

NSE Clearing Limited

Circular

DEPARTMENT: COMPLIANCE	
Download Ref No: NCL/CMPL/67409	Date: April 3, 2025
Circular Ref. No: 05/2025	

To All Clearing Members

Sub: Submission of Half Yearly Networth Certificate as on March 31, 2025

As per the continuing membership norms of the Clearing Corporation, all Members of the Clearing Corporation are required to maintain minimum Net worth at all points of time and submit the Net-worth certificate on a half yearly basis to the Clearing Corporation. With regard to the same, members are hereby advised to submit the Half Yearly Networth Certificate as on March 31, 2025 on ENIT by **May 31, 2025**.

It may be noted that no additional time shall be provided for submission of Networth certificate beyond the due dates mentioned above.

Members are requested to adhere and comply with the applicable Networth (i.e., higher of the Base Net worth or Variable Net worth) as stated in the SEBI Gazette Notification No. SEBI/LAD- NRO/GN/2022/73 dated February 23, 2022.

Members are advised to refer to NCL Circular ref no. NCL/CMPL/55460 dated February 01, 2023 for clarification on ascertaining Net worth as per SEBI Gazette Notification.

Members are further advised to note that the link for submitting the Networth is made available on ENIT-NEW-COMPLIANCE. All Members are required to be guided with NSE circular dated April 02, 2025 under reference NSE/COMP/67399 on Submission of Half Yearly Networth Certificate as on March 31, 2025. The user manual for submission of half yearly Networth is attached as Annexure I. For Networth requirements, method of computation and formats regarding Half Yearly Networth Submission, kindly refer to Annexure II.

Members may please note the following and ensure compliance:

- For the purposes of calculation of variable net worth, Cash balance would include 'Client Cash / FDR / BG' retained by the member (across the Exchanges/ segments) which will be a consolidation of daily reporting by the members to Clearing Corporations in Segregation and Monitoring of Collateral at Client Level as per column number 22,23,24,38,39 and 40 i.e. Cash Retained by TM, Bank Guarantee (BG) Retained by TM, Fixed Deposit Receipt (FDR) Retained by TM, Cash Retained with CM, Bank Guarantee (BG) retained with CM and Fixed deposit receipt (FDR) retained with CM respectively.
- All clearing members (including banks) are required to adhere to format specified in Annexure.

NSE Clearing Limited

- In case the reported Net worth is less than the minimum Net worth required or reported Net worth has a variation of 25% or more as compared to the last reported half yearly Net worth, members are required to mention the reason for the same when submitting the same on ENIT.
- In case of any shortfall in Net worth as on March 31, 2025, a revised Net worth certificate as on a subsequent date meeting the minimum required Net worth shall be submitted along with the original Net worth certificate as on March 31, 2025, before the due date.
- Non-submission of Net worth certificates within the due date or in case of any shortfall, failure to submit a revised Net worth certificate along with the original Net worth certificate as on March 31, 2025, shall result in action as prescribed in NCL Master Circular ref no. NCL/CMPL/61844 dated April 30, 2024
- For Net worth requirements, method of computation and formats regarding Half-Yearly Net worth Submission, kindly refer to **Annexure I**.

Further, members are required to submit Net worth on ENIT and a separate communication shall be issued in this regard.

**For and on behalf of
NSE Clearing Limited**

Bhavi Gandhi
Senior Manager

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NSE Clearing Limited

ANNEXURE - I

(A) Base Networth Requirement & Method of Computation

Clearing members of the NCL are required to maintain Net worth as prescribed by the NCL at all points of time as per the continuing membership norms of the NCL. Base Net worth for various classes of members as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, is as under:

Segment	Type of Membership	Base Networth - Applicable from 23.02.2024	
		Corporate/LLP	Firm / Individual
Capital Market	SCM	5 Crore	5 Crore
	CM	15 Crore	15 Crore
	PCM	50 Crore	NA
Futures & Options	SCM	5 Crore	5 Crore
	CM	15 Crores	15 Crores
	PCM	50 Crores	NA
Currency Derivatives	SCM	5 Crore	5 Crores
	CM	15 Crore	15 Crore
	PCM	50 Crore	NA
Commodity Derivatives	SCM	5 Crore	5 Crore
	CM	15 Crore	15 Crore
	PCM	50 Crore	NA
Debt Segment	SCM	5 Crore	5 Crore
	CM	15 Crore	15 Crore
	PCM	50 Crore	NA

SCM = Registered Self Clearing Membership.

