



FAQs on New Membership

Application Form

1. Who can become a member of Exchange?

A: Individuals /Sole Proprietors Registered Partnership Firms Limited Liability Partnerships (LLP) Corporates Banks (in Currency Derivatives segment).

2. What are the various segments offered by Exchange?

A: Capital Market, Equity Derivatives, Currency Derivatives /IRF, Debt.

3. What are the categories of Membership offered by Exchange?

A: Trading member, Trading cum clearing member, Trading cum self-clearing member, Professional Clearing member.

4. Types of Membership with Exchange

A: Normal and Alpha.

5. Can a foreign entity take membership on the Exchange?

A: Foreign entities may take membership through their Indian Subsidiary registered under India's Companies Act, 2013 and compliance with DPG Circular dated December 20, 2018 (Download ref. no. NSE/COMP/39726)

Additional Information for membership of NSE/ NSCCL

1. Which date of Incorporation to be specified on the form, in case the entity has more than 1 Certificate Of Incorporation?

A: The original date of incorporation of the entity to be mentioned

2. Which Corporate Identity Number (CIN) to be specified on the form

A: Latest Corporate Identification Number (CIN) to be mentioned

3. What is to be mentioned in Brief Description of principal activity of the applicant and group, if any, to which the applicant belongs?

A: Principal Activity refers to the main business of the Applicant as mentioned in the object clause of the applicant Company. The Principal Activity, for any entity applying for registration as a trading member needs to be related to stock broking/ dealing in securities.

4. What details are to be provided for infrastructure details?

A: While providing Infrastructure details in the application form, the applicant needs to provide:

- 1) Details of the office from where the business of the applicant is going to be conducted (in case of a single place of business)
- 2) An Annexure with details of all places of business (in case the applicant wishes to conduct business from more than one place)

5. Is it possible to open an account with the bank before getting the NSE registration? Is there any format for Bank reference letter?

A: Yes, it is possible to open an account with the bank before getting the NSE registration. There is no prescribed format for the letter by the Exchange. However, the letter should contain account details, and the facilities availed by you from such banks.



FORM A

1. What is to be mentioned for “name of the Stock Exchange/ segment of which the applicant is the member”?

A: Name of the Stock Exchange: National stock Exchange of India Ltd. Segment: Capital Market / Future and Option/ Currency Derivatives/ Debt.

2. Is it mandatory to provide two valid NCFM/NISM certifications as mentioned in the check list?

A: Yes. Details and Certificates of at least two sales personnel or approved user who has passed certification programme as required to be provided and mentioned in the form. The remaining validity to be for at least six months.

3. What is MOU/ agreement/contract with clearing member?

A: If the applicant intends to clear and settle his trades through a clearing member, the applicant is required to furnish the name and details of the clearing member along with a copy of MoU/ agreement/ contract with them for the same.

4. Should the declaration and recommendation to be on same page of the form

A: Yes.

5. What is to be mentioned against point 8- Net worth?

A: The net worth as mentioned in Net worth Certificate to be specified.

FORM AD

1. What is to be mentioned for “name of the Stock Exchange/ segment of which the applicant is the member”?

A: Name of the Stock Exchange: National Securities Clearing Corporation Limited Segment: Capital Market / Future and Option/ Currency Derivatives/ Debt

2. What is to be mentioned against point 8- Net worth?

A: The net worth as derived in Net worth Certificate to be specified.

Additional Information form – Form H2

1. Which Clause No to be specified in the form (for Corporates MOA)

A: Please provide the main clause along with the sub clauses on the form.

2. Which figure is required to be specified against the details- Net-worth as per the requirement of the Exchange?

A: The Net worth as per NSE requirement is required to be specified.

