/ shareholders/ partners/sole proprietor. Further there is no liability in any form against any of their clients. All accounts of the clients should be settled and there are no payables (funds & securities) to the clients. In case any future liability arises, member shall undertake to settle the same.

5.3. Exchange shall have absolute discretion in dealing with and may impose additional terms and conditions as it may deem fit with respect to surrender applications from a Trading Member: -

- (i) who has been suspended/ disciplinary action taken by the Exchange /SEBI,
- (ii) in respect of whom any investigation/ action consequent to a default has been initiated by the Exchange /SEBI,
- (iii) who is falling within the category of “associates” as defined by SEBI,
- (iv) who owes dues to the Exchange/ NCL,
- (v) against whom claims by investors of value of INR 10 lakhs or more are pending or any claim for any amount is pending for a period more than 6 months,
- (vi) against whom any other claim /complaint is pending which, in the opinion of the Exchange/ NCL, needs to be resolved by the concerned trading member,
- (vii) whose turnover fees liability to SEBI is still outstanding,

5.4. An application for surrender shall not be allowed to be withdrawn unless permitted by the Exchange at its discretion. However, once the request for surrender of trading membership is approved, whether communicated to the trading member or not, no withdrawal of surrender application will be permitted.

5.5. No trading member, who has surrendered its trading membership, their partners (in case of partnership firm) and/ or dominant shareholders (in case of corporates) shall be eligible to be

readmitted to the Trading Membership of the Exchange in any form for a period of one year from the date of cessation of trading membership (i.e. from the date of approval of surrender).

- 5.6. The application of surrender of trading membership is subject to fulfilment of the following conditions: -
- (i) Submission of original SEBI registration certificate(s) on all segments on which the trading member is registered, in case member is registered only with NSE.
 - (ii) Submission of computation chart of turnover fee liability payable to SEBI in and proof of payment made to SEBI. As per the requirements of SEBI, trading members opting to surrender their trading membership shall have paid the SEBI fees before the application could be accepted by the Exchange.
 - (iii) Submission of an undertaking/ declaration that no investigation/Enquiry/Disciplinary action pending against the trading member or any of its shareholders/ directors
 - (iv) Submission of details of Directors and shareholders as on date of surrender application.
 - (v) Surrender of registration as a Depository Participant, if any.
 - (vi) Submission of declaration that the Member or its Associates, Directors/Partners are not declared as defaulter by any other Exchanges and there are no pending complaints/ongoing investigation or disciplinary proceedings.
- 5.7. Penal charges, the interest on dues and late submission charges to the Exchange and/ or NCL in respect of such trading member shall be levied up to and including the date on which such dues/ interest/ charges are paid remitted to or appropriated /adjusted by the Exchange / NCL.
- 5.8. In case, a Trading Member desires to withdraw the application for surrender and the Exchange in its discretion approves the same in writing, the application and levy of annual subscription, interest and penal charges shall be as if the Trading Member had not applied for the surrender of trading membership. All the costs related to the installation of new VSAT(s) will also be borne by the concerned Trading Member.
- 5.9. A notice to public by way of a public notification in newspapers shall be made by the Exchange. The cost of public notification shall be incurred by the surrendering trading member at actuals. The time period (from the date of public notification) given to investors, public, etc. to lodge claims against the surrendering trading member will be as follows:

Trading Member Category	Duration of Public Notification
Trading members whose applications are with SEBI for registration, are SEBI registered but not enabled, enabled but have not traded at all	15 days
Trading members who have traded during last 12 months preceding the date of receipt of surrender application	2 months

Trading members who have not traded during last 12 months preceding the date of receipt of surrender application	1 month
Trading members who have not traded during last 24 months preceding the date of receipt of surrender application or not enabled members.	15 days

- 5.10. Details shall be sought from SEBI w.r.t the pending dues, if any, from member.
- 5.11. On the expiry of period for receipt of investor claims and on receipt of intimation of dues amount, if any, from SEBI, the total amount payable by the member shall be appropriated against Trading Member's deposits available with the Exchange / NCL and the Trading member will be intimated accordingly. In case the amount payable exceeds the deposits, the trading Member would be intimated to bring in the requisite amount within 21 days of intimation. Upon the failure of the member to do so within 21 days of intimation, the case shall be referred to the relevant authority for further action.
- 5.12. Upon the application for surrender being approved, the Exchange shall notify to all the Trading Members the fact of such approval. The concerned Trading Member, whose application has been approved, shall also be accordingly informed and also intimated of the terms and conditions subject to which their surrender has been approved.
- 5.13. The interest free security deposits lying with Exchange/Clearing Corporation shall be refunded to the members as per the provisions stipulated in SEBI circular SEBI/HO/MIRSD/FCR/CIR/P/2021/01 dated January 06, 2021, which is reproduced as under:
- A. 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.
- B. 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.

- 5.14. Upon acceptance/ approval of surrender of trading membership as aforesaid, the concerned Trading Members shall not be entitled to any rights or privileges accorded under the Bye-Laws, Rules and Regulations of the Exchange/ NCL, but shall continue to be liable to meet their liabilities / obligations under the Bye-Laws, Rules and Regulations of the Exchange/NCL.
- 5.15. A Trading Member, whose public notification has been issued, has an option to seek substitution of the interest-free security deposits, details of which are as follows:
- Cash component of IFSD may be substituted with the FDRs.
- (i) Under this scheme, the Trading Members' IFSD would be converted to FDRs with the clearing bank of the surrendering Trading Member in multiples of 5 FDRs of ₹ 1 lakh, 1 FDR of ₹ 5 lakhs and 1 FDR for the remaining amount of deposits, with the minimum retention of at least ₹ 1 lakh in cash with the Exchange/NSE Clearing after fulfilment of all dues under Rules/Regulations/Bye-Laws of the Exchange/NSE Clearing and circulars issued there under, including arbitration awards and valid investors/other grievances/claims against them. The duration of the FDRs would be as per written request of the Member.
 - (ii) Trading members desirous of availing the said facility are required to submit their request along with their application for surrender.
 - (iii) A minimum deposit component of ₹ 1 Lakhs in cash form will be retained by the Exchange/ NSE Clearing in order to meet any dues / obligations falling due immediately.
- 5.16. Refund of any part component of the deposits is subject to the Trading Member:
- (i) Making payment to SEBI of all the turnover fees, interest payable thereon etc. as may be applicable to such trading members in respect of all the segments they have been admitted to.
 - (ii) Obtaining confirmation of cancellation of registration from SEBI.
 - (iii) Redressing, to the satisfaction of the Exchange, all investors' complaints and other grievances pending against the trading member.
 - (iv) Making, in respect of arbitration proceedings, suitable arrangements to the satisfaction of the Exchange so as to meet any obligation that may arise out of awards that may be made against them.
- 5.17. The release/ refund of any component/ portion of a trading member's IFSD or any other monies owing to a surrendering trading member shall be made through the Trading Member's account with their Clearing Bank. As an alternative, refund may be made to any another bank account of the trading member provided they furnish a No Objection Certificate from their Clearing Bank.
- 5.18. Upon a Trading Member, whose surrender application has been received / approved by the Exchange, being subsequently declared a defaulter/ expelled by the Exchange, all the process

applicable to that of a surrendered trading member shall cease ipso facto and the relevant process pertaining to a defaulter/ expelled trading member shall forthwith commence/ apply.

- 5.19. Cessation of membership consequent upon surrender will become final and effective after refund of deposits provided all the terms and conditions stipulated by the Exchange/NCL are complied with in its entirety. Till cessation, a Trading Member whose application for surrender has been approved shall be subject to all the terms and conditions set forth herein or as may be stipulated/ decided in future from time to time. Approval of surrender of trading membership shall remain conditional upon due compliance by the concerned Trading Member with all their obligations under the Rules/Regulations/Bye-laws of the Exchange/NCL, and circulars issued there under, including arbitration awards and valid investors/ other grievances/claims against them.
- 5.20. The Exchange, at its sole discretion, may waive, add, modify or relax one or more of the above requirements wherever it feels appropriate.

ITEM No.2: CONTINUED ADMITTANCE REQUIREMENTS

6. DEPOSITS AND NETWORTH REQUIREMENTS

6.1 All Members are required to ensure that the conditions and requirements for continued admittance to membership, prescribed from time to time, including maintenance of minimum net-worth and capital adequacy are adhered to. The trading membership of any person who fails to meet these requirements shall be liable to be terminated.

6.2 The Deposits and the net-worth requirements for each category of Membership is specified at <https://www.nseindia.com/trade/deposits-networth-requirements-for-membership>.

6.3 Exchange *vide* circular ref no. NSE/COMP/61387 dated March 28, 2024 requires all new members in the commodity segment to provide a membership deposit of INR 50,000 /- (non-cash) w.e.f. April 01, 2024. Existing members will be required comply with this requirement by September 30, 2024.

6.4 Base Minimum Capital (BMC)

(i) SEBI vide circular no. SMD/SED/RCG/270/96 dated January 19, 1996, circular no MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 and CIR/MRD/DRMNP/ 36 /2012 dated December 19, 2012, has prescribed the requirement of Base Minimum Capital (BMC) for stock brokers trading on stock exchange. BMC is the deposit given by the member of the exchange against which no exposure for trades is allowed.

(ii) Members shall maintain the prescribed BMC based on their profiles

Sr. No.	Categories	BMC requirement
1	Only Proprietary trading without Algorithmic trading (Algo)	INR 10 Lakhs
2	Trading only on behalf of Client (without proprietary trading) and without Algo	INR 15 Lakhs
3	Proprietary trading & trading on behalf of Client without Algo	INR 25 Lakhs
4	All Trading Members/Brokers with Algo	INR 50 Lakhs

(iii) As per the SEBI master circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023, trading Members registered only in Commodity derivative Segment of Exchange shall maintain BMC as given below:

- Members without Algo trading – INR 10 Lakhs
- Members doing Algo trading –INR 50 Lakhs

Minimum 50% of the deposit shall be in the form of cash and cash equivalents. In case of Commodity Derivative, 25% of the above deposit shall be in the form of cash and balance 75% can be in the form of Fixed Deposit/Bank Guarantee.

- (iv) The request for change in BMC category can be submitted through the new ENIT platform. The pathway for submitting requests to change the type of category is as follows: ENIT-NEW-COMPLIANCE > Compliance > BMC > Change Category. While sending a request for change in BMC category, the member shall ensure that ensure adequacy of NSEIL IFSD from which the BMC can be appropriated.
- (v) Any request for a change in the type of membership received before 4:00 pm will take effect on the next working day, while requests received after 4:00 pm will be processed in the subsequent cycle. For instance, if a request for a change in the type of membership is received on September 25, 2023, at 3:00 pm, the revised BMC requirement will take effect on the next working day, which is September 26, 2023. However, if the request is received on September 25, 2023, at 5:30 pm, the revised BMC requirement will become effective on September 27, 2023.
- (vi) The BMC primarily shall be blocked from NSEIL deposits of Capital Market segment. In case the NSE deposits of Capital Market segment are not enough to cover the BMC requirement, NSEIL deposits of Futures & Options segment and Currency Derivatives segment shall also be utilised towards the same.
- (vii) In case a member selects Category 1 i.e. Only Proprietary trading without Algorithmic trading (Algo), the member is entitled to do only Proprietary trading without Algo trading facility. Accordingly, members opting for Category 1 shall not undertake any client trading or Algo trading.
- (viii) In case a member selects Category 2 i.e. Trading only on behalf of the Client (without proprietary trading) and without Algo, the member is entitled to do only Client trading without Proprietary trading and without Algo trading facility. Accordingly, members opting for Category 2 shall not undertake any Proprietary trading or Algo trading.
- (ix) In case a member selects Category 3 i.e. Proprietary trading and trading on behalf of Client without Algo, the member is entitled to do Proprietary trading as well as Client trading however, without Algo trading facility.
- (x) In case a member selects Category 4 i.e. All Trading Members/Brokers with Algo, then Members should obtain Algo registration for using Algo trading facility irrespective of Proprietary trading or Client trading.

6.5 Net-worth requirements

- (i) As per Regulation 9 of SEBI (Stockbrokers) Regulations, 1992 and the continuing membership norms of the Exchange, all Members are required to maintain the prescribed minimum net-worth all times and submit the Net-worth certificate on a half yearly basis to the Exchange.
- (ii) Member shall be required to submit the half yearly net-worth within 2 months from the end of the respective half year i.e., for the Half year ending March, the due date shall be May 31st and for the Half year ending September, the due date shall be November 30th. Exchange circular NSE/COMP/53530 dated September 02, 2022, stipulates the disciplinary action in case of Net worth shortfall and non-submission of Net-worth.

- (iii) For members providing Margin trading facility (MTF) to their clients, Members are required to submit the HY net-worth within one month from the end of respective half year.
- (iv) As per Circular Ref No. NSE/COMP/55447 dated February 01, 2023, the Net-worth is required to be computed as per the method of computation as prescribed by Schedule VI of Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022. Clarification regarding computation of Net-worth as the Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022 has been provided vide circular reference no. NSE/COMP/61335 dated March 27, 2024.

6.6 As per Rule 33 of Chapter III of NSEIL Rules, the relevant authority of the Exchange, shall from time to time prescribe conditions and requirements for continued admittance to trading membership which may, inter alia, include maintenance of minimum networth and capital adequacy, renewal of certification, if any, etc. The trading membership of any person who fails to meet these requirements shall be liable to be terminated.

6.7 Amendment to SEBI (Stockbrokers) Regulations, 1992

SEBI vide official gazette No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, has amended the networth requirements for Members. The key changes are as under:

- (i) The quantum of networth to be maintained by the stock-broker/clearing member, as specified in Table 1 of Schedule VI, shall be reckoned for all segments/stock exchanges.
- (ii) Members shall be required to maintain Network which will be equivalent to the Base Network or Variable Network, whichever is higher.

Type of Member	Base Network {within 1 year of the date of notification of the Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022} (in ₹)	Base Network {within 2 years of the date of notification of the Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022} (in ₹)	Variable Network {within 1 year of the date of notification of the Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022}
Trading Member	-	1 crore	10% of average daily cash balance of clients retained with the member across segments/ exchanges in the previous 6 months.
Self-Clearing Member	3 crore *	5 crore	
Clearing Member	10 crore *	15 crore	

* In Currency Derivative Segment, Self-Clearing Member and Clearing Member shall have minimum net worth of INR 5 crore and INR 10 crore, respectively.

- (iii) Where the trading member/ self-clearing member deposits the fund with the clearing member/ professional clearing member/ clearing corporation, the maintenance of variable networth would not be required by that trading member/ self-clearing member to the extent of clients funds deposited with clearing member/ professional clearing member/ clearing corporation.
- (iv) Where the trading member deposits the client's funds with clearing member/ professional clearing member, the computation of variable networth at the level of clearing member/ professional clearing member shall also include the funds of the clients of trading member deposited with the clearing member/ professional clearing member.
- (v) Where the self-clearing member/ clearing member/ professional clearing member deposits the client's funds with the clearing corporation, the same shall be excluded while calculating the variable networth at the level of the self-clearing member/ clearing member/ professional clearing member:

Provided that the cash / Fixed Deposit Receipts/ Bank Guarantee accepted by trading member/ self-clearing member/ clearing member/ professional clearing member shall be included while calculating the variable networth:

Provided further that the cash / Fixed Deposit Receipts/ Bank Guarantee of clients deposited by trading member with clearing member/ professional clearing member and by self-clearing member/ clearing member/ professional clearing member with the clearing corporation shall be excluded while calculating the variable networth.

- (vi) For the purposes of Schedule VI, 'base networth' shall mean paid up capital, fully, compulsorily and mandatorily convertible debentures / bonds / warrants which are convertible within a period of 5 years from the date of issue, free reserves and other securities approved by the Board from time to time, but shall not include fixed assets, pledged securities, value of member's card, non-allowable securities (unlisted securities), bad deliveries, any debts and advances (except trade debtors of less than 3 months), prepaid expenses, losses, intangible assets and 30% value of marketable securities:

Provided that in case of securities pledged to clearing corporation, the post haircut value of shares owned by the Trading Member / Clearing Member, as may be specified by the Board from time to time, shall be considered for computation of the networth:

Provided further that the deposit requirement specified for the debt segment shall not be applicable when a clearing member clears and settles all the trades only on gross basis for both securities and funds, without using settlement or trade guarantee fund:

Provided further that where the stockbroker, clearing member or self-clearing member in the debt segment, is also regulated by a sectoral regulator other than the Board, the networth shall be computed in the manner as specified by such sectoral regulator or as specified by the Board, whichever is higher.

- (vii) Free reserves shall include Profit and Loss, General Reserve, Securities Premium, Preference Share Redemption Reserve and Capital Redemption Reserve, but shall not include reserves created by revaluation of assets.

7. PROCEDURE FOR VOLUNTARY DISABLEMENT AND SUBSEQUENT RE-ENABLEMENT

7.1 Members desirous of applying for voluntary disablement in all/selected segments shall follow the procedure as detailed below:

- The Request should be made in writing by the trading member specifically seeking voluntary disablement mentioning the reasons for the same.
- The Request should be accompanied by a Board Resolution.
- The Request should be signed by designated director duly authorized for this purpose by Board Resolution.
- The Request should mention that the member has no open positions as on the date of application.
- The Exchange has launched a new module for the applicants who wish to apply for voluntary disablement in any or all segments of the Exchange *vide* Circular Ref. No. NSE/COMP/61506 dated April 08, 2024. The detailed information and user manual is enclosed herewith as **Exhibit B**. Henceforth, all such requests shall be made through the ENIT portal only.