CM = Registered Clearing Membership.

PCM = Registered Professional Clearing Membership.

Method of computation applicable is as prescribed by Schedule VI of Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022.

NSE Clearing Limited

(B) Formats of Net worth Certificate

Format: C-1 (Net worth Certificate for Corporates, Firms & Individuals)

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

CERTIFICATE

Member Name: _____

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

1. Base Net worth is Rs. _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)
2. Variable Net worth 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 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 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.

NSE Clearing Limited

Format: C-1 (Networth Certificate for Professional Clearing Members)

(To be provided on the 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. _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)

2. Variable Network is Rs. _____/-

This is to certify that the Network of M/s. _____ **(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:

- 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 by 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.

Place:

Date:

UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor

**Chartered Accountant / Company Secretary Membership
Number**

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

NSE Clearing Limited

Format: C-1 (Networth Certificate for Banks)

(To be provided on the 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. _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)
2. Variable Network 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 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 by 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.

Place:

Date:

UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor

**Chartered Accountant / Company Secretary Membership
Number**

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

NSE Clearing Limited

Format C-1

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

The method of computation of Networth as prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022 is as follows:

Capital + Free Reserves

Less: Non-allowable assets viz.,

- (a) Fixed Assets
- (b) Pledged Securities
- (c) Member's Card
- (d) Non-allowable securities (unlisted securities)
- (e) Bad deliveries
- (f) Any Debts and Advances (except trade debtors of less than 3 months)
- (g) Prepaid expenses, losses
- (h) Intangible Assets
- (i) 30% of Marketable securities

NSE Clearing Limited

CLARIFICATION ON NETWORTH COMPUTATION

A) Share Capital + Free Reserves

Sr No.	Components of Net worth	Remarks
1	Share Capital	<p>This element shall include:-</p> <ul style="list-style-type: none"> • Paid-up equity share capital of the member. • Paid-up Preference share capital of the member. • Fully, compulsorily & mandatorily convertible debentures/ Bonds/ warrants which are convertible within a period of 5 years from the date of issue • Share application money <p>Loans from partners / directors / promoters will not be considered as share capital</p>
2	Free Reserves	<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 unrealized 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 & 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>

NSE Clearing Limited

B) Non-Allowable Assets

Sr. No.	Components of Net worth	Remarks																					
3	Fixed Assets	<p>This shall include: -</p> <ul style="list-style-type: none">• Net book value of all the Tangible Assets as per Balance Sheet / Trial Balance.• Advances given for acquisition of fixed assets• Capital work in progress. <p>Assets under lease or taken on rent need not be deducted from the Net worth</p>																					
4	Pledged Securities	<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><tr><th></th><th>Particulars</th><th>Amount</th></tr><tr><td></td><td>Total Value of own securities as per books of accounts (all Marketable)</td><td>Rs. 1000/-</td></tr><tr><td></td><td>Total Value of own securities pledged (Included above)</td><td>Rs. 700/-</td></tr><tr><td></td><td colspan="2">Amount to be deducted from Network</td></tr><tr><td></td><td>Value of pledged securities (100% of Rs. 700/-) (To be deducted under this point)</td><td>Rs. 700/-</td></tr><tr><td></td><td>30 % of the balance marketable shares (see point 9) (30% of (Rs. 1000-Rs. 700))</td><td>Rs. 90/-</td></tr><tr><td></td><td>TOTAL AMOUNT TO BE DEDUCTED</td><td>Rs. 790/-</td></tr></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/-		Amount to be deducted from Network			Value of pledged securities (100% of Rs. 700/-) (To be deducted under this point)	Rs. 700/-		30 % of the balance marketable shares (see point 9) (30% of (Rs. 1000-Rs. 700))	Rs. 90/-		TOTAL AMOUNT TO BE DEDUCTED	Rs. 790/-
	Particulars	Amount																					
	Total Value of own securities as per books of accounts (all Marketable)	Rs. 1000/-																					
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	TOTAL AMOUNT TO BE DEDUCTED	Rs. 790/-																					

