

## **1. I am already a registered member of NCDEX; will I still need to register with SEBI?**

Yes. As per SEBI directives dated September 28, 2015, every Member of the Exchange is required to register with SEBI within a period of 3 months from September 28, 2015. After completion of registration, SEBI will issue a certificate of registration and the details of registration will be communicated to Members by the Exchange.

## **2. What are the documents to be submitted for Registration with SEBI?**

- Checklist for registration with SEBI
- Application form for registration - Form A
- Declaration of details of Clearing Member: Members with Clearing Rights (i.e TCM, STCM , PCM & CPMs)
- PAN Card copy of Member
- Annexure C-1 : Net worth Certificate
- Annexure C-2: Other Exchange details
- Annexure C4 - Share holding pattern of applicant
- Top 5 shareholders details
- Members Undertaking for SEBI registration
- Fit & Proper Person Undertaking
- Undertaking regarding violations/non-adherence to securities market related regulations
- Board Resolution/ Undertaking from all partners authorizing the Managing Partner
- Memorandum of Association (MOA)
- Articles of Association (AOA)/Partnership deed
- Copy of TM-CM agreement (in case of TM/TCM affiliated by STCM/PCM)
- PAN card copy of Designated Directors/Partners/ Sole Proprietors
- Experience Proof of Designated Directors/Partners/ Sole Proprietors
- Education Proof of Designated Directors/Partners/ Sole Proprietors
- Additional information to be submitted at the time of registration with SEBI
- Status Report
- Certified scan copy of NCFM certification passed by a sale personnel / approved user.

- DD of Rs. 25,000/- in favor of Securities and Exchange Board of India payable at Mumbai towards SEBI Registration fee
- DD of Rs. 50,000/- in favor of Securities and Exchange Board of India payable at Mumbai towards Annual Regulatory fee

The formats of above documents for registration with SEBI is also available on NCDEX website. Members are requested to strictly adhere to the formats as prescribed therein.

**3. In what manner Members are required to submit SEBI registration documents/details to the Exchange?**

Members are required to submit SEBI registration documents/details in following manner:

- a. Physical form /hard Copy addressed to the Exchange
- b. Upload scan copy on NCDEX extranet website. (Kindly refer question no 23 )
- c. Submit information through Excel sheet in given format on NCDEX extranet website.

**4. What are the fees payable by existing members to SEBI?**

In order to register with SEBI, existing Members are required to pay Rs. 25,000/- towards Securities and Exchange Board of India Registration fee and Annual Regulatory fee of 50,000/- through a Demand Draft in favor of Securities and Exchange Board of India, payable at Mumbai. Members are also required to pay turnover fees of Rs. 20 per crore effective from September 28, 2015. Apart from this, all other fees which are paid by the members, currently to the Exchange, would be payable as usual.

**5. Whether the fees have to be paid through the Exchange or directly to SEBI?**

The fees have to be paid along with the application for registration through the Exchange.

**6. What is the last date for receipt of application at SEBI and what are the implications if the same is not received at SEBI by such date?**

The last date for receipt of completed application at SEBI is December 28, 2015. Members may note that they may not be permitted to continue their business if this is not done by such date.

It may, however, be noted that the application has to be received at the Exchange by November 30, 2015. The Exchange will scrutinize and validate the application and forward the same to SEBI along with its recommendation for such membership.

It may be noted that Members are required to ensure that all the applicable documents are submitted together within the due date specified by the Exchange. Incorrect/ Incomplete/ partial /piecemeal submission shall be treated as non-submission and such application shall not be accepted by the Exchange for further processing.

**7. If we have submitted some of the documents at the time of membership or during annual compliances, do we need to submit it again?**

Yes, Members are required to submit the complete set of documents as prescribed by the Exchange as available on the website

**8. Do we have to identify Designated Directors in member entity?**

Yes. Every Partnership firm/ LLP/ Corporate Members/ Co-operative society is required to identify at least 2 Designated Directors/ Partners/Designated Trustees who meet the eligibility requirements as prescribed by SEBI in the Securities Contracts (Regulation) Rules, 1957 (Rule 8(4A) and other relevant provisions) and SEBI (Stock Brokers & Sub-brokers) Regulations, 1992.

