

**MINIMUM NETWORTH REQUIREMENT & METHOD OF COMPUTATION OF NETWORTH AS PER THE TYPE OF MEMBERSHIP**

All active Members as on March 31, 2024, of Cash segment, Equity Derivative segment, Currency Derivative segment, Debt segment, Commodity Derivative segment, EOP & EGR segment of the Exchange are advised to submit the Networth Certificate & Computation of Networth as per the following requirements and method:

Segment	Trading Member-TM (Networth requirement Rs. in crores)	Clearing Member- TCM (Networth requirement Rs. in crores)	Self-Clearing Member-SCM (Networth requirement Rs. in crores)
Cash	1.00	15.00	5.00
Equity Derivatives	1.00	15.00	5.00
Currency Derivatives	1.00 <b>500.00 (For Banks)</b>	15.00 <b>500.00 (For Banks)</b>	5.00 <b>500.00 (For Banks)</b>
Debt Segment	1.00	15.00	5.00
Commodity Derivatives	1.00	15.00	5.00
EGR	1.00	15.00	5.00
EOP	1.00	-	-

**Networth requirement of minimum Rs.3 crores is applicable to Members, who have availed margin trading facility**

TM: Trading Membership
TCM: Trading and Clearing Membership
SCM: Trading and Self Clearing Membership

- Banks will be allowed to submit the Networth certificate as per Annexure-2 and computation of Networth as per RBI guidelines.
- All active Members of the Exchange as on March 31, 2024, registered in any one or multiple segments of the Exchange i.e., Cash segment, Equity Derivatives segment, Currency Derivatives segment, Commodity Derivatives segment, Debt segment and/or EGR segment are required to submit the Networth certificate and computation of Networth as per the respective annexures as applicable.

Member is treated as active even though he has not traded for a single day during the financial year 2023-24 and its trading terminals are active as on March 31, 2024. Hence, he is required to submit Networth certificate & computation of Networth as on March 31, 2024.

Member is treated as inactive as on March 31, 2024, only if he has voluntarily closed the business and informed the Exchange about the voluntary closure or non- commencement of business.

**(Networth Certificate for Corporates/LLPs, Firms & Individuals)**

**(To be provided on letterhead of the certifying Chartered Accountant/ Company Secretary)**

**CERTIFICATE**

Member Name: \_\_\_\_\_

Member Applicable Networth\* (Higher of 'Base Networth' or 'Variable Networth):

1. Base Networth is Rs. \_\_\_\_\_/-

2. Variable Networth is Rs. \_\_\_\_\_/-

This is to certify that the Networth of M/s./Mr./Ms. \_\_\_\_\_ (Name of Member) as on \_\_\_\_\_ as per the statement of computation of even date annexed to this report is Rs. \_\_\_\_\_ only).

We further certify that:

- M/s./Mr./Ms. \_\_\_\_\_ (Name of Trading Member) is not engaged in any fund-based activities or business other than that of securities or commodity derivatives. Existing fund-based assets, if any, have been divested from the books of account and have not been included for the purpose of calculation of Networth.
- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed in Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, on revised Networth requirement or as amended from time to time\*.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:  
Date:  
UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor  
Chartered Accountants / Company Secretaries  
Membership Number

\*Shall be read with amendments, circular, notification issued in this regard till date.

**(Networth Certificate for Banks)**

**(To be provided on letterhead of the certifying Chartered Accountant/ Company Secretary)**

**CERTIFICATE**

Member Name: \_\_\_\_\_

Member Applicable Networth\* (Higher of 'Base Networth' or 'Variable Networth):

1. Base Networth is Rs. \_\_\_\_\_/-

2. Variable Networth is Rs. \_\_\_\_\_/-

This is to certify that the Net worth of M/s. \_\_\_\_\_ (Name of the Member) as on \_\_\_\_\_ as per RBI guidelines is Rs. \_\_\_\_\_ only.

We further certify that:

- The computation of Networth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, on revised Networth requirement or as amended from time to time\*.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:

Date:

UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor  
Chartered Accountants / Company Secretaries  
Membership Number

\*Shall be read with amendments, circular, notification issued in this regard till date.

**ANNEXURE 3**

**(Network Certificate for Members who have availed approval for offering margin trading facility)**

**(To be provided on letterhead of the certifying Chartered Accountant/ Company Secretary)**

**CERTIFICATE**

Member Name: \_\_\_\_\_

Member Applicable Network\* (Higher of 'Base Network' or 'Variable Network'):

1. Base Network is Rs. \_\_\_\_\_/-
2. Variable Network is Rs. \_\_\_\_\_/-

This is to certify that the Network of M/s. \_\_\_\_\_ (Name of Trading Member) as on \_\_\_\_\_ as per the statement of computation of even date annexed to this report is Rupees \_\_\_\_\_ only).