7.2 Members who have opted for voluntary disablement can make an application for re-enablement will be subject to submission / compliance with the following:

- Request in writing by one of the Designated Director accompanied with Board Resolution
- Submit all the annual documents/statements for the latest financial year in accordance with our Circular issued for this purpose (including the ones for the earlier years if not submitted).
- Submission of Networth Certificate meeting minimum network requirement.
- Submit details of mode of connectivity.
- Submit details of approved users with relevant certification details. All users will need to possess certification upon re-enablement.
- Declaration on the letter-head of the Trading Member regarding the Bank name, account no. and account type (e.g.: settlement account, exchange dues account etc.)
- Correspondence and registered office address confirmation.

- Submission of CTCL details, if applicable
- Undertaking for Base Minimum Capital on the Letter head of the Trading Member (As per specified format)
- Any other requirement that may be specified by the Exchange from time to time.

8. MEMBERSHIP CERTIFICATE

Registered Members of Exchange can auto-download Membership certificate containing details of the Member's registration status across the various segments of the Exchange. The Membership certificate can be generated through ENIT portal (<https://enit.nseindia.com/MemberPortal/>) at following path:

ENIT-NEW-Compliance> Compliance>Membership Certificate.

Members are advised to refer to Circular Ref. No. NSE/COMP/55491 dated February 03, 2023, for the process of generation of the Membership Certificate.

ITEM No.3: EXCHANGE APPROVALS

9. CHANGE IN SHAREHOLDING / PROFIT SHARING PATTERN

As per Exchange circulars NSE/MEM/13964 dated January 22, 2010, and NSE/MEM/18010 dated June 08, 2011, all Members of the Exchange are required to seek prior approval of both SEBI and Exchange in case of any change in shareholding, with change in control and prior approval of the Exchange only in case of any change in shareholding without change in control.

Monetary penalty of INR 10,000 per day per instance shall be levied in case of change in shareholding (with no change in control) without Exchange approval. (Circular Ref. No. NSE/INSP/52085 dated April 22, 2022).

9.1 Submission of list of Promoters, Non-Promoters/Partners:

- (i) Members will be required to submit shareholding/ sharing pattern and list of promoters, non promoters, partners at the time of seeking prior approval and through periodical submissions as may be sought from time to time.
- (ii) Members will provide a list of promoters, non-promoters, partners along with their interest, if any (shareholding/ partnership share) in the stock broking entity. The promoters can be identified as under, in terms of Circular Ref. No. NSE/COMP/49213 dated August 06, 2021:

Constitution	Details
Corporate (Listed entity)	The promoter shall be as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Regulation 2 (oo) “promoter” shall include a person: 4 who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or ii) who has control ¹ over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or iii) in accordance with whose advice, directions, or instructions the board of directors of the issuer is accustomed to act. Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity. Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent or more of the equity share capital of the issuer is

Constitution	Details
	held by such person unless such person satisfy other requirements prescribed under these regulations; ¹ Control as defined under SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 Further, persons having controlling interest in the entity in terms of SEBI (Stock Broker) Regulations shall also be treated as promoters
Corporate (Unlisted)	The promoter shall be as per Section 2(69) of Companies Act, 2013 “promoter” means a person— - who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or - who has control¹ over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or - in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act Provided that nothing in clause I shall apply to a person who is acting merely in a professional capacity; ¹Control as defined under SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 Further, persons having controlling interest in the entity in terms of SEBI (Stock Broker) Regulations 1992 shall also be treated as promoters
Partnership Firms/LLP	All partners
Individual/Sole Proprietorship	Individual /sole Proprietor

The application formats for change in shareholding pattern, with/without change in control, are available on NSE website at below mentioned link, under the section “*Change in Member Details*”:

<https://www.nseindia.com/trade/membership-formats>

9.2 Change in control

As per Regulation 9 (c) of SEBI (Stock Brokers) Regulations, 1992, one of the conditions of registration is that Members have to obtain prior approval of the SEBI for any change in control. SEBI circular CIR/MIRSD/2/2011 dated June 03, 2011, CIR/MIRSD/14/2011 dated August 02, 2011, SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2022/163 dated November 28, 2022, NSE circular NSE/MEM/18010 dated June 08, 2011, NSE/COMP/49213 dated August 06, 2021 and NSE/COMP/54665 dated December 01, 2022 requires all Members of the Exchange to take prior approval of SEBI and Exchange for any change in control.

In case of change in control without approval of Exchange, Monetary penalty of INR 2,00,000/- shall be levied along with withdrawal of trading facility of the trading member till approval of the Exchange. (Circular Ref. No. NSE/INSP/53530 dated September 2, 2022)

9.2.1 The following scenarios will amount to change in control:

Sr. No.	Change in Control scenarios	Whether Approval required
1	Any change in the promoters/partners resulting in change in control of the member as defined in SEBI (Stockbrokers) Regulations, 1992 ² & SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (SAST) ³	NOC from Exchanges & Prior Approval of SEBI
2	Change in legal formation or ownership w.r.t Partnership/ LLP/ individual members	NOC from Exchanges & Prior Approval of SEBI

²SEBI (Stock Brokers) Regulations, 1992 (“SB Regs”) defines “change in control” as under:

(ac) “change in control” –

(i) in case of a body corporate –

(A) if its shares are listed on any recognised stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of section 11 of the Act;

(B) if its shares are not listed on any recognised stock exchange, shall be construed with reference to the definition of control as provided in sub-section (27) of Section 2 of the Companies Act, 2013 (18 of 2013);

(ii) in a case other than that of a body corporate, shall be construed as any change in its legal formation or ownership or change in controlling interest.

Explanation - For the purpose of this sub-clause, the expression “controlling interest” means an interest, whether direct or indirect, to the extent of not less than fifty percent of voting rights or interest;

³SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (SAST) defines “control” as under:

“Control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually **or in concert**⁴, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

⁴ Persons Acting in concert shall have the same meaning as defined under 2 (q) of Chapter I of SEBI (SAST) Regulations, 2011

9.2.2 Exception to the aforementioned rule for change in control

In view of the SEBI circular Ref No. SEBI/HO/MIRSD/DOR/CIR/P/2021/42 dated March 25, 2021, in the following the scenarios the change in shareholding will not be construed as change in control and hence SEBI prior approval shall not be required:

In case of unlisted body corporate

- Transfer of shareholding among immediate relatives (as defined under Regulation 2(l) of SEBI (SAST) Regulations
- Transfer of shareholding by way of transmission

In case of partnership firm

- Transfer of interest amongst the partners
- Transfer of interest by way of transmission to a legal heir of a deceased partner provided the same is mentioned in partnership deed

The application format for applying to the Exchange for the following changes in shareholding is available at the following link under the section “Change in Member Details”:

<https://www.nseindia.com/trade/membership-formats>

9.2.3 Ultimate Beneficiary Owner (UBO) Identification

In accordance with the provisions of Prevention of Money Laundering Act (PMLA) and SEBI circular CIR/MIRSD/2/2013 dated January 24, 2013, SEBI Master Circular SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 3, 2023, SEBI Circular SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023 and SEBI Circular SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023 the beneficial owner shall be identified as per below criteria:

- (i) more than 10% of shares or capital or profits of the juridical person, where the juridical person is a company;
- (ii) more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- (iii) more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- (iv) In case of a trust, the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust.

In case of non-individuals except listed entities, details of the immediate promoter / partner and the Ultimate Beneficial Owner should be provided.

9.2.4 Exceptions where UBO is/are not to be identified:

- (i) Where the client or the owner of the controlling interest is a company listed on a stock exchange or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of ultimate beneficial owner of such companies.
- (ii) If in the opinion of the Exchange, it is evident that the identification of promoters/promoter group is not practically possible in terms of the aforesaid norms, then the Exchange, at its sole discretion, reserves the right on deciding on identification of promoters/promoter group by adding certain conditions, if required.
- (iii) Where all the promoters in a Scheduled Bank or any Financial Institution registered with or regulated by any regulatory authority such as RBI, SEBI, IRDA, PFRDA or as decided by the Exchange from time to time.
- (iv) Where all the promoters are central/state government owned financial institutions

9.2.5 Scheme of arrangement which require sanction of the National Company Law Tribunal ("NCLT") involving change in control

- (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 15 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.

9.2.6 Other Important points:

- (i) Promoters shall meet the condition of fit and proper person similar to the criteria envisaged in the SEBI (Intermediaries) Regulations, 2008 and being applied to intermediaries seeking registration from SEBI.

- (ii) Members shall provide reasons for any change in shareholding of promoter (member entity, holding company, corporate promoter etc.); whether or not constituting change in control
- (iii) Promoters who are foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.
- (iv) Foreign citizens/nationals cannot be identified as promoter.
- (v) Foreign entities are allowed to become promoter/part of promoter group of an existing/new trading member provided they meet the guidelines as prescribed in Circular Ref. No. NSE/COMP/52970 dated July 14, 2022. They also need to comply with FIPB norms/RBI norms and any other requirements of the Exchange/SEBI as may be applicable from time to time.
- (vi) The promoting foreign entities shall hold, directly or indirectly and individually or collectively not less than 51 % of the controlling stake in the applicant company proposing to take the trading membership of the Exchange.
- (vii) The identified foreign entities have to comply with any of the following norms and identification of Ultimate Promoter will not be required:
 - (a) 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 INR 50 Crores.
 - (b) 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 Organisation of Securities Commission (IOSCO). The promoting foreign entity should have networth of at least INR 50 Crores.
 - (c) 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 INR 50 Crores.
 - (d) 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.

- (e) The promoting foreign entity is one whose domestic arm or subsidiary is registered with or regulated by any regulatory authority such as RBI, SEBI, IRDA, PFRDA or as decided by the Exchange from time to time and has a networth of at least INR 50 Crores.
- (viii) The nominated list of promoters may or may not be holding any shareholding/partnership interest in entity.
- (ix) Members are required to obtain prior approval of the Exchange for any change in shareholding pattern and change in composition of Promoter Group of Member entity:
 - (a) In case of change in ultimate beneficial owner of Corporate Promoter / Holding Company / Ultimate Holding Company the same needs to be intimated to the Exchange, if such changes do not lead to change in control. In case such changes results in change in control of the member entity (directly or indirectly), the same would require prior approval from Exchange & SEBI.
 - (b) In case of unlisted entity, if there is a change in less than 2% shareholding in promoter/ non- promoter group, then only intimation will be required to be done to Exchanges.
 - (c) In case of Member being a listed company, or corporate shareholder being listed, it is not required to take prior approval for any changes in non-promoter holdings or for changes in holdings of promoter group, if it does not lead to change in control. However, Members are required to inform about such changes to the Exchange on quarterly basis to the membership department. In any case, any change leading to change in control would require prior approval from the Exchange & SEBI.

10. TRANSFER OF BUSINESS / MERGER BY SEBI REGISTERED INTERMEDIARIES TO OTHER LEGAL ENTITY

- 10.1. As per SEBI circular CIR/MIRSD/2/2011 dated June 03, 2011, Members shall be required to seek prior approval of the Exchange in case of any amalgamation, demerger, consolidation, or any kind of corporate restructuring falling within the Companies Act, 2013 or the corresponding provision of any other law for the time being in force.
- 10.2. SEBI vide its circular Ref no. SEBI/HO/MIRSD/DOR/CIR/P/2021/46 dated March 26, 2021, has issued the following clarifications with respect to transfer of business/membership by SEBI registered intermediaries to other legal entity: -
 - (i) 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 /govt / 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.”

- (ii) 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.
- (iii) If the transferor ceases to exist, its certificate of registration shall be surrendered.
- (iv) In case of complete transfer of business by transferor, it shall surrender its certificate of registration.
- (v) In case of partial transfer of business by transferor, it can continue to hold certificate of registration.

In case any of the aforementioned arrangement results in transfer of control, prior approval of SEBI shall also be sought.

The application format for transfer of Membership/merger/amalgamation can be accessed at the below mentioned link, which can be used by Members (transferor/transferee) for making an application to the Exchange:

<https://www.nseindia.com/trade/membership-merger-amalgamation>

11. CHANGE IN DIRECTORS

- 11.1. SEBI circular CIR/MIRSD/2/2011 dated June 03, 2011, Exchange circulars NSE/MEM/13964 dated January 22, 2010, and NSE/MEM/18010 dated June 08, 2011, requires all Members to seek prior approval of the Exchange for change in Directors.
- 11.2. The application format for applying to the Exchange for the following changes in Directors is available at the following link under the section “Change in Member Details”:

<https://www.nseindia.com/trade/membership-formats>

- 11.3. Eligibility requirements of Designated Directors: -

- (i) There shall be atleast 2 Designated Directors in a Corporate Member who would be managing its day-to-day trading operations.
- (ii) Minimum age of designated director(s) shall be 21 years.
- (iii) Each of the Designated Directors should be at least HSC or equivalent qualification.
- (iv) Each of the Designated Directors should have a minimum of 2 years’ experience in an activity related to dealing in securities or as portfolio manager or as investment consultant or as a merchant banker or in financial services or treasury, broker, sub broker, authorised agent or authorised clerk or authorised representative or remisier or apprentice to a member of a recognised stock exchange, dealer, jobber, market maker,

investor/client or in any other manner in dealing in securities or clearing and settlement thereof.

- (v) All Directors of the Member shall meet the condition of fit and proper person like the criteria envisaged in the SEBI (Intermediaries) Regulations, 2008
- (vi) The directors are not disqualified for being members of a stock exchange under clause (1) of rule 8 of SCRR [except sub-clauses (b) and (f) thereof] or clause (3) of rule 8 of SCRR [except sub-clauses (a) and (f) thereof] of the Securities Contracts (Regulation) Rules, 1957 and the directors had not held the offices of the directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange.

11.4. In case of change in director (whether designated or non-designated) without exchange approval monetary penalty as specified in Circular Ref. No. NSE/INSP/53530 dated September 2, 2022, shall be levied.

12. CHANGE IN NAME OF TRADING MEMBERS

12.1 All members are required to note that the application for change in name should be submitted to the Exchange prior to the application made to the Registrar of Companies/ firms for change of name. Circular Ref. No. NSE/MEMB/10363 dated February 28, 2008, requires all Members to seek prior approval of the Exchange for change in Name.

12.2 The change in name process involves the following stages:

- **Stage 1** - Intimation/Application, seeking prior approval, to the Exchange for change in name, prior to making an application to the Registrar of Companies (ROC).
- **Stage 2** - Submission of documents to the Exchange for incorporating name change in the SEBI Registration Certificates after completing requisite formalities with the ROC.
- **Stage 3** - Submission of documents to the Exchange for enablement on the NEAT system in the new name after receipt of SEBI Registration Certificate(s) with the new name.

12.3 In case of any change in name, the Trading Members need to submit their applications electronically to the Exchange through the “Change in Name” module on ENIT- New Compliance, along with documents as provided in the following link:

<https://www.nseindia.com/trade/members-change-in-name>

12.4 The procedure for submitting the request is provided in Circular Ref. No. NSE/COMP/51582 dated March 10, 2022

12.5 Further, Members are requested to note that change in the name of the Trading Member by addition/deletion of word ‘Private’ would be tantamount to change in status or constitution as laid down under Securities and Exchange Board of India (Stock brokers), 1992. Accordingly, Members are required to seek prior approval of the Exchange applying with documents listed under Stage 1. Exchange shall in turn seek prior approval of SEBI and communicate approval

to the Members. On receipt of approval from the Exchange, Member may go ahead with requisite formalities with the Registrar of Companies and submit Stage 2 documents to the Exchange for incorporating name change in the SEBI Registration Certificate(s).

- 12.6 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. 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. An illustrative list is provided in Exchange circular ref. no. NSE/COMP/55716 dated February 22, 2023. Exchange *vide* Circular Ref. No. NSE/COMP/61367 dated March 28, 2024, extended the date of this compliance to June 30, 2024, considering the ongoing efforts of Members and Authorized Persons in this regard.

13. CHANGE IN REGISTERED OFFICE ADDRESS

- 13.1. In the event of change in registered office address, the members are required to inform the Exchange. Members shall submit their request electronically through the '**Change in Registered Office Address**' on ENIT- New Compliance with effect from February 28, 2022.
- 13.2. Proforma for application format is made available on the NSE website at <https://www.nseindia.com/trade/membership-formats> under "Change in Member Details" section.
- 13.3. The process to submit the request is stipulated in Circular Ref. No. NSE/COMP/51461 dated Feb 28, 2022.

14. APPLICATION FOR ADDITIONAL SEGMENT MEMBERSHIP OF THE EXCHANGE

In case a registered Member opts for membership in an additional segment of the Exchange, Member can apply to the Exchange for registration. The format and the check list for the application is available on the NSE website <https://www.nseindia.com/trade/membership-formats> under "Formats for Additional Segment" section.

15. ADVERTISEMENT

- 15.1. Advertisement shall include all forms of communication issued by or on behalf of or in relation to Stockbroker in publicly available media that may influence investment/trading decisions of any investor/prospective investors. It also includes internal communication to registered clients that may influence investment/trading decisions.
- 15.2. Forms of communications shall include but shall not be limited to all written or audio or visual form including social media forms including use of workshops and the like.
- 15.3. Broad guidelines:
- 15.3.1. Prior approval for all Advertisement should be obtained from the Exchange before issuance of Advertisement.