For ready reference please find below the eligibility requirements as prescribed by SEBI and as available on the following link:  
<http://www.sebi.gov.in/acts/act02c.pdf>

*"A designated Director should be minimum 21 years of age, should be atleast HSC or equivalent qualification and should have atleast 2 years of experience in dealing in securities or as portfolio manager or as investment consultants."*

**9. What is Rule 8(4A) of Securities Contracts (Regulation) Rules 1957 referred in point No.5 of Undertaking from Members in prescribed documentation of the Exchange?**

*Rule 8(4A) is as under:*

*"A company as defined in the Companies Act, 1956 (1 of 1956), shall also be eligible to be elected as a member of a stock exchange if—*

*such company is formed in compliance with the provisions of section 12 of the said Act;*

*such company undertakes to comply with such financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such company under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);*

*12 [\* \* \*]*

*the directors of the company are not disqualified from being members of a stock exchange under 13[clause (1) [except sub-clause (b) and sub-clause (f) thereof] or clause (3) [except sub-clause (a) and sub-clause (f) thereof]] and the Directors of the company had not held the offices of the Directors in any company which had been a member of the stock exchange and had been declared defaulter or expelled by the stock exchange; and*

*(v) not less than two directors of the company are persons who possess a minimum two years' experience:*

*in dealing in securities; or*

*as portfolio managers; or*

*as investment consultants."*

**10. Do we have to submit a separate Board Resolution, though we have submitted it at the time of application/admission of membership with the Exchange?**

Yes. Members are required to submit a separate Board Resolution for registration with SEBI, appointment of two Designated Directors and Authorized signatories. The Board resolution should also contain the specimen signatures of the Authorized signatories. The format of Board Resolution is available on the Exchange Website.

**11. Can you provide illustrations of incomplete/ partial submissions?**

Examples of incomplete / improper submission: Net worth certificate not certified by CA, shareholding pattern does not match with Exchange records, Board Resolution does not contain specimen signature of two authorized signatories etc., non-submission of registration fee and Annual Regulatory fee etc.

**12. We have applied for surrender of our Membership, do we need to register with SEBI?**

No. The Members who have applied for surrender are not required to register with SEBI. However, if a member wishes to withdraw his Surrender application, such member is required to register with SEBI before the re-enablement of the trading terminal.

**13. If I am holding membership of multiple commodity exchanges, do I need to register with SEBI for all exchanges?**

Existing Members having membership with multiple Exchanges shall apply separately through each commodity Exchange, wherein the Member wants to continue to operate, within three months from September 28, 2015.

**14. We are Inactive Members, do we have to register with SEBI?**

Yes. Every Member of the Exchange, including inactive members are required to register with SEBI.

**15. During the registration process with the SEBI, whether the member will be allowed to trade on the Exchange?**

Members can continue to trade on the Exchange platform, during the registration process with SEBI. However, as indicated above, members may not be not

permitted to trade if the completed application form is not received by SEBI by December 28, 2015.

**16. In case any entity belonging to the same Group as the member, is already registered with SEBI for equities (F&O/ Cash segment), is it mandatory again to register with SEBI for Commodities?**

Yes.

**17. Can a single entity trade in both commodities and equities?**

No. In terms of Rule 8 (1)(f) of SCRR, the same legal entity cannot be engaged in securities and commodity derivatives market. Members of the Exchange are only allowed to 'carry a business related to commodities and commodity related derivatives/ futures trading only'. Hence, Members dealing in equity cannot conduct trade in commodity derivatives and vice versa.

**18. What are the different types of membership that would be allotted by SEBI?**

As per Stock broker regulations, there are three types of Membership recognized by SEBI as under:

- Stock broker/ Trading Member
- Self-Clearing Member
- Clearing Member

The existing categories membership at the Exchange will correspond to the above categories as under:

<b>Type of membership at NCDEX</b>	<b>Corresponding type of membership as Per SEBI Regulations</b>
Trading Members	Stock Broker /Trading member
Trading Cum Clearing Members	Self-clearing Member
Strategic Trading Cum Clearing Members	Trading member & Clearing member
Professional Clearing Members	Clearing member

Commodity Participant Members	Self-clearing Member
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### 19. What are the different types of fees to be payable to SEBI?