3. Which figure is required to be specified against the details- Applicant’s net- worth in accordance with formula

A: The applicants net worth as derived in Net worth Certificate to be specified



Net worth Certificate

1. Is the deposits with any other Stock Exchange to be reduced from Net worth?

A: Yes, to be reduced under the head "Members Card"

2. Is the Preliminary expenses to the extent not w/off to be reduced from Net worth?

A: Yes, to be reduced under the head "Prepaid expenses"

3. LoA and advances outstanding for more than 3 months / given to associates to be reduced?

A: Yes, to be reduced under the head "Doubtful debt and advances"

4. What % of Investment in listed securities to be deducted?

A: 30% of the value to be reduced under the head 30% of the Marketable Securities

5. Unlisted Securities to be included in Net worth?

A: Entire amount should be reduced under the head ' Unlisted Securities'

Designated Directors

1. What are the eligibility criteria for identification of designated partners/directors?

A: Minimum age of designated director(s): 21 years

Education: Should be at least HSC or equivalent qualification

Experience: 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 recognized stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.

2. How many designated partners/directors to be identified?

A: Minimum 2 such designated directors/partners fulfilling the above eligibility criteria to be identified.

3. Can a partner/director be the designated partner/director in more than 1 entity?

A: No

Dominant Promoter Group

1. How to constitute the DPG

A: Entity to constitute dominant promoters as per "Revised Dominant Promoter Norms" of the Exchange as provided in Circular dated December 20, 2018 (Download ref. no. NSE/COMP/39726)

2. Who can be the strategic investor?

A: Corporate or individual investors that add value to investments they make through industry and personal ties that can assist companies in raising additional capital, including financial investors, venture capitalists and others who invest primarily with the aim of generating a large return on their investment.

3. Can non-designated partners/directors be present in the dominant promoter group?

A: Yes

Annual Accounts

1. If annual accounts are not finalized at the time of providing documents for new membership, what is to be done?

A: Provisional annual accounts certified by CA can be provided.

Disclosure of PAN details

1. What is the meaning of "Associate"?

A: As per SEBI Intermediaries Regulations 2008, —associate means any person controlled, directly or indirectly, by the intermediary, or any person who controls, directly or indirectly, the intermediary, or any entity or person under common control with such intermediary, and where such intermediary is a natural person will include any relative of such intermediary and where such intermediary is a body corporate will include its group companies (as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (Act No. 54 of 1969) or any re-enactment thereof) or companies under the same management

2. Whose PAN Details are required to be mentioned under "All entities / persons falling within the verticals of applicant, both from bottom to top" in Disclosure of PAN Details?

A: PAN details of Holding Company(ies) & Subsidiary Company(ies) are required to be mentioned

Others

1. Who can cross attest the document in a sole proprietorship concern?

A: In Sole proprietorship the document should be attested by CA

2. Can we change the membership type from Alpha to Normal?

A: Yes

3. Can designated directors/partners/entity/proprietor/promoter of applicant entity be associated with any other sub-brokers/ brokers/AP on NSE?

A: No. If associated, they will have to disassociate before enablement of the applicant entity.

4. Can a sub-broker/AP registered with other Exchange can become trading member of NSE

A: No

5. Can the designated director be a dealer?

A: Yes

6. Can a same dealer have NISM certificate for Capital market, FO and CD segments?

A: Yes

7. What is the client category & number of Client codes applicable in Alpha Category Membership?

A: Maximum number of Client IDs allowed under this category will be 50. This is being allowed only to handle order flow of Family and Associate Firms / Companies and would include the following:

Individual - Self + Relatives**

HUFs of relatives

Firms in Which Self/ relatives jointly/severally hold interest of 51% or more

Companies in Which self/relatives jointly/severally hold interest of 20% or more

Partnership/LLP- Firms + Partners + their relatives**

HUFs of relatives

Firms in Which the firm or one or more partners or their relatives either jointly/severally hold interest of 51%



or more

Companies in Which the firm/partners or their relatives jointly/severally hold interest of 20% or more

Corporate Company + Directors + their relatives ** + Holding Company + subsidiaries + Association companies (controlling interest 20% or more)

HUFs of relatives

Associate firms (controlling interest 51% or more)

Firms in Which the company or one or more directors or their relatives either jointly/severally hold interest of 51% or more

** The word 'Relatives' used above would be as defined under the Income tax Act, 1961 (plus HUF and maternal grandparents)

8. Can a commodity Broker seek new membership

A: Yes

9. Is there any separate deposit structure for Alpha type of membership

A: Yes