- 15.3.2. Any Advertisement issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, shall require prior Exchange approval. Any advertisement issued by Authorized Person on their own shall not be entertained by the Exchange.
- 15.3.3. Members are hereby advised to undertake adequate due diligence to ensure that content used by the above strictly adheres to the Code of Advertisement prescribed by the Exchange/SEBI from time to time.
- 15.3.4. In the event of suspension of any Member by the Exchange, the Member so suspended shall not issue any Advertisement either singly or jointly with any other Member, during the period of suspension.
- 15.3.5. In the event of any proceeding/action initiated against a Member by a regulatory body other than the Exchange, the Exchange reserves the right to direct the Member to refrain from issuing any Advertisement for such period as it may deem fit.
- 15.3.6. Members should have an internal policy/framework to ensure compliance by itself and Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger being paid by members, with the circulars/guidelines issued by the Exchange/ SEBI for Advertisements.
- 15.3.7. Any promotion for the mobile application of the Member (with or without account opening or Products/Services info) will require prior Exchange approval.
- 15.3.8. In case of any third-party issuing Advertisement on any platform without the consent of the Member and the Member disowns the said Advertisement, in such case, the Member is required to take appropriate legal action against such entity and inform the Exchange regarding such action and outcome thereof.
- 15.3.9. Information contained in the Advertisement should be accurate, complete and unambiguous.
- 15.4. Advertisement shall contain:
- 15.4.1. Name of the Member, complete registered office address, SEBI Registration number (all registration numbers and names of the Exchanges in case of multiple memberships)/Member ID allotted by Exchange and logo of the Member, if any.
- 15.4.2. Standard warning in legible fonts (minimum font size 10) which states '*investments in securities market are subject to market risks, read all the related documents carefully before investing.*' No addition or deletion of words shall be made to the standard warning.
- 15.4.3. In audio-visual media-based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable. This is also applicable for video content, or any other

content/information issued by Authorized Persons/Business Partner/Channel Partner of the members or Influencer/Blogger.

- 15.4.4. In case the mode of advertisement is in the form of SMS/Message/Pop-up, etc. and the details such as full name, logo, complete registered office address, SEBI registration numbers and standard disclaimer are not mentioned, then a hyperlink to the official website must be provided in such SMS/Message/Pop-up, etc. and the website must contain all such prescribed details.
 - 15.4.5. If there is a mention of content pertaining to any other business activity such as Mutual Funds, IPO, Insurance, Commodities, Bonds, Loans, etc., in the advertisement, then respective registration number(s) where applicable must be mentioned.
 - 15.4.6. If the member is only a distributor/s for any of the products mentioned in the advertisement, disclaimer that they are only distributor/s of such products must be specifically mentioned in the disclaimer.
 - 15.4.7. In case any specific security/securities are displayed in the Advertisement as examples, disclaimer that “The securities are quoted as an example and not as a recommendation” must be mentioned on the same slide of the written creative / frame of the video where the same is displayed and not at the end of the creative / advertisement. The logos of the securities quoted shall not be used in the creative.
 - 15.4.8. If the Advertisement contains prepaid Brokerage schemes, Exchange circular (ref. no. NSE/INSP/26252 dated March 24, 2014) regarding pre-paid schemes should be complied with. In case, anything related to the brokerage rates offered by the Member is mentioned in the Advertisement, then a disclaimer stating that the “Brokerage will not exceed the SEBI prescribed limit” must be mentioned.
 - 15.4.9. Statistical information, charts, graphs, etc. when used should be supported by their source (certification by a practicing professional or other authentic verifiable source, if any).
 - 15.4.10. Where advertising claims are expressly stated to be based on, or supported by independent research or assessment, source of such data and the period it relates to, must be indicated in the advertisement. Further, authentic source of such information must be provided in the Advertisement.
 - 15.4.11. Name and Logo of the Exchange shall not be used by the members in their creatives / advertisement.
- 15.5. Advertisement/Material shall not contain:
- 15.5.1. Superlative terms, such as best, no. 1, among market leaders, etc. unless such terms are provided by an entity independent of the Member and its affiliates, and whose services are not procured by the Member or any of its affiliates in order to assign the Member such term.

- 15.5.2. Any statement which directly or indirectly discredits other advertisements or Member or make unfair comparisons. The advertisement issued should not imitate any advertisement by other Members.
- 15.5.3. Any recommendation/promotion of a specific scrip/contract, in any manner including by way of reference to past performance or research material, shall not be permitted.
- 15.5.4. Celebrities shall not form part of the advertisements including but not limited to, in the form of cartoons/memes, etc. The word ‘celebrity’ means and includes any person:
- (a) who feature in the top 50 rankings in any celebrity index published by a national publication of repute which is publicly available. The celebrity index should be latest available or at the most one-year old.
 - (b) who has played lead role or one of the lead roles in any mainstream/prominent/popular movies/TV serials/TV shows/web-series on any of the OTT platforms.
 - (c) who is an Influencer with more than 10 Lakhs followers/subscribers (per social media handle) on any social media platform that includes but not limited to YouTube, Instagram, Facebook, Twitter, etc.
 - (d) who being a Sports person has been part of National team of the country to which he belongs or has represented his country in international tournaments/events such as Olympic Games, Asian Games, Commonwealth Games, popular sports events telecasted on television such as Kabaddi, Cricket IPL, etc. and competitive games at international level for that given sport, etc.
 - (e) who has been host or one of the hosts or anchors or one of the anchors for any TV programs such as quizzes, cooking shows, news channels, comedy shows, dance shows, song shows, award functions and such other entertainment programs at least for one season or for a minimum of 10 episodes, as the case may be.
 - (f) who has been winner or runners-up in any prominent/popular competitive program aired on TV/OTT platform or any prominent personality who has gone through a series of qualifying rounds (for elimination of competitors) which may be known as qualifying round, quarter finals, semifinals and finals or by any other name.
 - (g) who is a virtual character (fictional computer ‘people’ or avatars who have the realistic characteristics, features and personalities of humans) that bears influence on their audience/followers.
 - (h) who in the view of Exchange is capable of influencing the opinion of viewers of the advertisement.

Notwithstanding anything contained in these guidelines, decision of the Exchange shall be final in determining if the person made a part of the advertisement/material is a celebrity or not.

15.5.5. Incentive/referral schemes:

- (a) Members shall refrain from providing any form of incentive/vouchers/coupons/certificates/tokens, by whatever name called, to their clients for account opening/trading/activating inactive trading accounts of clients or any kind of subscription plan or for downloading mobile application etc. Members shall not offer any scheme/plan to clients which compel them to undertake/execute trades/transactions with the Member, in order to avail/continue to avail certain benefits, previously given, under brokerage plan/upon account opening.
- (b) Members or anybody associated with the Member including the Authorized Persons/Associates/Channel Partners/Influencers/Bloggers shall not promote or incentivize trading/transactions, in any form including but not limited to distribution of brokerage waivers/cashback/certificates/medals/gifts/prizes/coupons/tokens.
- (c) Members should abide by the guidelines on incentives/referral schemes issued by Exchange vide circular ref. no. NSE/INSP/43824 dated March 11, 2020, or any other guidelines/circulars issued from time to time.

15.5.6. Schemes/leagues/competitions:

- (a) Member shall not deal or directly/indirectly sponsor or be associated in any kind of scheme/league/competition/quiz/game/lottery/engagement programs with general public/clients etc. which involves distribution of money/certificates/medals/gifts/prizes/coupons/tokens/etc. or any form of incentive monetary or otherwise, by whatever name called and has the effect of inducing the investors/clients to promote their brand in any manner or promote/incentivize trading/transactions.
- (b) No reference of Member's name, logo, etc. can be made in any schemes/leagues/competition, etc.
- (c) Members shall not share any information of their clients with a third party, even with the clients' consent, in case any third party is involved in launching schemes/leagues/competition, etc.
- (d) Members shall not take any financial liability, including any contingent financial liability, on account of any schemes/leagues/competition, etc. launched by a third party.

15.5.7. Algorithmic trading services/strategies: Members who are providing algorithmic trading services/strategies as well as Members who feature in any of the platform offering such services are advised to refrain from undertaking the following:

- (a) directly or indirectly make any reference to the past performance or expected return out of algorithmic trading services/strategies in any form of advertisements/business communication on publicly accessible platforms including and not limited to social media/websites/digital & print media etc.
- (b) not make any reference to the past performance or expected return out of algorithmic trading services/strategies, during any presentation/account opening forms/pamphlets/banners/ forums /gatherings organized to onboard new clients/pitching new segment/product to existing clients including, exhibiting of past performance, or expected return on any of the platforms used by Authorized Persons/Vendor/associated entities of the Member, except as permitted.
- (c) directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm.

15.5.8. Anything which is otherwise prohibited for publication under the relevant Act.

15.5.9. Any false/misleading/biased/exaggerated/deceptive/ambiguous statement or any misleading testimonials.

15.5.10. Any promise or assurance of any fixed/guaranteed/indicative returns to prospective/existing clients. Members are not permitted to undertake any business/activity that is not allowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any scheme of unauthorized collective investment/portfolio management, promising indicative/guaranteed/fixed returns/payments etc.

15.5.11. Recommendations such as BTST (Buy Today and Sell Tomorrow), ATST (Acquire Today and Sell Tomorrow) etc. cannot be mentioned in the Advertisement as per Exchange circular ref. no. NSE/COMP/13186 dated October 05, 2009.

15.5.12. Logo of other entities cannot be used unless specific approval is obtained from the respective entities.

15.6. Advertisements which do not require Exchange Approval:

Following shall be exempted from seeking Exchange prior approval, provided there is no reference to the Member's product or services or Brokerage plans, or any other promotional activities etc. in the said communication:

- (a) All communications/material/articles issued by the Member subject to holding necessary registrations required under SEBI regulation:
 - (i) For educational/information purposes, knowledge sharing/training and has no influence the investment/trading decisions of any investors.
 - (ii) To clients in the capacity of a research analyst/investment advisor covered under SEBI (Research Analysts) Regulations, 2014.

- (iii) To clients in the capacity of distributor (with necessary disclaimers as specified in Circular Ref. No. NSE/COMP/43373 dated Jan 30, 2020).
 - (iv) To promote activities covered under SEBI (Investment Advisers) Regulations 2013.
 - (v) To promote activities covered under Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
 - (vi) Any communication that is limited to market commentary concerning overall changes in the market on a particular day, or a discussion of economic news wherein there is no mention of any information that can influence the investment/trading decisions of any investor.
- (b) Wishes /Greetings from company on events/festivals by the Member which does not involve any form of promotional activities.
 - (c) Press release/audio & video interviews by members which cannot influence the investment/trading decisions of any investors.
 - (d) All public communications, inviting applications for franchisees/authorized persons, etc. to drive the business expansion of the Member, provided such communication does not have any information that can influence the investment/trading decisions of any investor.
 - (e) Sponsorship for TV shows/Talk show and events which does not involve any form of promotional activities and is only limited to sponsorship.
 - (f) Content which is exclusively for Non-Broking Products/Services e.g., Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the Member is just a distributor. This should contain specific disclosure that these are not Exchange traded products, and the Member is just acting as distributor. It should also state that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.
 - (g) Advertisements that have been approved previously and that are to be used without any change except changes to factual information whether it is issued by Member, Channel Partner or employee. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.
 - (h) Third party can publish any content related to the products/services offered by them, that has been approved by the Exchange as content to be used by a Member within 180 days from the date of such approval.
 - (i) If an advertisement is approved by Exchange for a specific medium (for e.g., print media) and the same advertisement without any change in the content is redesigned for a different medium (for e.g., social media, etc.) then no further approval would be required. However, such advertisements should be issued within 180 days from the date of approval by the Exchange.

15.7. Approval provisions:

- (a) Members can apply for Advertisement approval through 'NEW ENIT-COMPLIANCE' module.
- (b) A maximum number of 5 creatives can be included in one advertisement for approval.
- (c) Copy of the complete advertisement including contents provided in the link shall be submitted in the form of pdf (videos to be provided either through email/CDs/Pen drives, any other acceptable mode) to the Exchange at least seven working days in advance before issuing the advertisement.
- (d) Members shall provide an undertaking as per the format provided in **Exhibit C** confirming compliance with the code of advertisement.
- (e) Members shall provide an undertaking as per the format provided in **Exhibit D** while submitting the draft content/script/advertisement that has individuals forming a part of it, to the Exchange for approval.
- (f) Members shall provide an undertaking as per format provided in **Exhibit E** while submitting the draft content/script/advertisement that has references for trading in options.
- (g) In case a creative is issued in more than one language, Member shall provide an Undertaking that the same is verbatim to the one issued in Hindi / English

15.8. Penalties:

- (a) Members not complying with the Code for Advertisement may have to face disciplinary proceedings including but not limited to penalty of Rupees One Lakh per instance (As per circular Download Ref. No.: NSE/INSP/52085 dated April 22, 2022) or any other penalty prescribed by the Exchange from time to time.
- (b) In case a Member issues an advertisement despite Exchange rejection, the Member shall be, in addition to the monetary penalty, restricted from taking new clients for one month or till such time the advertisement is taken down, whichever is later.
- (c) In case of repeated violations, monetary penalty shall be levied with an escalation of 50%.

Additionally,

- 1. In case member issues advertisement without Exchange approval on 3 occasions, member shall be debarred from taking new clients for one month.
- 2. In case member issues advertisement without Exchange approval on 5 occasions, the trading rights shall be withdrawn for one working day or till the approval is sought, whichever is later.

3. In case member issues advertisement despite Exchange rejection on two occasions, in addition to the monetary penalty, trading rights shall be withdrawn for one day or till such time the advertisement is taken down, whichever is later.
4. It may be noted that the penalties/disciplinary action(s)/charges are indicative in nature and could undergo change in specific cases depending on frequency and gravity of the violations. Such cases will be placed before the relevant authority of the Exchange for appropriate action.

Notwithstanding anything contained in these guidelines:

- (a) Members must comply with code of conduct prescribed under Regulation 9 of SEBI (Stock Brokers) Regulations, 1992 and all relevant Byelaws, rules & regulations and of SEBI/Exchange with respect to sharing of Brokerage, account opening, inducement to trade, sales practices, orders placement etc. issued from time to time.
- (b) Decision of the Exchange shall be final in determining whether the advertisement is complying with this Code.

The frequently asked questions on Advertisement can be accessed on NSE website at : <https://www.nseindia.com/trade/members-faqs-advertisements-by-member>.

16. UPGRADATION OF MEMBERSHIP

16.1. Trading Members desirous of upgrading their trading membership from individual or partnership firm to a corporate etc. should take note of the following:

- A request has to be sent by the Trading Member of the scheme of upgradation and the proposed shareholding/profit sharing pattern of the upgraded entity
- In case of an upgradation from individual to corporate, the individual should hold at least 51% of the paid-up capital of the proposed corporate.
- In case of an upgradation from partnership firm to corporate, the original partners should hold at least 51% of the paid-up capital of the proposed corporate.
- There should be at least 2 qualified designated directors/designated partners, as the case may be, who should have at least HSC or equivalent qualification with minimum 2 years' experience in stock broking related activities.
- In case of upgradation to corporate, the proposed corporate should have a minimum paid up capital of INR 30 lakhs and meet the net worth requirements of the Exchange from time to time.
- After the upgradation is approved by the Exchange, the Trading Member will have to pay the differential deposits as applicable to corporate Trading Members.

16.2. The application format for applying to the Exchange for upgradation of Membership is available at the following link under the section "Change in Member Details":

<https://www.nseindia.com/trade/upgrade-membership>

17. MARGIN TRADING FACILITY

- 17.1. SEBI, vide Circular No. SMD/Policy/Cir-6 dated May 07, 1997, had clarified, that borrowing & lending of funds by a trading member in connection with or incidental to or consequential upon the securities business would not be disqualified under rule/s 8(1) (f) & 8(3) (f) of Securities Contract (Regulations) Rules, 1957.
- 17.2. In view of the same, SEBI permitted Trading Members to provide margin trading facility (MTF) to their clients, in the cash segment, with effect from April 01, 2004, subject to the compliance to regulatory guidelines, issued from time to time.
- 17.3. SEBI vide its circular CIR/MRD/DP/54/2017 dated June 13, 2017 has revised framework for Margin Trading Facility.
- 17.4. Eligibility Requirements:
- (i) MTF is permitted only in Capital Market segment of the Exchange.
 - (ii) Only corporate Members enabled in Capital Market segment are allowed.
 - (iii) The Member should have a net worth of at least INR 3.00 crores, computed as per method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 1992.
 - (iv) The Member shall submit to the Exchange a CA certified half-yearly networth certificate, as on 31st March & 30th September of each year, within one month from the end of the respective half years.
- 17.5. All the equity shares and units of Equity ETFs that are classified as 'Group I security' as per Section 1.1.3 of Chapter IV of SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/117 dated October 25, 2019, are eligible for margin trading facility. Also, SEBI vide circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2022/166 dated November 30, 2022 included Exchange Traded Funds as a list of eligible securities under Margin Trading Facility.
- 17.6. Members are required to collect initial margin from their clients in the form of cash, cash equivalent or Group I equity shares or units of Group I Equity ETFs, (with appropriate haircut)

Category of Stock	Applicable margin
Group I stock available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stock other than F&O stock and units of Equity ETFs	VaR + 5 times of applicable ELM*

*For aforesaid purpose, the applicable VaR and ELM shall be as in the cash segment for a particular stock.

The Exchange/Member, based on the risk assessment, shall have the discretion to impose/collect higher margin than the margin specified in para-4 above. Members shall ensure maintenance of the aforesaid margin at all times during the period that the margin trading facility is being availed by the client. In case of short fall, stockbroker shall make necessary margin calls.

- 17.7. The stockbroker shall list out situations/conditions in which the securities may be liquidated, and such situations/conditions shall be included in the "Rights and Obligations Document". The broker shall liquidate the securities, if the client fails to meet the margin call to comply with the conditions as mentioned in this circular or specified in the "Rights and Obligations Document" specified by Exchange. However, the broker shall not liquidate or use in any manner the securities of the client in any situation other than the conditions stipulated therein.
- 17.8. The following are the permitted source of funds for providing Margin funding to clients:
- (i) Own Funds.
 - (ii) Funds Borrowed from scheduled commercial banks.
 - (iii) Funds Borrowed from NBFCs regulated by RBI.
 - (iv) Borrowings by way of issuance of Commercial Papers, subject to compliance with appropriate RBI guidelines.
 - (v) Borrowings by way of unsecured long-term loans from their promoters and directors, subject to the appropriate provisions of Companies Act.

Member shall not be permitted to borrow funds from any other source except listed above. Further, the Member shall not use the funds of any client for providing the margin trading facility to another client, even if the same is authorized by the first client.