Type of membership at NCDEX	SEBI Registration Fees*	SEBI Annual Regulatory fees	SEBI Turnover Fees
Trading Members	Rs.25,000/-	NIL	Rs.20 per crore
Trading Cum Clearing Members	Rs.25,000/-	Rs. 50,000/-	Rs.20 per Crore
Strategic Trading Cum Clearing Members	Rs.25,000/-	Rs. 50,000/-	Rs.20 per Crore
Professional Clearing Members	Rs.25,000/-	Rs. 50,000/-	NIL
Commodity Participant Members	Rs.25,000/-	Rs. 50,000/-	Rs. 20 per crore

\*The SEBI Registration fee shall be Rs. 50,000/- for any applicant who is not registered as a member of the Exchange as at September 28, 2015.

### 20. Who are required to Submit Status Report?

Members of the Exchange who are registered as a Member of other Exchanges are required to submit Status Report. Members who are registered as a Member of Stock Exchanges are also required to submit Status Report.

### 21. What are the net worth and deposit requirements?

Type of membership at NCDEX	Deposits requirement as per SEBI(#)	Deposit requirement as per NCDEX	Net Worth requirement as per SEBI(#)	Net Worth requirement as per NCDEX
Trading Members	NIL	NIL	Not specified	Rs. 10 Lacs for Individuals/ Partnership firm

				Rs. 25 Lacs for Corporates
Trading Cum Clearing Members	Rs. 50 Lakh	Rs. 30 Lakh	Rs.1 crore	Rs. 50 Lacs (Rs. 75 Lacs if membership in any other commodity Exchange)
Strategic Trading Cum Clearing Members	Rs. 50 Lakh	Rs. 70 Lakh	Rs 3 crore	Rs. 10 crore
Professional Clearing Members	Rs. 50 Lakh	Rs. 50 Lakh	Rs 3 crore	Rs. 10 crore
Commodity Participant Members	Rs. 50 Lakh	Nil	Rs.1 crore	Rs. 5 Lacs (Nil for CPM-FPO)

(#) The above net worth and deposit requirements are the minimum requirements as stipulated by SEBI. Members may note that where the Exchange requirements already notified in this regard (and as available on the Exchange Website) are higher, then, such higher amount shall be construed to be the requirement for the respective category.

The net worth and deposit requirements, for seeking registration with SEBI are given in Schedule VI(as illustrated above) to the Stock Broker Regulations. However, the existing members of commodity derivatives exchanges have been given one year from September 28, 2015 to satisfy the said requirements.

Net worth shall be computed as per the formula prescribed vide SEBI Circular No. FITTC/DC/CIR-1/98 dated June 16, 1998,. The format of the net worth certificate is also available on the Exchange Website.

Commodity derivative brokers shall be required to furnish a certificate with respect to net worth, as per the prescribed computation method, duly certified by a practicing Chartered Accountant.



**22.What are the requirements of Education and experience qualification of Sole proprietor/Designated Directors/ Partner?**

<b>Particulars</b>	<b>Requirement as per NCDEX</b>	<b>Requirement as per SEBI</b>
Education qualification of Sole proprietor/ Designated Director/ Partner	At least a graduate or having an equivalent qualification	At least HSC
Experience of Sole proprietor/Designated Director/Partner	Adequate experience	Experience of atleast 2 years

**23.What is the process of uploading documents and the technical specifications that should be complied while submitting the registration documents in soft copy?**

All the documents should be uploaded through NCDEX Extranet web site. The step by step process for uploading the documents is indicated below:

- a. Login to Web Extranet using existing member id and password
- b. Click on Upload button
- c. Select Folder Name as "SEBI Registration" and click Submit
- d. Browse the appropriate file and click on Submit File button
- e. Ensure all the documents are uploaded one by one.

