

NCL - FAQ MEMBERSHIP COMPLIANCE

Disclaimer:

“This document/FAQ summarizes the queries relating to the above topic(s) in a concise manner for Member’s ease of understanding. This information and/or content provided herein (collectively referred to as ‘Information’) offers only a simplistic explanation/clarification of terms/ concepts related to the above topic, and NCL has issued detailed circular(s) in this regard from time to time.

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For full particulars of the circular(s) governing the above topic, please refer to the actual text of the detailed circular(s) issued by NCL.”

(1) MEMBERSHIP ELIGIBILITY REQUIREMENTS

(1)(A) Eligibility Requirements

Q1. Who can become a Member of NCL?

Ans. Individuals, Registered Firms, LLPs, Corporates, Trusts and Banks can seek membership of NSE Clearing Limited (“NCL”). For details please refer to the ‘Master circular for Clearing Members of NSE Clearing Limited’ (www.nscclindia.com/Membership/admission process).

(1)(B) Types of Memberships

Q2. What are the types of CC membership?

Ans. There are three types of CC memberships:

- Self Clearing Membership (SCM),
- Clearing Membership (CM)
- Professional Clearing Membership (PCM)

(1)(C) Admission Process

Q3. What is the process to obtain CC membership?

Ans. The Admission Process, Eligibility Criteria, Deposits and Net worth requirement is available at the NCL Website. (<https://www.nscclindia.com/admission-process>) Also refer circular issued by NSE Clearing Limited with regards to New Membership. (www.nscclindia.com/References/Circulars/NCL/CMPL/62376)

(1)(D) Termination of Membership

Q4. What events can lead to termination of membership?

Ans. Resignation, death, expulsion, default and winding up of Company/dissolution are the key reasons for termination of membership.

(1)(E) Surrender of Membership

Q5. What is the process for surrender of membership?

Ans. A detailed process note along with formats for the surrender of membership is listed at <https://www.nscclindia.com/membership/surrender-of-membership>

(2) CONTINUED ADMITTANCE REQUIREMENTS

(2)(A) Deposits and Net worth Requirements

Q6. What is the required deposit and net worth for membership of NCL?

Ans. The net worth requirements have been published under Membership tab on the [NCL website](#). Members are required to maintain the same at all times. Failure to maintain the required quantum could lead to penal action and / or termination as per Master Circular of NSE Clearing Limited. ([www.nscclindia.com/References/Circulars NCL/CMPL/61844](http://www.nscclindia.com/References/Circulars/NCL/CMPL/61844))

(3) CC APPROVALS

(3)(A) Change in Shareholding / Change in Director / Profit Sharing Pattern/ Change in Control

Q7. What are the approval processes for any change in the management of the CM?

Ans. Changes impacting the constitution of the CM/ resulting in a change in control and changes in the ultimate beneficial ownership and Change in Directors are required to be pre-approved by NCL. The detailed process has been outlined on the [NCL website](#) (www.nscclindia.com/Membership/Ongoing Membership Compliances) and have also been published in the 'Master Circular for Clearing Members of NSE Clearing Limited'. In case of Non-Compliance for approval process, please refer to Penalty circular issued by NSE Clearing Limited. (www.nscclindia.com/References/circulars/NCL/CMP/62227).

(3)(B) Transfer of Business by SEBI Registered Intermediaries to other Legal Entity

Q8. Can the membership of NCL be transferred to another person / entity?

Ans. Transfer of membership to another person or entity by way of amalgamation, merger/demerger, consolidation or any kind of restructuring can be initiated after following and completion of the due [process](#) laid down by NCL. the above shall be subject to prior approval of NCL.

(3)(C) Change in Name of Clearing Members

Q9. Does a change in name of Clearing Members require prior approval?

Ans. Any change in status or constitution of the CM, including name change, shall require prior approval of NCL who shall seek approval of SEBI and communicate the same of the CC. Refer master circular for details (www.nscclindia.com/References/Circulars/NCL/CMPL/61844) . In case of Non-compliance related to ongoing membership, please refer to Penalty circular issued by NSE Clearing Limited. (www.nscclindia.com/References/circulars/NCL/CMP/62227)

(3)(D) Application for Additional Segment Membership/Change in Category of Clearing Membership of the Clearing Corporation

Q10. Can CM change its membership category from SCM to CM or vice versa?

Ans. Yes. The process to do so is detailed on the NCL website. This needs to be followed to change status from SCM to CM or vice versa and / or for membership of an additional segment (www.nscclindia.com/Membership/ongoing membership compliances).

(3)(E) Upgradation of Membership

Q11. Can CM convert its membership from Individual to Partnership firm to Corporate etc. while retaining our membership?

Ans. Yes. A CM can change their membership from Individual to Partnership or Partnership to Corporate by seeking prior approval of NCL and fulfilling the criteria prescribed by it (www.nscclindia.com/Membership/ongoing membership compliances).

(3)(F) Appointment of Compliance Officer

Q12. Is it mandatory to appoint a Compliance Officer?

Ans. SEBI Regulations mandate appointment of a Compliance Officer responsible for the monitoring compliance of the various regulatory norms on an ongoing basis. The eligibility criteria and the mandatory certification has been published by SEBI and NCL (www.nscclindia.com/Membership/Ongoing Membership Compliances). In case of Non-Compliance related to appointment of compliance officer, please refer to Penalty circular issued by NSE Clearing Limited. (www.nscclindia.com/References/circulars/NCL/CMP/62227)

(3)(G) Guidelines for Seeking NOC By Stockbrokers / Clearing Members for Setting Up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures, etc. in Gift IFSC

Q13. Does the creation of a subsidiary in GIFT City require any CC approval?

Ans. The creation of a subsidiary in GIFT City requires CM to seek NOC from NCL, which shall form part of the application docket for approval by the exchange for forming a Wholly Owned Subsidiary, Step Down Subsidiary, Joint Venture, etc. in GIFT IFSC.

(www.nscclindia.com/Membership/Ongoing Membership Compliances)

(4) MANDATORY SUBMISSIONS

(4)(A) Submission of Half Yearly Net-Worth Certificate

Q14. What is the frequency for submission of Networth Certificate?

Ans. All members are required to submit their Networth Certificate, in the prescribed format, on a half yearly basis; i.e. as on 31 Mar by 31 May and as on 30 Sep by 30 Nov each year. Shortfall in the required networth and / or delay or failure in the submission of the certificate shall attract penal action. For additional details, please refer to the 'Master circular for Clearing Members of NSE Clearing Limited'.

(www.nscclindia.com/References/Circulars/NCL/CMPL/61844)

(4)(B) Submission of Annual Returns

Q15. Is there a timeline for submission of financial documents?

Ans. All members are required to submit the 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 31 Mar on or before 31 Oct of the subsequent FY or such date as may be specified from time to time by NCL.

(www.nscclindia.com/References/CircularsNCL/CMPL/62227)

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