- 17.9. Exposure and Leverage Limits
- (i) Total indebtedness of a Member for the purpose of margin trading shall not exceed 5 times of its net worth.
 - (ii) The maximum allowable exposure of the Member towards the MTF should not exceed the borrowed funds and 50% of his Net worth;
 - (iii) While providing the margin trading facility, the broker shall ensure that:
 - (iv) 1 Exposure to any single client at any point of time shall not exceed 10% of the Member's maximum allowable exposure.
 - (iv) 2 Exposure towards stocks and/or units of Equity ETFs purchased under MTF and collateral kept in the form of stocks and/or units of Equity ETFs are well diversified. Stock brokers shall have appropriate Board approved policy in this regard.

- 17.10. Members shall be required to comply with the following conditions:

- (i) The stocks or units of Equity ETFs deposited as collateral with the Member for availing margin trading facility (Collaterals) and the stocks or units of Equity ETFs purchased under the MTF (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount;
- (ii) Collateral and Funded stocks shall be marked to market on a daily basis.
- (iii) In case of increase in the value of Collaterals, Member may have the option of granting further exposure to their clients subject to applicable haircuts.
- (iv) However, no such exposure shall be permitted on the increased value of Funded stocks.

17.11. Disclosure Requirement

- (i) The stock broker shall disclose to the stock exchanges details on gross exposure towards margin trading facility including name of the client, Category of holding (Promoter/promoter group or Non-promoter), clients' Permanent Account Number ("PAN"), name of the scrips or Equity ETF (Collateral stocks and Funded stocks) and if the stock broker has borrowed funds for the purpose of providing margin trading facility, name of the lender and amount borrowed, on or before 12 noon on the following trading day.
- (ii) The reporting for daily margin trading shall be done only through ENIT portal (<https://enit.nseindia.com/MemberPortal/>) and the path for uploading of Margin Trading Files is ENIT-NEW-Compliance> Compliance>MTR>MTR Submission. The process of uploading daily margin trading file is provided in Circular Ref. No. NSE/COMP/55573 dated February 10, 2023.

17.12. Maintenance of Records

- (i) The Members shall maintain separate client-wise ledgers for funds and securities of clients availing margin trading facility.
- (ii) The Member shall maintain a separate record of details of the funds used and sources of funds for the purpose of margin trading.
- (iii) The books of accounts, maintained by the broker, with respect to the margin trading facility offered by it, shall be audited on a half yearly basis. The Member shall submit an auditor's certificate to the exchange within one month from the date of the half year ending 31st March and 30th September of a year certifying, inter alia, the extent of compliance with the conditions of margin trading facility. This certificate is in addition to the certificate on net worth to be submitted within one month from the end of the respective half year.

17.13. Other Conditions

- (i) Members shall take adequate care and exercise due diligence before providing margin trading facility to any client.

- (ii) Any disputes arising between the client and the Members in connection with the margin trading facility shall have the same treatment as normal trades and should be covered under the investor grievance redressal mechanism, arbitration mechanism of the stock exchange.
- (iii) SGF and IPF shall be available for transactions done on the exchange, whether through normal or margin trading facility. However, any losses suffered in connection with the margin trading facility availed by the client from the Members shall not be covered under IPF.
- (iv) The Members wishing to extend margin trading facility to their clients shall be required to obtain prior permission from the exchange where the margin trading facility is proposed to be offered. The exchange shall have right to withdraw this permission at a later date, after giving reasons for the same. Members intending to avail approval/withdrawal for margin trading facility shall submit their application through ENIT portal at 'Margin Trading Approval/Withdrawal' module. Proforma for application format is made available on NSE website: Home>Trade>Resources for Members>All Formats>Format for Margin Trading Approval/Withdrawal. The Process is mentioned in Exchange circular no. NSE/COMP/44854, dated July 02, 2020.

17.14. A detailed frequently asked questions (FAQ) has been provided in Circular Ref. No. NSE/COMP/48531 dated June 09, 2021, and the same is available the following link on the NSE website: <https://www.nseindia.com/trade/members-faqs-margin-trading-facility>.

18. AUTHORISED PERSON

18.1. Who is an "Authorised Person"?

Any person - individual, partnership firm, LLP or body corporate – who is appointed as such by a stock broker (including trading member) and who provides access to trading platform of a stock exchange as an agent of the stock broker.

18.2. Appointment of Authorised Person

A Member may appoint one or more authorised person(s) after obtaining specific prior approval from the stock exchange concerned for each such person. The approval as well as the appointment shall be for specific segment of the exchange.

18.3. Eligibility Criteria

An individual is eligible to be appointed as authorised person if he:

- (a) is a citizen of India;
- (b) is not less than 18 years of age;
- (c) has not been convicted of any offence involving fraud or dishonesty;
- (d) has good reputation and character.

- (e) has passed at-least 10th standard or equivalent examination from an institution recognized by the Government; and
- (f) has the certification, as applicable to approved user / sales personnel of the respective segment and undertakes to continue to have valid certification thereafter.

18.4. A partnership firm, LLP or a body corporate is eligible to be appointed as authorized person

- (a) if all the partners or directors, as the case may be, comply with the requirements contained in clause 18.3 above.
- (b) the object clause of the partnership deed or of the Memorandum of Association contains a clause permitting the person to deal in securities business.

18.5. The person shall have the necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the activities on behalf of the Member.

18.6. Conditions of Appointment

The following are the conditions of appointment of an authorised person:

- (a) The Member shall be responsible for all acts of omission and commission of the authorized person.
- (b) All acts of omission and commission of the authorized person shall be deemed to be those of the Member.
- (c) The authorized person shall not receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of Member.
- (d) The authorised person shall receive his remuneration - fees, charges, commission, salary, etc. - for his services only from the Member and he shall not charge any amount from the clients.
- (e) A person shall not be appointed as authorized person by more than one Member on the same stock exchange.
- (f) A partner or director of an authorised person shall not be appointed as an authorised person on the same stock exchange.
- (g) The Member and authorised person shall enter into written agreement(s) in the form(s) specified by Exchange. The agreement shall inter-alia cover scope of the activities, responsibilities, confidentiality of information, commission sharing, termination clause, etc.
- (h) An Authorised person can only act as a facilitator and provide administrative assistance to the clients of the Member in accessing the trading platform of the Stock Exchange, failing which the Authorised person and its Directors/partners shall be liable for

appropriate disciplinary actions including cancellation of their registration, debarment from the securities market etc.

18.7. Withdrawal of Approval

Approval given to an authorised person may be withdrawn by the stock exchange:

- (a) on receipt of a request to that effect from the Member concerned or the authorised person, subject to compliance with the requirements prescribed by the stock exchange, or
- (b) on being satisfied that the continuation of authorised person is detrimental to the interest of investors or securities market or the authorised person at a subsequent date becomes ineligible under clause 4 above.

18.8. Obligations of Member

- (a) The Member shall be responsible for all acts of omission and commission of his authorised person(s) and/or their employees, including liabilities arising there from.
- (b) If any trading terminal is provided by the Member to an authorised person, the place where such trading terminal is located shall be treated as branch office of the stock broker.
- (c) Member shall display at each branch office additional information such as particulars of authorised person in charge of that branch, time lines for dealing through authorised person, etc., as may be specified by the stock exchange.
- (d) Member shall notify changes, if any, in the authorised person to all registered clients of that branch at least thirty days before the change.
- (e) Member shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them.
- (f) The client shall be registered with Member only. The funds and securities of the clients shall be settled directly between Member and client and all documents like contract note, statement of funds and securities would be issued to client by stock broker. Authorised person may provide administrative assistance in procurement of documents and settlement but shall not issue any document to client in its own name. No fund/securities of clients shall go to account of authorized person.
- (g) Members shall exercise adequate control and due diligence over the activities & transactions of their Authorised Persons (APs) and conduct their periodic inspection in the manner as specified therein.
- (h) On noticing irregularities, if any, in the operations of authorised person, Member shall seek withdrawal of approval, withhold all moneys due to authorised person till resolution of investor problems, alert investors in the location where authorised person operates, file a complaint with the police, and take all measures required to protect the interest of investors and market.

- (i) Members are required to exercise adequate control and due diligence over the activities & transactions of their Authorised persons. Member shall conduct periodic inspection of their Authorised Persons and records of the operations carried out by them in accordance with Exchange circular dated October 18, 2019 (Ref NSE/INSP/42448NSE/INSP/42448). On noticing irregularities, if any, Member shall take necessary measures as stipulated in the aforementioned SEBI circular, including cancellation of the AP registration through ENIT and selecting the reason as “Disciplinary action” along with providing the necessary details.
- (j) Members should ensure that their Authorised Persons are engaging only in permitted activities and are not undertaking any business which are disallowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any schemes of unauthorised collective investments/portfolio management, promising indicative/guaranteed/fixed returns etc. It is, hereby, reiterated that all the acts of omission and commission of the Authorized person and/or their Directors/Partners, employees etc., shall be deemed to be those of the Member and the Member shall be responsible for all such acts of its Authorised person(s) and/or their Directors/Partners, employees etc., including liabilities arising there from.
- (k) Members should undertake necessary due diligence & background screening of the applicants at the time of their onboarding as an AP. Members are advised to ensure that their name and the name of their registered Authorized Person should not contain words such as Advisors, Asset/Wealth/Portfolio Management etc unless these entities have registered themselves in that capacity with SEBI/other regulators. The list of names/words which are not permitted is mentioned in circular ref. no. NSE/COMP/55716 dated February 22, 2023. . The Exchange shall reject any AP application, where it is of the opinion that the name of the applicant is misleading or does not reflect the activities permitted to be undertaken by an AP.

(l) Inspection of Authorised Persons

- (i) As per Circular Ref. No. NSE/INSP/42448 dated October 18, 2019, Trading Member shall be required to inspect every year at least 30% of its active Authorized Persons and also ensure that each active AP are inspected at least once in every three years. For this purpose, an active AP would mean one who have executed even a single transaction during financial year and is engaged in servicing the clients.
- (ii) APs meeting any of the below criteria shall be inspected annually, irrespective of when the last inspection was carried out:
 - (a) APs/Branches with more than 500 registered clients across Exchanges
 - (b) APs with more than 20 trading terminals and Branches with more than 50 trading terminals, across all segments/Exchanges.
 - (c) APs/Branches against which more than 3 complaints have been received during the previous year.

- (iii) In case of any inputs/alerts about any suspicious transactions/dealing/assured returns etc. by an AP, Members shall carry out an immediate inspection, irrespective of when the last inspection was carried out and initiate appropriate action.
- (iv) The indicative scope of the Inspection to be carried out is outlined in Circular Ref. No. NSE/INSP/42448 dated October 18, 2019
- (v) Members are required to report the details of the inspections/supervision undertaken by the Members through ENIT (Ref NSE/COMP/50030 dated October 21, 2021). The same can be accessed at <https://enit.nseindia.com/MemberPortal/> at the following path: Compliance Tab → Authorised Persons→ Inspection of Authorised Persons. The reporting shall be done in the following manner:
 - (a) All inspections undertaken during a financial year including the quantum should comply with guidelines prescribed in Exchange circular NSE/INSP/42448 dated October 18, 2019.
 - (b) Inspections undertaken during a particular quarter shall be reported within one month from end of the said quarter. For instance:

Inspections undertaken during the FY	Due date of reporting
Inspections done during the Quarter-1	July 31, XXXX
Inspections done during the Quarter-2	Oct 31, XXXX
Inspections done during the Quarter-3	Jan 31, XXXX
Inspections done during the Quarter-4	April 30, XXXX

- (vi) Members are also hereby notified that they shall be mandatorily required to report any incidence, observed by them, involving assured returns or any unauthorised schemes operated by the AP, to the Exchange, within 2 working days. The reporting shall be made electronically through the link as provided in para 2 above i.e., <https://enit.nseindia.com/MemberPortal/>. Members, additionally, shall also take necessary measures, as mentioned in SEBI circular MIRSD/DR-1/Cir-16/09 dated November 06, 2009, including filing of police complaint, upon noticing such incidence. Exchange may also require Members to obtain confirmation from their clients that there are no claims against such AP.

(m) Reporting of clients mapped to Authorised person

- (i) Members are required to upload the details of clients mapped to the Authorised Persons, if any, against the respective APs in the Exchange database, as per the following timelines (NSE/COMP/49509 dated September 03, 2021):
 - (a) 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.

- (b) 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.
- (ii) The details shall be reported electronically through ENIT using the following link: - ENIT- Compliance – Membership – Authorised Persons. Members are advised to ensure that details of the clients reported should match with the Exchange UCC records. The mode of uploading the client data is provided in Circular Ref. No. NSE/COMP/49509 dated September 03, 2021.

18.9. Market Access through Authorised Persons

With a view to exercise adequate control and supervision over the activities conducted by the APs, Exchange *vide* Circular Ref. No. NSE/COMP/ 56947 dated June 02, 2023, and NSE/COMP/58438 dated September 18, 2023, issued the below mentioned guidelines to the Trading Members:

In addition to Exchange circulars NSE/INSP/28434 dated December 24, 2014, NSE/INSP/42448 dated October 18, 2019, NSE/COMP/48536 dated June 09 2021, NSE/COMP/49509 dated September 03,2021 and NSE/COMP/50030 dated October 21, 2021, Trading Members are required to make note and adhere to the below mentioned:

18.9.1. Revision in AP Registration & Cancellation Fee and introduction of Annual Maintenance Charge AMC:

Trading Members are advised to note the below stated revised fee structure for AP Registration. In addition, Exchange has introduced an Annual Maintenance Charge (AMC) which will be applicable to the Trading Members towards all the registered APs across segment, as on March 31 of every year.

Accordingly, AMC will be applicable to all registered APs across segments. Therefore, AMC fees of Rs 5,000/- each for all registered APs, as per the Exchange's records as of March 31 of each year, will be imposed for the next financial year in the month of April of that year. Once AMC has been charged, it will not be refunded even if AP registration is cancelled during the year due to any reason including disciplinary action.

To reduce the risk posed by inactive APs to the market, Exchange has decided to offer a waiver on cancellation fee which will allow Trading Members to de-register all inactive APs.

Fee Structure:

Activity	Revised Fees
AP Registration	• INR 5000/- per segment for Capital Market, Futures and Options and Currency Derivatives segments • INR 500/- for Commodity segment

Activity	Revised Fees
AP Cancellation	NIL
AP Annual Maintenance Charge	INR 5,000/- for all segments (plus applicable GST)

18.9.2. Inactive APs can potentially disrupt the smooth operation of the trading system and impact investor confidence. In addition to monitoring the trading terminals and activities of APs, Trading Members are advised to regularly review the status of all their registered APs, irrespective of whether they have been assigned Trading Terminals and take appropriate action by cancelling the registration of those APs that have displayed prolonged inactivity, spanning over a period of 6 months or more, on an immediate basis. , Trading Members are required to monitor that trades placed on the AP terminal are commensurate with the number of clients mapped to them.

18.9.3. At all points in time, Trading Members shall exercise adequate control and due diligence over the activities, conduct and transactions of their APs by conducting surprise and periodic Inspections and taking regular feedback from the clients of the APs. In case any anomaly is identified, Trading Members shall take necessary disciplinary actions against their APs. Further, Trading Members shall be vicariously and severally liable for any violation committed by their APs including operating any schemes of unauthorised collective investments/portfolio management and promising indicative/guaranteed/fixed returns etc. The Indian Contract Act, 1872 defines an ‘Agent’ in Section 182 as a person employed to do any act for another or to represent another in dealing with third persons. Accordingly, all provisions of Indian Contract Act, 1972 with respect to ‘Agent’ shall be applicable to Trading Members and APs associated with them.

18.9.4. It is further reiterated, that Trading Members shall be held responsible and accountable for all acts of omission and commission of their APs and/or employees at their branches including any arrangements entered by the AP/employees with the clients of the Trading Member including:

- (a) Any unauthorised trading on behalf of the investors
- (b) Participation in any scheme of price manipulation willingly or unwillingly
- (c) Allowing investors to trade in instruments or amounts beyond limits specified in the SEBI/Exchange regulations/circulars.

18.9.5. Enhanced due diligence to be done by the Trading Members:

- (a) As per the existing process, Trading Members are required to submit KYC documents of the APs, at the time of onboarding. With a view to ensure that an AP is suitable for the role, Trading Members are hereby advised to perform enhanced due diligence, by means of in-person verification/site visits, validating their PAN, conducting background checks, ensuring that they are not a part of SEBI & Exchange debarred list (ongoing basis) and any other activity as deemed fit.

- (b) That all the details pertaining to the APs are provided at the time of onboarding, such as complete address (including Premises number, Building name, Area, City, State and Pin code) along with valid email address and contact number (for e.g., valid 10-digit mobile number/landline with City code). Further, Trading Members shall ensure that email address and contact details of an AP are not mapped to any of their existing APs and or clients of the Trading Members. A continual monitoring process should be in place, to identify such instances.
- (c) Trading Members shall ensure following:
- (i) Director/Partner of a registered AP/Trading Member is not appointed in the capacity of AP with any other Trading Member, or the same Trading Member registered with the Exchange.
 - (ii) Director/Partner of an AP is not associated as Designated Director/Designated Partner/Compliance Officer with any Trading Member registered with the Exchange.
 - (iii) Director/Partner of AP is not associated as Director/Partner with other AP registered with the Exchange.
 - (iv) Further an Authorized person shall be affiliated with only one Trading Member of the Exchange at any point in time.
- (d) Members should restrict entities with names which may mislead clients/investors, including names with “Portfolio/wealth management/advisory” without a valid SEBI registration as specified in the Exchange Circular Ref. No. NSE/COMP/55716 dated February 22, 2023.

18.9.6. Trading Members are advised to capture actual reason on ENIT portal, while cancelling AP registration based on disciplinary grounds.

