

## Annexure –4

### **Disciplinary action in case of Net worth shortfall and non-submission of Networth**

#### **A. Action for Shortfall / non submission in Networth**

All members of the Exchange are required to maintain minimum net worth at all points of time as specified by the Exchange. In case of any net worth shortfall in any half year, 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. Failing to do so will result in following actions:

<b>ACTION FOR REPORTING SHORTFALL IN NETWORTH</b>	
<b>For Trading members and Trading cum Self-clearing members</b>	<p><b><u>Requirement:</u></b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> 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.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b> Member's trading rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Exchange.</p>
<b>For Trading cum Clearing members</b>	<p><b><u>Requirement:</u></b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> 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.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b></p> <p>A. <u>In the capacity of Trading Member</u></p> <p>Member's trading rights shall be immediately disabled within 2 working days in all segments of the Exchange.</p> <p>B. <u>In the capacity of Clearing Member</u></p> <p>One-month notice to be given to recoup the Networth and submit the revised Networth, failing which the following action shall be initiated:</p>

	<ul style="list-style-type: none"> <li>• 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</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>For PCM</b>	<p><b><u>Requirement:</u></b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> 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.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b></p> <p>One-month notice to be given to recoup the Networth and submit the revised Networth. Upon failure:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>Members providing Margin Trading Facility</b>	<p><b><u>Requirement:</u></b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> 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.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b> Immediate withdrawal of Margin Trading facility within 2 working days from the date of submission.</p>

<b>ACTION FOR NON-SUBMISSION</b>	
<b>For Trading members and Trading cum Self-clearing members</b>	Immediate disablement within two working days in case of non-submission of Networth within 2 months from the end of the half year
<b>For Trading cum Clearing member</b>	<p>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.</p> <p>A. <u>In the capacity of Trading Member</u></p>

	<p>Member's trading rights shall be immediately disabled in all segments of the Exchange.</p> <p><b>B. <u>In the capacity of Clearing Member</u></b></p> <ul style="list-style-type: none"> <li>• 90% of Total deposits shall be blocked. No Exposure shall be permitted on such blocked deposit</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>For PCM</b>	<p>The following actions shall be taken on immediate basis w.e.f. the following working day post the due date.</p> <ul style="list-style-type: none"> <li>• 90% Total deposits shall be blocked</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>Members providing Margin Trading Facility</b>	<p>Immediate withdrawal of Margin Trading facility within 2 working days post the due date.</p>

## **B. Blocking of Deposits**

**In case of clearing Members of Capital Market, F&O, Currency Derivatives, Commodity and Debt Segments**

<b>Category</b>	<b>Deposit to be blocked</b>
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)