We further certify that:

- M/s. \_\_\_\_\_ (Name of Trading Member) is not engaged in any fund-based activities or business other than that of securities or commodity derivatives. Existing fund-based assets, if any, have been divested from the books of accounts and have not been included for the purpose of calculation of Network.
- The computation of Network based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.
- The computation of Network is in accordance with method of computation prescribed in Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Network is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, on revised Network requirement or as amended from time to time\*.
- We hereby confirm that we are not the related party to the aforesaid entity.

We further certify that the Member has complied with all the regulatory requirements related to Margin Trading including those listed in BSE Notice No.20170403-41 dated April 03, 2017, BSE Notice No. 20171003-22 dated October 03, 2017, and BSE Notice No. 20171003-13 dated October 03, 2017, BSE Notice No. 20170619-26 dated June 19, 2017, BSE Notice No. 20170803-5 dated August 03, 2017, and BSE Notice No 20170803-1 dated August 03, 2017

Place:  
Date:  
UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor  
Chartered Accountants / Company Secretaries  
Membership Number

\*Shall be read with amendments, circular, notification issued in this regard till date.

**ANNEXURE 4**

**Method of computation of Networth as per Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022**

Name of the Trading Member			
Member No.			
Computation of Networth as on 31/03/2024.			
Sr. No.	Particulars		
A.	Capital	XX	
B.	Free Reserves	XX	
C.	Total (A+B)		XXX
D.	Less: non-allowable assets		
	1. Fixed assets	XX	
	2. Pledged Securities	XX	
	3. Member's card	XX	
	4. Non-allowable securities (unlisted securities)	XX	
	5. Bad deliveries	XX	
	6. Any debts and advances (except trade debtors of less than 3 months) *	XX	
	7. Prepaid expenses, losses	XX	
	8. Intangible assets	XX	
	9. 30% value of marketable securities	XX	
	Total of non-allowable assets (1 to 9)		XXX
<b>E.</b>	<b>Total Networth as on 31/03/2024 (C-D)</b>		<b>XXXXX</b>

\* Explanation – Includes debts/advances overdue for more than three months or given to associates.

For (Name of Certifying Firm)

Signature & Seal of Certifying Firm

Name of Partner / Proprietor

(Chartered Accountants / Company Secretaries)

Membership Number:

Firm Registration Number:

Date:

Place:

**CLARIFICATION - METHOD OF COMPUTATION OF NETWORTH AS PER DR. LC GUPTA FORMULA**

**A) Share Capital + Free Reserves**

<b>Sr. No.</b>	<b>Components of Networth</b>	<b>Remarks</b>
1	<b>Share Capital</b>	<p>This element shall include: -</p> <ul style="list-style-type: none"> <li>● Paid-up equity share capital of the Member.</li> <li>● Paid-up Preference share capital of the Member.</li> <li>● Fully, compulsorily &amp; mandatorily convertible debentures /Bonds/warrants which are convertible within a period of 5 years from the date of issue.</li> <li>● Share application money / Loans from partners / directors / promoters will not be considered as share capital.</li> </ul>
2	<b>Free Reserves</b>	<p>As per Sec. 2(43) of the Companies Act, 2013, free reserves mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:</p> <p>Provided that—</p> <p>(i) any amount representing unrealised gains, notional gains, or revaluation of assets, whether shown as a reserve or otherwise, or</p> <p>(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.</p> <p>Free Reserves shall include Profit &amp; Loss, General Reserve, Securities Premium, Preference Share Redemption Reserve, Capital Redemption Reserve etc., balance of which represents surplus arising out of sale proceeds of assets but will not include reserves created by revaluation of assets.</p> <p>Free Reserves should not include reserves such as Revaluation Reserve, Capital Reserve, Amalgamation Reserve, Debenture Redemption Reserve, and other like reserves.</p>

**B) Non-Allowable Assets**

<b>Sr. No.</b>	<b>Components of Networth</b>	<b>Remarks</b>
3	<b>Fixed Assets</b>	<p>This shall include: -</p> <ul style="list-style-type: none"> <li>● Net book value of all the Tangible Assets as per Balance Sheet / Trial Balance.</li> <li>● Advances given for acquisition of fixed assets.</li> <li>● Capital work in progress.</li> </ul> <p>Assets under lease or taken on rent need not be deducted from the Networth</p>