18.9.7. To enhance effectiveness of the supervision and Inspection, below stated guidelines will be applicable from financial year 2024 – 25:

- (a) The scope of AP inspection has been increased from “Active APs” to “All Registered APs.”
- (b) Every Trading Member shall be required to conduct regular Inspection based on the volume/turnover of the registered AP as seen below:

Revised Criteria based on volumes / turnover	Period of Inspection
Top 50% of Registered APs	Once a Year
Subsequent Top 30% of Registered APs	Once in 18 months
Remaining 20% of Registered APs	Once in 2 years

- (c) It may be noted that the reporting requirement for Inspection conducted by the Trading Members shall remain as specified in the Exchange circular no. NSE/COMP/50030 dated October 21, 2021.

18.9.8. As directed in the Exchange circular no. NSE/COMP/50030 dated October 21, 2021, Trading Members shall report any incident observed by them involving assured returns or any unauthorised schemes operated by the AP to the Exchange within 2 working days. Trading Members, shall also take necessary measures, as mentioned in SEBI circular MIRSD/DR-1/Cir-16/09 dated November 06, 2009, including withdrawal of approval, withhold moneys due to the APs until resolution is offered to the investor problems, alert messages are sent to the investors in the location where AP operates, complaint is filed with the police station concerned, and all measures required are taken to protect the interest of investors and market. Exchange may also require Trading Members to obtain confirmation from their clients that there are no claims against such AP/s. Exchange may further ask for Press releases/advertisements regarding any disciplinary action taken by the Trading Member against the AP/s.

18.9.9. For the purpose of ensuring compliance and risk management practices in accordance with the regulatory requirements, Trading Members are advised to monitor their existing and newly onboarded APs based on the indicative scope as defined in the Exchange circular no. NSE/INSP/42448 dated October 18, 2019, which is re-iterated below:

18.9.9.1. Whether all clients are registered directly with the Trading Member only.

18.9.9.2. Adequate systems, including voice recording, have been put in place, with a view to ensure recording of order placement from clients. Trading Members must ensure that APs who do not have trading terminals assigned to them, cannot place trades on behalf of the Trading Member's clients.

18.9.9.3. There is no movement of Funds and securities between the client and AP for settlement of trades on the Exchange. Demat statement and bank accounts of the AP to be examined to verify such instances.

18.9.9.4. There are no cash dealings done by AP.

18.9.9.5. Documents like contract notes, statement of funds, daily margin statement are not generated and issued by the AP. However, AP may provide administrative assistance in procurement of documents from the Trading Member, after maintaining proper records of the same.

18.9.9.6. All AP terminals are as per the information reported to the Exchange.

18.9.9.7. Trading terminals are operated by approved and certified users.

18.9.9.8. Notice board of the Trading Member containing all details/information prescribed from time to time, are displayed at the AP/s location.

- 18.9.9.9. SEBI registration certificate of the Trading Member and registration letter issued by the Exchange is displayed at the location.
- 18.9.9.10. As required by SEBI circular CIR/MIRSD/3/2014 dated August 28, 2014, information about the grievance redressal mechanism available to investors is prominently displayed at the location.
- 18.9.9.11. The Authorised Person is not involved in any fund-based activities/collecting deposits from investors/unauthorised trading/chit funds or any other such schemes.
- 18.9.9.12. The AP has not dealt with any other Trading Member/AP on behalf of its clients/self on the same Stock Exchange.
- 18.9.9.13. AP has not dealt with any unregistered intermediary on behalf of its clients/self.
- 18.9.9.14. The AP is not involved in accepting deposits from the public and giving assured returns to their clients.
- 18.9.9.15. Advertisements for soliciting business are not issued by the APs in newspapers/pamphlets/journals/magazines etc., without seeking appropriate approvals from the Exchange, through the Trading Member. xvi. Complaints received by and against the APs are handled appropriately and proper records are maintained.
- 18.9.9.16. Trading activities/Turnover of APs are monitored, and necessary actions/investigations are undertaken on a timely basis. Trading Member shall de-activate all trading terminals extended to AP which are inactive for more than 6 months and update the Exchange records. Appropriate due diligence to be undertaken in case of re-activation of such terminals.
- 18.9.9.17. The AP has the necessary infrastructure like adequate office space, equipment, and manpower to effectively discharge the activities on behalf of the Trading Member.
- 18.9.9.18. Proper segregation and demarcation are maintained at AP office for any permissible activity other than the broking business.
- 18.9.9.19. Branch/AP records/data are properly maintained with confidentiality in a secure manner including sufficient backup.
- 18.9.9.20. In case of change/shifting of location of AP/Branch, the following is ensured:
- (a) All clients mapped to the AP/Branch are notified at least thirty days before the change.
 - (b) Notice Board and applicable SEBI registration certificates are immediately put up at the new location.

- (c) The new location shall be duly reported to the Exchange and the old location should be deactivated. New terminal details shall also be uploaded to the Exchange.

19. APPOINTMENT OF COMPLIANCE OFFICER AND UPDATION OF PAN OF KMPS

A. Appointment of Compliance Officer

- (a) As per Regulation 18A of Chapter IV of SEBI (Stock-Broker) regulation, 1992 and Circular Ref. No. NSE/MEM/3441 dated June 14, 2002, wherein all Members are required to appoint a Compliance Officer and intimate the details to the Exchange. Members are advised to appoint Compliance Officer according to Exchange circular ref no NSE/COMP/54600 dated November 25, 2022.
- (b) Members shall undertake the intimation/updation of Compliance Officer through the ENIT portal (<https://enit.nseindia.com/MemberPortal/>), the process for the same is available in Circular Ref. No. NSE/COMP/54756 dated December 08, 2022.

B. Guidelines on Compliance Officers

As per Regulation 18A of SEBI (Stockbroker) Regulation, 1992, all registered Members of the Exchange are required to appoint a Compliance Officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or Central Government or Exchanges for redressal of investors' grievances. The Compliance Officer is required to immediately and independently report to SEBI/Exchanges any non-compliance observed by him.

Further, as per the current regulatory requirement, compliance officers are required to clear the NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination, within one year from the date of their employment, in terms of Gazette of India notification dated March 11, 2013, issued by SEBI. The certification is valid for a period of 3 years. The recertification can be undertaken either by clearing the NISM exam or attending the CPE program of NISM. Currently there are no guidelines prescribed by SEBI/Exchange w.r.t the eligibility of compliance officers, tenure, and their continued suitability on an ongoing basis.

In order to have a robust compliance system, Members should have an effective compliance culture and a strong compliance risk management programme. The Compliance Officer plays an important role in facilitating compliance by promoting strong regulatory practices that ensure risk management, investor protection and market integrity. Hence, the Compliance Officer should be selected through a suitable process with an appropriate 'fit and proper' evaluation/selection criteria to manage the compliance risk effectively. In this regard, the following guidelines are proposed:

Applicability:

The below mentioned guidelines are applicable to the employee designated as Compliance officer:

- **Eligibility criteria for appointment of Compliance Officers post December 01, 2022:**

- (a) Educational qualification: An individual shall be eligible to be appointed as Compliance Officer if he/she has passed graduation or an equivalent examination from a Government recognized institution. All the existing Compliance Officer of Members on record of the Exchange having experience of 2 years or more shall be exempted from the above-mentioned criteria for educational qualification.
- (b) Experience: At the time of appointment, the candidate should at least have 2 years of prior work experience in banking or financial services, handling Audit/Finance/Compliance/ Legal/Operations/Risk Management functions.
- (c) Skills: The eligible candidate should have good understanding of securities market industry, risk management, knowledge of regulations, legal framework and regulatory expectations.

- **Certification Requirement:**

- (a) Compliance officers shall be required to pass the NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination within 1 year from the date of employment in terms of SEBI notification dated March 11, 2013. The Compliance Officer shall ensure that the certification is renewed before the completion of its validity, as per the procedure specified by NISM, from time to time.
- (b) In order to ensure that the Compliance Officer is well informed of all relevant laws and amendments thereof, it is essential that there should be a continuing education program for him/her. In this regard, Members shall impart half-yearly training to their compliance officers which will cover subject-wise key regulatory requirements and regulatory changes made in the last six months.

- **Tenure:**

Members shall ensure that any transfer / removal of Compliance Officer is done with explicit prior approval of the Board/ Partners as the case may be and, after following a well-defined and transparent internal administrative procedure and reasons be recorded in writing. In case of any change in Compliance Officer due to any reasons beyond the control of the Member such as death, resignation etc., Members are required to intimate the Exchange within 7 working days of such a change. In case of such unforeseen change, the Compliance Officer should be appointed within three months from the date of death/resignation of the erstwhile Compliance Officer and confirm the same to the Exchange. Notwithstanding the above, the office of the Compliance Officer shall not remain vacant for more than 15 calendar days. In the event of resignation/demise etc. Member should appoint an interim Compliance Officer till such time a regular Compliance Officer is appointed within 3 months from the date of vacation of office.

- **Due diligence requirements:** Members shall ensure that the person appointed as Compliance Officer is “fit and proper” in terms of Schedule II of SEBI Intermediaries Regulations, 2008.
- **Familiarization program:** Members shall provide half yearly compliance training program to all the compliance officers including newly appointed officials. It will be mandatory to attend the said program. Individuals who have served as compliance officers for more than a year and

have joined another Member in the same capacity, shall be excluded from the aforesaid program. The training content will include all compliance requirements with respect to trading, Clearing/settlement, inspections, Membership compliance, investor grievance redressal mechanism, surveillance related compliance requirements.

- **Authority:** The Compliance Officer shall have the ability to independently exercise judgement in all matters of compliance and regulations. The Compliance Officer should have the freedom and sufficient authority to interact with regulators/supervisors directly and ensure compliance. In addition, he/she shall have the necessary authority to communicate with any staff member and have access to all records or files that are necessary to carry out entrusted responsibilities in respect of the compliance issues. It should be ensured that the Compliance Officer or any staff of his office is not assigned any responsibility which brings elements of conflict of interest, especially any role relating to business development/sales. The Compliance Officer shall under no circumstances act in such a dual capacity. All the existing Compliance Officers who are not in compliance with clause no. 7 shall have time till March 31, 2023, to comply with the requirement.
- **Allotment of Trading Terminals:** Members shall ensure that no trading terminal is allotted to the Compliance Officer or any staff of his office except for the purpose of risk management /monitoring/testing or for view only purpose and no trades shall be executed from such terminals.
- **Action by Exchange:** The Exchange shall also reserve the right to seek necessary explanations from the Compliance Officer or record his/her statements in terms of the relevant rules/regulations of the Exchange and initiate suitable disciplinary action against him/her including debarment or directing the Member for removal, if he/she is found to have failed to carry out his/her responsibilities in a reasonable manner. All actions shall be initiated by the Exchange, after following due process and providing an opportunity of hearing to the Member /Compliance officer.

Updation of Pan of KMPs

In order to comply with the Enhanced Supervision of Stock Brokers / Depository Participants requirements, Members are required to identify their Key Management Personnel (KMP) and update their PAN details on the Exchange platform.

Members are required to note that –

1. Members shall refer to the definition provided under Section 2(51) of the Companies Act, 2013, in order to ascertain Key Management Personnel which include (i) the Chief Executive Officer or the Managing Director or the Manager; (ii) the Company Secretary; (iii) the Wholetime Director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed. Further, the Member can also identify and declare any one or more personnel as their KMP(s) from the given list as per their constitution: Directors, Compliance Officer, Proprietor, Partners or any other competent personnel as identified by the member.
2. Details of PAN, mobile no., phone no. and email ID are required to be updated against the name of the personnel identified as KMP in ENIT portal (<https://enit.nseindia.com/MemberPortal/>)

and the path is ENIT-NEW-Compliance> Compliance>Key Management Personnel>KMP Details. Detailed procedure is provided in **Exhibit F**.

3. Members are required to comply with the aforementioned requirement latest by June 30 of every year.
4. Failure to submit/upload the details within the prescribed timelines, would be treated as non-compliance and attract a levy of late submission charges of INR 10,000/- per KMP in accordance with Exchange circular ref. no. NSE/INSP/53530 dated September 2, 2022.
5. Members are also required to note that any change in the aforesaid information/details has to be updated within 7 days of such change. Failure to adhere will be treated as non-compliance.
6. Members shall undertake the intimation/updation KMP details through the ENIT portal (<https://enit.nseindia.com/MemberPortal/>), the process for the same is available in Circular Ref. No. NSE/COMP/54861 dated December 16, 2022.

20. TERMINALS ABROAD

- 20.1. Members who wish to operate terminals abroad are required to seek approval of the Exchange in accordance with the Rules, Regulations and Bye-Laws of the Exchange. Also, such members are required to comply with the relevant guidelines issued by SEBI / RBI / Foreign Regulatory Authorities etc. for opening and maintaining the trading terminals abroad (NSE/MSD/34638 dated April 13, 2017).

20.2. Eligibility Criteria:

Trading terminals shall be opened only by the SEBI registered Members of the Exchange only after obtaining permission from the Exchange and SEBI. Opening of terminals through Authorised Person is not permitted.

20.3. RBI Permission:

Terminals abroad opened shall be subject to the guidelines laid down by the RBI. Members are required to comply with all the circulars / guidelines / rules etc. issued by RBI from time to time.

20.4. Permission by the Foreign Regulatory Authorities:

Installation of trading terminals shall be subject to prior permission of the concerned regulatory authorities of the respective foreign countries, wherever required. Members shall comply with the requirements as mentioned above and submit copy of such approvals granted to them by the Foreign Regulatory Authorities along with their application for seeking final approval to the Exchange.

20.5. Operation of the terminals:

Any investor abroad who is permitted to invest in India i.e. NRIs/OCBs/FIIs/PIOs shall be able to place orders on the trading terminal of the Exchange available at the office of the member

maintained abroad. The order feed on the live terminal shall be executed on the computer of the Exchange in India. The service to the clients shall be provided by the broker's overseas office and its local office. These terminals shall include any of other options that the Exchange may provide for connecting its trading terminal abroad to its trading system in India.

20.6. Contract Note:

The contract note in favour of the client abroad shall be issued in India. However, the same could be printed in the trading member's office abroad and shall be subject to the jurisdiction of the Exchange.

20.7. Capital Adequacy, Margins System & Brokerage:

All such trades would be subject to usual margins, capital adequacy and intra-day trading limits and such other requirements fixed for the trading member by the Exchange. Trading member shall ensure that the investors do not pay the brokerage on such trades exceeding the maximum brokerage permitted as per the rules, regulations and bye-laws of the Exchange. No Negotiated Deals shall be permitted through these terminals and only screen-based order matching system shall be available on these terminals.

20.8. Settlement Procedure:

All trades shall be settled in India in dematerialized form only. Clients with status of FIIs shall settle the trade through their registered custodian/ designated bank. Clients with the status of NRIs/PIOs/OCBs shall settle the trade through a designated bank. Such a designated bank shall be responsible for repatriation of funds.

20.9. Monitoring & Surveillance:

Trading members shall ensure that there is adequate monitoring and surveillance mechanism for such overseas terminals in order to oversee trades.

20.10. Grievance Redressal Mechanism:

The investors' grievance for such cases shall be resolved through the existing grievance redressal mechanism.

20.11. Jurisdiction:

Trading members shall sign an agreement with their constituents. inter alia, stating that, all trades, transactions and contracts are subject to the Rules, Bye Laws and Regulations of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the stated city of India and the parties to such trade shall be deemed to have submitted to the jurisdiction of the Courts in Mumbai, India for the purpose of giving effect to the provisions of the Rules, Bye Laws and Regulations of the Exchange.

20.12. List of documents to be submitted to the Exchange while seeking approval for opening of branch with terminals abroad:

- (a) Bank approval for opening branch/office abroad under FEMA regulations

- (b) Approval letter granted for opening branch/office from the concerned authorities of the respective foreign countries
- (c) Letter on letter head of TM that all relevant RBI guidelines will be complied
- (d) Letter on letter head of TM that all relevant SEBI guidelines w.r.t. opening of trading terminals abroad will be complied vide letter SMDRP/POLICY/TTA-14072/99 dated July 10,1999 and any revision thereafter
- (e) Letter on letter head of TM that all relevant Exchange Rules, Regulations and Byelaws will be complied, and terminals will not be given through Authorised Persons.
- (f) Details of connectivity for terminals abroad
- (g) Letter/undertaking that all terminals allotted to dealers in overseas office will be reported to the Exchange in the prescribed format and all dealers will hold valid certification
- (h) Letter asking for granting approval for locating terminals abroad along-with location where the terminals will be located.

21. TRADE THROUGH OTHER MEMBERS

- 21.1. As per SEBI Circular SEBI/MIRSD//Cir-06/2004 dated January 13, 2004, and Regulation 2.1.12 and 2.1.16 of NSEIL (Capital and F&O segment):
- (i) A Member of an exchange cannot deal with Members of the same exchange either for proprietary trading or for trading on behalf of clients, except with the prior permission of the exchange. The stock exchanges while giving such permission, shall consider the reasons stated by the brokers/sub brokers for dealing with brokers/sub brokers of the same exchange and after carrying out due diligence allow such brokers/sub brokers to deal with only one stockbroker/sub broker of the same exchange.
 - (ii) A Member of an exchange can deal with only one Member of another exchange for proprietary trading after intimating the names of such Member to his parent stock exchange.
- 21.2. The format for making application to the Exchange is available at the following link <https://www.nseindia.com/trade/membership-formats> under the “Format for applying trade through other Member” section.
- 21.3. Monetary penalty of INR 30,000/- per member will be levied where the account is opened with other member without intimation to Exchange (*Circular Ref. No. NSE/INSP/53530 dated September 2, 2022*).

22. GUIDELINES FOR SEEKING NOC BY STOCKBROKERS / CLEARING MEMBERS FOR SETTING UP WHOLLY OWNED SUBSIDIARIES, STEP DOWN SUBSIDIARIES, JOINT VENTURES IN GIFT IFSC

SEBI vide Circular ref. no. SEBI/HO/MIRSD/DoR/P/CIR/2022/61 dated May 13, 2022 issued guidelines for granting NOCs for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures, etc. in GIFT IFSC.