NSE Clearing Limited

Sr. No.	Components of Net worth	Remarks
5	Non-allowable securities	<p>This shall include: -</p> <ul style="list-style-type: none"> Value of all unlisted securities as recorded in the balance sheet including available under 'non-current investments'. Investments done in unlisted securities of associate / subsidiary / group companies. <p>Liquid & 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 (See point no.9).</p>
6	Any Debts and advances	<p>This shall include: -</p> <ul style="list-style-type: none"> Any debts and advances (except trade debtors of less than 3 months) Wherever, a provision is created for Doubtful / Bad Debts, net amount i.e. after reducing provision made for Doubtful / Bad Debts shall be considered. Any amount given in the nature of Loans, advances, inter corporate deposits given to associates including subsidiaries / group companies of the member. 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. 'Associate' shall have the meaning as per the SEBI (Intermediaries) Regulations, 2008 <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 intermediary 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>

NSE Clearing Limited

Sr. No.	Components of Net worth	Remarks
		<i>The term related party shall have the same meaning as given in clause 76 & 77 of Section 2 of Companies Act 2013 to be read with Rule 4 of the Companies (Specification and definition details) Rules, 2014.</i>
7	Prepaid Expenses, losses	<p>This shall include:</p> <ul style="list-style-type: none"> • Prepaid expenses and losses as per Balance Sheet / Trial Balance. • Preliminary / Deferred revenue / Pre-operative expenses / Deferred Tax Asset/ MAT credit not written-off as per Balance Sheet • GST credit not required to be deducted
8	Intangible Assets	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
9	30% of Marketable Securities	<p>This shall include:</p> <ul style="list-style-type: none"> • Listed securities held either as investment or Stock-in-Trade / Inventories shall be referred as marketable securities. • Value of these Securities to be considered for calculating this element shall be the value as recorded in the books of accounts, on the date of the computation of the Net worth. <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 & Sovereign Gold bonds) for the purpose of collecting collaterals from members. NCL vide its circular no. NCL/CMPT/48346 dated May 21, 2021 stipulated different hair cut on different type of approved securities. Based on this, instead of deducting 30% value, such approved securities (Liquid and Debt Mutual Funds, G- Sec, non-government debt securities, corporate bonds, T-bills & Sovereign Gold bonds) can be aligned with the percentage hair cut applied by the clearing corporation on such collaterals.</p> <p>In case Liquid and Debt Mutual Funds, G-secs, T-bills, Sovereign Gold bonds, non-government debt securities, corporate bonds does not form part of aforementioned Exchange circular, Members are advised to refer SEBI circular dated Feb 21, 2019 for the haircut.</p>

NSE Clearing Limited

Illustration:

Particulars		Amount (Rs.)
Listed Shares	A	Rs. 200
G-Sec (having 10% haircut)	B	Rs. 100
TOTAL MARKETABLE SECURITIES	A+B	Rs. 300
Deduction from Networth		Rs. 70
30% of Listed Shares – (30% of Rs. 200)		
- Rs. 60/-		
10% of G Sec – 10% of Rs. 100 - Rs. 10		

In this process, for those securities / other type of mutual funds wherever hair cut applied by Clearing Corporation is higher than 30%, maximum ceiling percentage of 30% shall be applicable.