4	<b>Pledged Securities</b>	<p>Total value of own securities (as recorded in the books of accounts) pledged with the Banks / NBFC or any Financial Institution for raising funds.</p> <p>Own shares pledged to clearing corporations/clearing members are not required to be deducted from Network.</p> <p>Illustration:</p> <table border="1" data-bbox="427 495 1358 763"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total value of own securities as per books of accounts (all marketable)</td> <td>Rs. 1000/-</td> </tr> <tr> <td>Total value of own securities pledged (included above)</td> <td>Rs. 700/-</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Amount to be deducted from Network</b></td> </tr> <tr> <td>Value of pledged securities (100% of Rs. 700/-)</td> <td>Rs. 700/-</td> </tr> <tr> <td>30 % of the balance marketable shares (30% of (Rs. 1000 - Rs.700 = Rs.300))</td> <td>Rs. 90/-</td> </tr> <tr> <td><b>Total amount to be deducted</b></td> <td><b>Rs.790/-</b></td> </tr> </tbody> </table>	Particulars	Amount	Total value of own securities as per books of accounts (all marketable)	Rs. 1000/-	Total value of own securities pledged (included above)	Rs. 700/-	<b>Amount to be deducted from Network</b>		Value of pledged securities (100% of Rs. 700/-)	Rs. 700/-	30 % of the balance marketable shares (30% of (Rs. 1000 - Rs.700 = Rs.300))	Rs. 90/-	<b>Total amount to be deducted</b>	<b>Rs.790/-</b>
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5	<b>Non-allowable securities</b>	<p>This shall include: -</p> <ul style="list-style-type: none"> <li>• Value of all unlisted securities as recorded in the balance sheet including available under 'non-current investments.'</li> <li>• Investments done in unlisted securities of associate/ subsidiary/ group companies.</li> </ul> <p>Liquid &amp; Debt Mutual Funds, G-Sec, non-government debt securities, corporate bonds shall not form part of non-allowable securities and the same shall be covered under 30% of marketable securities.</p>														
6	<b>Any Debts and advances</b>	<p>This shall include: -</p> <ul style="list-style-type: none"> <li>• Any debts and advances (except trade debtors of less than 3 months).</li> <li>• Wherever a provision is created for Doubtful / Bad Debts, net amount i.e., after reducing provision made for Doubtful / Bad Debts shall be considered.</li> <li>• Any amount given in the nature of Loans, advances, Inter corporate deposits given to associates including subsidiaries / group companies of the member.</li> <li>• Loans given to Directors/Partners or any related party of the Member or its Directors or its partners or to the entities in which such director /partners or their relatives have control, irrespective of time period, shall also be deducted.</li> <li>• 'Associate' shall have the meaning as per the SEBI (Intermediaries) Regulations, 2008</li> </ul> <p><i>"associate" means and includes any person controlled, directly or indirectly, by the intermediary, any person who controls, directly or indirectly, the intermediary, or any entity or person under common control with such intermediary, or where such intermediary is a natural person any relative as defined under the Companies Act, 1956 (1 of 1956) of such intermediaries or where such intermediary is a body corporate, its group companies or companies under the same management.</i></p> <p><i>The expression 'control' shall have the same meaning as defined under clause (c) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.</i></p> <p><i>The term related party shall have the same meaning as given in clause 76 &amp; 77 of Section 2 of Companies Act 2013 to be read with Rule 4 of the Companies (Specification and definition details) Rules, 2014.</i></p>														