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. The format of the application is provided at Annexure A of the said SEBI Circular.

Submission of application at NSE

The members of the Exchange are required to submit the below documents along with the documents prescribed by SEBI (Annexure A of SEBI circular) to obtain NOC:

1. Request Letter addressed to Exchange on the letter head of the member
2. Board Resolution
3. Status Report of Stock Exchanges

23. EMPANELMENT OF BACK OFFICER VENDORS FOR OBTAINING THIRD PARTY VENDOR SERVICES AND SUBMISSION OF DOCUMENTS FOR IN HOUSE BACK-OFFICE FACILITY

As per Circular Ref. No. NSE/COMP/53088 dated July 26, 2022, to achieve uniformity in the formats in which the books and accounts are maintained by the members and to harmonize the formats under which various data is submitted to Exchange, it has been decided to empanel Backoffice vendors.

Exchange vide Circular Ref. No. NSE/COMP/54706 dated December 02, 2022, advised Trading Members having in-house Backoffice software to submit required documentation through ENIT. The user manual in relation thereto is enclosed herewith as Exhibit G.

Additionally, Exchange vide Circular Ref. No. NSE/COMP/61375 dated March 28, 2024, reviewed and revised the required Undertakings for both Members and Backoffice Vendors to streamline the submission process and ensure greater efficiency. All Members / Backoffice Vendors are required to submit the necessary documents by May 31, 2024. The operating guidelines to be followed by members for empaneling Members / Backoffice Vendors is provided in Exhibit H (Colly.).

24. APPLICATION TO ACT AS ONLINE BOND PLATFORM PROVIDER UNDER DEBT SEGMENT

SEBI vide circular ref. no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022 and circular ref. no. SEBI/HO/DDHS/POD1/P/CIR/2023/194 dated December 28, 2023, has defined the regulatory framework for operations of Online Bond Platform Providers (OBPPs). OBPPs shall register itself as a stockbroker in the debt segment of the Stock Exchange and has to apply to a recognized stock exchange to act as an OBPP.

25. RULE 8(1)(F) AND 8(3)(F) OF SECURITIES CONTRACTS (REGULATION) RULES, 1957

The Rule 8(1)(f) and Rule 8(3)(f) of Securities Contracts (Regulation) Rules, 1957 ("SCRR"), requires that members of a Stock Exchange, except those provided under Rule 8 (8) of SCRR, shall not engage either as principal or employee, in any business, other than that of securities or commodity derivatives, except as a broker or agent, not involving any personal financial liability.

SEBI vide Circular No. SMD/Policy/Cir-6 dated May 07, 1997, had clarified, inter alia, that borrowing and lending of funds by a trading member in connection with or incidental to or consequential upon the securities business would not be disqualified under rule/s 8(1)(f) and 8(3)(f) of Securities Contract (Regulations) Rules, 1957. Further SEBI vide its Circular No. CIR/MIRSD/4/2015 dated September 29, 2015, clarified that business in goods related to the underlying" and/ or "business in connection with or incidental to or consequential to trades in commodity derivatives", by a member of a commodity derivatives exchange, would not be disqualified under Rule 8(1)(f) and Rule 8(3)(f) of the Securities Contract (Regulation) Rules, 1957.

In consultation with SEBI and other Stock Exchanges, the illustrative list of activities that are construed as non-compliance to Rule 8(1)(f) and 8(3)(f) of SCRR, if undertaken by a member, are provided as below.

1. Issuing Corporate Guarantees towards credit facilities availed by any entity, including group companies such as subsidiaries & associates etc. of the Member, not in connection with or incidental to or consequential upon securities / commodity derivatives business, as applicable.
2. Deposit pledged with the bank for overdraft facilities availed by any entity, including the group companies such as subsidiaries & associates etc. of the Member, not in connection with or incidental to or consequential upon securities / commodity derivatives business, as applicable.
3. Borrowing of funds for the purpose of granting loans to its associates/ group companies or other entities.
4. Issuing commercial papers to raise money (except as permitted vide Exchange circular No: NSE/COMP/35521 dated August 03, 2017, for providing the margin trading facility) and funding it to any entity including group companies, not in connection with or incidental to or consequential upon securities business.

5. Engaging into activities/schemes of unauthorised collective investments/portfolio management, promising or indicating fixed/guaranteed/regular returns/capital protection.
6. Entering into any arrangement with clients to extend loans, financing the securities transactions directly/indirectly except as allowed for Margin Trading purposes.
7. Any arrangement with registered clients to borrow funds/loans.

It is clarified that if the lender (who is also a registered client of member) is a director, associate or group company, then members, who are constituted as a company, are permitted to take loans from such clients to meet the working capital requirements.

8. Pledging of client securities with Bank/NBFC for raising funds.
9. Entering into any arrangement for extending loans or giving deposits / advances to any entity, including group companies such as subsidiaries & associates etc., not in connection with or incidental to or consequential upon the securities/ commodity derivatives business.
10. Investments made in group companies such as subsidiaries & associates etc., not in connection with or incidental to or consequential upon the securities/ commodity derivatives business. (Ex: Investment in companies engaged in other businesses such as NBFC, Real Estate etc.)

It is clarified that Members may form a subsidiary company for undertaking the types of businesses which a member is otherwise permitted to undertake i.e., in connection with or incidental to or consequential upon the securities/ commodity derivatives business without any approval. Further, Members may form a subsidiary company, with the prior approval of the Exchange, for undertaking other businesses that are considered useful or necessary for the functioning/ development of capital markets. (Ex: Member's setting up IT subsidiaries for developing trading/back office related software etc). It shall be noted that such investments may be made only from own/ proprietary funds and clients funds shall not be used under any circumstances.

11. Entering into any arrangement/scheme for accepting securities from any client/ entity other than through approved Securities and Lending Borrowing mechanism into the own Demat account of the Stockbroker/director/shareholder/entity associated with Trading Member.
12. Entering into any arrangement/scheme and providing a platform to the clients for buying and selling of digital gold or any product not covered under the definition of securities as per SCRR.

The activities mentioned above are only illustrative in nature. On a case-to-case basis and based on the gravity of the violation, the relevant authority of the Exchange shall deal with such non-compliances after following the due process and providing the necessary opportunity to the trading members for clarification in the matter.



In case of default of a member, only the registered constituents/investors of the trading member are eligible for compensation from Investor Protection Fund Trust (IPFT) for the trades executed on the NSE Platform, and transactions related to other business segments such as Portfolio Management Services (PMS), Merchant Banking etc., executed either directly or indirectly are not eligible for compensation from Exchange's IPFT.

ITEM No. 4: MANDATORY SUBMISSIONS/COMPLIANCES
26. SUBMISSION OF HALF YEARLY NET-WORTH CERTIFICATE

- 26.1. As per Regulation 9 of SEBI (Stockbrokers) Regulations, 1992 and the continuing membership norms of the Exchange, all Members are required to maintain the prescribed minimum networth all times and submit the Net-worth certificate on a half yearly basis to the Exchange.
- 26.2. Member shall be required to submit the half yearly networth within 2 months from the end of the respective half year i.e., for the Half year ending March, the due date shall be May 31st and for the Half year ending September, the due date shall be November 30th.
- 26.3. Members who have taken approval from the Exchange for availing MTF facility are required to submit the HY networth within 1 month from the end of respective half year.
- 26.4. As per Circular Ref No. NSE/COMP/55447 dated February 01, 2023, the Networth is required to be computed as per the method of computation specified in Schedule VI of Securities and Exchange Board of India (Stock Brokers) Regulations, 1992.
- 26.5. The Half yearly Networth certificate is required to be submitted through ENIT.
- 26.6. 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/LADNRO/GN/2022/73 dated February 23, 2022.
- 26.7. Members are advised to refer to Exchange Circular ref no. NSE/COMP/55447 dated February 01, 2023 and NSE/COMP/61335 dated March 27, 2024 for clarification on ascertaining Networth as per SEBI gazette notification.
- 26.8. 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.
- 26.9. In case of any shortfall in Networth, a revised Networth certificate as on a subsequent date meeting the minimum required Networth shall be submitted along with the original Networth certificate, before the due date.
- 26.10. 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, shall result in immediate withdrawal of trading rights/margin trading facility, as the case may be.
- 26.11. Exchange circular NSE/COMP/53530 dated September 02, 2022, stipulates the disciplinary action in case of Net worth shortfall and non-submission of Networth. The details are as under:
- (a) Action for reporting shortfall in Networth

ACTION FOR REPORTING SHORTFALL IN NETWORTH		
For members	Trading and	Requirement: In case of a Net Worth shortfall as on 31 st March / 30 th September, Members shall be required to mandatorily submit a revised

ACTION FOR REPORTING SHORTFALL IN NETWORTH	
Trading cum Self-clearing members	certificate (as on a later date) along with the submission, meeting the minimum net worth requirement. <u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u> Member's trading rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Exchange.
For Trading cum Clearing members	<u>Requirement:</u> In case of a Net Worth shortfall as on 31st March / 30th September, Members shall be required to mandatorily submit a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement. <u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u> A. <u>In the capacity of Trading Member</u> Member's trading rights shall be immediately disabled within 2 working days in all segments of the Exchange. B. <u>In the capacity of Clearing Member</u> One-month notice to be given to recoup the Networth and submit the revised Networth, failing which the following action shall be initiated: • Total deposits shall be blocked in accordance to % of shortfall as given in Section C below. No Exposure shall be permitted on such blocked deposit • Restriction on onboarding new Trading Members. • 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.
Members providing Margin Trading Facility	<u>Requirement:</u> In case of a Net Worth shortfall as on 31st March / 30th September, Members shall be required to mandatorily submit on ENIT, a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement. <u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u> Immediate withdrawal of Margin Trading facility within 2 working days from the date of submission.

Note-1: In case of clearing Members of Capital Market, F&O, Currency Derivatives, Commodity and Debt Segments

Category	Deposit to be blocked
Networth shortfall less than or equal to 10% of the prescribed minimum	10% of Total Deposits (cash and collateral)
Networth shortfall less than or equal to 20% of the prescribed minimum.	25% of Total Deposits (cash and collateral)
Networth shortfall less than or equal to 50% of the prescribed minimum	50% of Total Deposits (cash and collateral)
Networth shortfall greater than 50%	90% of Total Deposits (cash and collateral)

(b) Action for non-submission of Networth

ACTION FOR NON-SUBMISSION	
For Trading members and Trading cum Self-clearing members	Immediate disablement within two working days from the date of submission, in case of non-submission of Networth within 2 months from the end of the half year
For Trading cum Clearing member	The following actions shall be taken on immediate basis if the Networth is not submitted within 2 months from the end of the half year. A. <u>In the capacity of Trading Member</u> Member's trading rights shall be immediately disabled in all segments of the Exchange. B. <u>In the capacity of Clearing Member</u> 90% of Clearing deposits shall be blocked. No Exposure shall be permitted on such blocked deposit - Prohibition on onboarding new Trading Members. 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.
Members providing Margin Trading Facility	Immediate withdrawal of Margin Trading facility within 2 working days post the due date

27. SUBMISSION OF ANNUAL RETURNS

- 27.1. As per the Bye laws / Regulations of the Exchange all trading members are required to submit Annual Returns i.e. Audited Balance sheet, Profit & Loss Account, details in respect of Shareholding, Directors, Net-worth Certificate etc. for the financial year ending on 31st March

on or before October 31 of the subsequent financial year or such due date as may be specified from time to time.

- 27.2. The annual returns shall be submitted through the ENIT portal (<https://enit.nseindia.com/MemberPortal/>).
- 27.3. All members are required to ensure that they submit the Annual Returns, on or before the due date specified, in order to avoid any late / non-submission charges. Further, Non-submission of any of the documents forming part of the Annual Return or submission of documents not in the prescribed formats would be construed as non-submission of Annual Returns. Non-submission charges would be levied as mentioned below (*Circular Ref. No. NSE/INSP/53530 dated September 02,2022*):
- (i) INR 5,000 per day for the first 15 days after due date
 - (ii) INR 10,000 per day for the next 15 days

In case of non-submission within 30 days from the due date of submission, TM shall be debarred from taking new clients till the date of submission.

If member fails to submit within 60 days from the due date of submission, trading rights shall be withdrawn in all segments immediately till the date of submission. In case of a repeat instance by the Member, the monetary penalty shall be levied along with an escalation of 50%.

- 27.4. As per SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, Members shall submit financial statements to Stock Exchanges in the same format as prescribed under Companies Act, 2013, irrespective of whether they fall under the purview of Companies Act, 2013 or not.
- 27.5. No Member shall appoint or re-appoint—
- (a) an individual as statutory auditor for more than one term of five consecutive years, and
 - (b) an audit firm as statutory auditor for more than two terms of five consecutive years:
- 27.6. An individual statutory auditor who has completed his term under clause 21.5 (a) above shall not be eligible for re-appointment as statutory auditor in the same stockbroker for five years from the completion of his term.
- 27.7. A statutory audit firm which has completed its term under clause 21.5 (b) above shall not be eligible for re-appointment as statutory auditor in the same stockbroker for five years from the completion of such term. As on the date of appointment no statutory audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a stock broker immediately preceding the financial year, shall be appointed as statutory auditor of the same stock broker for a period of five years.

28. MANDATORY INSURANCE COVER

- 28.1. As per SEBI directive dated January 19, 1996 (ref no. SMD/SED/RCG/270/96), it is mandatory for every trading member to have an insurance cover. Hence, Trading Members are required to

submit the proof of their Stock-Brokers Indemnity Policy to the Exchange on or before 31st July of every year, for policies expiring on May 31. Trading members with Policy expiring on any date other than May 31, will be granted a period of one month from the expiry date to submit the renewed policy details

- 28.2. Submissions of Insurance Policy are required to be made by way of upload in electronic format through ENIT. The procedure for submitting details of Stock Broker Indemnity Policy in electronic format through ENIT is provided at **Exhibit I**.
- 28.3. Members opting for Stock Brokers Indemnity Policy through ANMI and BBF need not submit the details of Stock Brokers Indemnity Policy through ENIT.
- 28.4. Members who fail to submit the details on ENIT within the prescribed timelines, would be treated as non-compliance and attract a levy of late submission charges of INR 1,000/- per day till the date of submission of proof of renewal of insurance cover. (*Circular Ref. No. NSE/INSP/53530 dated September 02, 2022*).

29. SUBMISSION OF ARTIFICIAL INTELLIGENCE & MACHINE LEARNING (AIML) DETAILS

- 29.1. In terms of SEBI circular SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 04, 2019, Members, offering or using applications or systems as mentioned below are required to report w.r.t AI / ML based application or system

Applications and Systems belonging but not limited to following categories or a combination of these:

- (i) Natural Language Processing (NLP), sentiment analysis or text mining systems that gather intelligence from unstructured data. –In this case, Voice to text, text to intelligence systems in any natural language will be considered in scope. e.g.: robo chat bots, big data intelligence gathering systems.
- (ii) Neural Networks or a modified form of it. –In this case, any systems that uses a number of nodes (physical or software simulated nodes) mimicking natural neural networks of any scale, so as to carry out learning from previous firing of the nodes will be considered in scope. e.g.: Recurrent Neural networks and Deep learning Neural Networks
- (iii) Machine learning through supervised, unsupervised learning or a combination of both. –In this case, any application or systems that carry out knowledge representation to form a knowledge base of domain, by learning and creating its outputs with real world input data and deciding future outputs based upon the knowledge base. E.g.: System based on Decision tree, random forest, K mean, Markov decision process, Gradient boosting Algorithms.
- (iv) A system that uses statistical heuristics method instead of procedural algorithms or the system /application applies clustering or categorization algorithms to categorize data without a predefined set of categories.

(v) A system that uses a feedback mechanism to improve its parameters and bases its subsequent execution steps on these parameters.

(vi) A system that does knowledge representation and maintains a knowledge base.

29.2. Exchange vide Circular NSE/COMP/59700 dated December 12, 2023 has revised the timeline for reporting Artificial Intelligence (AI) and Machine Learning (ML) applications and systems with immediate effect:

Intermediary	Current Timeline for reporting of AI/ML applications	Revised Timeline for reporting of AI/ML applications
Trading Members using Algorithm software	Quarterly basis within 15 calendar days of the expiry of the quarter	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 the year

29.3. The reporting shall be undertaken electronically through ENIT Portal – **NEW ENIT > COMPLIANCE > ‘ML AND AI’ > ML and AI DETAILS**. The link for accessing the portal is (<https://enit.nseindia.com/MemberPortal/>).

29.4. Kindly note that the requirement of reporting of AI / ML based application or system is defined in Annexure 26 and reporting format is provided in Annexure 25 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023, and continues to remain the same.

29.5. The submission of AI-ML details is mandatory for all active Members of the Exchange (i.e. those who have executed even a single trade during the half year/annual period as mentioned above), irrespective of whether they are using AI-ML systems or not. The members who do not use AI-ML based systems are also required to submit the “NIL” report.

29.6. Members who fail to submit the details within the prescribed timelines, would be treated as non-compliance and attract a levy of non-submission charges of INR 10,000/- for each half – year / annual period (*Circular Ref. No. NSE/INSP/53530 dated September 02, 2022*).