Further, whenever member is dealing with more than one Exchanges / Clearing Corporations then for the purpose of haircut, maximum applicable haircut / VAR by any of the Clearing Corporations with shall be taken for valuation of such securities (Liquid and Debt Mutual Funds, G-Sec, non- government debt securities, corporate bonds, T-bills & Sovereign Gold bonds).

NSE Clearing Limited

Penalty for Non-submission of Net worth certificates within the due date or in case of any shortfall, failure to submit a revised Net worth certificate along with the original Net worth certificate as on March 31, 2025, shall result in action as prescribed in NCL Master Circular ref no. NCL/CMPL/61844 dated April 30, 2024 as follows:

A. SUBMISSION OF HALF YEARLY NET-WORTH CERTIFICATE

1.1. As per Regulation 9 of SEBI (Stockbrokers) Regulations, 1992 and the continuing membership norms of the Exchange/CC, all Members are required to maintain the prescribed minimum net worth at all times and submit the Net-worth certificate on a half yearly basis to the Exchange/CC. Net worth requirement as stated in SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 would be applicable to the members. Members may also be guided by Circular No. NCL/CMPL/55460 dated February 1, 2023 with respect to Clarification to Gazette Notification of SEBI (Stock Brokers) (Amendment) Regulations, 2022.

1.2. Member shall be required to submit the half yearly net worth within 2 months from the end of the respective half year i.e., for the Half year ending March, the due date shall be May 31st and for the Half year ending September, the due date shall be November 30th. Circular NCL/CMPL/57386 dated June 30, 2023, stipulates the disciplinary action in case of Net worth shortfall and non-submission of Net worth. The details are as under:

a. Action for reporting shortfall in Net worth

ACTION FOR REPORTING SHORTFALL IN NETWORTH	
For Self- clearing members	<p><u>Requirement:</u> In case of a Net Worth shortfall as on 31st March / 30th September, 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.</p> <p><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></p> <p>Member's Clearing rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Clearing Corporation.</p>

NSE Clearing Limited

<p>For Clearing members</p>	<p>Requirement: In case of a Net Worth shortfall as on 31st March / 30th September, 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.</p> <p><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></p> <p>One-month notice to be given to recoup the Net worth and submit the revised Net worth, failing which the following action shall be initiated:</p> <ul style="list-style-type: none"> • 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 • Restriction on onboarding new Trading Members. • 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.
<p>For PCM</p>	<p><u>Requirement:</u> In case of a Net Worth shortfall as on 31st March / 30th September, 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.</p> <p><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></p> <p>One-month notice to be given to recoup the Net worth and submit the revised Net worth. Upon failure:</p> <ul style="list-style-type: none"> • Total deposits shall be blocked in accordance to % of shortfall (See note-1 below). No Exposure shall be permitted on such blocked deposit • Restriction on onboarding new Trading Members. • 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.

NSE Clearing Limited

Note-1:

Category	Deposit to be blocked
Net worth shortfall less than or equal to 10% of the prescribed minimum	10% of Total Deposits (cash and collateral)
Net worth shortfall less than or equal to 20% of the prescribed minimum.	25% of Total Deposits (cash and collateral)
Net worth shortfall less than or equal to 50% of the prescribed minimum	50% of Total Deposits (cash and collateral)
Net worth shortfall greater than 50%	90% of Total Deposits (cash and collateral)

b. Action for non-submission of Net worth

ACTION FOR NON-SUBMISSION	
For Self-clearing members	Immediate disablement within two working days from the date of submission, in case of non-submission of Net worth within 2 months from the end of the half year
For Clearing member	<p>The following actions shall be taken on immediate basis if the Net worth is not submitted within 2 months from the end of the half year.</p> <ul style="list-style-type: none"> 90% of Clearing deposits shall be blocked. No Exposure shall be permitted on such blocked deposit Prohibition on onboarding new Trading Members. 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.

NSE Clearing Limited

For PCM	<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">• 90% Total deposits shall be blocked• Restriction on onboarding new Trading Members.• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.
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