7	<b>Prepaid Expenses, losses</b>	<p>This shall include:</p> <ul style="list-style-type: none"> <li>• Prepaid expenses and losses as per Balance Sheet / Trial Balance.</li> <li>• Preliminary / Deferred revenue / pre-operative expenses / Deferred Tax Asset/ MAT credit not written-off as per Balance Sheet</li> <li>• GST credit not required to be deducted</li> </ul>																					
8	<b>Intangible Assets</b>	<p>Net book value of intangible assets such as goodwill, patents, copyrights, trademarks, computer software, investment in artwork and other antique items etc. as per Balance Sheet / Trial Balance.</p>																					
9	<b>30% of Marketable Securities</b>	<p>This shall include:</p> <ul style="list-style-type: none"> <li>• Listed securities held either as investment or Stock-in-Trade / Inventories shall be referred to as marketable securities.</li> <li>• Value of these securities to be considered for calculation, shall be the value as recorded in the books of accounts, on the date of the computation of the Networth.</li> </ul> <p>It is observed that Clearing Corporations applies different hair cut for less riskier securities (Liquid and Debt Mutual Funds, G-Sec, non-government debt securities, corporate bonds, T-bills &amp; Sovereign Gold bonds) for the purpose of collecting collaterals from members.</p> <p>In case Liquid and Debt Mutual Funds, G-secs, T-bills, Sovereign Gold bonds, non-government debt securities, corporate bonds do not form part of aforementioned Exchange circular, Members are advised to refer to SEBI circular dated Feb 21, 2019, for the haircut.</p> <p><b>Illustration:</b></p> <table border="1" data-bbox="427 1234 1362 1547"> <thead> <tr> <th>Particulars</th> <th></th> <th>Amount (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>Listed Shares</td> <td><b>A</b></td> <td><b>Rs. 200</b></td> </tr> <tr> <td>G-Sec (having 10% haircut)</td> <td><b>B</b></td> <td><b>Rs. 100</b></td> </tr> <tr> <td><b>TOTAL MARKETABLE SECURITIES</b></td> <td><b>A+B</b></td> <td><b>Rs. 300</b></td> </tr> <tr> <td><b>Deduction from Networth</b></td> <td></td> <td><b>Rs. 70</b></td> </tr> <tr> <td>30% of Listed Shares (30% of Rs. 200) - Rs.60/-</td> <td></td> <td></td> </tr> <tr> <td>10% of G Sec (10% of Rs. 100) - Rs.10/-</td> <td></td> <td></td> </tr> </tbody> </table> <p>In this process, for those securities / other type of mutual funds wherever haircut applied by Clearing Corporation is higher than 30%, maximum ceiling percentage of 30% given as per Dr L C Gupta formula shall be applicable.</p> <p>Further, whenever member is dealing with more than one Exchange / Clearing Corporation then for the purpose of haircut, maximum applicable haircut / VAR by any of the Clearing Corporations shall be taken for valuation of such securities (Liquid and Debt Mutual Funds, G-Sec, non-government debt securities, corporate bonds, T-bills &amp; Sovereign Gold bonds).</p>	Particulars		Amount (in Rs.)	Listed Shares	<b>A</b>	<b>Rs. 200</b>	G-Sec (having 10% haircut)	<b>B</b>	<b>Rs. 100</b>	<b>TOTAL MARKETABLE SECURITIES</b>	<b>A+B</b>	<b>Rs. 300</b>	<b>Deduction from Networth</b>		<b>Rs. 70</b>	30% of Listed Shares (30% of Rs. 200) - Rs.60/-			10% of G Sec (10% of Rs. 100) - Rs.10/-		
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**ACTIONS FOR NON-COMPLIANCE**

**Disciplinary action in case of shortfall in Network and non-submission of Network**

A. Revised timeline for submission of half yearly Network certificate and computation

Members shall be required to submit the half yearly Network as on March 31, 2024, within 2 months from the end of the respective half year. No additional time shall be provided for submission of Network certificate.

Further, for Members providing margin trading facility to their clients, they are required to submit the half yearly Network within one month from the end of half year.

**B. Action for shortfall / non-submission in Network**

<b>Action for reporting shortfall in Network</b>	
For Trading Members and Trading cum Self-Clearing Members	<p><b>Requirement:</b> In case of shortfall in Network as on 31<sup>st</sup> March / 30<sup>th</sup> September, Members shall be required to mandatorily submit on BEFS, a revised certificate (as on a later date) along with the submission, meeting the minimum Network requirement.</p> <p><b>Action in case of shortfall and failure to submit revised certificate with adequate Network:</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>
For Trading cum Clearing Members	<p><b>Requirement:</b> In case of a shortfall in Network as on 31<sup>st</sup> March/30<sup>th</sup> September, Members shall be required to mandatorily submit on BEFS, a revised certificate (as on a later date) along with the submission, meeting the minimum Network requirement.</p> <p><b>Action in case of shortfall and failure to submit revised certificate with adequate Network:</b></p> <p><u>A. 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.</p> <p><u>B. In the capacity of Clearing Member</u> One-month notice to be given to recoup the Network and submit the revised Network, failing which the following action shall be initiated:</p> <ul style="list-style-type: none"> <li>• Total deposits shall be blocked in accordance with % 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>• Two months’ notice to be given to the Trading Members affiliated with the Clearing Member to associate with another Clearing Member.</li> </ul>

Members providing margin trading facility	<p><b>Requirement:</b></p> <p>In case of shortfall in Networth as on 31st March / 30th September, Members shall be required to mandatorily submit on BEFS, a revised certificate (as on a later date) along with the submission, meeting the minimum Networth requirement.</p> <p><b>Action in case of shortfall and failure to submit revised certificate with adequate Networth:</b></p> <p>Immediate withdrawal of margin trading facility within 2 working days from the date of submission.</p>
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<b>ACTION FOR NON-SUBMISSION</b>	
For Trading Members and Trading cum Self-Clearing Members	Immediate disablement within two working days in case of non-submission of Networth within 2 months from the end of the half year
For Trading cum Clearing Members	<p>The following action shall be taken on immediate basis if the Networth is not submitted within 2 months from the end of the half year.</p> <p><u>A. 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><u>B. In the capacity of Clearing Member</u></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>• Two months' notice to be given to the Trading Members affiliated with the Clearing Member to associate with another Clearing Member.</li> </ul>
Members providing margin trading facility	Immediate withdrawal of margin trading facility within 2 working days post the due date.

### C. Blocking of Deposits

In case of Clearing Members of Cash, F&O, Currency Derivatives, Commodity Derivatives and Debt Segments.

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