**File format specifications:**

- a. All files should be scanned in PDF format only.
- b. File Scanning Resolution
  - i.Scanning should be done Black and White format
  - ii.All Scanning should be done with resolution of 300dpi
- c. File Size Specification
  - i.Each PDF document should not be more than 1 MB in size
  - ii.Each application should not exceed more than 10 MB

**24.Do I need to submit a scan copy of complete MOA and AOA for registration with SEBI**

No. Member have to submit the copy of main object clause, certificate of incorporation, Name change certificate and subscriber page of MOA and AOA.

**25. Can I submit all director/partners' scanned pan card copy on a single page due to constraint of file size limit.**

Yes.

**26.The registration fees mentioned in Additional information is Rs. 5000/-, which is different from that mentioned in Schedule V?**

The fee for registration of existing Members with SEBI is Rs. 25,000/- (for new Members the registration fees is Rs. 50,000/-) as per Schedule V. The amount of Rs. 5000/- stated in additional information may be ignored.

**27.Is there any file name format for uploading scan copy through NCDEX Extranet web site?**

<b>Sr. No</b>	<b>Particulars</b>	<b>Document to be uploaded in the following name in FTP folder</b>
1	Form A	Form A
2	Additional information to be submitted at the time of registration with SEBI	Additional information to be submitted at the time of registration with SEBI
3	Declaration of details of Clearing Member	Details of Clearing Member
4	PAN Card copy of Member	PAN of Member
5	Annexure C-1 : Net worth Certificate	Annexure C-1
6	Annexure C-2: Other Exchange details	Annexure C-2

7	Annexure C4 - Share holding pattern of applicant	Annexure C-4
8	Top 5 shareholders details	Top 5 shareholders details
9	Members Undertakings for SEBI Registration	Members Undertakings for SEBI Registration
10	Board Resolution (for corporates) / Undertaking from all partners authorizing the Managing Partner(for partnership firm)	Board Resolution or Undertaking from all partners authorizing the Managing Partner
11	Memorandum of Association (MOA)/Articles of Association (AOA)	MOA & AOA
12	Partnership Deed	Partnership Deed
13	Clearing Member Confirmation	TM-CM agreement
14	Age proof of Designated Directors/Partners/ Sole Proprietors	PAN of Designated Director/Partner/ Sole Proprietor
15	Experience certificate/Education Proof of Designated Directors/Partners/ Sole Proprietors	Education Proof and Experience certificate
16	Status Report of other commodity Exchanges	Status Report

**28. Whether Members Undertakings for SEBI Registration consisting of Members Undertaking for SEBI registration, Fit & Proper Person Undertaking and Undertaking regarding violations/non-adherence to securities market related regulations can be scanned & uploaded separately?**

No. Members are required to scan following undertakings in one PDF file and upload it on web extranet.

1. Members Undertaking for SEBI registration
2. Fit & Proper Person Undertaking
3. Undertaking regarding violations/non-adherence to securities market related regulations

This will lead to ease in uploading the undertakings on SEBI portal in one PDF file.

**29. Is Base Minimum Capital (BMC) requirement still applicable and what is the applicable BMC?**

Yes, it is applicable and remains same. The details are given hereunder:

- a. Members without Algo trading facility- Rs. 10 Lacs
- b. Members with Algo trading facility – Rs. 50 Lacs

**30. Can we make on single Demand Draft for application fee (Rs.25,000) and annual fee (Rs.50,000) being a Trading Cum Clearing Member/ Strategic Trading Cum Clearing Members/Professional Clearing Members/Commodity Participant Members?**

Yes, it is advisable to make a single Demand Draft of Rs.75,000/- towards SEBI application and SEBI annual fee. This will also assist you while filling Online application.

**31. Do I have to compulsorily use L C Gupta format for Net worth computation?**

No, the Exchange has provided three formats. Currently, the existing Members can use any one of the three formats. However, from September 28, 2016, it is compulsory to follow only L C Gupta format.

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**32. The documents to be submitted to the Exchange for SEBI registration should be as on which date?**

All documents to be submitted to the Exchange should be of the latest date except for the net worth certificate which should be as on 31.3.2015

**33. Can I get date of admission and FMC Registration No. on the Exchange website?**

Yes. The date of admission and FMC Registration No. (Unique Member code) is available in Members Directory under "Membership" Menu.