30. REPORTING OF AUTHORISED PERSON INSPECTION AND UCC DETAILS

Inspection details

30.1. Members are required to report the details of the inspections/supervision undertaken by the Members through ENIT (Ref NSE/COMP/50030 dated October 21, 2021). The same can be accessed at <https://enit.nseindia.com/MemberPortal/> at the following path: Compliance Tab → Authorised Persons → Inspection of Authorised Persons. The reporting shall be done in the following manner:

- (a) All inspections undertaken during a financial year including the quantum should comply with guidelines prescribed in Exchange circular NSE/INSP/42448 dated October 18, 2019.
- (b) Inspections undertaken during a particular quarter shall be reported within one month from end of the said quarter. For instance:

Inspections undertaken during the FY	Due date of reporting
Inspections done during the Quarter-1	July 31, XXXX
Inspections done during the Quarter-2	Oct 31, XXXX
Inspections done during the Quarter-3	Jan 31, XXXX
Inspections done during the Quarter-4	April 30, XXXX

- (c) Members are also hereby notified that they shall be mandatorily required to report any incidence, observed by them, involving assured returns or any unauthorised schemes operated by the AP, to the Exchange, within 2 working days. The reporting shall be made electronically through the link as provided in para 2 above i.e., <https://enit.nseindia.com/MemberPortal/>. Members, additionally, shall also take necessary measures, as mentioned in SEBI circular MIRSD/DR-1/Cir-16/09 dated November 06, 2009, including filing of police complaint, upon noticing such incidence. Exchange may also require Members to obtain confirmation from their clients that there are no claims against such AP.
- 30.2. The following actions shall be initiated in case of non-compliance w.r.t reporting of inspection details (*Circular Ref. No. NSE/INSP/53530 dated September 02, 2022*):

Delay in reporting of AP inspection to the Exchange

Monetary penalty of INR 10,000/- per day after the due date. In case of a repeat instance by the Member the monetary penalty shall be levied along with escalation of 50%.

Incorrect submission of information

Monetary penalty of INR 25,000/-. Additional disciplinary action shall be taken in case of submission of materially incorrect information. In case of a repeat instance by the Member the monetary penalty shall be levied along with escalation of 50%.

Reporting of UCC

- 30.3. Members are required to upload the details of clients mapped to the Authorised Persons, if any, against the respective APs in the Exchange database, as per the following timelines (NSE/COMP/49509 dated September 03, 2021):
- (a) 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.
 - (b) 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.
- 30.4. The details shall be reported electronically through ENIT using the following link: - ENIT-Compliance – Membership – Authorised Persons. Members are advised to ensure that details of the clients reported should match with the Exchange UCC records. The mode of uploading the client data is provided in Circular Ref. No. NSE/COMP/49509 dated September 03, 2021.
- 30.5. In case of Non reporting/partial reporting of UCC details a monetary penalty of INR 2 lakh shall be levied. In case of a repeat instance by the Member the monetary penalty shall be levied along with escalation of 50%. (*Circular Ref. No. NSE/INSP/52085 dated April 22, 2022*).

31. FRAMEWORK TO ADDRESS THE ‘TECHNICAL GLITCHES’ IN MEMBER’S ELECTRONIC TRADING SYSTEMS

SEBI circular SEBI/HO/MIRSD/TPD-1/P/CIR/2022/160 dated November 25, 2022, and Exchange Circular Ref No. NSE/COMP/54876 dated December 16, 2022, prescribes guidelines/Standard Operating Procedure (SOP) for handling technical glitches at the Members end as well as provide a framework for Capacity Planning, Software Testing, Change Management, and Business Continuity Planning (BCP)/Disaster Recovery (DR). The provisions of the circular are applicable to all members providing ‘Internet and Wireless technology-based trading facility’ (IBT/STWT) to their clients.

Additionally, few provisions of the circular are only applicable to ‘Specified Members’ i.e., the top 37 Members registered with the Exchange, having the most Internet and Wireless technology based (IBT/STWT) clients.

31.1. Definition:

‘Technical glitch’ shall mean any malfunction in the Member’s systems including malfunction in its hardware, software, networks, processes, or any products or services provided by the Member in the electronic form. The malfunction can be on account of inadequate Infrastructure/systems, cyberattacks/incidents, procedural errors, and omissions, or process failures or otherwise, in their own systems or the one outsourced from any third parties, which may lead to either stoppage, slowing down or variance in the normal functions/operations/services of systems of the Member for a contiguous period of **five minutes (5 minutes) or more**.

‘**Critical Systems**’ are defined as all IT systems that are related to Trading applications and trading-related services.

31.2. Reporting Requirements for Technical Glitch Incidents:

All Members shall be required to report to the Exchange any technical glitches as under:

- (i) All Members shall inform the technical glitch to the stock exchanges immediately but **not later than 1 hour** from the time of occurrence of the glitch.
- (ii) Members shall submit a Preliminary Incident Report to the Exchange within T+1 day of the incident (‘T’ being the date of the incident). The report shall include the date and time of the incident, details of the incident, effect of the incident, and immediate action taken to rectify the problem.
- (iii) Members shall submit a Root Cause Analysis (RCA) Report of the technical glitch to the stock exchange, within 14 days from the date of the incident. The RCA report, for all technical glitch incidents greater than 45 minutes, shall also be verified by an independent auditor appointed by the Member. Further, Exchange vide Circular Ref. No. NSE/COMP/59914 dated December 26, 2023, clarified that in case of technical glitch incidents lasting more than 45 minutes, an independent auditor’s report on the RCA shall be submitted within 45 days of the incident.
- (iv) Submission of all the above three reports shall be as per the format provided in ‘**Exhibit J**’ of this circular.
- (v) Exchange vide Circular Ref. No. NSE/COMP/61323 dated March 27, 2024, has facilitated the reporting of Technical Glitch incidents *via* the ENIT Portal i.e., New ENIT > Compliance > Technical Glitches > Technical Glitches Submission w.e.f. April 1, 2024.
- (vi) The Member would also need to report the incidents on the dedicated email address infotechglitch@nse.co.in which is common across the Exchanges. The user manual for submitting the application through online portal is attached as **Exhibit K**.
- (vii) Financial Disincentives and Penalties with respect to non-compliance with the provisions of the circular have been enclosed below in paragraph 30.7.

31.3. Capacity Planning:

- (i) An increasing number of investors may create an additional burden on the trading system of Members and hence, adequate capacity planning is a prerequisite for Members to provide continuity of services to their clients.
- (ii) Members shall do capacity planning for the ‘**Critical Systems**’ infrastructure including server capacities, network availability, bandwidth, and the serving capacity of trading applications.

- (iii) Capacity planning shall be done based on the rate of growth in the number of transactions observed in the past 2 years. This data should be extrapolated to predict the capacity required for the next 3 years.
- (iv) The capacity planning by Members should be done every year to review the available capacity, peak capacity, and new capacity required to tackle future load on the system. The purpose shall include all '**Critical Systems**' operated in-house or through a Vendor/Application service provider (ASP).
- (v) Members shall monitor peak load in their '**Critical Systems**' including the trading applications, servers, and network architecture. The Peak load shall be determined based on the highest peak load observed by the Members during a **calendar quarter**. The installed capacity shall be at **least 1.5 times (1.5x)** of the observed peak load.
- (vi) Members shall deploy adequate monitoring mechanisms within their networks and systems to get timely alerts on the current utilization of capacity going beyond the permissible limit of 70% of its installed capacity. In case the actual capacity utilization nears 70% of the installed capacity, immediate action shall be taken to avoid a breach of capacity.
- (vii) Adequate capacity planning and its review should be part of the annual system audit of the Members.
- (viii) Additionally, to ensure the continuity of services at the primary data center, '**Specified Members**' shall strive to achieve full redundancy in their IT systems that are related to the '**Critical Systems**'.

31.4. **Software testing and change management:**

- (i) Software applications are prone to updates/changes and hence, it is imperative for the Members to ensure that all software changes that are taking place in their applications are rigorously tested before they are used in production systems. Software changes could impact the functioning of the software if adequate testing is not carried out. In view of this, Members shall adopt the following framework for carrying out software-related changes/testing in their systems.
- (ii) Members shall create test-driven environments for all types of software developed by them or their vendors.
- (iii) Members, during all relevant phases of software development and operations are required to write exhaustive unit test cases and functional test cases covering all positive & negative scenarios, regression testing, security testing, and non-functional testing including performance testing, stress testing, load testing, etc.
- (iv) Further, Members shall prepare and maintain a traceability matrix between functionalities and test cases for all '**Critical Systems**'.
- (v) A Minimum number of unit test cases required for every change made in the software should be defined in advance, based on its functionality, and ensure sufficient test

coverage around instructions count, branches, and complexities. This would include base cases for the overall platform, plus specific sets of cases for each module under consideration.

- (vi) In addition to the above, '**Specified Members**' shall perform software testing in '**automated environments**'. The '**automated environments**' shall be mandatorily set up by '**Specified Members**' before **June 30, 2023**.
- (vii) To ensure system integrity and stability, all changes to the installed system shall be planned, evaluated for risk, tested, approved, and documented. Members shall implement a change management process to avoid any risk arising due to unplanned and unauthorized changes for all its information security assets (hardware, software, network, etc.).
- (viii) Change management process shall be well documented and approved by the Governing Board of the Member.
- (ix) The Exchange has provisioned test environments and conducts periodic mocks for Members to test their systems. Members are required to participate in such environments, each time their systems have gone through changes before such changes are made live.
- (x) Members shall have a documented process/procedure for the timely deployment of patches for mitigating all identified vulnerabilities. The patch management process shall also be approved by the Governing Board of Members.
- (xi) Members shall periodically update all their assets including Servers, OS, databases, middleware, network devices, firewalls, IDS /IPS desktops, etc. with the latest applicable versions and patches.
- (xii) Review of Adequate Change Management and Patch Management processes should be part of the system audit of the Members. As a part of the mandated annual System Audit, the System Auditor shall also provide its comments and observations on the said processes, if any.

31.5. **Monitoring mechanism - Applicable to 'Specified Members'**

- (i) Proactively and independently monitoring technical glitches shall be one of the approaches in mitigating the impact of such glitches. In this context, the '**Specified Members**' shall build API-based **Logging and Monitoring Mechanism (LAMA)** to allow stock exchanges to monitor the '**Key Parameters**' of the '**Critical Systems**'. Under this mechanism, '**Specified Members**' shall monitor key systems & functional parameters to ensure that their trading systems function in a smooth manner. Stock exchanges will, through the API gateway, independently monitor these key parameters in real-time to gauge the health of the '**Critical Systems**' of the '**Specified Members**'.
- (ii) Through the '**LAMA**' Gateway, values of the '**Key Parameters**' listed below should be served by the '**Specified Members**'.

Key Parameters for 'LAMA'		
Application	System	Network
1. Log monitoring	1. CPU Utilization	1. Packet Error Counts
2. Requests/Second	2. Memory Utilization	2. Bandwidth Utilization
3. Average response times	3. Disk utilization	3. DNS failures
4. Trading trend analysis-related data	4. Database replication and its Health	
5. Trading API failure counts	5. Uptime	
6. Network Latency		

- (iii) The **'Specified Members'** and the Exchange will preserve the logs of the key parameters for a period of 30 days in the normal course. However, if a technical glitch takes place, the data related to the glitch shall be maintained for a period of 2 years.

The Exchange *vide* Circular Ref. No. NSE/COMP/55936 dated March 10, 2023, and NSE/COMP/57720 dated July 26, 2023, has identified 37 Members as 'Specified Members'. List of these members is as under:

Sr. No.	Trading Member Name
1.	5paisa Capital Limited
2.	Acumen Capital Market (India) Limited
3.	Alice Blue Financial Services Private Limited
4.	Anand Rathi Share and Stock Brokers Limited
5.	Angel One Limited
6.	Axis Securities Limited
7.	Bonanza Commodity Brokers Private Limited / Bonanza Portfolio Limited
8.	Choice Equity Broking Private Limited
9.	Dhani Stocks Limited
10.	Finvasia Securities Private Limited
11.	Fyers Securities Private Limited
12.	Geojit Financial Services Limited
13.	Globe Capital Market Limited
14.	Goodwill Wealth Management Private Limited
15.	HDFC Securities Limited

Sr. No.	Trading Member Name
16.	ICICI Securities Limited
17.	IIFL Securities Limited
18.	Jainam Broking Limited
19.	Kotak Securities Limited
20.	Moneylicious Securities Private Limited
21.	Motilal Oswal Financial Services Limited
22.	Nextbillion Technology Private Limited
23.	Nirmal Bang Securities Private Limited
24.	NJ India Invest Private Limited
25.	Nuvama Wealth and Investment Limited
26.	Paytm Money Limited
27.	Profitmart Securities Private Limited
28.	Reliance Securities Limited
29.	Religare Broking Limited
30.	RKSV Securities India Private Limited / RKSV Commodities India Private Limited
31.	SBICAP Securities Limited
32.	Sharekhan Limited
33.	SMC Global Securities Limited
34.	Swastika Investmart Limited
35.	Ventura Securities Limited
36.	Zebu Share and Wealth Managements Private Limited
37.	Zerodha Broking Limited / Zerodha Commodities Private Limited

31.6. Business Continuity Planning (BCP) and Disaster Recovery Site (DRS)

- (i) **'Specified Members'** and Members with a minimum client base of **50,000 clients** across all Exchanges, are to mandatorily establish a **'Business Continuity'/'Disaster Recovery setup'**.
- (ii) Members shall put in place a comprehensive BCP-DR policy document outlining standard operating procedures to be followed in the event of any **'Disaster'**.

- (iii) **‘Disaster’** may be defined as scenarios where:
 - (a) A **45-minute** disruption of any of the **‘Critical Systems’**, or
 - (b) Any additional criteria specified by the Governing Board of the Member.
- (iv) The DRS shall preferably be set up in different seismic zones. In case, due to any reasons like operational constraints, such a geographic separation is not possible, then the Primary Data Centre (PDC) and DRS shall be separated from each other by a distance of at least 250 kilometers to ensure that both do not get affected by the same natural disaster. The DR site shall be made accessible from the primary data center to ensure syncing of data across two sites.
- (v) **‘Specified Members’** shall conduct DR drills/live trading from the DR site on **half yearly basis**. DR drills/ live trading shall include running all operations from DRS for at least **1 full trading day**.
- (vi) Members shall constitute responsible teams for taking decisions about shifting of operations from primary site to DR site, putting adequate resources at DR site, and setting up mechanism to make DR site operational from primary data center etc.
- (vii) Hardware, system software, application environment, network and security devices, and associated application environments of DRS and PDC shall have a one-to-one correspondence between them. Adequate resources shall be always made available to handle operations at PDC or DRS.
- (viii) The **Recovery Time Objective (RTO)** i.e., the maximum time taken to restore operations of **‘Critical Systems’** from DRS after the declaration of **‘Disaster’** shall be **2 Hours** and, **Recovery Point Objective (RPO)** i.e., the maximum tolerable period for which data might be lost due to a major incident shall be **15 Minutes**.
- (ix) Replication architecture, bandwidth, and load consideration between the DRS and PDC shall be within the stipulated RTO and the whole system shall ensure high availability, right-sizing, and no single point of failure. Any updates made at the PDC shall be reflected at DRS immediately.
- (x) The BCP-DR policy document shall be reviewed at least **once a year** to minimize incidents affecting business continuity. Additionally, an Adhoc review of the BCP-DR policy shall also be conducted in case of any major changes in **‘Critical Systems’** and if any technical glitch is encountered. The BCP-DR policy document of the Members should be approved by Governing Board of the Members.
- (xi) The Governing Board of the Members shall review the implementation of BCP-DR policy approved by the Governing board of the Members on a Quarterly basis. Further, Members shall conduct periodic training programs to enhance the preparedness and awareness level among its employees and outsourced staff, vendors, etc. to perform as per BCP policy.

- (xii) The System Auditor, while covering the BCP – DR as a part of mandated annual System Audit, shall check the preparedness of the Member to shift its operations from PDC to DRS and comment on documented results and observations on DR drills conducted by the Members.
- (xiii) The ‘**Specified Members**’ shall constitute an Incident and Response Team (IRT) / Crisis Management Team (CMT), which shall be chaired by the Managing Director (MD) of the Member or by the Chief Technology Officer (CTO), in case of non-availability of MD. IRT/CMT shall be responsible for the actual declaration of disaster, invoking the BCP and shifting of operations from PDC to DRS whenever required. Details of roles, responsibilities, and actions to be performed by employees, IRT/ CMT and support/outsourced staff in the event of any Disaster shall be defined and documented by the Members as part of BCP-DR Policy Document.
- (xiv) In addition to the above, ‘**Specified Members**’ shall obtain **ISO27001** (Information Security) certification within the 2 years, from April 1, 2023. Additionally, **ISO20000** (IT Service Management) and **ISO22301** (Business Continuity Management System) are recommended to be adhered to. All Policies procedures and processes must be based on these international Standards.

31.7. Financial Disincentives and Penalty Structure

Sr. No.	Instances of technical glitches	Financial disincentives	
		Specified Members	All other Members
1.	Technical Glitch continuing for <u>more than 15 minutes</u>:		
	First instance	Observation Letter	Observation Letter
	Second instance	Administrative warning	Administrative warning
	Third instance onwards	For every instance INR 50,000/- It will progressively increase by INR 25,000/- for subsequent instances. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	For every instance INR 20,000/- It will progressively increase by INR 5,000/- for subsequent instances. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
2.	More than 5 Technical Glitch Incidents during the financial year.	In addition to the penalty already levied as per the above provisions, no on-	The relevant authority of the Exchange on a case-to-case basis and based on the

Sr. No.	Instances of technical glitches	Financial disincentives	
		Specified Members	All other Members
	(Incidents lasting more than 15 minutes)	boarding of new clients till stock exchange analyses RCA and satisfies itself about corrective measures taken or, 15 days from glitch whichever is higher. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	gravity of non-compliance shall decide on the disciplinary actions.
3.	Failure to restore operations by moving to DR site within Recovery Time Objective.	INR 2 lakhs	INR 20,000/-
4.	Failure to inform Exchange about the incident/glitch within 1 hour	INR 50,000/-, plus INR 25,000/- per day till failure continues. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	INR 20,000/-, plus INR 5,000/- per day till failure continues. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
5.	Failure to submit the preliminary incident report to the Exchange by T+1 day		
6.	Failure to timely submit RCA within 14 days		
7.	Failure to conduct DR drill/live trading from DR site as per the provisions	INR 2 lakhs, plus INR 1 lakh for every month during which failure continues. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	NA

31.8. Identification of Specified Members for Implementation of Logging and Monitoring Mechanism (LAMA)

Definition: The top 37 Members registered **across Exchanges**, having the most Internet and Wireless technology-based (IBT/STWT) clients are classified as ‘Specified Members’. List of such Members is provided in point no. 31.5 above.

