

National Stock Exchange of India Circular

Department: Compliance	
Download Ref No: NSE/COMP/63440	Date: August 16, 2024
Circular Ref. No: 33/2024	

To All Members /SME Market Makers/Lead Managers,

Sub: Disciplinary action for non-compliance with minimum networth requirement by SME Market Maker

This has reference to Exchange circular ref no. NSE/MSD/58186 dated August 31, 2023 regarding enhanced networth requirement for Market Makers on SME platform. As mentioned in said circular, all members who are acting in the capacity of market maker for SME companies are required to be compliant with networth requirement based on number of companies undertaken for market making.

Further, disciplinary action for not meeting networth requirement by SME Market maker is mentioned in Exchange circular reference no. NSE/INSP/53530 dated September 02, 2022. In view of the revision in networth requirement as per Exchange circular ref no. NSE/MSD/58186 dated August 31, 2023, Trading Members are advised to note the revision in disciplinary action for not meeting networth requirement by SME Market Maker mentioned below:

Violation	Penalty/disciplinary actions
Failure to meet the minimum net worth requirement for SME market making as specified vide Exchange circular ref no. NSE/MSD/58186 dated August 31, 2023	No new market making assignments on SME platform will be allowed
	The Lead Manager to the Issue and Market Maker should ensure that the required net worth is reported on a periodic basis to the Exchange.
	The Lead Manager and Listed Company shall take necessary steps to appoint another Market Maker within 15 days of the notice from the Exchange.
	If The Lead Manager and Listed Company fail to take necessary steps within the stipulated timeframe, disciplinary action shall be initiated against Lead Manager including reporting the matter to SEBI.
	Till such time new Market Maker is appointed, the present Market Maker shall continue to do market making w.r.t. the listed companies in the interest of investors to ensure adequate liquidity is made available on the SME platform.

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Violation	Penalty/disciplinary actions
	If name of the defaulting Market Maker is appearing in the RHP, the Lead Manager will be required to replace its name with another Market Maker who is fulfilling the criteria.

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

**Swati Sopare
Chief Manager**

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