‘Specified Members’ are required to complete the necessary developments as per the API specification document enclosed as **Exhibit L** of this circular.

Investor Risk Reduction Access (IRRA) platform

SEBI vide its circular ref. no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/177 dated December 30, 2022, directed the Exchanges to develop a joint platform to provide Investor Risk Reduction Access (IRRA Platform) service to the investors of the Trading Member, who faced disruption in the trading services provided due to technical glitches.

The Trading Member, upon facing technical glitches, can request for enablement of the IRRA platform and they and their clients can avail the Services of the IRRA platform as per the procedures specified by SEBI / Stock Exchanges which includes square off/close the open positions, and/or cancel orders.

32. REPORTING OF UNIQUE DEVICE IDENTIFIERS FOR ORDERS PLACED THROUGH INTERNET BASED TRADING (IBT) AND SECURITIES TRADING USING WIRELESS TECHNOLOGY (STWT)

According to Exchange Circular Ref. No. NSE/COMP/53164 dated August 01, 2022, Trading Members are required to capture the IP (Internet Protocol) address (from where the orders are originating) for all IBT/ STWT orders and monitor the same.

Trading Members are required to capture each device (Computer/Tablet/Mobile including Executable Applications, Browser based Apps, Mobile Apps) used to place enter/modify/cancel IBT/STWT orders by each client and store the prescribed fields as mentioned in point no. 3 of abovementioned circular. Trading Members are required to submit to the Exchange, the prescribed fields for each order that resulted in a trade on the Exchange separately in CM and F&O. In case of single IBT/STWT orders placed through various devices, the prescribed fields have to be maintained for all such devices.

Reporting of Unique Device Identifiers for orders placed through Internet Based Trading (IBT) and Securities trading using Wireless Technology (STWT) is effective from August 26, 2022. As of date, this shall be applicable to Trading Members having 25 lakhs or more active clients during the F.Y. 2021-22 on either Exchange.

Reporting format is provided by Exchange vide Circular Ref No. NSE/COMP/54007 dated October 10, 2022.

33. MAINTENANCE OF A WEBSITE BY STOCK BROKERS

SEBI vide circular number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/30 dated February 15, 2023, and Exchange vide Circular Ref. No. NSE/COMP/ 55661 dated February 20, 2023

and NSE/COMP/56350 dated April 13, 2023 advised Trading Members to maintain a designated website and display mandatory information to help the investors to keep themselves well informed about the various activities of the Trading Members.

All Trading Members dealing in clientele business are advised to mandatorily display the information provided in **Exhibit M & Exhibit N** and update the information from time to time. FAQs pertaining to the same have been provided in **Exhibit O**. Trading Members are also required to note that any modification in the URL shall be reported to the Exchange *via* the ENIT Portal, within 3 days of such changes. The user manual for submission through ENIT is attached herewith as **Exhibit P**.

Failure to submit/upload declarations within the prescribed timelines will be treated as non-compliance and applicable penalty/ disciplinary action will be initiated in accordance with the provisions prescribed under Circular Ref. No. NSE/COMP/ 57876 dated August 07, 2023. The action / penalty for non – compliance has been reproduced hereinbelow:

Action / Penalty for non-compliance with regulatory directive on maintenance of a website by stock broker

<u>Sr. No.</u>	<u>Penalty / disciplinary actions</u>	<u>Timelines</u>
<u>In case of Non reporting of URL to Exchange by August 24, 2023</u>		
1.	Warning letter to be issued to the non-compliant Trading Members	August 25, 2023
2.	One time penalty of INR 5,000 /- to be levied	On failure to comply up to 1 month from issuance of warning letter
3.	Exchange will block fresh UCC registration	If non-compliance persists on completion of 2 weeks from levy of one – time penalty.
4.	INR 5,000/-* in case of any observations specified below	If the non-compliance observed during Trading Members Inspection

*In case of below mentioned observations, penalty as prescribed in point no-4 of the structure above shall be levied:

- any modification in the URL which member failed to report to the Exchange within 3 days of such change; and
- if any incomplete details are displayed by stock brokers on their website.

34. ENCOURAGING MORE RETAIL INVESTORS TO PARTICIPATE IN VOTING ON MOTIONS MOVED BY LISTED COMPANIES

SEBI vide circular ref. no. - SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 issued guidelines pursuant to e-voting Facility provided by listed entities. Further, for accessing the e-voting pages of various e- voting service providers (ESPs), shareholders were given the option to register directly with the depository or access the various ESP portals from their demat accounts.

To further encourage retail investors and to make the process of participating in e-Voting easier for them, the Trading Members were advised to ensure the compliance of the following by Exchange *vide* Circular Ref. No. NSE/COMP/55151 dated January 05, 2023:

1. All Trading Members, who are having a website are mandated to provide on their respective websites, the link to voting URLs, which will redirect the investor to the webpage of the respective Depository who in turn will enable access to the e-voting portals of various ESPs, in accordance with Clause 3.1 of the SEBI Circular dated December 09, 2020.
2. Trading Members who are not having website of their own, shall send the link to voting URLs by the way of SMS/e-mails/any other media which ensures wider outreach and educate retail investors about e-voting process and encourage them to participate in the same.

Trading Members are advised to ensure compliance of the above-mentioned requirements.

35. IMPLEMENTATION OF TWO FACTOR AUTHENTICATION (2FA)

SEBI *vide* circular ref no. SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018, issued specific guidelines for implementation of two-factor authentication (2FA). Further, Exchange *vide* Circular Ref. No. NSE/COMP/52623 dated June 14, 2022, in consultation with SEBI and other Exchanges has provided clarification on the guidelines on Implementation of 2FA. The details of guidelines are as under-

- Members offering trading application through Internet Based Trading (IBT) and Securities Trading through Wireless Technology (STWT) are required to mandatorily have biometric Authentication as one of the authentication factors along with any of the following factor.
- Knowledge factor (something only the user knows): - for e.g., Password, PIN.
- Possession factor (something only the user has): - for e.g., OTP, security token, authenticator apps on smartphones etc.

In case of unavailability of Biometric Authentication, Members shall use both the aforementioned factors.

36. USAGE OF NSE DATA ONLY FOR TRADING PURPOSE

This is in reference to the Circular No. NSE/MEM/26958 dated June 19, 2014, on “Illegal data dissemination of NSE’s market data” wherein Trading Members were advised to use only the authorized sources of data and technical software received from the Exchange or any authorized vendors for their internal usage only and not for redistribution. It has come to the notice of the Exchange, that some market participants are using the Exchange data for gaming and virtual trading purposes which goes against the principles of fair and transparent trading. Therefore, the Exchange *vide* Circular Ref. No. NSE/COMP/56426 dated April 20, 2023, advised Trading Members to use NSE data only for legitimate trading purposes by their clients and not for the purpose of gaming or virtual trading as the same goes against the principles of fair and transparent trading.

37. ADVISORY ON VERIFICATION OF SOCIAL MEDIA ACCOUNTS TO PREVENT MISUSE OF NAMES

Exchange *vide* Circular Ref. No. NSE/COMP/57372 dated June 30, 2023, has advised Members to conduct an extensive check on social media on an ongoing basis to ensure that their names are not being misused and take prompt action. Such an activity not only poses a reputational risk but also jeopardizes the trust of the clients and investors.

ITEM No. 5: FEES/CHARGES AND DISCIPLINARY ACTIONS

The following fees/charges, plus applicable taxes shall be levied for respective applications/processes:

S. No.	Profile	Fees
1	New Membership	- Processing Fee – INR 10,000/- - Admission Fee: - INR 5,00,000/- (if the applicant applies for membership excluding the Commodity Derivatives segment) - INR 50,000/- (if the applicant applies for Cash, FO, CD and COM segments collectively) - Nil for Alpha membership - SEBI Processing Fee- INR 50,000/- - SEBI Clearing Fee- INR 50,000/- per clearing/self-clearing segment
2	Additional segment	SEBI Clearing Fee- INR 50,000/- per clearing/self-clearing segment
3	Change in Shareholding and Change in Profit/Loss Sharing Ratio	Processing Fee - INR 1,000/- per application
4	Change in Control	Processing Fee - INR 5,00,000/- per application
5.	Change in constitution	Nil
6	Change in Director and Change in Partners	- Processing Fee – INR 1,000/- per Non-Designated Director/ordinary partner - Rs 2,000 per Designated Director /Designated Partner/Managing Partner
7	Change in Name	Processing Fess- INR 2000/- per application
8	Change in Registered Office Address	Processing Fee – INR 1,000/- per application
9	MTF Approval/Withdrawal	Nil
10	Trade through other member approval	Nil
11	Voluntary Disablement/ Re-enablement	Nil
12	Approval of Advertisement	Processing Fee- INR 3,000 per approval
13	Updation of Compliance Officer	Nil
14	Total Surrender	Processing Fess- INR 1,00,000

S. No.	Profile	Fees
15	Segmental Surrender	Processing Fess- INR 50,000/- per segment
16	Membership Certificate	Nil
17	Status Report	INR 1,000/- per application

In case of non-compliance of any of the below mentioned regulatory requirements, disciplinary actions are stated below will be levied (NSE/INSP/53530 dated September 02, 2022):

(a) **Penalties /disciplinary action(s)/charges for delay or non-submission of periodic submissions**

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation /contravention
1	Failure to furnish "Annual Returns" within the due date	Levy of Monetary penalty of: 1) INR 5,000 per day for the first 15 days after due date 2) INR 10,000 per day for the next 15 days In case of non-submission within 30 days from the due date of submission, TM shall be debarred from taking new clients till the date of submission. If member fails to submit within 60 days from the due date of submission, trading rights shall be withdrawn in all segments immediately till the date of submission	In case of a repeat instance by the Member, the monetary penalty shall be levied along with an escalation of 50%. In case of non-submission within 30 days from the due date of submission, TM shall be debarred from taking new clients till the date of submission. If member fails to submit within 60 days from the due date of submission, trading rights shall be withdrawn in all segments immediately till the date of submission
2	Non-Submission of Stock-broker mandatory indemnity/insurance policy	Monetary penalty of INR 1,000 per day after due date till the date of submission.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with an escalation of 50%.
3	Failing to report Daily MTR file successfully to Exchange	Levy of monetary penalty of INR 5000/- for one instance in a month.	The following actions shall be taken in case of repeated non-compliance: 1) Levy of Monetary penalty of INR 10,000 per day for two to

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation /contravention
			three instances in a month 2) Non-reporting for more than three instances in a month - Withdrawal of Margin Trading Facility for a period of 3 months. 3) Non-reporting for 6 or more instances in last consecutive 3 months - the Margin trading facility of the Member shall be withdrawn and member shall also be debarred from taking new clients for three months.
4	Non-Submission of half yearly / yearly Artificial Intelligence & Machine Learning (AIML) details	Levy of Monetary penalty of INR 10,000 for each quarter.	The following actions shall be taken in case of repeated non-compliance: 1) Levy of Monetary penalty with an escalation of 50%. 2) If member fails to submit AIML in consecutive two quarters, TM shall, in addition to the monetary penalty, be debarred from taking new clients for 1 month. 3) In case of non-submission in 3 or more consecutive quarters, the trading rights shall be withdrawn in all segments for one day.

(b) **Penalties /disciplinary action(s) for non-adherence to membership requirements**

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
1	Change in Control	Monetary penalty of INR 2,00,000/-and withdrawal of trading facility of the trading member till approval of the Exchange.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Further trading facility of the trading member shall also be withdrawn till approval of the Exchange.

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
2	Change in shareholding (with no change in control) without Exchange approval	Levy of Monetary penalty of INR 10,000 per day per instance	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of post facto approval on more than 3 occasions in last 12 months or more than 5 occasions in last 36 months, the trading rights in all segments to be withdrawn for one day or till the approval of the Exchange, whichever is later.
3	Change in designated directors without Exchange approval	<u>A. Post facto intimation -</u> INR 20,000 per day from the date of appointment, till the date of intimation to the Exchange. <u>B. In case of changes beyond the control of the member:</u> B.1. In case of any changes in Designated Directors due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. B.2. <u>If not intimated within 10 working days:</u> Monetary penalty of INR 5,000 per day till the date of intimation to the Exchange B.3. TM to appoint the requisite number of DDs within three months of the resignation/death etc. of the outgoing DD and confirm the same to the Exchange. In case of failure to appoint the DD within three months, member shall be levied a monetary penalty of INR 10,000/- per day and debarred from taking new clients till the date of appointment. B.4. In case of failure to appoint the DD within 4 months in non-	The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance: 1) Levy of applicable monetary penalties along with an escalation of 50%. 2) In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking new clients. 3) In case of more than 5 occasions in last 12 months, the trading rights shall be withdrawn for one day or till the approval of the Exchange is granted, whichever is later.

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
		compliance to the Exchange directive, trading rights shall be withdrawn till the appointment/intimation of the DD to the Exchange.	
4	Change in non-designated directors without Exchange approval	<u>In case of any planned changes</u> INR 10,000 per day per director for any post-facto changes <u>In case of changes beyond the control of the member:</u> In case of any changes in NDD due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. <u>If not intimated within 10 working days:</u> Monetary penalty of INR 5,000 per day till the date of intimation to the Exchange In case of post facto appointment of NDD-INR 10,000/- per day per Director	In case of a repeat instance by the Member, the applicable monetary penalties shall be levied along with escalation of 50%. In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking new clients. In case of more than 5 occasions in last 12 months, the trading rights to be withdrawn for one day or till the approval of the Exchange is granted, whichever is later.
5	Transfer of membership /business/ Merger without prior approval of the Exchange (with no change in control)	Monetary penalty of INR 1,00,000/- for each instance	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, the trading rights shall be withdrawn for one day or till the approval from Exchange is granted, whichever is later.
6	Non-appointment/ intimation of Compliance officer	Post facto intimation - INR 20,000 per day from the date of appointment, till the date of intimation to the Exchange. In circumstances beyond the control of the member such as resignation /death In case of any changes in	The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance: 1) Levy of applicable monetary penalties along with an escalation of 50%.

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
		Compliance Officer due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. <u>If not intimated within 10 working days:</u> Monetary penalty of INR 5,000 per day till the date of intimation to the Exchange Member to appoint the compliance officer within three months of the resignation/death of the compliance officer and confirm the same to the Exchange. In case of failure to appoint the Compliance officer within three months, member shall be levied a monetary penalty of INR 10,000/- per day and debarred from taking new clients till the date of appointment. In case of failure to appoint the Compliance Officer within 4 months in non-compliance to the Exchange directive, trading rights shall be withdrawn till the appointment/intimation of the Compliance Officer to the Exchange If appointment of new compliance officer is observed during inspection and the details are not reported to Exchange: INR 1 lakh in addition to penalty of INR 20,000/- per day from the date of appointment.	
7	Non updation of KMP Details	Monetary penalty of INR 10,000/- per KMP	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of more than 3 occasions, the

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
			trading rights shall be withdrawn for one day.
8	Change in Member category	Monetary penalty equivalent to 10% of the difference in BMC on account of change in member category. Member to be given 5 working days to recoup the BMC failing which Member shall be debarred from taking new clients till BMC is recouped. In case member fails to recoup the BMC within 15 days, the trading rights shall be withdrawn till BMC is recouped.	The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance: In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%.
9	Change in status & constitution without prior approval of the Exchange	Monetary penalty of INR 20,000/- per day from the date of change till the date of approval	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, the trading rights shall be withdrawn for one day or till the approval from Exchange is granted, whichever is later.
10	Issue of Advertisement without Exchange approval	Levy of monetary penalty of Rs 1 lakh per instance. In case member issues advertisement despite Exchange rejection, member shall be, in addition to the monetary penalty, be debarred from taking new clients for one month or till such time the advertisement is taken down, whichever is later.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, 1. In case member issues advertisement without Exchange approval on 3 occasions, member shall be debarred from taking new clients for one month. 2. In case member issues advertisement without Exchange approval on 5 occasions, the trading rights shall be withdrawn for one working day or till the approval is sought, whichever is later.

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
			On two occasions, In case member issues advertisement despite Exchange rejection, member shall be, in addition to the monetary penalty, trading rights shall be withdrawn for one day or till such time the advertisement is taken down, whichever is later.
11	Trade through other Members	Monetary penalty of INR 30,000/- per member where account is opened and direction to seek approval of the Exchange Advice Letter to be issued in case the member trades through brokers of other Exchanges without intimation to Exchange	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of more than two occasions, member shall be debarred from taking new clients till proof of closure of account is submitted. In case a member trades with another broker despite Exchange rejection, immediate withdrawal of trading rights for one day or till proof of closure of account is submitted whichever is later.
12	Providing Margin Trading facility to clients without obtaining prior permission of the Exchange	Monetary penalty of INR 2 lakhs	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, the trading rights shall be withdrawn for one day.
13	Non-conduct of AP Inspections	Monetary penalty of INR 2 lakhs for each year. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
14	Delay in reporting of AP	Monetary penalty of INR 10,000/- per day after the due date.	In case of a repeat instance by the Member, the monetary penalty shall

Sr. No.	Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
	inspection to the Exchange	The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
15	Incorrect submission of information to the Exchange about the AP inspection	Monetary penalty of INR 25,000/- per day after the due date. Additional disciplinary action shall be taken in case of submission of materially incorrect information.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additional disciplinary action shall be taken in case of repeat instance of submission of materially incorrect information.
16	Non reporting/partial reporting of UCC details mapped to the APs	Monetary penalty of INR 2 lakhs. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.